

1518375

Bandhart

Report and Financial Statements

Year ended 31 December 2005



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Registered No: 1518375

Directors

C. B. Powell-Smith (Chairman)
G. H. Johnston
M. Rothleitner (Vice-Chairman)
S. Boelen

Secretary

Mitre Secretaries Limited

Registered office

210 Bath Road
Slough
Berkshire
SL1 3YD

Auditors

Ernst & Young LLP
Apex Plaza
Reading
Berkshire
RG1 1YE

Directors' Report

The directors present their report for the year ended 31 December 2005.

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. Dividends amounting to £114,000,000 were declared and paid in 2005 (2004: £Nil).

Directors

The directors who served during the year ended 31 December 2005 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 granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors'.

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

The directors are responsible for preparing the annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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.

Directors' Report

Auditors

The company has passed Elective Resolutions to dispense with among other things the need to hold Annual General Meetings and to re-appoint auditors. Therefore the appointment of Ernst & Young LLP is treated as being continuous.

By order of the Board



Director:

Date 31 October 2016

Independent auditors' report

to the shareholders of Bandhart

We have audited the company's financial statements for the year ended 31 December 2005 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 13. These financial statements have been prepared under 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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.

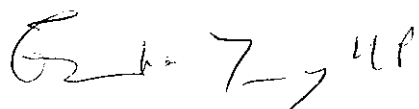
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered auditor
London

Date 21 October 2006

Bandhart

Profit and loss account

As at 31 December 2005

	Notes	2005 £'000	2004 £'000
Operating costs			
Administrative expenses		10	15
Operating loss	2	(10)	(15)
Other income	3	14,293	14,750
Interest payable and similar changes	4	(2,579)	(2,444)
Profit on ordinary activities before taxation		11,704	12,291
Tax on profit on ordinary activities	5	333	-
Profit for the financial year	10	11,371	12,291

Statement of recognised gains and losses

As at 31 December 2005

		2005	2004
		£'000	£'000
Profit for the financial year		11,371	12,291
Unrealised gain movement on Canadian dollar loan	10	3,181	660
Total recognised gains for the year		14,552	12,951

Balance sheet

As at 31 December 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Investments	6	3,500	3,500
Current assets			
Debtors			
- within 1 year		115,404	100,604
- greater than 1 year		251,968	249,207
	7	367,372	349,811
Creditors: amounts falling due within one year	8	(68,727)	(65,718)
Net current assets		298,645	284,093
Net assets		302,145	287,593
Capital and reserves			
Called up share capital: all equity	9	115,010	1,010
Share premium account	10	183,892	183,892
Profit and loss account	10	3,243	102,691
Equity shareholders' funds		302,145	287,593

On behalf of the Board



Director:

Date: 31 October 2006

Balance sheet

As at 31 December 2005

1. Accounting Policies

1.1. Accounting convention

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

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 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 retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement, except where hedge accounting is applied. 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.

Balance sheet

As at 31 December 2005

2. Operating loss

	2005 £'000	2004 £'000
Operating loss is stated after charging:		
Auditors' remuneration		
- audit	1	-

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

The directors received no remuneration during the year (2004: £Nil)

3. Other income

	2005 £'000	2004 £'000
Bank and other interest receivable	102	89
Interest receivable on intercompany loan	14,191	14,010
Dividends received	-	420
Gain on currency transaction	-	231
	<u>14,293</u>	<u>14,750</u>

4. Interest payable and similar charges

	2005 £'000	2004 £'000
Inter company loan interest	2,563	2,442
Bank and other interest payable	7	2
Loss on currency transaction	9	-
	<u>2,579</u>	<u>2,444</u>

Balance sheet

As at 31 December 2005

5. Taxation

	2005	2004
	£'000	£'000
(a) <i>Tax on profit on ordinary activities</i>		
Current tax	175	-
Foreign tax	-	-
Total current tax	175	-
Adjustments in respect of prior years	158	-
Tax on ordinary profits	333	-

	2005	2004
	£'000	£'000
(b) Factors affecting current tax charge for the period		
The tax assessed for the period is lower than the UK standard rate of Corporation tax of 30% (2004: 30%).		

The differences are explained below.

Profit on ordinary activities before tax	11,704	12,291
Profit on ordinary activities multiplied by the UK Standard rate of corporation tax	3,511	3,687
<i>Effects of:</i>		
Group relief claimed for no consideration	(3,336)	(3,561)
Prior year adjustment	158	-
UK dividend income not taxable	-	(126)
Total Current Tax	333	-

There is no provided or unprovided deferred tax.

Balance sheet

As at 31 December 2005

6. Fixed asset investments

	2005 £'000	2004 £'000
Shares at cost at 1 January 2005 and 31 December 2005	3,500	3,500

At 31 December 2005 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.

7. Debtors

	2005 £'000	<i>Restated</i> 2004 £'000
Amounts owed by group undertakings (loan and accrued interest)		
- within one year	115,404	100,604
- after more than one year	251,968	249,207
	<u>367,372</u>	<u>349,811</u>

The 2004 long term debt has been restated as loan 98 was for £58,969,767 was previously classified as long term, but is payable on demand.

The analysis of the long term debtors:

Loan Number	Principal	Rate of Interest	Date of Maturity
15	51,114,460	3.60%	29/03/2095
2	170,744,128	3.6%	See below
53	30,109,901	5.48%	09/12/2023
	<u>251,968,489</u>		

Loan 2 above has no date of maturity other than on liquidation of Bandhart.

Balance sheet

As at 31 December 2005

8. Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Bank overdraft	367	218
Amounts owed to group undertakings	4,436	1,873
Loan from group undertakings	63,505	63,505
Corporation tax	400	108
Accruals	19	14
	<u>68,727</u>	<u>65,718</u>

The intercompany loan is in the form of demand loans amounting to £63,505,320 (2004: £63,505,320).

9. Share capital

	2005 £'000	2004 £'000
Authorised equity		
Ordinary shares of £1 each	1,250	1,250
Allotted, called up and fully paid equity		
Ordinary shares of £1 each	<u>115,010</u>	<u>1,010</u>

In December 2005 Bandhart issued dividends to Emhart International, Emhart International reinvested in Bandhart with a new issue of shares.

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 2004	1,010	183,892	89,740	274,642
Profit attributable to shareholders of the company	-	-	12,291	12,291
Unrealised foreign exchange gain	-	-	660	660
At 31 December 2004	<u>1,010</u>	<u>183,892</u>	<u>102,691</u>	<u>287,593</u>
Profit attributable to shareholders of the company	-	-	11,371	11,371
Share issue	114,000	-	-	114,000
Dividends	-	-	(114,000)	(114,000)
Unrealised foreign exchange gain	-	-	3,181	3,181
At 31 December 2005	<u>115,010</u>	<u>183,892</u>	<u>3,243</u>	<u>302,145</u>

11. Related party transactions

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

Balance sheet

As at 31 December 2005

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.

13. Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 12 July 2006.