

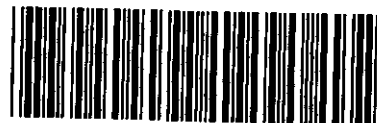
SC14586

# **Dewalt Industrial Power Tools Company Limited**

## **Report and Financial Statements**

Year ended 31 December 2006

FRIDAY



\*ANNXQSRQ\*

A40

07/09/2007

648

COMPANIES HOUSE

**Contents**

**Page**

Directors and other information

1

Directors' report

2 3

Independent auditors' report

4

Profit and loss account

5

Balance sheet

6

Notes to the financial statements

7 10

Registered No SC014586

**Directors and other information**

**Directors**

G H Johnston

G Mullin (resigned 4 February 2006)

S Boelen (resigned 7 November 2006)

M J Allan

A Duarte (appointed 7 November 2006)

**Secretary**

Mitre Secretaries Limited

**Registered office**

Ernst & Young LLP

Migvie House

North Silver Street

Aberdeen

AB10 1RJ

**Registered in Scotland**

SC014586

# Directors' Report

The directors present their report for the year ended 31 December 2006

## **Principal activities**

The principal activity of the company during the year was finance activities within the Black & Decker group of 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 and interest rate risk. These are described in further detail below under treasury policy

## **Treasury policy**

The company finances its operations partly by equity but also with short term borrowings and longer term borrowings from group undertakings. The company borrows principally in GBP at floating rates

The main risks arising from the company's financial instruments are liquidity 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

### *Interest rate risk*

The company does not use hedging instruments to hedge interest risk as the directors consider that they will be able to renegotiate its borrowing and loan portfolios within an acceptable timescale so as to minimize the impact of significant change in interest rates

### *Liquidity and refinancing risk*

The company's objective is to produce continuity of funding at a reasonable cost

## **Results and dividends**

The results for the year are set out in the profit and loss account on page 5

No dividends have been declared or paid in the current year (2005 £Nil)

## **Directors**

The directors who served during the year ended 31 December 2006 and to the date of this report were those listed on page 1

## **Directors interests**

The directors have no beneficial interests in the shares of the company. No contract or arrangements entered into by the company in which any director is interested has subsisted during the year

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 report

## **Future developments**

The directors aim to maintain current policies

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

There have been no events since the balance sheet date, which would affect the financial statements

# Directors' Report (continued)

## Statement of Directors' responsibilities

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 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 group's auditor, each director has taken all steps that he/she is obliged to take as a director in order to make in himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

## 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

Date 16 August 2007.

## **Independent auditors' report**

To the shareholders of Dewalt Industrial Power Tool Company Limited

We have audited the company financial statements (the "financial statements") of Dewalt Power Tools Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of the company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
Ernst & Young LLP  
Registered auditor  
Reading  
16 AUGUST 2007

## Profit and loss account

for the year ended 31 December 2006

	Notes	2006 £ 000's	2005 £ 000's
Administrative expenses			(3)
<b>Operating result/(loss)</b>	<b>2</b>		(3)
Other income	<b>3</b>	<b>7,576</b>	7,576
Interest payable	<b>4</b>	<b>(7,407)</b>	(7,414)
<b>Profit on ordinary activities before taxation</b>		<b>169</b>	159
Taxation	<b>5</b>		
<b>Profit for the financial year</b>	<b>10</b>	<b>169</b>	159

### Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £169,737 for the year ended 31 December 2006 (2005 £159,447)

**Balance sheet**

As at 31 December 2006

	Notes	2006 £ 000's	2005 £ 000's
<b>Current assets</b>			
Debtors	6		
within 1 year		113,167	105,592
due after one year		<u>75,502</u>	<u>75,502</u>
		188,669	181,094
<b>Creditors, amounts falling due within one year</b>	7	(17,200)	(9,794)
<b>Net current assets</b>		<u>171,469</u>	<u>171,300</u>
<b>Creditors amounts falling due after more than one year</b>	8	(171,827)	(171,827)
<b>Net liabilities</b>		<u>(358)</u>	<u>(527)</u>
<b>Capital and reserves</b>			
Called up share capital	9	47	47
Share premium account	10	2	2
Profit and loss account	10	<u>(407)</u>	<u>(576)</u>
<b>Equity shareholders' deficit</b>		<u>(358)</u>	<u>(527)</u>

Approved by the board on 16 August 2007



Director

Date 16/8/07



## Notes to the accounts

At 31 December 2006

### 1 Accounting Policies

#### 1.1. Accounting convention

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

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of which the directors believe to be appropriate for the following reasons. The company is dependent for its funds provided to it by the company's ultimate holding undertaking. The Black & Decker Corporation has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

#### 1.2. 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.

#### 1.3 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.

## Notes to the accounts

At 31 December 2006

### 1.4 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.

### 1.5 Cash flow

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 Black & Decker Corporation.

### 2. Operating result/(loss)

	2006 £ 000's	2005 £ 000's
Operating loss is stated after charging		
Auditors' remuneration audit of financial statements		3

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

None of the directors received remuneration for their services during the year.

### 3. Other income

	2006 £ 000's	2005 £ 000's
Interest income from group undertakings	7,576	7,576

### 4. Interest payable

	2006 £ 000's	2005 £ 000's
Interest payable to group undertakings	7,407	7,414

## Notes to the accounts

At 31 December 2006

### 5. Taxation

There is no tax charge for the year (2005 £Nil).

#### *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% (2005 30%) The differences are explained below	2006 £ 000's	2005 £ 000's
Profit on ordinary activities before tax	169	159
Profit on ordinary activities multiplied by the rate of corporation tax in the United Kingdom	51	48
Group relief claimed for no consideration	(51)	(48)
<b>Total current tax</b>	<b>—</b>	<b>—</b>

There is no provided or unprovided deferred tax

### 6. Debtors

	2006 £ 000's	2005 £ 000's
Amount owed by group undertakings (loan and interest):		
due within one year	113,167	105,592
due after one year	75,502	75,502
	<b>188,669</b>	<b>181,094</b>

### 7. Creditors. amounts falling due within one year

	2006 £ 000's	2005 £ 000's
Accruals	8	8
Amount owed to group undertakings	17,192	9,786
	<b>17,200</b>	<b>9,794</b>

### 8. Creditors. amounts falling due after more than one year

	2006 £ 000's	2005 £ 000's
Amount owed to group undertakings	171,827	171,827

The amounts owed to other group undertakings include a promissory note with an aggregate principal value of £171,826,968 (2005 £171,826,968) The note is repayable at the earliest of either changes in the underlying shareholding and 8 October 2103 Interest is calculated at 4.31% per annum

## Notes to the accounts

At 31 December 2006

### 9. Share capital

	2006 £ 000's	2005 £ 000's
<b>Authorised equity</b>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<b>Allotted, called up and fully paid equity</b>		
Ordinary shares of £1 each	47	47
	<hr/>	<hr/>

### 10 Reconciliation of movements in shareholders' deficit

	Share capital £ 000's	Share premium £ 000's	Profit and loss account £ 000's	Total £ 000's
Balance at 31 December 2004	47	2	(735)	(686)
Retained profit for the year			159	159
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2005	47	2	(576)	(527)
Retained profit for the year			169	169
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2006	47	2	(407)	(358)
	<hr/>	<hr/>	<hr/>	<hr/>

### 11. 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

### 12 Ultimate holding company

The company is a wholly owned subsidiary of Bandhart Overseas, a company incorporated in the United Kingdom. The ultimate holding company and controlling party is The Black & Decker Corporation, a company incorporated in the United States of America. The largest and smallest 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

### 13. Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on  
16 AUGUST 2007