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BLACK & DECKER INVESTMENT COMPANY, LLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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BLACK & DECKER INVESTMENT COMPANY, LLC

TABLE OF CONTENTS

	Page
Directors and other information	1
Directors' report	2 - 3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 11

BLACK & DECKER INVESTMENT COMPANY, LLC

DIRECTORS AND OTHER INFORMATION

DIRECTORS	C Powell-Smith C Ennis S Stubbs (appointed 1 June 2012) A Sood (appointed 5 August 2011) P Chau (appointed 31 August 2011) J Cowley (appointed 31 August 2011) M Cogzell (appointed 31 August 2011 & resigned 1 June 2012) J Wyatt (resigned 11 August 2011) M Allan (resigned 5 August 2011) G Johnston (resigned 31 August 2011)
SECRETARY	Mitre Secretaries Limited
REGISTERED IN ENGLAND	FC010558
REGISTERED OFFICE	Corporation Trust Center 1209 Orange Street Wilmington New Castle, Delaware 19801
MAIN PLACE OF BUSINESS	210 Bath Road Slough Berkshire SL1 3YD
AUDITORS	Ernst & Young Chartered Accountants City Quarter Lapps Quay Cork Ireland
BANKERS	Bank of America Bank of America NA 26 Elmfield Road Bromley Kent BR1 1WA
SOLICITORS	CMS Cameron McKenna LLP Mitre House 160 Aldersgate Street London EC1A 4DD

BLACK & DECKER INVESTMENT COMPANY, LLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Results and dividends

The results for the year are set out in the profit and loss account on page 4. There were no dividends declared or paid in the current year.

Principal activity and review of business developments

The principal activity of the company during the period to 31 December 2011 was the provision of finance to other group companies. There was no change in the company's activities during the year.

The company is incorporated in the United States of America and is registered in the United Kingdom as an overseas company under section 1044 of the Companies Act 2006.

Principal risks and uncertainties

The principal risks and uncertainties facing the company arise from the holding of financial instruments, which can be subject to liquidity risk and interest rate risk. These are described in further detail below under treasury policy.

Treasury policy

The company is an investment company which provides finance to fellow group undertakings. The company finances its operations by equity funding from its immediate parent.

The main risks arising from the company's financial instruments are liquidity and interest rate risk. These risks and the policies to manage them, are summarized below. These policies are long standing policies which are under constant review.

Interest rate risk

The company does not use hedging instruments to hedge interest risk as the directors consider that they will be able to renegotiate borrowing and loan portfolios within an acceptable timescale so as to minimize the impact of significant changes in interest rates.

Liquidity and refinancing risk

The company's objective is to produce continuity of funding at a reasonable cost. To do this it seeks to arrange committed funding where necessary from its immediate parent company or other group undertakings.

Going concern

The directors have reviewed a period of 12 months from approval of these financial statements and concluded the company is able to meet all of its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Events since the balance sheet date

On 21 March 2012, it was announced that the main corporation tax rate will be reduced by 2% to 24% with effect from 1 April 2012. The previously announced series of 1% cuts will be preserved, resulting in a 22% main rate by 2014.

The directors are not aware of any other significant events since the balance sheet date which would have an effect on the financial statements or require disclosure therein.

BLACK & DECKER INVESTMENT COMPANY, LLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

Directors

The directors who served during the year ended 31 December 2011 and to the date of this report are those listed on page 1

Directors' interests

The directors have no beneficial interests in the shares of the company. No material contract or arrangement has been entered into by the company during the year in which any director has had an interest.

Directors' 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.

Future developments

The directors aim to maintain current management policies.

Statement of directors' responsibilities in respect of the accounts

The directors have elected to prepare financial statements for the year ended 31 December 2011 which 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 those financial statements, the directors are responsible for

- selecting suitable accounting policies and then applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with Delaware law, there is no obligation to appoint auditors annually and accordingly Ernst & Young shall be deemed reappointed as auditors.

On behalf of the Board



A Sood
Director

Date 13 August 2012

BLACK & DECKER INVESTMENT COMPANY, LLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 \$000	2010 \$000
Administrative credit		<u>2</u>	<u>5</u>
OPERATING PROFIT - CONTINUING OPERATIONS	3	2	5
Interest receivable and similar income	4	<u>173</u>	<u>241</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		175	246
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	9	<u>175</u>	<u>246</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

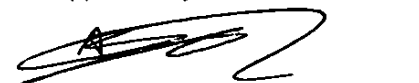
There are no recognised gains or losses in either year other than the profit attributable to shareholders of the company of US\$175,000 for the year ended 31 December 2011 (2010 US\$246,000)

BLACK & DECKER INVESTMENT COMPANY, LLC
REGISTERED NUMBER: FC010558

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	\$000	2011 \$000	\$000	2010 \$000
CURRENT ASSETS					
Debtors	6	49,752		49,580	
Cash at bank and in hand		6		7	
		<u>49,758</u>		<u>49,587</u>	
CREDITORS: amounts falling due within one year	7	<u>(232)</u>		<u>(236)</u>	
NET CURRENT ASSETS			<u>49,526</u>		<u>49,351</u>
NET ASSETS			<u>49,526</u>		<u>49,351</u>
CAPITAL AND RESERVES					
Called up share capital	8		128		128
Share premium account	9		24,000		24,000
Foreign exchange reserve	9		(11)		(11)
Profit and loss account	9		<u>25,409</u>		<u>25,234</u>
SHAREHOLDERS' FUNDS	10		<u>49,526</u>		<u>49,351</u>

Approved by the Board on



A Sood
Director

Date 13 August 2012

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

1. ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with section 396 ("overseas companies individual accounts") and with the applicable accounting policies of the company. The accounts have been audited in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

1.2 Foreign currencies

The functional currency of the company is deemed to be US dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1.3 Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

1.4 Cash flow statement

A cash flow statement has not been prepared as it is not required under section 396 ("overseas companies individual accounts").

1.5 Revenue recognition

Interest income

Revenue is recognised as interest accrues using the effective interest method.

BLACK & DECKER INVESTMENT COMPANY, LLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

1.6 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at the date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. THE COMPANY

The company is incorporated in the United States of America. The corporation was converted to a Delaware Limited Liability Company on 1 December 2006 and is registered in the United Kingdom as an overseas company under section 1044 of the Companies Act, 2006

3. OPERATING PROFIT

Operating profit is stated after crediting

	2011 \$000	2010 \$000
Foreign exchange translation gain	(2)	(5)

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

The directors received no remuneration during the year (2010 US\$ Nil)

Auditors' remuneration is borne by a fellow group undertaking

BLACK & DECKER INVESTMENT COMPANY, LLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
	\$000	\$000
Interest receivable from group undertakings	173	241

5. TAXATION

There is no tax charge for the year (2010 US\$Nil)

(a) Factors affecting tax charge for the year

The tax assessed for the year is lower than the UK standard rate of corporation tax of 26.5% (2010 - 28%). The differences are explained below

	2011	2010
	\$000	\$000
Profit on ordinary activities before tax	175	246
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	46	69
Effects of:		
Group relief claimed for no consideration	(46)	(69)
Total current tax	-	-

(b) Deferred tax

The company has an unrecognised deferred tax asset of approximately US\$1,208,000 (2010 US\$1,320,000) relating to connected party capital losses. This has been calculated at the 25% corporation tax rate that was substantively enacted at the balance sheet date (2010 27%).

(c) Factors that may affect future tax charges

On 21 March 2012, it was announced that the main corporation tax rate will be reduced by 2% to 24% with effect from 1 April 2012. The previously announced series of 1% cuts will be preserved, resulting in a 22% main rate by 2014. The effect of the reduction to 22% would be to reduce the company's unrecognised deferred tax asset to US\$1,063,000.

6. DEBTORS

	2011	2010
	\$000	\$000
Interest receivable from group undertakings	5,262	5,090
Loan to group undertaking	44,490	44,490
	49,752	49,580

The loan to group undertaking is with Black & Decker Inc for US\$44,490,000 with an interest rate of 0.384% (2010 0.384%) per annum. The loan can be repaid by agreement of both sides at any time without penalty. The loan interest rate can be reset when necessary by the company without formal documentation.

BLACK & DECKER INVESTMENT COMPANY, LLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

7. CREDITORS:**Amounts falling due within one year**

	2011	2010
	\$000	\$000
Amounts owed to group undertakings	232	236

8. SHARE CAPITAL

	2011	2010
	\$000	\$000
Authorised share capital		
5,000,000 Cumulative 15 25% preferred share membership of \$160 each	800,000	800,000
15,000 Common share membership of \$10 each	150	150
	800,150	800,150
Allotted, called up and fully paid share capital		
12,801 Common share membership of \$10 each	128	128

The holders of the preference shares shall be entitled to dividends when and as declared by the board of directors at the rate twenty-two dollars and forty cents per preferred share each year. Dividends on the preferred shares shall be cumulative. The holders of the preference shares shall have no voting rights except to the extent required by the law of Delaware.

The company shall have the right to redeem at any time any or all of the issued and outstanding shares of preferred stock in the company by paying to the holders of each share the paid-in value of the shares in dollars, together with the amount of any dividends as may be payable at the time of redemption to the holders of such shares.

In the event of and upon liquidation, dissolution or a distribution of all the assets of the company, the holders of preferred shares shall be entitled to receive out of the net assets of the company the paid-in value of the shares together with the amount of any dividends as may then be payable to the holders of such shares, or if the net assets of the company are insufficient for this purpose, the rateable portion of the paid-in value of the shares. After such payment to the holders of the preferred shares, the remaining assets and funds shall be distributed among the holders of the common stock.

In determining the voting powers, designations, preferences, rights and qualifications, limitations and restriction of each class of shares, the DGCL and the common law interpreting the DGCL shall apply as if such Preferred Shares were shares of preferred stock of a Delaware corporation and if such Common Shares were shares of common stock of a Delaware corporation.

BLACK & DECKER INVESTMENT COMPANY, LLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

9. RESERVES

	Share premium account \$000	Foreign exchange reserve \$000	Profit and loss account \$000
At 1 January 2011	24,000	(11)	25,234
Profit for the year	-	-	175
At 31 December 2011	<u>24,000</u>	<u>(11)</u>	<u>25,409</u>

In 2005 the company changed its functional and reporting currency from Pounds Sterling (£) to US dollars (\$) As a result of the change in currency, a foreign exchange reserve was generated and any foreign exchange gains or losses arising from the change in functional currency were transferred into the foreign exchange reserve

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 \$000	2010 \$000
Opening shareholders' funds	49,351	49,105
Profit for the year	<u>175</u>	<u>246</u>
Closing shareholders' funds	<u>49,526</u>	<u>49,351</u>

11. RELATED PARTY TRANSACTIONS

The company has no transactions with related parties other than loans due from group undertakings and amounts owed to group undertakings, which are included in notes 4, 6 and 7

12. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Black & Decker Holdings, LLC a company incorporated in the United States of America and registered in the United Kingdom as an overseas company under section 1044 of the Companies Act 2006

The ultimate parent company 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

BLACK & DECKER INVESTMENT COMPANY, LLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 13 August 2012