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COMPANIES HOUSE

## **Bandhart**

Report and financial statements for the year ended  
31 December 2010

**REPORT AND FINANCIAL STATEMENTS**  
for the year ended 31 December 2010

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# Bandhart

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## DIRECTORS AND OTHER INFORMATION

### Directors

C B Powell-Smith (Chairman)  
G H Johnston  
C A Douglas (appointed 15 April 2010)  
A K Sood (appointed 8 August 2011)

### Secretary

Mitre Secretaries Limited

### Bankers

Bank of America  
Bank of America NA  
26 Elmfield Road  
Bromley, Kent  
BR1 1WA  
UK

### Registered office

210 Bath Road  
Slough  
Berkshire  
SL1 3YD  
UK

### Auditors

Ernst & Young  
Chartered Accountants  
City Quarter  
Lapps Quay  
Cork  
Ireland

### Solicitors

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

### Registered in England

1518375

## DIRECTORS' REPORT

for the year ended 31 December 2010

The directors present their report and financial statements for the year ended 31 December 2010

### Results and dividends

The results for the year are set out in the profit and loss account on page 8. The profit for the period after taxation is £8,391,000 (2009 £10,539,000). The most significant movements in interest receivable and payable from 2009 to 2010 arose from changes in interest rates, representing the bulk of profit and loss transactions recorded by the company. There were dividends declared and paid in 2010 of £41,000,000 (2009 Nil).

### Principal activity and review of the business

The principal activity continued to be that of finance and investment activities with fellow group undertakings.

### 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, foreign currency risk and interest rate risk. These are described in further detail below under treasury policy.

### Treasury policy

The company holds financial instruments in order to earn interest to finance the company. The company finances its operations from its existing equity base and loans from other group undertakings. The company loans and borrows principally in GBP at floating rates, but also in Canadian dollars.

The main risks arising from the company's financial instruments are interest rate risk, foreign currency exchange risk, liquidity and refinancing risk. These risks, and the policies to manage them, are summarised below.

#### *Interest rate risk*

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

#### *Foreign currency risk*

The company uses short term forward foreign currency contracts to reduce the risk on interest receivable on non-functional currency loans. The principal amount of long-term foreign currency loans receivable is not hedged at a company level. Such hedging policies are determined and managed on a group-wide basis.

#### *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.

### Going Concern

The company's principal activities, together with factors likely to affect its future development, are described above. The changing business condition for financial instruments globally and the profitability of investments held directly in the UK is where the company's greatest exposure rests.

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.

## **DIRECTORS' REPORT**

for the year ended 31 December 2010

### **Directors**

The directors who served during the year ended 31 December 2010 and to the date of this report were those listed on page 2. In addition, M. Rothleitner served as a director until 15 April 2010, when he resigned. M. J. Allan served as a director until 5 August 2011, when he resigned.

### **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 asset investments**

Fixed asset investments are dealt with in note 7 to the accounts.

### **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.

### **Events since the balance sheet date**

On 1 April 2011, the UK corporation tax rate reduced from 28% to 26%. A further 1% yearly reduction over the following three years has been proposed, reducing the corporation tax rate to 23%. These rate changes will affect the amount of future cash tax payments to be made by the company.

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.

### **Statement of directors' responsibilities**

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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.

**DIRECTORS' REPORT**

for the year ended 31 December 2010

**Statement of directors' responsibilities (continued)**

The directors are responsible for keeping proper 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.

**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 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**

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



Director Gavin Johnston

Date 10 August 2011

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BANDHART**

We have audited the financial statements of Bandhart for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4-5, 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 (APB'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.

### **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 2010 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.

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

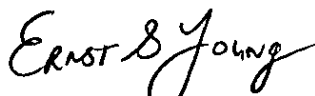
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BANDHART (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 cursive script that reads 'Ernst & Young'.

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

31 August 2011



# Bandhart

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Administrative expenses		(7)	(6)
<b>Operating loss – continuing operations</b>	<b>2</b>	<b>(7)</b>	<b>(6)</b>
Interest receivable and similar income	3	8,356	11,513
Interest payable and similar charges	4	(65)	(1,122)
Income from investment	5	420	420
<b>Profit on ordinary activities before taxation</b>		<b>8,704</b>	<b>10,805</b>
Tax on profit on ordinary activities	6	(313)	(266)
<b>Profit for the financial year</b>	<b>11</b>	<b>8,391</b>	<b>10,539</b>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Profit for the financial year</b>		<b>8,391</b>	<b>10,539</b>
Unrealised gain on translation of Canadian dollar loan	11	2,587	2,014
<b>Total recognised gains for the year</b>		<b>10,978</b>	<b>12,553</b>

## Bandhart

### BALANCE SHEET at 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Investments	7	3,500	3,500
<b>Current assets</b>			
Debtors			
- amounts falling due within one year		211,771	247,074
- amounts falling due after one year		52,752	50,023
	8	264,523	297,097
Cash at bank and in hand		41,243	38,693
		305,766	335,790
<b>Creditors: amounts falling due within one year</b>	9	(12)	(14)
<b>Net current assets</b>		305,754	335,776
<b>Net assets</b>		309,254	339,276
<b>Capital and reserves</b>			
Called up share capital	10	115,010	115,010
Share premium account	11	183,892	183,892
Profit and loss account	11	10,352	40,374
<b>Shareholders' funds</b>		309,254	339,276

Approved by the Board on



Director Gavin Johnston

Date 10 August 2011

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

### 1 Accounting policies

#### 1.1 Accounting convention

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

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 14

#### 1.2 Investments

Investments are stated at cost less provision required for any permanent diminution in value. The carrying value of investments is reviewed for impairment annually.

In the opinion of the directors, the aggregate value of the company's investments is not less than the amounts at which they are stated in the balance sheet.

#### 1.3 Revenue recognition

##### *Interest income*

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

##### *Investment income*

Dividends from investments in group undertakings are credited to profit and loss account when declared.

#### 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.

#### 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,

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

### 1. Accounting policies (continued)

#### 1.6 Deferred taxation (continued)

- 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

#### 1.7 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 retranslated 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, except as described below

Amounts owed by group undertakings include a loan denominated in Canadian dollars. The principal amount is treated as a permanent funding loan. At the balance sheet date the loan principal is revalued at the closing exchange rate, and unrealised gains/losses are taken directly to reserves

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

### 2. Operating (loss)/profit

2010	2009
£'000	£'000

Operating (loss)/profit is stated after charging

Auditors' remuneration

- audit

6	3
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- non-audit services

1	3
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The company does not employ any staff, the business and administration of the company being carried out by staff of another group undertaking

The directors received no remuneration during the year (2009: £Nil)

### 3 Interest receivable and similar income

2010	2009
£'000	£'000

Bank and other interest receivable

-	57
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Interest receivable on inter-company loan

8,356	11,226
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Gain on currency translation

-	230
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8,356	11,513
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# NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

<b>4</b>	<b>Interest payable and similar charges</b>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	Inter-company loan interest	-	1,122
	Loss on currency translation	65	-
		<u>65</u>	<u>1,122</u>

<b>5.</b>	<b>Income from investment</b>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	Dividends receivable from investment in group undertaking	420	420
		<u>420</u>	<u>420</u>

The dividends receivable represent the dividends due on the 12% cumulative preference shares held in Black & Decker International for the year ended 31 December 2010

## 6 Taxation

<i>(a)</i>	<i>Tax on profit on ordinary activities</i>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	Foreign tax	313	266
	Tax on ordinary profits	<u>313</u>	<u>266</u>

### *(b) 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 28% (2009 28%)

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	8,704	10,805
Profit on ordinary activities multiplied by the UK standard rate of corporation tax of 28%	<u>2,437</u>	<u>3,025</u>
<i>Effects of</i>		
Group relief claimed for no consideration	(2,006)	(2,641)
Non-taxable income	(118)	(118)

Total current tax charge	<u>313</u>	<u>266</u>
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### *(c) Deferred tax* There is no provided or unprovided deferred tax

### *(d) Factors that may affect future tax charges* On 1 April 2011, the UK corporation tax rate reduced from 28% to 26%. A further 1% yearly reduction over the following three years has been proposed, reducing the corporation tax rate to 23%

# Bandhart

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

<b>7 Investments</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Shares at cost		
At beginning of year	<b>3,500</b>	3,500
Additions	-	233,843
Disposals	-	(233,843)
At end of year	<b>3,500</b>	3,500

Additions during 2009 related to 233,842,662 A Ordinary Shares of £1 each acquired in Black & Decker International in consideration for the release of loans receivable from Black & Decker International (see note 8). The shares were subsequently assigned to the company's parent, Emhart International Limited (EIL) in settlement of intercompany loans payable by Bandhart to EIL and in exchange for a new demand loan payable by EIL. There was no profit or loss on disposal of these shares to EIL.

At 31 December 2010 investment interests comprised

<i>Company</i>	<i>Country of Registration or incorporation</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
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

<b>8 Debtors</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Amounts owed by group undertakings (loans and accrued interest)		
- amounts falling due within one year	<b>211,758</b>	247,074
- amounts falling due after one year	<b>52,752</b>	50,023
Other amounts due within one year	<b>13</b>	-
	<b>264,523</b>	297,097

The amount owed by other group undertakings is a loan denominated in Canadian dollars. This loan was issued on the basis that the funds received were to be used to reduce the stated capital of its issued and outstanding non-voting preferred shares and voting preferred shares. The loan is repayable on 8 December 2023, but may be extended at the option of the company to 8 December 2048. Bandhart has the right to convert the loan into fixed value non-voting preferred shares in Black & Decker Canada Inc within the agreed specified time limit only if it is not in default of the terms of the agreement or insolvent. Interest is calculated at 5.48% per annum.

**NOTES TO THE FINANCIAL STATEMENTS**

at 31 December 2010

<b>9. Creditors, amounts falling due within one year</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Amounts owed to group undertakings	6	1
Accruals	6	13
	<b>12</b>	<b>14</b>

<b>10. Called up share capital</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Authorised equity		
Ordinary shares of £1 each	<b>115,250</b>	115,250
Allotted, called up and fully paid equity		
Ordinary shares of £1 each	<b>115,010</b>	115,010

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

	<b>Share capital £'000</b>	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
At 1 January 2009	115,010	183,892	27,821	326,723
Profit for the year	-	-	10,539	10,539
Unrealised foreign exchange gain	-	-	2,014	2,014
At 31 December 2009	115,010	183,892	40,374	339,276
Profit for the year	-	-	8,391	8,391
Unrealised foreign exchange gain	-	-	2,587	2,587
Dividends declared	-	-	(41,000)	(41,000)
At 31 December 2010	115,010	183,892	10,352	309,254

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**NOTES TO THE FINANCIAL STATEMENTS**

at 31 December 2010

**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. Derivatives**

The company purchases forward foreign currency contracts to hedge currency exposure on firm future commitments. The fair values of the derivatives held at the balance sheet date, determined with reference to their market values, are as follows

	2010 £'000	2009 £'000
Forward foreign currency contracts	<u>( 869 )</u>	<u>(1,257)</u>

The contract is hedging the interest on a Canadian dollar loan maturing in 2023

**14. Ultimate holding company**

The company is a wholly owned subsidiary of Emhart International Limited, a company incorporated in the United Kingdom. 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

**15. Approval of financial statements**

The financial statements were approved and authorised for issue by the board of directors on 10 August 2011