

NO. SC014586

**DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

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**DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

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**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

A. Sood (appointed 8 August 2011)  
M. Cogzell (appointed 31 August 2011 & resigned 1 June 2012)  
J. Cowley (appointed 31 August 2011)  
S. Stubbs (appointed 1 June 2012)  
M. Allan (resigned 5 August 2011)  
G. Johnston (resigned 31 August 2011)

**SECRETARY**

Mitre Secretaries Limited

**REGISTERED OFFICE**

6 Queen's Road  
Aberdeen  
Aberdeenshire  
AB15 4ZT  
Scotland

**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  
United Kingdom

**SOLICITORS**

CMS Cameron McKenna LLP  
Mitre House  
160 Aldersgate Street  
London  
EC1A 4DD  
United Kingdom

**REGISTERED IN SCOTLAND**

SC014586

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## **DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

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

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

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £4,922,000 (2010 - loss £4,072,000). No dividends have been declared or paid in the current year. The results for the year are set out in the profit and loss account on page 7.

#### **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS**

The principal activity of the company during the year was finance activities with fellow group undertakings. There was no change in the activity of the company during the year and the results for the year ended 31 December 2011 are in line with directors' expectations.

The directors acknowledge that the company had a difficult year due to the prolonged European recession but envisage that conditions may change as economic activity improves and interest rates rise.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

#### **TREASURY POLICY**

The company finances its operations partly by equity but also with short-term borrowings and longer term borrowings from group undertakings. The company borrows principally in GBP at floating rates. The resulting risks, and the policies to manage them, are summarised below.

##### *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. In the short term the company will be supported by its parent company, Bandhart Overseas.

#### **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 contract or arrangements entered into by the company in which any director is interested has subsisted during the year.

#### **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.

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## **DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

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

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#### **GOING CONCERN**

The company's principal activities, together with factors likely to affect its future development, are described above. There have been significant reductions in the UK interest rates over the last two years and this has resulted in the company making losses in these years.

The company is dependent on funds provided to it by Bandhart Overseas, a fellow subsidiary of the Stanley Black & Decker Group. The fellow subsidiary has provided the company with an undertaking that for at least twelve months from the date of approval of these financial statements, it will not seek repayment of the amounts currently made available nor interest thereon. 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.

#### **EVENTS SINCE THE BALANCE SHEET DATE**

On 21 March 2012 it was announced that the main corporation tax 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.

#### **FUTURE DEVELOPMENTS**

The directors aim to maintain current management policies.


#### **DISCLOSURE OF INFORMATION TO 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 the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

#### **AUDITORS**

The company has passed an elective resolution under section 386 of the Companies Act 1985 to dispense with the need to re-appoint auditors. This continues in force under the Companies Act 2006, and therefore the appointment of Ernst & Young is treated as being continuous.

On behalf of the Board

  
A. Sood  
Director

Date: 13 August 2012

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**DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgments and 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 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.

On behalf of the Board



A. Sood  
Director

Date: 13 August 2012

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

We have audited the financial statements of Dewalt Industrial Power Tool Company Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss 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.

### **Opinion on other matter prescribed by the Companies Act, 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEWALT INDUSTRIAL  
POWER TOOL COMPANY LIMITED (CONTINUED)**

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

We have nothing to report in respect of the following matters where 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.

A handwritten signature in black ink, appearing to read 'Ian Gregory', written over the printed name.

**Ian Gregory (Senior Statutory Auditor)  
for and on behalf of Ernst & Young, Statutory Auditor  
Cork**

**17 August 2012**



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**DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

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

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	<b>Note</b>	<b>2011 £000</b>	<b>2010 £000</b>
Administrative expenses		<u>(3)</u>	<u>(2)</u>
<b>OPERATING LOSS - CONTINUING OPERATIONS</b>	<b>2</b>	<b>(3)</b>	<b>(2)</b>
Interest receivable and similar income	3	<b>2,466</b>	3,356
Interest payable and similar charges	4	<u><b>(7,385)</b></u>	<u>(7,426)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(4,922)</b>	<b>(4,072)</b>
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>10</b>	<u><b>(4,922)</b></u>	<u><b>(4,072)</b></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £4,922,000 for year ended 31 December 2011 (2010: loss of £4,072,000).

**DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**  
**REGISTERED NUMBER: SC014586**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£000	2011 £000	2010 £000
<b>CURRENT ASSETS</b>				
Debtors: amounts falling due after more than one year	6	33,426	33,426	
Debtors: amounts falling due within one year	6	166,062	167,959	
Cash at bank		4,360	-	
		<u>203,848</u>	<u>201,385</u>	
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(40,397)</u>	<u>(33,012)</u>	
<b>NET CURRENT ASSETS</b>			<u>163,451</u>	<u>168,373</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>163,451</u>	<u>168,373</u>
<b>CREDITORS: amounts falling due after more than one year</b>	8	<u>(171,827)</u>	<u>(171,827)</u>	
<b>NET LIABILITIES</b>		<u>(8,376)</u>	<u>(3,454)</u>	
<b>CAPITAL AND RESERVES</b>				
Share capital	9	47	47	
Share premium account	10	2	2	
Profit and loss account	10	(8,425)	(3,503)	
<b>SHAREHOLDERS' DEFICIT</b>	11	<u>(8,376)</u>	<u>(3,454)</u>	

On behalf of the Board



A. Sood  
Director

Date: 13 August 2012

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## DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED

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

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#### 1. ACCOUNTING POLICIES

##### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of which the directors believe to be appropriate for the following reasons. The company is dependent on funds provided to it by Bandhart Overseas, a fellow subsidiary of the Stanley Black & Decker Group. The fellow subsidiary has provided the company with an undertaking that for at least twelve months from the date of approval of these financial statements, it will not seek repayment of the amounts currently made available nor interest thereon. 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.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

##### 1.2 Revenue recognition

###### *Interest income*

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

##### 1.3 Foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. 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.

##### 1.4 Cash flow statement

The company has taken advantage of the exemption conferred in FRS 1 Revised "Cash flow statements" not to include a cash flow statement as part of the financial statements since the company is included within the consolidated group financial statements of Stanley Black & Decker Inc.

##### 1.5 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.

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**DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

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

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**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 asset 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. OPERATING LOSS**

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

During the year, no director received any emoluments (2010: £Nil).

Auditors' remuneration is borne by a fellow group companies.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2011 £000	2010 £000
Interest receivable from group undertakings	<u>2,466</u>	<u>3,356</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £000	2010 £000
Interest payable to group undertakings	<u>7,385</u>	<u>7,426</u>

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**DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

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

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**5. TAXATION**

There is no tax charge for the year (2010: £Nil).

**(a) Factors affecting current 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 £000	2010 £000
Loss on ordinary activities before tax	(4,922)	(4,072)
Loss on ordinary activities multiplied by the UK standard rate of corporation tax of 26.5% (2010 - 28%)	(1,304)	(1,140)
Effects of:		
Group relief surrendered for no consideration	1,304	1,140
<b>Total current tax</b>	-	-

**(b) Deferred tax**

There is no provided or unprovided deferred tax.

**(c) Factors that may affect future tax charges**

On 21 March 2012 it was announced that the main corporation tax 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 reduction to 25% was substantively enacted on 19 July 2011.

**6. DEBTORS**

	2011 £000	2010 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	33,426	33,426
<b>Due within one year</b>		
Amounts owed by group undertakings	166,062	167,959

The amounts owed by other group undertakings include an equity note with an aggregate principal value of £33,426,000 (2010: £33,426,000). The note may be repaid in full or part on agreement by both parties without any penalty or by maturing on 7 August 2023. Interest is calculated at 4.35% per annum.

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**DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

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

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

	2011 £000	2010 £000
Bank overdraft	-	2
Amounts owed to group undertakings	40,396	33,010
Accruals and deferred income	1	-
	<u>40,397</u>	<u>33,012</u>

**8. CREDITORS:  
Amounts falling due after more than one year**

	2011 £000	2010 £000
Amounts owed to group undertakings	<u>171,827</u>	<u>171,827</u>

The amounts owed to other group undertakings include a promissory note with an aggregate principal value of £171,826,968 (2010: £171,826,968). The note is repayable at the earliest of either changes in the underlying shareholding or 8 October 2103. Interest is calculated at 4.31% per annum.

**9. SHARE CAPITAL**

	2011 £000	2010 £000
<b>Authorised</b>		
100,000 Ordinary Shares shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
47,400 Ordinary Shares shares of £1 each	<u>47</u>	<u>47</u>

**10. RESERVES**

	Share premium account £000	Profit and loss account £000
At 1 January 2011	2	(3,503)
Loss for the year	-	(4,922)
At 31 December 2011	<u>2</u>	<u>(8,425)</u>

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**DEWALT INDUSTRIAL POWER TOOL COMPANY LIMITED**

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

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**11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	<b>2011 £000</b>	<b>2010 £000</b>
Opening shareholders' (deficit)/funds	<b>(3,454)</b>	618
Loss for the year	<b>(4,922)</b>	<b>(4,072)</b>
Closing shareholders' deficit	<b><u>(8,376)</u></b>	<b><u>(3,454)</u></b>

**12. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions in Financial Reporting Standard No. 8 not to disclose related party transactions with wholly owned group undertakings as the ultimate holding company publishes consolidated financial statements.

**13. ULTIMATE HOLDING COMPANY**

The company is a wholly owned subsidiary of Bandhart Overseas, 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

**14. APPROVAL OF FINANCIAL STATEMENTS**

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