

**BLACK & DECKER INTERNATIONAL**

**STRATEGIC REPORT, ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**BLACK & DECKER INTERNATIONAL**

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**COMPANY INFORMATION**

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**DIRECTORS**

A. Sood  
C. Torello  
M. Smiley  
S. Costello

**SECRETARY**

Mitre Secretaries Limited

**REGISTERED IN ENGLAND**

00209797

**REGISTERED OFFICE**

210 Bath Road  
Slough  
Berkshire  
SL1 3YD

**AUDITOR**

Ernst & Young LLP  
Bridgewater Place  
Water Lane  
Leeds  
United Kingdom  
LS11 5QR

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**BLACK & DECKER INTERNATIONAL**

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## BLACK & DECKER INTERNATIONAL

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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#### BUSINESS REVIEW

As an investment holding company, the company owns directly and indirectly a number of Stanley Black & Decker holding and trading companies in the UK. The directors' review of the investments held at year end 2017 resulted in an impairment of £3,009,000 (2016: £3,546,000 reversal).

The company paid an ordinary dividend of £NIL (2016: £NIL) and cumulative preference dividends of £420,000 (2016: £420,000) during the year.

During the year the company issued 81,572,000 £1 shares to its parent Emhart International Limited and also increased its investment in Black & Decker Europe by a similar amount.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The changing business conditions for investments held directly and indirectly in UK companies are where the company's greatest exposure rests. The principal risks and uncertainties facing the company arise from competitive risks and the holding of financial instruments which can be subject to credit, liquidity and interest rate risk.

These are described in further detail below under treasury policy.

#### TREASURY POLICY

The company holds financial instruments in order to earn interest to finance the company. The company finances its operations by short-term borrowings and long-term borrowings from group undertakings. The company borrows in Pound Sterling at floating rates of interest.

##### *Credit risk*

The Directors consider that the credit risk exposure is limited as the loans are with fellow group companies. All balances are included in the financial statements at the amount that best represents their maximum exposure to credit risk at the end of the reporting period.

##### *Liquidity and refinancing risk*

The company's loans and investments are financed by short and long-term debt instruments. Management regularly reviews the funding position to ensure that adequate facilities are in place. The company's objective is to produce continuity of funding at a reasonable cost. To do this it seeks to arrange committed funding for a variety of maturities from a diversity of sources.

##### *Market and interest rate risk*

The company does not use hedging instruments to hedge interest rate risk as the directors consider that they will be able to renegotiate the company's loan portfolio within an acceptable timescale so as to minimize the impact of any significant change in interest rates.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The company's key performance indicator is the receipt of interest on loans due from subsidiaries in the value of £12,649,000 (2016: £12,649,000).

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**BLACK & DECKER INTERNATIONAL**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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This report was approved by the board and signed on its behalf.



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**S. Costello**

Director

Date: 20 September 2018

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## **BLACK & DECKER INTERNATIONAL**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The Directors present their report and the financial statements for the year ended 31 December 2017.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company during the year was to act as an investment holding company. There was no change in the company's activities during the year.

#### **DIVIDENDS**

Dividends paid in the year amount to £420,000 (2016 - £420,000).

#### **RESULTS**

The profit for the year, after taxation, amounted to £13,313,000 (2016 - £35,501,000).

#### **DIRECTORS**

The Directors who served during the year were:

A. Sood  
C. Torello  
M. Smiley  
S. Costello

#### **FUTURE DEVELOPMENTS**

The directors do not envisage any significant changes to the operation of the company.

#### **FINANCIAL INSTRUMENTS**

Details of financial instruments are provided in the Strategic Report.

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company benefits from a global indemnity policy which protects its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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**BLACK & DECKER INTERNATIONAL**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the company since the year end.

**GOING CONCERN**

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities, which the directors believe to be appropriate. The company is dependent on funds provided to it by Black & Decker Europe, a fellow subsidiary of the Stanley Black & Decker Group. The ultimate parent undertaking has confirmed its intention to provide continued support for at least twelve months from the date of approval of these financial statements. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

This report was approved by the board and signed on its behalf.



S. Costello  
Director

Date: 20 September 2018

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## **BLACK & DECKER INTERNATIONAL**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACK & DECKER INTERNATIONAL

### Opinion

We have audited the financial statements of Black & Decker International for the year ended 31 December 2017 which comprise Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACK & DECKER INTERNATIONAL - CONTINUED

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACK & DECKER  
INTERNATIONAL - CONTINUED

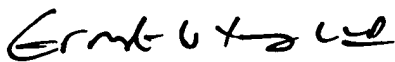
**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Eddie Diamond (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Leeds  
24 September 2018

**BLACK & DECKER INTERNATIONAL**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Administrative expenses		(178)	(401)
Gain on financial assets at fair value through profit or loss		5,927	22,188
Amounts (written off)/added back to investments		(3,009)	3,546
Interest receivable and similar income	6	12,649	12,649
Interest payable and similar charges	7	(2,076)	(2,481)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>13,313</b>	<b>35,501</b>
Taxation on (loss)/profit on ordinary activities	8	-	-
<b>PROFIT FOR THE YEAR</b>		<b>13,313</b>	<b>35,501</b>

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £000	2016 £000
Profit for the year	13,313	35,501
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>13,313</b>	<b>35,501</b>

**BLACK & DECKER INTERNATIONAL**  
**REGISTERED NUMBER: 00209797**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>FIXED ASSETS</b>			
Investments	10	<u>890,164</u>	<u>611,601</u>
		<b>690,164</b>	<b>611,601</b>
<b>CURRENT ASSETS</b>			
Debtors due after more than 1 year		276,216	270,289
Debtors: amounts falling due within one year	11	<u>146,843</u>	<u>134,201</u>
		<b>423,059</b>	<b>404,490</b>
Creditors: amounts falling due within one year	12	<u>(463,806)</u>	<u>(461,139)</u>
<b>NET CURRENT LIABILITIES</b>		<b>(40,747)</b>	<b>(56,649)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>649,417</b></u>	<u><b>554,952</b></u>
<b>NET ASSETS</b>		<u><b>649,417</b></u>	<u><b>554,952</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	<b>451,191</b>	369,619
Non-distributable reserves	15	<b>139,099</b>	133,172
Profit and loss account	15	<u><b>59,127</b></u>	<u>52,161</u>
		<u><b>649,417</b></u>	<u><b>554,952</b></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**S. Costello**  
 Director

Date: 20 September 2018

**BLACK & DECKER INTERNATIONAL**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Non distributable reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	369,619	133,172	52,161	554,952
<b>Comprehensive expense for the year</b>				
Profit/(loss) for the year	-	-	13,313	13,313
Transfer to non distributable reserves	-	-	(5,927)	(5,927)
Dividends: Equity capital	-	-	(420)	(420)
Shares issued during the year	81,572	-	-	81,572
Transfer from profit and loss account	-	5,927	-	5,927
<b>AT 31 DECEMBER 2017</b>	<b>451,191</b>	<b>139,099</b>	<b>59,127</b>	<b>649,417</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Non distributable reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 3 January 2016	369,619	110,984	39,268	519,871
<b>Comprehensive income for the year</b>				
Profit/(loss) for the year	-	-	35,501	35,501
Transfer to non distributable reserves	-	-	(22,188)	(22,188)
Dividends: Equity capital	-	-	(420)	(420)
Transfer from profit and loss	-	22,188	-	22,188
<b>AT 31 DECEMBER 2016</b>	<b>369,619</b>	<b>133,172</b>	<b>52,161</b>	<b>554,952</b>

The notes on pages 12 to 25 form part of these financial statements.

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## BLACK & DECKER INTERNATIONAL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The company is an unlimited liability company incorporated in the United Kingdom. The registered office is 210 Bath Road, Slough, Berkshire SL1 3YD, United Kingdom. The financial statements are prepared in Pound Sterling which is the presentational currency of the company and rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

In line with section 33.1A of FRS 102, disclosures are not given of transactions with fellow wholly owned group companies.

In accordance with s401 of the Companies Act 2006, the company is exempt from the requirement to prepare and deliver group accounts. Financial information is presented about the company as an individual and not about its group. Details of the ultimate parent undertaking which draws up group accounts are disclosed in note 16.

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities, which the directors believe to be appropriate. The company is dependent on funds provided to it by Black & Decker Europe, a fellow subsidiary of the Stanley Black & Decker Group. The ultimate parent undertaking has confirmed its intention to provide continued support for at least twelve months from the date of approval of these financial statements. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

##### 1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Stanley Black & Decker Inc. as at 30 December 2017 and these financial statements may be obtained from Stanley Black & Decker Inc., 1000 Stanley Drive, New Britain, CT 06053, United States.

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## BLACK & DECKER INTERNATIONAL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.3 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

##### 1.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any effected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### 1.5 Debtors

Debtors comprise of amounts owed by group companies due after more than one and convertible debt due after more than one year. The loan receivable is measured at amortised cost using the effective interest rate. The convertible debt is recorded on the balance sheet at fair value and accounted for at fair value through profit or loss.

Amounts owed by group companies due within one year are measured at the undiscounted amount of the cash or other consideration expected to be received.

##### 1.6 Creditors

Creditors comprise of amounts owed to group companies due within one year which are measured at the undiscounted amount of the cash or other consideration expected to be paid.



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## BLACK & DECKER INTERNATIONAL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.7 Foreign currency translation

###### Functional and presentation currency

The company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

##### 1.8 Investment income

Dividends from investment in group companies are credited to the Income Statement when declared.

##### 1.9 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

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## BLACK & DECKER INTERNATIONAL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.10 Taxation

Tax is recognised in the Income Statement, except that a charge attributable to an item of Income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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## BLACK & DECKER INTERNATIONAL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### *Valuation of investments*

The company carries its investments at cost less accumulated impairment. Management performs an annual review to determine if any indicators of impairment exist. Where an indicator of impairment is noted, management assess the value in use of the investments in subsidiaries by using a net assets model and a discounted cash flow model for trading entities as the valuation techniques as there is a lack of comparable market data due of the nature of the investments.

##### *Taxation*

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effects of future tax planning strategies.

##### *Convertible debt*

The company is measuring its convertible debt receivable at fair value, with changes in fair value being recognised in the income statement. As there is not an active market for this asset and recent transactions of an identical asset on their own are not a good estimate of fair value, the company estimates the fair value by using a valuation technique.

The company engaged independent valuation specialists to determine the fair value at the year end. The valuer used a valuation technique based on 30 year UK government bonds as there is a lack of comparable market data for 100 year loans. The determined fair value of the convertible debt is most sensitive to interest rate fluctuations as well as movements in the credit spread. The key assumptions used to determine the fair value of the debt are contained in note 13.

#### 3. AUDITOR'S REMUNERATION

Fees payable to the company's auditors in respect of audit services are £40,000 (2016: £42,000) and for non-audit services are £76,000 (2016: £391,000).

The above fees cover the costs of audit and taxation services not only for the company but also for other companies in the Stanley Black & Decker UK group.

#### 4. EMPLOYEES

The company does not employ any staff, the business and administration of the company being carried out by staff of another group undertaking.

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## BLACK & DECKER INTERNATIONAL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 5. DIRECTORS' REMUNERATION

Directors' remuneration was paid by fellow group companies as the Directors of the company are also Directors of other group undertakings.

Although they carried out qualifying services for each company, the Directors do not believe that it is practical to apportion their remuneration between companies.

The aggregate Directors' emoluments in respect of qualifying services for the year were £573,000 (2016: £577,000).

During the year retirement benefits were accruing to 3 Directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £343,000 (2016 - £228,000).

The value of the company's contributions paid to a defined benefit contribution pension scheme in respect of the highest paid Director amounted to £20,000 (2016 - £16,000).

#### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £000	2016 £000
Interest receivable from group companies	12,649	12,649
	<u>12,649</u>	<u>12,649</u>

#### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Interest payable to group companies	2,076	2,481
	<u>2,076</u>	<u>2,481</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. TAXATION**

	<b>2017 £000</b>	<b>2016 £000</b>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>-</b>	<b>-</b>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%). The differences are explained below:

	<b>2017 £000</b>	<b>2016 £000</b>
Profit on ordinary activities before tax	<b>13,313</b>	<b>35,501</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	<b>2,563</b>	<b>7,100</b>

**EFFECTS OF:**

(Reversal of) Impairment	<b>579</b>	<b>(708)</b>
Other differences leading to an increase/(decrease) in the tax charge	<b>(1,141)</b>	<b>(4,438)</b>
Group relief	<b>(2,001)</b>	<b>(1,954)</b>

**TOTAL TAX CHARGE FOR THE YEAR**

<b>-</b>	<b>-</b>
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**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The Finance (No. 2) Act 2015 obtained Royal Assent on 18 November 2015 and enacted a reduction in the UK corporation tax rate from 20% to 19% effective from 1 April 2017 and a further reduction to 18% effective from 1 April 2020.

Furthermore the Finance Act 2016 obtained Royal Assent on 15 September 2016 and stated that the 18% rate given above will, in fact, be reduced to 17%.

**DEFERRED TAX**

There is no provided or unprovided deferred tax.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**9. DIVIDENDS**

	2017 £000	2016 £000
12% Cumulative preferred dividends	420	420
	<u>420</u>	<u>420</u>

**10. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £000
<b>COST</b>	
At 1 January 2017	727,408
Additions	81,572
At 31 December 2017	<u>808,980</u>
<b>IMPAIRMENT</b>	
At 1 January 2017	115,807
Charge for the period	3,009
At 31 December 2017	<u>118,816</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>690,164</u>
At 31 December 2016	<u>611,601</u>

The directors undertake a review of the investments held each year and as a result provided for an impairment charge as noted above. The value in use of the investments in subsidiaries has been based on a net asset basis for holding companies and a discounted cash flow basis for trading entities using a discounted rate of 9.6% and a flat growth rate. Cashflows have been based on projections for a five year period on which a terminal growth multiple of 10.42 is applied to the cash flows at the end of that five year period.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**10. FIXED ASSET INVESTMENTS (CONTINUED)****SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Black & Decker Europe	Ordinary	100 %	Provision of administrative and marketing support to affiliates
Tucker Products Limited	Ordinary	100 %	Dormant company
Black & Decker Pension Trustee Limited	Ordinary	100 %	Dormant company
Bandhart Overseas*	Ordinary	100 %	Investment holding company
Tucker Fasteners Limited*	Ordinary	100 %	Distributor of industrial fastening systems
Aven Tools Limited*	Ordinary	100 %	Finance investment activities
DeWalt Industrial Power Tool Ltd*	Ordinary	100 %	Finance activities
Black & Decker*	Ordinary	100 %	Provision of research and development services
Bandhart*	Ordinary	100 %	Finance and investment activities
PIH Holdings Limited England*	Ordinary	100 %	Finance and investment activities
Pipeline Induction Heat Limited*	Ordinary	100 %	Provision of specialist coating services to the oil and gas pipeline industry.
PIH Services Limited*	Ordinary	100 %	Provision of non-destructive testing & heat treatment services.
Universal Inspection Systems Limited*	Ordinary	100 %	The provision of non-destructive testing services.
Societe Miniere et Commerciale SA*	Ordinary	100 %	Sales agent for CRC Evans Group

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. FIXED ASSET INVESTMENTS (CONTINUED)**

<b>Name</b>	<b>Registered office</b>
Black & Decker Europe	210 Bath Road, Slough, Berkshire, SL1 3YD, United Kingdom
Tucker Products Limited	3 Europa Court, Sheffield Business Park, Sheffield, S9 1XE, United Kingdom
Black & Decker Pension Trustee Limited	210 Bath Road, Slough, Berkshire, SL1 3YD, United Kingdom
Bandhart Overseas*	210 Bath Road, Slough, Berkshire, SL1 3YD, United Kingdom
Tucker Fasteners Limited*	3 Europa Court, Sheffield Business Park, Sheffield S9 1XE
Aven Tools Limited*	210 Bath Road, Slough, Berkshire, SL1 3YD, United Kingdom
DeWalt Industrial Power Tool Ltd*	c/o CMS Cameron McKenna LLP, 6 Queens Road, Aberdeen AB15 4ZT
Black & Decker*	210 Bath Road, Slough, Berkshire, SL1 3YD, United Kingdom
Bandhart*	210 Bath Road, Slough, Berkshire, SL1 3YD, United Kingdom
PIH Holdings Limited England*	Farrington Road, Rosendale Road Industrial Estate, Burnley, England, BB11 5SW, United Kingdom
Pipeline Induction Heat Limited*	Farrington Road, Rosendale Road Industrial Estate, Burnley, England, BB11 5SW, United Kingdom
PIH Services Limited*	Farrington Road, Rosendale Road Industrial Estate, Burnley, England, BB11 5SW, United Kingdom
Universal Inspection Systems Limited*	Pipelines House, 3 Dail Nan Rocas, Teaninich Industrial Estate, Alness, Scotland, IV17 0PH, United Kingdom
Societe Miniere et Commerciale SA*	45/47 boulevard Paul Vaillant Couturier, 94200, Ivry Sur Seine, France* Indicates indirect holdings in subsidiary.

\* Indicates indirect holdings in subsidiary.



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NOTES TO THE FINANCIAL STATEMENTS  
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11. DEBTORS

	2017 £000	2016 £000
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Amounts owed by subsidiaries	276,216	270,289
	<u>276,216</u>	<u>270,289</u>
	2017 £000	2016 £000
<b>DUE WITHIN ONE YEAR</b>		
Amounts owed by subsidiaries	146,843	134,201
	<u>146,843</u>	<u>134,201</u>

12. CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to subsidiaries	463,806	460,969
Accruals and deferred income	-	170
	<u>463,806</u>	<u>461,139</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**13. FINANCIAL INSTRUMENTS**

	<b>2017 £000</b>	<b>2016 £000</b>
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	<b>276,216</b>	282,938
Financial assets measured at undiscounted amount of cash or the consideration expected to be received	<b>146,843</b>	121,552
	<u><b>423,059</b></u>	<u>404,490</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at an undiscounted amount of cash or the consideration expected to be paid	<b>(463,806)</b>	(461,139)
	<u><b>(463,806)</b></u>	<u>(461,139)</u>

Financial assets measured at fair value through the income statement comprises of ten convertible equity notes with an aggregate principal value of £137,117,000 (2016: £137,117,000). The notes are convertible on or before 15 December 2092 into an equivalent nominal value of ordinary £1 shares in the capital of a fellow group company at the option of Black & Decker International. The notes are redeemable at par on 15 December 2092.

The fair value of the convertible equity notes is determined by reference to 30 year UK government bonds due to the lack of an observable market for 100 year convertible equity notes. This resulted in a yield of 4.51% (2016: 4.62%).

Financial assets measured at amortised cost comprise of amounts receivable due after more than one year which are measured at amortised cost using the effective interest rate.

Financial assets and liabilities due within one year are measured at the undiscounted amount of the cash or other consideration expected to be received / paid.

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## BLACK & DECKER INTERNATIONAL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 14. SHARE CAPITAL

	2017 £000	2016 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
437,691,368 (2016 - 356,118,933) "A" Ordinary shares of £1 each	<b>437,691</b>	356,119
10,000,000 "B" Ordinary shares of £1 each	<b>10,000</b>	10,000
3,499,853 12% Cumulative Preferred shares of £1 each	<b>3,500</b>	3,500
	<b>451,191</b>	369,619

Ordinary shares class "A" and class "B" have equal rights in all aspects except for voting rights. Every holder of "A" shares has one vote on a show of hands when voting in person or by proxy while on a poll, each "A" share has one vote. However, every holder of "B" shares has two votes on a show of hands when voting in person or by proxy while on poll, each "B" share also has two votes.

Each holder of the preferred shares shall be entitled, in priority to the holders of any other class of share, to receive any of the assets of the company available for distribution amongst the members in a winding-up of the company or other return of capital by the company.

The amount in respect of each preferred share held, equal to the amount paid up thereon, together with all arrears and accruals of the fixed dividend payable thereon (whether earned or declared or not) calculated up to and including the date of the resolution for the winding-up of the company or (as the case may be) the date of the order of the Court for such winding-up or (in the case of any other return of capital by the company) the date on which the distribution, transfer, or other payment in respect of such return of capital is made but with no right to participate further in the profits or assets of the company. The holders of the Preferred Shares have the right to receive notice of all General Meetings of the company and have the right to attend and vote thereat.

Without prejudice to any special rights previously conferred on the holders of existing shares, any share may be issued with such preferred, or other such special rights or restrictions, whether in regard to dividend, voting, return of capital, or otherwise, as the company may from time to time by special resolution determine and if so determined any preference share may be issued on the terms that it is, or at the option of the company is liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may by special resolution determine.

The special rights conferred upon the holders of any shares or class of shares issued with preferred or other special rights shall not, unless otherwise expressly provided by the conditions of issue of the shares of that class, be deemed to be modified by the creation or issue of further shares (including shares carrying dividend at a higher rate or entitling the holders to be paid in winding-up a premium or a larger premium on the capital paid up thereon than the shares already issued or both) ranking *pari passu* therewith.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 15. RESERVES

##### Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

##### Non distributable reserves

This reserve is used to record increases in the fair value of assets and decreases to the extent that such decrease relates to an increase on the same asset.

##### Profit & loss account

This reserve records any accumulated distributable profits less dividends paid since the inception of the company.

#### 16. CONTROLLING PARTY

The company is a wholly owned subsidiary of Emhart International Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking and controlling party is Stanley Black & Decker Inc., a company incorporated in the United States.

The largest and smallest group in which the results of the company are consolidated is that of Stanley Black & Decker Inc.

Consolidated accounts are available from Stanley Black & Decker Inc. at the address below:

Stanley Black & Decker Inc.  
1000 Stanley Drive  
New Britain  
CT 06053  
United States