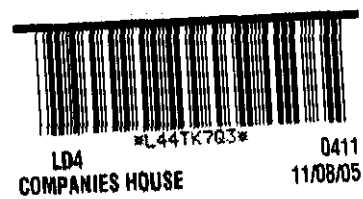


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Black & Decker Holdings Inc.

Directors' Report and Financial Statements

For the year ended 31 December 2003



Black & Decker Holdings Inc.

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Black & Decker Holdings Inc.

Directors and other information

Directors

C B Powell-Smith (Chairman)
G Johnston (President)
M Rothleitner
D A Watt (resigned 31 May 2003)
M Crince (resigned 31 Dec 2004)
I R Carter (resigned 31 Dec 2004)
S Boelen (appointed 31 May 2003)
L Ireland (appointed 31 Dec 2004)
M Allan (appointed 31 Dec 2004)

Secretary

Mitre Secretaries Limited (resigned 30 April 2003)
Y Nicholson (appointed 30 April 2003)

Registered office

210 Bath Road
Slough
Berkshire
SL1 3YD

Auditors

Ernst & Young LLP
Apex Plaza
Reading
Berkshire
RG1 1YE

Registered in England

FC10559

Black & Decker Holdings Inc.

Directors' Report

The directors present their report for the year ended 31 December 2003.

Results and dividends

The results for the year are set out in the profit and loss account on page 6. Dividends amounting to \$65,729,330 (2002: \$65,729,000) were declared and paid during the year.

Principal activities and review of business developments

The company acts as an intermediate holding company for Black & Decker group subsidiaries in the United Kingdom. Its activities include the financing of Black & Decker subsidiaries.

The company is incorporated in the United States of America and is registered in the United Kingdom as an overseas company under Part XXIII of the Companies Act 1985.

Treasury policy

The company holds financial instruments for two principal purposes: to finance Black & Decker subsidiaries and to manage the interest rate and currency risks arising from its operations and its sources of finance. The company finances its operations by a mixture of short-term borrowings from banks and longer-term loans from banks and capital markets. The company borrows principally in US Dollars at both floating and fixed rates of interest, using derivatives, where appropriate, to minimise the cost of funding with acceptable risk. The derivatives used for this purpose are principally forward foreign exchange contracts and interest rate swaps.

The main risks arising from the company's financial instruments are liquidity, foreign currency risk and interest rate risk. These risks, and the policies to manage them, are summarised below. These policies have remained unchanged since the beginning of 1999. The company does not enter into speculative derivative contracts.

Interest rate risk

The company manages its interest rate risk primarily through the use of interest rate swap and cap agreements, in order to achieve a cost-effective mix of fixed and variable rate indebtedness. It seeks to issue debt opportunistically, whether at fixed or variable rates, at the lowest possible costs and then, based upon its assessment of the future interest rate environment, may convert such debt from fixed to variable or from variable to fixed interest rates through the use of interest rate derivatives. Similarly, the company may, at times, seek to limit the effects of rising interest rates on its variable rate debt through the use of interest rate caps. It does not utilise derivative financial instruments that contain leverage features.

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 for a variety of maturities from a diversity of sources.

Directors

The directors who served during the year and to the date of this report are listed on page 2.

Directors' interests

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

Fixed assets

Fixed assets are dealt with in notes 8 and 9 of the accounts.

Reporting currency

In 2003 the company changed its reporting currency from Pounds Sterling (£) to US Dollars (\$) resulting in exchange difference as shown in Note 16.

The prior year accounts have been restated accordingly. As a result of the change in currency, a foreign exchange reserve was generated and any foreign exchange gains and losses arising from the change of reporting currency are transferred into the exchange reserve.

Black & Decker Holdings Inc.

Directors' Report

Reporting currency (continued)

The basis of the exchange used in the Profit & Loss is average rates for the pounds sterling and the actual dollar value for dollar related items. The Balance sheet has valued sterling items at the closing rate applicable and dollar related items at actual dollar value. The Pounds Sterling Fixed Investments have been valued at the 2001 closing rate, as allowed under SSAP 20 rules, as these assets are held for investment purposes and will not be disposed in the foreseeable future.

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:

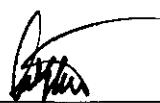
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the 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 to 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

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

By order of the Board



Director

Date: 28 July 2005 .

Independent Auditors' Report

To the members of Black & Decker Holdings Inc.

We have audited the financial statements of Black & Decker Holdings Inc. for the year ended 31 December 2003, which comprise of the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

This report is made solely to the company's members, as a body, in accordance with your instructions. 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 on page 4, 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 United Kingdom accounting standards. 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 the 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 2003 and its profit for the year then ended and have been properly prepared in accordance with United Kingdom accounting standards.



Ernst & Young LLP
Registered Auditor

29 July 2005

Black & Decker Holdings Inc.

Profit and loss account for the year ended 31 December 2003

	Notes	2003 \$'000	2002 \$'000
Administrative expenses		(8,836)	(757)
Operating loss	3	(8,836)	(757)
Other income	4	65,729	65,729
Interest payable	5	(38,961)	(48,036)
Profit on ordinary activities before taxation		17,932	16,936
Tax on profit on ordinary activities	6	132	-
Profit for the financial year	16	18,064	16,936
Dividends and other appropriations	7, 16	(65,729)	(65,729)
Retained loss for the financial year		(47,665)	(48,793)

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £18,064,000 in the year ended 31 December 2003 (2002: £16,936,000).

Black & Decker Holdings Inc.

Balance sheet as at 31 December 2003

	Notes	2003 \$'000	2002 \$'000
Fixed assets			
Investments			
Shares in group undertakings	8	893,112	893,112
Loans to group undertakings	9	409,116	409,116
		<u>1,302,228</u>	<u>1,302,228</u>
Current assets			
Debtors	10	9,092	24,214
Cash at bank and in hand		377	3,710
		<u>9,469</u>	<u>27,924</u>
Creditors: amounts falling due within one year	11	(830,408)	(801,462)
Net current liabilities		<u>(820,939)</u>	<u>(773,538)</u>
Total assets less current liabilities		481,289	528,690
Creditors: amounts falling due after more than one year	12	(297,792)	(297,528)
Net assets		<u>183,497</u>	<u>231,162</u>
Capital and reserves			
Called up share capital: equity & non-equity	15	431,150	431,150
Share premium account	16	12,092	12,092
Foreign exchange reserves	16	(17,935)	(17,935)
Other reserves	16	211,864	211,864
Profit and loss account	16	(453,674)	(406,009)
Shareholders' funds		<u>183,497</u>	<u>231,162</u>

Approved by the Board on 28 July 2005 .



Director

1. The Company

The company is incorporated in the United States of America and is registered in the United Kingdom as an overseas company under Part XXIII of the Companies Act, 1985.

2. Accounting Policies

2.1. Accounting convention

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

2.2. Financial instruments

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value.

Preference dividends are charged to the profit and loss account when paid. Other income and expenditure arising on financial instruments is recognised on an accrual basis and charged or credited to the profit and loss account in the financial period to which it relates.

2.3. 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.

2.4. Investment income

Dividends from investments in group undertakings are credited to profit and loss account when declared. Interest on time deposits and loans to group undertakings is credited to the profit and loss on an accrual basis.

2.5. Preference dividends payable

Dividends payable on the cumulative preference stock are charged to the profit and loss account on an accrual basis.

2.6. Cash flow statement

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

2.7. 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.

Black & Decker Holdings Inc.**Notes to the financial statements for the year ended 31 December 2003****2.7. Deferred taxation (continued)**

- 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.

3. Operating loss

	2003 \$'000	2002 \$'000
Operating loss is stated after charging:		
Auditors' remuneration - audit	114	22

During the year the chairman of the board of directors received remuneration of £Nil (2002: £36,803).

4. Other income

	2003 \$'000	2002 \$'000
Dividends receivable	8,862	8,862
Interest on intercompany loan	56,867	56,867
	<u>65,729</u>	<u>65,729</u>

5. Interest payable

	2003 \$'000	2002 \$'000
Bank interest	3,741	8,056
Bond interest	20,656	20,657
Interest on intercompany loan	14,564	19,323
	<u>38,961</u>	<u>48,036</u>

Black & Decker Holdings Inc.

Notes to the financial statements for the year ended 31 December 2003

6. Taxation

	2003	2002
	\$'000	\$'000
<i>(a) Current Tax:</i>		
Adjustments in respect of prior periods	(132)	-
	<u>(132)</u>	<u>-</u>

Factors affecting current tax charge for the period

The tax charge for the period is lower than the UK standard rate of Corporation tax of 30% (2002: 30%).	2003	2002
	\$'000	\$'000
Profit on ordinary activities before tax	17,932	16,936
Profit on ordinary activities multiplied by the UK standard rate of corporation tax	5,380	5,080
<i>Effects of:</i>		
UK dividend income	(2,659)	(2,659)
Offset of losses brought forward	(2,575)	(2,421)
Non-taxable income	(146)	-
Tax overprovided in prior years	(132)	-
Total current tax	<u>(132)</u>	<u>-</u>

	2003	2002
	\$'000	\$'000
<i>(b) Deferred tax asset (not provided)</i>		
Non-trading losses carried forward	-	1,648
Management expenses carried forward	1,420	1,690
Capital losses carried forward	1,840	1,575
	<u>3,260</u>	<u>4,913</u>

The non-trading losses, management expenses and capital losses may be recovered against, respectively, non-trading income, chargeable profits and chargeable gains when they accrue. There is no other provided or unprovided deferred tax.

7. Dividends and other appropriations

	2003	2002
	\$'000	\$'000
Preference stock - paid	65,729	65,729
	<u>65,729</u>	<u>65,729</u>

8. Investments in group undertakings

	Subsidiary undertakings shares \$'000	Contribution to subsidiary undertakings \$'000	Total \$'000
Cost			
At 1 January 2003	681,412	211,700	893,112
At 31 December 2003	681,412	211,700	893,112

The directors believe the market value of the investments in subsidiary undertakings is at least equal to their cost.

Details of principal subsidiary undertakings:

Country of registration Subsidiary undertaking	Proportion of or incorporation	Nature of business	Shares held
Black & Decker International	England	Group holding company	100%
Black & Decker Finance	England	Finance	100%
Black & Decker Investment Company	USA	Investment company	100%
Emhart International Limited	England	Group holding company	100%
Tucker Fasteners Limited	England	Manufacturer of industrial fastening systems	*100%
Black & Decker Europe	England	Provision of group management services and sale of industrial know how and technology rights	*100%
United Marketing (Leicester)	England	Group holding company	*100%
Aven Tools Limited	England	Maintenance and service of capital equipment (trading ceased 29 June 1994)	**100%
Bandhart Overseas	England	Group holding company	**100%
Bandhart	England	Investment company	***100%
Black & Decker	England	Power tool manufacturer	****100%

* Shares held indirectly through Black & Decker International
 ** Shares held indirectly through Black & Decker
 *** Shares held indirectly through Emhart International Limited
 **** Shares held indirectly through Black & Decker Europe

Consolidated accounts have not been prepared as, in the opinion of the directors, they would be of no value to the members and as the company's immediate holding undertaking is Black & Decker Group Inc., itself registered in the United Kingdom as an overseas company under Part XXIII of the Companies Act 1985. The financial statements therefore present information about the company as an individual undertaking and not about its group. Only investments in respect of undertakings significant to the company are disclosed

Black & Decker Holdings Inc.**Notes to the financial statements for the year ended 31 December 2003****9. Loans to group undertakings**

	2003	2002
	\$'000	\$'000
Loans at a fixed interest rate	409,116	409,116

The intercompany loan is in the form of promissory notes repayable in full on 3 April 2037 or, if earlier, on the redemption of preferred stock issued to Black & Decker Investment Company. The rate of interest is at 13.9% per annum.

10. Debtors

	2003	2002
	\$'000	\$'000
Amounts owed by group undertakings	9,092	23,233
Taxation	-	981
	9,092	24,214

11. Creditors: amounts falling due within one year

	2003	2002
	\$'000	\$'000
Amounts owed to group undertakings	820,025	790,082
Accruals and deferred income	10,383	11,380
	830,408	801,462

12. Creditors: amounts falling due after more than one year

	2003	2002
	\$'000	\$'000
Loan notes (Note 13)	300,000	300,000
Discount on issue of loan notes	(365)	(431)
Unamortised issue costs	(1,843)	(2,041)
	297,792	297,528

Black & Decker Holdings Inc.

Notes to the financial statements for the year ended 31 December 2003

13. Loan notes

Loan notes are repayable as follows:

	Loan notes	
	2003	2002
	\$'000	\$'000
Within 1 year	-	-
Between 1- 2 years	-	-
Between 2 – 5 years	150,000	150,000
Beyond five years	150,000	150,000

The loan notes are guaranteed by The Black & Decker Corporation, the ultimate holding undertaking.

Loan notes comprise two \$150,000,000 issues of Senior Loan notes due 2007 and 2028. The notes carry an interest rate of 6.55% and 7.05% respectively. The notes are redeemable in whole or part at the option of the issuer at any time and are listed on the Luxembourg Stock Exchange.

Notes to the financial statements for the year ended 31 December 2003

14. Derivatives and other financial instruments

An explanation of the company's objectives, policies and strategies for the role of derivatives and other financial instruments in creating and changing the risks of the company in its activities can be found on page 3. The disclosures below include short-term debtors and creditors.

14 a Interest rate risk profile of financial liabilities

	Total	Fixed	Floating	No interest
	\$'000	rate	rate	paid
At 31 December 2003		\$'000	\$'000	\$'000
Sterling	198	-	-	198
US Dollar	1,128,002	297,792	806,449	23,761
	<u>1,128,200</u>	<u>297,792</u>	<u>806,449</u>	<u>23,959</u>
	Total	Fixed	Floating	No interest
	\$'000	rate	rate	paid
At 31 December 2002		\$'000	\$'000	\$'000
Sterling	10,446	-	-	10,446
US Dollar	1,088,544	297,528	303,001	488,015
	<u>1,098,990</u>	<u>297,528</u>	<u>303,001</u>	<u>498,461</u>

	Fixed rate financial liabilities		Financial liabilities on which no interest is paid
	Weighted average interest rate	Weighted average period for which rate is fixed	Weighted average period until maturity
	%	Years	Years
At 31 December 2003			
Sterling	-	-	0.92
US Dollar	6.80	13.97	0.04
	<u>6.80</u>	<u>13.97</u>	<u>0.05</u>

Floating rate financial liabilities bear interest at rates based on three month or six month US dollar LIBOR and consist of bank loans and loans from group undertakings.

14. Derivatives and other financial instruments (continued)

	Fixed rate financial liabilities		Financial liabilities on which no interest is paid
	Weighted average interest rate	Weighted average period for which rate is fixed	Weighted average period until maturity
At 31 December 2002	%	Years	Years
Sterling	-	-	0.10
US Dollar	6.80	15.00	0.21
	<u>6.80</u>	<u>15.00</u>	<u>0.20</u>

Floating rate financial liabilities bear interest at rates based on three month or six month US dollar LIBOR and consist of bank loans and loans from group undertakings.

14 b Interest rate risk profile of non-equity shares

The company has on issue US\$431,012,000 cumulative preference stock with a fixed coupon of 15.25% and no fixed redemption date. The company has the right to redeem all or part of the cumulative preferred stock at any time by paying the stockholders the paid-in value plus any amount of accrued but unpaid dividends.

14 c Interest rate risk profile of financial assets

	Total	Fixed rate	Floating rate	No interest earned
At 31 December 2003	\$'000	\$'000	\$'000	\$'000
Sterling	9,295	-	-	9,295
US Dollar	409,290	409,116	77	97
	<u>418,585</u>	<u>409,116</u>	<u>77</u>	<u>9,392</u>

	Total	Fixed rate	Floating rate	No interest earned
At 31 December 2002	\$'000	\$'000	\$'000	\$'000
Sterling	1,169	-	-	1,169
US Dollar	435,871	409,116	80	26,675
	<u>437,040</u>	<u>409,116</u>	<u>80</u>	<u>27,844</u>

14. Derivatives and other financial instruments (continued)

	Fixed rate financial assets		Financial assets on which no interest is earned
	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Weighted average period until maturity Years
At 31 December 2003			
Sterling	-	-	-
US Dollar	13.90	35.25	0.00
	<u>13.90</u>	<u>35.25</u>	<u>0.00</u>

	Fixed rate financial assets		Financial assets on which no interest is earned
	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Weighted average period until maturity Years
At 31 December 2002			
Sterling	-	-	-
US Dollar	13.90	35.25	0.05
	<u>13.90</u>	<u>35.25</u>	<u>0.05</u>

14 d Currency exposures

The table below shows the companies currency exposures as at 31 December 2003 and 31 December 2002. The amounts shown take into account the effect of forward foreign currency contracts entered into.

	Sterling \$'000	US Dollar \$'000	Total \$'000
As at 31 December 2003			
Investment in group undertakings	775,351	117,761	893,112
Financial assets	9,295	409,290	418,585
Financial liabilities	(198)	(1,128,002)	(1,128,200)
Non-equity shares	0	(431,012)	(431,012)
Total	<u>784,448</u>	<u>(1,031,963)</u>	<u>(247,515)</u>

14. Derivatives and other financial instruments (continued)

	Sterling	US Dollar	Total
As at 31 December 2002	\$'000	\$'000	\$'000
Investment in group undertakings	775,351	117,761	893,112
Financial assets	1,169	435,871	437,040
Financial liabilities	(10,446)	(1,088,544)	(1,098,990)
Non-equity shares	-	(431,012)	(431,012)
Total	766,074	(965,924)	(199,850)

14 e Maturity of financial liabilities

The maturity profile of the group's financial liabilities at 31 December 2003 and 31 December 2002 were as follows:

	2003	2002
	\$'000	\$'000
In one year or less or on demand	830,408	801,462
In more than one year but not more than two	-	-
In more than two years but not more than five	149,329	149,132
In more than five years	148,463	148,396
	1,128,200	1,098,990

14 f Borrowing facilities

Together with the Black & Decker Corporation, the company had undrawn committed borrowing facilities available at 31 December 2003 and 31 December 2002 in respect of which all conditions precedent had been met. These undrawn facilities are as follows:

	2003	2002
	\$'000	\$'000
Expiring in one year or less	-	-
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	1,000,000	1,250,000
	1,000,000	1,250,000

Notes to the financial statements for the year ended 31 December 2003

14. Derivatives and other financial instruments (continued)

14 g Fair values of financial assets and financial liabilities

Set out below is a comparison by category of book values and fair values of all the companies financial assets, financial liabilities and non-equity shares as at 31 December 2003 and 31 December 2002.

	2003	2003	2002	2002
	Book value	Fair value	Book value	Fair value
Primary financial instruments	\$'000	\$'000	\$'000	\$'000
Short-term assets	9,469	9,469	27,924	27,924
Fixed assets - loans to group companies	409,116	679,919	409,116	681,030
Short-term creditors	(73,825)	(73,825)	(88,621)	(88,621)
Short-term borrowings	(756,583)	(756,583)	(712,841)	(712,841)
Long-term borrowings	(297,792)	(388,719)	(297,528)	(350,901)
Non-equity shares	(431,012)	(789,992)	(431,012)	(877,031)

The fair value of short-term assets, short-term creditors and short term borrowings approximate book value.

The fair value of long-term borrowings is estimated based on quoted market prices for the same or similar issues.

The fair value of all other items have been calculated by discounting the expected future cash flows at the prevailing yield for BBB rated industrial companies.

14 h Deferred gains and losses

Deferred gains and losses on financial instruments used for hedging are as follows:

	Gains	Losses	Total
2003	\$'000	\$'000	\$'000
Gains and losses deferred at 31 December 2003 expected to be recognised in the profit and loss account in 2004	-	-	-
Gains and losses included in the profit and loss account that arose in previous years	-	-	-
	Gains	Losses	Total
2002	\$'000	\$'000	\$'000
Gains and losses deferred at 31 December 2002 expected to be recognised in the profit and loss account in 2003	-	-	-
Gains and losses included in the profit and loss account that arose in previous years	-	2,893	2,893

Black & Decker Holdings Inc.**Notes to the financial statements for the year ended 31 December 2003****15. Called-up share capital**

	2003 No.	2002 No.
Authorised		
Cumulative preferred stock of US\$100 each	4,500,000	4,500,000
Common stock shares of US\$10 each	30,000	30,000
Common stock "B" shares of US\$10 each	10,000	10,000
	<hr/>	<hr/>
	2003 \$'000	2002 \$'000
Allotted, called up and fully paid		
2,320,620 15.25% cumulative preferred stock of US\$100 each	232,062	232,062
164,700 15.25% series "A" cumulative preferred stock of US\$100 each	16,470	16,470
750,000 15.25% series "B" cumulative preferred stock of US\$100 each	75,000	75,000
131,000 15.25% series "C" cumulative preferred stock of US\$100 each	13,100	13,100
195,500 15.25% series "D" cumulative preferred stock of US\$100 each	19,550	19,550
300,000 15.25% series "E" cumulative preferred stock of US\$100 each	30,000	30,000
448,300 15.25% series "F" cumulative preferred stock of US\$100 each	44,830	44,830
13,785 Common stock shares of US\$10 each	138	138
	<hr/>	<hr/>
	431,150	431,150
	<hr/>	<hr/>

Arrears of dividends undeclared at 31 December 2003 on the cumulative preferred stock and not provided for in these financial statements amounted to \$Nil (2002: \$Nil) at year end exchange rates.

The preferred Stock and the Series "A" to "F" Preferred Stock carry a dividend of 15.25% per annum, payable annually in arrears. The dividend rights are cumulative.

Any or all of the outstanding Preferred Stock and the Series "A" to "F" Preferred Stock maybe redeemed at any time at the option of Black & Decker Holdings Inc., by the payment of \$100 per share together with the amount of any accrued but unpaid dividends as of the time of redemption.

The holders of the Preferred Stock and the Series "A" to "F" Stock have no voting rights except to the extent required by the law of the State of Delaware.

On a winding up of the company, the holders of the Preferred Stock and the Series "A" to "F" Preferred Stock have a right to receive, in preference to any payments to the common shareholders, \$100 per share together with the amount of any accrued but unpaid dividend. The remaining assets and funds shall be distributed solely among the holders of the common stock.

The Preferred Stock and the Series "A" to "F" preferred stock are ranked pari passu as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up of the company.

Subject to the rights of the holders of the Preferred Stock and the Series "A" to "F" Preferred Stock the Common Stockholder shall have one vote per share on each matter on which stockholders are entitled to vote, shall be entitled to receive dividends and other distributions authorised by the Board of Directors.

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

	Share capital \$'000	Share premium \$'000	Foreign exchange reserves \$'000	Other reserves \$'000	Profit and loss account \$'000	Total share- holders funds \$'000
Balance at 31 December 2001	431,150	12,092	(17,935)	211,864	(357,216)	279,955
Profit attributable to member's of the company		-	-	-	16,936	16,936
Dividends		-	-	-	(65,729)	(65,729)
Balance at 31 December 2002	431,150	12,092	(17,935)	211,864	(406,009)	231,162
Profit attributable to member's of the company		-	-	-	18,064	18,064
Dividends and other appropriations		-	-	-	(65,729)	(65,729)
At 31 December 2003	431,150	12,092	(17,935)	211,864	(453,674)	183,497

As explained in the reporting currency notes on page 3, the company changed its reporting currency from pounds sterling to US dollars during the year. The foreign exchange reserves is a result of the restatement of 2002 opening balance

Shareholders' funds are attributable as follows:

	2003 \$'000	2002 \$'000
Equity interests	(247,515)	(199,850)
Non-equity interests	431,012	431,012
	183,497	231,162

17. Related party transactions

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

Black & Decker Holdings Inc.

Notes to the financial statements for the year ended 31 December 2003

18. Ultimate holding company

The company's ultimate holding company is The Black & Decker Corporation, a company incorporated in the United States of America. The results of the company are consolidated in the group headed by The Black & Decker Corporation. These accounts are available from:

**The Black & Decker Corporation
701 East Joppa Road
Towson
Maryland 21286
United States Of America**

19. Comparative figures

Arising from changes in presentation of certain figures in the Profit & Loss Account and Balance Sheet, certain comparative figures have been revised. The changes in presentation did not affect the reported profit for the year ended 31 December 2002.