

Registered number: 00209797

BLACK & DECKER INTERNATIONAL

STRATEGIC REPORT, ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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BLACK & DECKER INTERNATIONAL

COMPANY INFORMATION

Directors	A Sood M Smiley S Costello
Company secretary	Mitre Secretaries Limited
Registered number	00209797
Registered office	3 Europa Court Sheffield Business Park Sheffield S9 1XE
Auditor	Ernst & Young LLP Water Lane Leeds United Kingdom LS11 5QR

BLACK & DECKER INTERNATIONAL

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BLACK & DECKER INTERNATIONAL

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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 resulted in an impairment of £11,896,000 (2019: £34,017,000).

Principal risks and uncertainties

The company's principal financial instruments comprise intercompany loans between fellow group undertakings, the main purpose of which is to provide finance for its normal operations. In addition, and in common with the vast majority of the world's economy, the company and the group to which it belongs could be affected by the Covid-19 pandemic. The main risks arising from the company's financial instruments are detailed below:

Credit risk

The Directors consider that the credit risk exposure is limited as the loans are with fellow group companies.

Liquidity and refinancing risk

The company's objective is to produce continuity of funding at a reasonable cost. The company uses its existing finances and intra-group loans payable to support this objective.

Market and interest rate risk

The directors consider that they will be able to renegotiate the company's financial position within an acceptable timescale so as to minimise the impact of significant changes in interest rates.

Covid-19

While the impact on this individual business from Covid-19 could be considered to be limited the directors are mindful that the company is part of a large multinational group where subsidiaries are subject to the continuing support of the ultimate holding company. With this in mind the directors have considered the ability of the ultimate parent company, and the group in its entirety, to navigate the current extremely difficult period. This consideration can be found in the Directors' Report.

Investment risk

A subsidiary's longer term inability to pay dividends, or decline in performance may result in an impairment of the company's investment in that subsidiary, which will have a direct impact on the company's results in the year and net assets going forward.

Directors statement of compliance with duty to promote the success of the company:

This statement by the Board of Directors describes how they have approached their responsibilities under S172(1) (a) to (f) of the Companies Act 2006 in the financial period ending 31 December 2020.

A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole whilst considering all stakeholders of the Company.

As this Company is an investment holding and treasury company having no employees, suppliers or customers, the Directors believe the Company's main stakeholders are its sole shareholder and its ultimate parent (Stanley Black & Decker, Inc.). In turn the Company has no trading operations impacting the community and the environment which the Directors would need to consider in their Directorship duties of this company.

Consequently, the Directors are satisfied that all actions taken in the year have been done so to promote the success of the company for the benefit of its members as a whole.

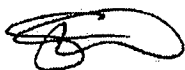
BLACK & DECKER INTERNATIONAL

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial key performance indicators

The company's key performance indicator is the receipt of interest on loans due from subsidiaries in the value of £12,892,000 (2019: £12,649,000).

This report was approved by the board on 8 October 2021 and signed on its behalf.



S Costello
Director

BLACK & DECKER INTERNATIONAL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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.

Results and dividends

The profit for the year, after taxation, amounted to £36,878,000 (2019 : £32,126,000).

Dividends paid in the year amount to £Nil (2019: £24,491,000).

Directors

The directors who served during the year were:

A Sood
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.

BLACK & DECKER INTERNATIONAL

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The ultimate parent undertaking has committed to provide continued support for at least a year from the date of the signing of these financial statements. The period of management's going concern assessment is from the date of signing of the financial statements to 31 December 2022.

During 2020, the Covid-19 pandemic resulted in considerable volatility in the global economy and uncertainty in the markets in which Stanley Black & Decker, Inc. ("Group") operates. However, despite the adverse impacts from the pandemic, the Group closed out 2020 with year-over-year growth in revenue, gross margin and operating margin, as well as record free cash flow. Going into 2021 the Group continued to see growth across the same four performance measures for the first half of the year.

The Covid-19 pandemic continues to impact the global economy in 2021 and the long-term effect on the Group's business, results of operations, and liquidity remains uncertain. However, the Group continues to believe it is in a strong financial position as at the year end and has significant flexibility to continue navigating this volatile period as the Group:

- maintains strong investment grade credit ratings,
- possesses substantial cash-on-hand and manages a robust and highly rated \$3 billion commercial paper programme, and
- carries \$3 billion of revolving credit facilities backed by a well-capitalised, diversified bank group,

The Group believes it is well-positioned to deliver sustained above-market organic growth, operating margin expansion, strong free cash flow generation and top-quartile shareholder returns over the long-term.

Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

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.

Post balance sheet events

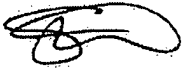
The EU-UK Trade and Cooperation Agreement, governing the trading arrangements between UK and EU, was signed on 30 December 2020. It applied provisionally from 1 January 2021 when the Brexit transition period ended before coming into force on 1 May 2021.

The directors consider that the new trading arrangements will have no significant negative effect in the company or its subsidiaries and no amendment to the figures in the accounts is therefore required.

BLACK & DECKER INTERNATIONAL

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the board on 8 October 2021 and signed on its behalf.



S Costello
Director

BLACK & DECKER INTERNATIONAL

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 which comprise the Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity and the related notes 1 to 19, 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 including 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 2020 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period through to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 themselves. 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 6 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company must comply with laws and regulations relating to its operations, including health and safety, anti-bribery and corruption regulations, environmental and General Data Protection Regulation ("GDPR");
- We understood how Black & Decker International is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our understanding through review of Board Minutes, and we understood controls put in place by management to reduce the opportunities for fraudulent transactions as well as the culture of honesty and ethical behaviour.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by communications with management and knowledge of the business from previous audits. We reviewed all the material manual statutory adjustments required and considered the nature of these transactions. For those that we did not consider to be in the normal course of business and are not of a trivial value we obtained evidence to support the validity of such adjustments including third-party documentation where available. Finally, we have assessed management's calculation of each entities value in use which is part of investment impairment review. We have then tested the assessments involved in either the recoverable amount of assets or discounted cashflow models, through corroborating evidence and challenging assumptions used.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of all manual journals and detailed testing over the investment impairment. The results of our procedures did not identify any instances of non-compliance.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACK & DECKER
INTERNATIONAL (CONTINUED)**

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

BLACK & DECKER INTERNATIONAL

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Administrative expenses		(95)	(181)
Gain on financial assets at fair value through profit or loss		38,374	32,811
Income from fixed assets investments		-	24,491
Amounts (written off) investments		(11,896)	(34,017)
Interest receivable and similar income	8	12,892	12,649
Interest payable and similar expenses	9	(2,397)	(3,627)
Profit on ordinary activities before taxation		36,878	32,126
Taxation on profit on ordinary activities	10	-	-
Profit for the year		36,878	32,126

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £000	2019 £000
Profit for the year	36,878	32,126
Total comprehensive income for the year	36,878	32,126

The notes on pages 14 to 24 form part of these financial statements.

BLACK & DECKER INTERNATIONAL
REGISTERED NUMBER: 00209797

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	12	167,136	179,032
		<u>167,136</u>	<u>179,032</u>
Current assets			
Debtors: amounts falling due after more than one year	13	322,149	309,257
Debtors: amounts falling due within one year	13	207,767	169,393
		<u>529,916</u>	<u>478,650</u>
Creditors: amounts falling due within one year	14	(473,649)	(471,157)
Net current assets		<u>56,267</u>	<u>7,493</u>
Total assets less current liabilities		<u>223,403</u>	<u>186,525</u>
Net assets		<u>223,403</u>	<u>186,525</u>
Capital and reserves			
Called up share capital	16	1	1
Non-distributable reserves	17	207,767	169,393
Profit and loss account	17	15,635	17,131
		<u>223,403</u>	<u>186,525</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 October 2021.



S Costello
Director

BLACK & DECKER INTERNATIONAL

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Non distributable reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2020	1	169,393	17,131	186,525
Comprehensive income for the year				
Profit for the year	-	-	36,878	36,878
Transfer to non distributable reserves	-	38,374	(38,374)	-
At 31 December 2020	1	207,767	15,635	223,403

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £000	Non distributable reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2019	20,378	136,582	21,930	178,890
Comprehensive income for the year				
Profit for the year	-	-	32,126	32,126
Transfer to non distributable reserves	-	32,811	(32,811)	-
Dividends: Equity capital	-	-	(24,491)	(24,491)
Share Capital Reduction during the year	(20,377)	-	-	(20,377)
Transfer to profit and loss account	-	-	20,377	20,377
At 31 December 2019	1	169,393	17,131	186,525

BLACK & DECKER INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The company is an unlimited liability company incorporated and domiciled in England and Wales. The registered office is 3 Europa Court, Sheffield Business Park, Sheffield, S9 1XE, United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in Pound Sterling which is the functional and presentational currency of the company and rounded to the nearest thousand pounds (£'000).

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 3).

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 19.

Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The ultimate parent undertaking has committed to provide continued support for at least a year from the date of the signing of these financial statements. The period of management's going concern assessment is from the date of signing of the financial statements to 31 December 2022.

During 2020, the Covid-19 pandemic resulted in considerable volatility in the global economy and uncertainty in the markets in which Stanley Black & Decker, Inc. ("Group") operates. However, despite the adverse impacts from the pandemic, the Group closed out 2020 with year-over-year growth in revenue, gross margin and operating margin, as well as record free cash flow. Going into 2021 the Group continued to see growth across the same four performance measures for the first half of the year.

The Covid-19 pandemic continues to impact the global economy in 2021 and the long-term effect on the Group's business, results of operations, and liquidity remains uncertain. However, the Group continues to believe it is in a strong financial position as at the year end and has significant flexibility to continue navigating this volatile period as the Group:

- maintains strong investment grade credit ratings,
- possesses substantial cash-on-hand and manages a robust and highly rated \$3 billion commercial paper programme, and
- carries \$3 billion of revolving credit facilities backed by a well-capitalised, diversified bank group,

The Group believes it is well-positioned to deliver sustained above-market organic growth, operating margin expansion, strong free cash flow generation and top-quartile shareholder returns over the long-term.

BLACK & DECKER INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

2.2 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 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- 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 2 January 2021 and these financial statements may be obtained from Stanley Black & Decker, Inc., 1000 Stanley Drive, New Britain, CT 06053, United States.

2.3 Interest income

Interest income is recognised in the Income Statement using the straight line method.

2.4 Interest payable

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

2.5 Investment income

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

2.6 Valuation of investments

The directors undertake a review of the investments held each year. The recoverable amount is estimated based on the fair value less the costs to sell or a value in use calculation. Value in use is based on a discounted cash flow model.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

BLACK & DECKER INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Creditors

Creditors comprise 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.

2.9 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.

BLACK & DECKER INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, 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 judgments (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 as there is a lack of comparable market data due of the nature of the investments (note 12). For the discounted cashflow calculations the key assumptions to which the valuation amounts are most sensitive are discount rates and the estimated cash generated from forecasted results.

An impairment has been booked in the year of £11,896,000. Changes in the key assumptions used to calculate the recoverable amount would result in a change to the impairment recorded. A decrease in the discount rate of 0.1% would result in a reduction in the impairment of £419,000 whereas an increase in the discount rate of 0.1% would result in a further impairment of £405,000.

Convertible debt

The company measures 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 value 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 15.

4. Auditor's remuneration

Fees payable to the company's auditors in respect of audit services are £54,000 (2019: £46,000) and for non-audit services are £58,000 (2019: £104,000).

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.

5. Employees

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

BLACK & DECKER INTERNATIONAL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. 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 £655,000 (2019: £739,000).

During the year retirement benefits were accruing to 3 Directors (2019: 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £354,000 (2019: £411,000).

The value of the company's contributions paid to a defined benefit contribution pension scheme in respect of the highest paid Director amounted to £6,000 (2019: £16,000).

7. Income from investments

	2020 £000	2019 £000
Dividends received from group companies	-	24,491
	<u>-</u>	<u>24,491</u>
	<u>-</u>	<u>24,491</u>

8. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from group companies	12,892	12,649
	<u>12,892</u>	<u>12,649</u>
	<u>12,892</u>	<u>12,649</u>

9. Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable to group companies	2,397	3,627
	<u>2,397</u>	<u>3,627</u>
	<u>2,397</u>	<u>3,627</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Taxation

There was no tax charge for the period.

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 : lower than) the standard rate of corporation tax in the UK of 19% (2019 : 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	<u>36,878</u>	<u>32,126</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	7,007	6,104
Effects of:		
Investment impairment	2,260	6,463
Dividends from UK companies	-	(4,654)
(Gain) on financial assets	(7,291)	(6,234)
Group relief	(1,976)	(1,679)
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

In March 2020 the UK government utilised the Provision Collection of Taxes Act 1968 to maintain the corporation tax rate at 19% (previously 17%) which was substantially enacted on 17 March 2020.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. Given that the Royal Assent was granted to the finance bill on 10th of June 2021 the impact of the deferred tax balance in the group has been considered for the purposes of disclosure only. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

11. Dividends

	2020 £000	2019 £000
Ordinary dividend 2020: nil (2019: £0.0349) per share	-	24,491
	<u>-</u>	<u>24,491</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2020	811,481
At 31 December 2020	811,481
Impairment	
At 1 January 2020	632,449
Charge for the period	11,896
At 31 December 2020	644,345
Net book value	
At 31 December 2020	167,136
At 31 December 2019	179,032

The directors undertake a review of the investments held each year. The recoverable amount is estimated based on the fair value less the costs to sell or a value in use calculation. Value in use is based on a discounted cash flow model.

The investment carrying value has been impaired to the recoverable amount based on the assumptions applied, therefore any change in a key assumption could cause further impairment of the carrying value.

The directors' review of investments at the year end 2020 resulted in an impairment in its subsidiary, Black & Decker Europe, of £11,896,000 (2019: £34,017,000).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Black & Decker Europe	270 Bath Road, Slough, Berkshire, SL1 4DX, United Kingdom	Ordinary	100%
Black & Decker Pension Trustee Limited	3 Europa Court, Sheffield Business Park, Sheffield, S91XE, United Kingdom	Ordinary	100%
Tucker Products Limited	3 Europa Court, Sheffield Business Park, Sheffield, S91XE, United Kingdom	Ordinary	100%
Aven Tools Limited*	3 Europa Court, Sheffield Business Park, Sheffield, S91XE, United Kingdom	Ordinary	100%
DeWalt Industrial Power Tool Ltd*	c/o CMS Cameron McKenna LLP, 6 Queens Road, Aberdeen AB15 4ZT	Ordinary	100%
Bandhart Overseas*	3 Europa Court, Sheffield Business Park, Sheffield, S91XE, United Kingdom	Ordinary	100%
Black & Decker*	270 Bath Road, Slough, Berkshire, SL1 4DX, United Kingdom	Ordinary	100%

* Indicates indirect holdings in subsidiary.

13. Debtors

	2020 £000	2019 £000
Due after more than one year		
Amounts owed by other group undertakings	322,149	309,257
	322,149	309,257
Due within one year		
Amounts owed by other group undertakings	207,767	169,393
	529,916	478,650

14. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to subsidiaries	473,649	471,157
	473,649	471,157

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Financial instruments

	2020 £000	2019 £000
Financial assets		
Financial assets measured at fair value through profit or loss	322,149	309,257
Financial assets measured at undiscounted amount of cash or the consideration expected to be received	207,767	169,393
	<u>529,916</u>	<u>478,650</u>
Financial liabilities		
Financial liabilities measured at an undiscounted amount of cash or the consideration expected to be paid	<u>(473,649)</u>	<u>(471,157)</u>

Financial assets measured at fair value through the income statement comprises ten convertible equity notes with an aggregate principal value of £137,117,000 (2019: £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 3.49% (2019: 4.00%).

Financial assets measured at amortised cost comprise 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
687,813,038 (2019: 687,813,038) "A" Ordinary shares of £0.000001 each	1	1
13,499,853 (2019: 13,499,853) "B" Ordinary shares of £0.000001 each	-	-
	<u>1</u>	<u>1</u>

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 a poll, each "B" share also has two votes.

On 26th February 2019 the company made a share capital reduction of its Ordinary "A" shares from £0.01 to £0.000001 and its "B" shares from £1.00 to £0.000001.

17. Reserves

Profit & loss account

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

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.

18. Post balance sheet events

The EU-UK Trade and Cooperation Agreement, governing the trading arrangements between UK and EU, was signed on 30 December 2020. It applied provisionally from 1 January 2021 when the Brexit transition period ended before coming into force on 1 May 2021.

The directors consider that the new trading arrangements will have no significant negative effect in the company or its subsidiaries and no amendment to the figures in the accounts is therefore required.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Controlling party

The company is a wholly owned subsidiary of Stanley Black & Decker UK Group Ltd, 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