

1518375

Bandhart

Report and Financial Statements

31 December 2002

 ERNST & YOUNG



Bandhart

Directors' Report

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Directors and other information

Directors

C. B. Powell-Smith (Chairman)
M. Crince
G. H. Johnston
M. Rothleitner (Vice-Chairman)
D. A. Watt (resigned 31 May 2003)
S. Boelen (appointed 31 May 2003)

Secretary

J Coyne (resigned 2 October 2002)
Mitre Secretaries Limited (appointed 2 October 2002)

 **ERNST & YOUNG**

Registered office

210 Bath Road
Slough
Berkshire
SL1 3YD

Auditors

Ernst & Young LLP
Apex Plaza
Reading
Berkshire
RG1 1YE

Registered in England 1518375

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Directors' Report

The directors present their report for the year ended 31 December 2002

Principal activity and review of the business developments

The principal activity continued to be that of finance and investment activities within the Black & Decker group of undertakings.

Results and dividends

The results for the year are set out in the profit and loss account on page 4. No dividends have been declared and paid in 2002 (2001 : £Nil).

Directors

The directors who served during the year ended 31 December 2002 and to the date of this report were those listed on page 1.

Directors' interests

The directors have no beneficial interest in the shares of the undertaking or Emhart International Limited, the immediate holding company.

The company has not entered into any contract or arrangement during the year in which any director has had an interest.

Fixed assets

Fixed assets are dealt with in note 6 to the accounts.

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements the Directors are required to:

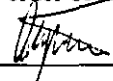
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act, 1985. 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.

Auditors

Ernst & Young LLP, have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the Board



Director
Secretary

Date 20 October 2003

Bandhart**Independent Auditors' Report To the members of Bandhart**

We have audited the company's financial statements for the year ended 31 December 2002 which comprise of the primary financial statements such as the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at the 31 December 2002 and its profit for the year then ended, and have been properly prepared in accordance with the Companies Act, 1985.



Registered Auditor
Reading

29 October 2003

Bandhart

Profit and loss account for the year ended 31 December 2002

	Notes	2002 £'000	2001 £'000
Operating costs			
Administrative expenses		41	14
Operating loss	2	(41)	(14)
Other income	3	15,457	18,290
Interest payable	4	(3,917)	(3,717)
Profit on ordinary activities before taxation		11,499	14,559
Tax on profit on ordinary activities	5	-	-
Profit for the financial year		11,499	14,559

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Balance sheet as at 31 December 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Investments	6	3,500	3,500
Current assets			
Debtors	7	328,117	313,565
Cash at bank and in hand		2,761	1,943
		<u>330,878</u>	<u>315,508</u>
Creditors: amounts falling due within one year	8	(74,581)	(70,710)
Net current assets		<u>256,297</u>	<u>244,798</u>
Net assets		<u>259,797</u>	<u>248,298</u>
Capital and reserves			
Called up share capital: all equity	9	1,010	1,010
Share premium account	10	183,892	183,892
Profit and loss account	10	74,895	63,396
Equity shareholders' funds		<u>259,797</u>	<u>248,298</u>

On behalf of the Board

20 October 2003



Director

Notes to the Financial Statements for the year ended 31 December 2002

1. Accounting Policies

1.1. Accounting convention

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

In preparing the financial statements for the current year, the group has adopted FRS 19 'Deferred Tax'. This change in accounting policy has resulted in no material adjustment to the accounts.

1.2. Investment income

Dividend income is credited to the profit and loss account when declared.

1.3. Cash flow statement

A cash flow statement has not been prepared as the company is exempt under Financial Reporting Standard No. 1 (Revised).

1.4. 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.

1.5 Foreign currencies

Transactions in foreign currencies are recorded at the 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 retranslated at the 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 with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Exchange differences arising on the translation of equity investments with no related borrowings are taken directly to reserves. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

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Notes to the Financial Statements for the year ended 31 December 2002

2. Operating loss

	2002 £'000	2001 £'000
Operating loss is stated after charging:		
Auditors' remuneration		
- audit	2	1
- other	-	1

The company does not employ any staff, the business and administration of the company being carried out by staff of another group undertaking in return for a management charge which is included in administrative expenses.

The directors received no remuneration during the year (2001: £Nil)

3. Other income

	2002 £'000	2001 £'000
Bank and other interest receivable	70	92
Interest receivable on intercompany loan	17,587	17,777
Dividends received	420	420
(Loss)/gain on currency transactions	(2,620)	1
	<u>15,457</u>	<u>18,290</u>

4. Interest payable

	2002 £'000	2001 £'000
Inter company loan interest	<u>3,917</u>	<u>3,717</u>

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Notes to the Financial Statements for the year ended 31 December 2002

	2002 £'000	2001 £'000
5. Taxation		
Corporation tax on profits for the year	-	-
<i>Factors affecting tax charge for the period</i>		
The tax assessed for the period is the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained below.		
Profit on ordinary activities before tax	11,499	14,559
Profit on ordinary activities multiplied by the rate of corporation tax in the United Kingdom	3,450	4,368
<i>Effects of:</i>		
Group relief claimed	(3,324)	(4,242)
UK dividend income	(126)	(126)
	-	-

6. Fixed asset investments

	2002 £'000	2001 £'000
Shares at cost at 1 January 2002 and 31 December 2002	3,500	3,500

At 31 December 2002 investment interests comprised:

Company	Country of registration or incorporation	Proportion of shares held	Nature of business
Black & Decker International	England	100% of preference shares	Holding company

The shares held in Black & Decker International are 12% cumulative preference shares.

The directors believe that the market value of investments is not less than their cost.

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Notes to the Financial Statements for the year ended 31 December 2002

7. Debtors

	2002 £'000	2001 £'000
Amounts owed by group undertakings (Loan and accrued interest)		
- within one year	49,837	46,045
- after more than one year	278,280	267,520
	<u>328,117</u>	<u>313,565</u>

8. Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Amounts owed to group undertaking	11,627	7,774
Loan from group undertaking	62,836	62,836
Corporation tax	82	82
Accruals	36	18
	<u>74,581</u>	<u>70,710</u>

The intercompany loan is in the form of demand loans amounting to £62,835,879.

9. Share capital

	2002 £'000	2001 £'000
Authorised equity		
Ordinary shares of £1 each	1,250	1,250
Allotted, called up and fully paid equity		
Ordinary shares of £1 each	1,010	1,010

10. Reconciliation of movements in shareholders' funds and movement on reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2001	1,010	183,892	48,837	233,739
Profit attributable to shareholders of the company	-	-	11,499	11,499
At 31 December 2001	1,010	183,892	63,396	248,298
Profit attributable to shareholders of the company	-	-	11,499	11,499
At 31 December 2002	1,010	183,892	74,895	259,797

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Notes to the Financial Statements for the year ended 31 December 2002

11. Related party transactions

The company has taken advantage of the exemptions in Financial Reporting Standard No. 8 not to disclose related party transactions

12. Ultimate holding company

The company is a wholly-owned subsidiary of Emhart International Limited, a company incorporated in the United Kingdom. The ultimate holding company is The Black & Decker Corporation, a company incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by The Black & Decker Corporation. Accounts are available from The Black & Decker Corporation, 701 East Joppa Road, Towson, Maryland 21286, USA.

The smallest group in which the results of the company are consolidated is that headed by Emhart International Limited.