1041/02

Irwin Industrial Tool Company Limited

Report and Financial Statements

31 December 2004

Registered No: 104102

Directors

Mr D J Ironside	(resigned 7 November 2005)
Mr M F Riekie	
Mr K Kahofer	

Secretary

D Dardy	(resigned 4 October 2005)
S Hall	(appointed 4 October 2005)

Auditors

Ernst & Young LLP
PO Box 61
Cloth Hall Court
14 King Street
Leeds
LS1 2JN

Bankers

Barclays Bank plc
32 Paragon Square
Hull
HU1 3QT

Registered Office

Parkway Works
Sheffield
S9 3BL

Directors' report

The directors present their report and financial statements for the year ended 31 December 2004.

Results and dividends

The profit for the year amounted to £3,328,000. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year was the sale and manufacture of hand and bench tools.

Future developments

It is the directors' general intention both to develop the existing activities of the company and to take advantage of opportunities to expand into related activities as and when they arise.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Directors

The directors who served the company during the year were as follows:

Mr M F Riekie
Mr K Kahofer
Mr D J Ironside (resigned 7 November 2005)

There are no directors' interests requiring disclosure under the companies Act 1985.

Post balance sheet event

In March 2005 the company completed the sale of part of the Parkway Works premises in Sheffield, realising a gain on disposal before tax of £1,617,000.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

M F Riekie
Director

10 March 2006

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

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Independent auditors' report

to the members of Irwin Industrial Tool Company Limited

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

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

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

Basis of audit opinion

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

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

ERNST & YOUNG

Independent auditors' report

to the members of Irwin Industrial Tool Company Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Leeds
13 March 2006

Profit and loss account

for the year ended 31 December 2004

	Notes	2004 £000	2003 £000
Turnover	2	43,890	49,856
Cost of sales		28,145	39,781
Gross profit		15,745	10,075
Distribution costs		4,808	4,336
Administrative expenses		7,773	5,374
Exceptional items	4	-	10,411
Operating profit/(loss)	3	3,164	(10,046)
Interest payable	8	-	(77)
Interest receivable	7	164	-
Profit/(loss) on ordinary activities before taxation		3,328	(10,123)
Tax on profit/(loss) on ordinary activities	9	-	-
Profit/(loss) for the financial year		3,328	(10,123)

Statement of total recognised gains and losses

for the year ended 31 December 2004

	2004 £000	2003 £000
Profit/(loss) for the financial year	3,328	(10,123)
Impairment of revalued fixed assets	-	(2,740)
Total recognised gains and losses relating to the year	3,328	(12,863)

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Balance sheet

at 31 December 2004

	Notes	2004 £000	2003 £000
Fixed assets			
Tangible assets	10	3,606	4,101
Current assets			
Stocks	11	7,066	5,251
Debtors	12	13,295	14,683
Cash at bank		109	-
		20,470	19,934
Creditors: amounts falling due within one year	13	10,947	25,234
Net current assets/(liabilities)		9,523	(5,300)
Total assets less current liabilities		13,129	(1,199)
Provisions for liabilities and charges	14	90	90
		13,039	(1,289)
Capital and reserves			
Called up share capital	18	375	375
Other reserves	19	18,715	7,715
Profit and loss account	19	(6,051)	(9,379)
Equity shareholders' funds	19	13,039	(1,289)

M F Riekie
Director

10 March 2006

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Notes to the financial statements

at 31 December 2004

1. Accounting policies

Going concern

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate. The ultimate parent undertaking has agreed that it will provide financial support to enable the company to meet its liabilities as they fall due for the foreseeable future.

Basis of preparation

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related parties transactions

The company is a wholly owned subsidiary of Newell Rubbermaid Inc, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Newell Rubbermaid Group Inc.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold Land	-	No depreciation provided
Freehold Buildings	-	Equal annual instalments over not more than 50 years
Leasehold properties	-	Equal instalments over the shorter of the period of the lease or 50 years
Plant, machinery, fixtures, fittings, tools and equipment	-	Reducing balance or straight line basis at 6 to 33% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	Purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

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 that 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:

Notes to the financial statements

at 31 December 2004

1. Accounting policies (continued)

- 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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

The company also operates a defined benefit scheme. The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is substantially a level percentage of current and expected future pensionable payroll.

The company has adopted FRS17 in these financial statements but only in respect of disclosure requirements contained in the transitional arrangements. Accounting for pension costs in the primary statements still therefore follows SSAP24.

Notes to the financial statements

at 31 December 2004

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities excluding value added tax.

An analysis of turnover by geographical market is given below:

	2004	2003
	£000	£000
United Kingdom	31,031	35,153
Rest of Europe	1,620	1,544
America and Canada	191	2,413
Far East and Australia	6,909	6,735
Middle East and Africa	4,139	4,011
	43,890	49,856

3. Operating profit/(loss)

This is stated after charging/(crediting):

	2004	2003
	£000	£000
Auditors' remuneration - audit services	48	59
Depreciation of owned fixed assets	236	1,022
Profit on disposal of fixed assets	(5)	(38)
Operating lease rentals - plant and machinery	262	255
Net charge on foreign currency translation	157	-

4. Exceptional items

	2004	2003
	£000	£000
Restructuring costs	-	3,907
Inventory write-offs	-	4,780
Fixed asset impairment	-	1,724
	-	10,411

The exceptional items were incurred as a result of the rationalisation of the manufacturing facilities in Sheffield and the sale of the Bulldog Tools division.

Notes to the financial statements

at 31 December 2004

5. Staff costs

	2004	2003
	£000	£000
Wages and salaries	4,168	7,259
Social security costs	420	558
Other pension costs (note 21)	318	689
	4,906	8,506

The monthly average number of employees during the year was as follows:

	2004	2003
	No.	No.
Production staff	74	236
Sales and distribution staff	82	82
Administrative staff	38	17
	194	335

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6. Directors' emoluments

	2004	2003
	£000	£000
Emoluments	231	376

	2004	2003
	No.	No.
Members of defined benefit scheme	1	1
Members of defined contribution scheme	1	1

The amounts in respect of the highest paid director are as follows:

	2004	2003
	£000	£000
Emoluments	142	210
Value of company pension contributions to money purchase scheme	3	14

Notes to the financial statements

at 31 December 2004

7. Interest receivable

	2004 £000	2003 £000
Bank and other interest	164	-

8. Interest payable and similar charges

	2004 £000	2003 £000
Bank and other interest	-	77

9. Taxation on ordinary activities

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows:

	2004 £000	2003 £000
Current tax:		
Corporation tax	-	-
Tax under/(over) provided in previous years	-	-
Total current tax (note 9(b))	-	-

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2003 – 30%). The differences are reconciled below:

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before taxation	3,328	(10,123)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 – 30%)	998	(3,036)
Disallowed expenses and non-taxable income	9	12
Depreciation in excess of capital allowances	-	398
Other timing differences	(104)	-
Utilisation of tax losses	(508)	-
Losses carried forward	-	2,626
Capital allowances in excess of depreciation	(346)	-
Group relief claimed	(49)	-
Total current tax (note 9(a))	-	-

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Notes to the financial statements

at 31 December 2004

9. Taxation on ordinary activities (continued)

(c) Factors affecting future tax charge

There are tax losses available to carry forward of approximately £13,000,000 (2003: £16,000,000).

10. Tangible fixed assets

	Land and buildings				
	Freehold property	*Leasehold property*	*Plant & machinery*	*Fixtures & fittings*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Cost or valuation:					
At 1 January 2004	4,139	520	1,163	409	6,231
Additions	23	-	183	135	341
Disposals	(600)	-	-	(35)	(635)
At 31 December 2004	3,562	520	1,346	509	5,937
Depreciation:					
At 1 January 2004	691	328	848	263	2,130
Provided during the year	44	20	50	122	236
Disposals	-	-	-	(35)	(35)
At 31 December 2004	735	348	898	350	2,331
Net book value:					
At 31 December 2004	2,827	172	448	159	3,606
At 1 January 2004	3,448	192	315	146	4,101

The book amount of freehold land which is not depreciated at 31 December 2004 is £1,135,000 (2003: £1,135,000).

Long leasehold properties have more than 50 years unexpired.

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Notes to the financial statements
at 31 December 2004

11. Stocks

	2004	*2003*
	£000	*£000*
Raw materials	332	292
Work in progress	621	357
Finished goods	6,113	4,602
	7,066	5,251

12. Debtors

	2004	*2003*
	£000	*£000*
Trade debtors	9,176	8,100
Amounts owed to group undertakings	3,814	6,263
Other debtors	89	89
Prepayments and accrued income	216	231
	13,295	14,683

13. Creditors: amounts falling due within one year

	2004	*2003*
	£000	*£000*
Current instalment due on bank loan	-	35
Trade creditors	3,353	2,680
Amounts owed to group undertakings	4,006	17,522
Other taxation and social security	461	574
Accruals and deferred income	3,127	4,423
	10,947	25,234

The bank overdraft is secured by a fixed and floating charge over the assets of the company and certain other group companies.

14. Provisions for liabilities and charges

	Other provisions
	£000
At 1 January 2004	90
Profit and Loss Account movement arising during the year	-
At 31 December 2004	90

Deferred taxation

No provision for deferred taxation has been made in respect of properties carried at valuation as it is not anticipated that any of the properties concerned will be disposed of in the foreseeable future.

Notes to the financial statements

at 31 December 2004

15. Contingent liability

The company guarantees certain lease commitments of former subsidiary company Tabwell Tools Limited. At 31 December 2004 a provision of £90,000 (2003: £90,000) has been recognised and a contingent liability of £250,000 (2003: £250,000) is estimated in respect of these lease commitments.

16. Other financial commitments

Operating leases

The company has annual commitments under non-cancellable operating leases are as follows:

	Land and building		*Other*	
	2004	*2003*	*2004*	*2003*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
in two to five years	-	-	193	124

17. Related party transactions

The company has taken advantage of the exemption conferred by FRS8 'Related Party Disclosures' from the requirements to disclose transactions between group companies

18. Share capital

		Authorised
	2004	*2003*
	£000	*£000*
Ordinary shares of £0.25 each	375	375
Deferred ordinary shares of £0.25 each	375	375
	750	750

				Allotted and called up
		2004		*2003*
	No.	*£000*	*No.*	*£000*
Ordinary shares fully paid of £0.25 each	1,500,000	375	1,500,000	375

Notes to the financial statements

at 31 December 2004

19. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	*Revaluation reserve £000*	*Capital contribution reserve £000*	*Capital redemption reserve £000*	*Other reserve £000*	*Profit and loss account £000*	*Total share-holders' funds £000*
At 1 January 2003	375	2,740	-	450	15	744	4,324
Recognised loss for the year	-	-	-	-	-	(12,863)	(12,863)
Other movements - transfer to/from revaluation reserve	-	(2,740)	-	-	-	2,740	-
Capital contribution	-	-	7,250	-	-	-	7,250
At 31 December 2003	375	-	7,250	450	15	(9,379)	(1,289)
Recognised profit for the year	-	-	-	-	-	3,328	3,328
Capital contribution	-	-	11,000	-	-	-	11,000
At 31 December 2004	375	-	18,250	450	15	(6,051)	13,039

In 2003 a capital contribution of £7,250,000 was made by Newell Rubbermaid Inc which is treated as a non-distributable reserve.

At 31 December 2004, intercompany dues of £11,000,000 payable to Polyhydron Holdings was transferred to capital contribution reserve, a non-distributable reserve, based on confirmation received from Polyhydron Holdings Limited.

20. Post balance sheet events

In March 2005 the Company completed the sale of part of its Parkway Works, Sheffield premises, realising a gain on disposal before tax of £1,617,000.

21. Pension commitments

The Polyhedron Holdings Group operates the Record Tools Limited pension scheme, a funded defined benefit pension scheme which provides benefits based on pensionable salary. The assets of the scheme are administered by trustees and are entirely separate from the Group's finances. With effect from 26 October 2001, the scheme was closed to new members.

The company participates in a defined contribution pension scheme and in the Record Tools Limited pension scheme, a funded defined benefit scheme for which the contributions are based on pension costs across the group as a whole.

The pension cost of the defined benefit scheme and the defined contribution scheme during the year was £271,159 and £46,811 respectively.

The company's share of the underlying assets and liabilities of the defined benefit scheme cannot be identified on a consistent and reasonable basis. Accordingly, under SSAP 24 , the company accounts for contributions to the scheme as if it were a defined contribution scheme.

Information in respect of the scheme as a whole is provided in the notes of the financial statements of Polyhedron Holdings Ltd and is set out below.

Notes to the financial statements

at 31 December 2004

21. Pension commitments (continued)

The pension costs relating to the scheme have been assessed in accordance with the advice of qualified actuaries based on the result of the valuation at 5 April 2002. At that date, the market value of the scheme's assets, in aggregate was £27,394,850 and the actuarial value of these assets represented 96% of the benefit that accrued to members. The pension charges have been assessed using the Defined Accrued Benefit Method of valuation. The principle assumptions were that the investment return would be 6.0% per annum and salary inflation would be 3.15% per annum.

The transitional disclosures required by FRS 17 'Retirement Benefits' are detailed below:

	2004	*2003*	*2002*
	%	*%*	*%*
Main assumptions:			
Rate of increase in salaries	3.15	3.15	2.55
Rate of increase in pensions in payment	2.90	2.90	2.30
Discount rate	5.30	5.40	5.50
Inflation assumption	2.90	2.90	2.30

The assets and liabilities of the scheme and the expected rate of return at 31 December are:

		2004		*2003*		*2002*
	Long-term rate of return expected	*Value*	*Long-term rate of return expected*	*Value*	*Long-term rate of return expected*	*Value*
	%	*£000*	*%*	*£000*	*%*	*£000*
Equities	8.00	17,015	8.00	16,514	8.00	14,149
Bonds	4.00	10,465	4.80	9,757	4.50	9,025
Others	4.75	53	3.75	39	4.00	124
Total market value of assets		27,533		26,310		23,298
Present value of scheme liabilities		40,186		37,260		
Pension (liability) before deferred tax		(12,653)		(10,950)		
Related deferred tax asset		3,796		3,285		
Net pension liability		(8,857)		(7,665)		

Notes to the financial statements

at 31 December 2004

21. Pension commitments (continued)

An analysis of the defined benefit cost for the year ended 31 December 2004 is as follows:

	2004	*2003*
	£000	*£000*
Current service cost	(377)	(559)
Curtailment loss	(100)	(130)
Total operating charge	(477)	(689)
Expected return on pension scheme assets	1,736	1,516
Interest on pension scheme liabilities	(1,963)	(1,721)
Total other finance charge	(227)	(205)
Actual return less expected return on pension scheme assets	1,122	2,312
Experience losses arising on scheme liabilities	(2,010)	(410)
Loss arising from changes in assumptions underlying the present value of scheme liabilities	(695)	(4,262)
Actuarial losses recognised in the statement of total recognised gains and losses	(1,583)	(2,360)

Analysis of movements in deficit during the year:

	2004	*2003*
	£000	*£000*
At 1 January	(10,950)	(8,533)
Total operating charge	(477)	(689)
Total other finance charge	(227)	(205)
Actuarial losses recognised in the statement of total recognised gains and losses	(1,583)	(2,360)
Contributions	584	837
At 31 December	(12,653)	(10,950)

Notes to the financial statements

at 31 December 2004

21. Pension commitments (continued)

History of experience gains and losses:

	2004	*2003*
Difference between expected return and actual return on pension scheme assets		
- amount (£000)	1,122	2,312
- % of scheme assets	4	10
Experience gains arising on scheme liabilities		
- amount (£000)	(2,010)	(410)
- % of the present value of scheme liabilities	-5	-1
Total actuarial losses recognised in the statement of total recognised gains and losses		
- amount (£000)	(1,583)	(2,360)
- % of the present value of scheme liabilities	-4	-7

Reconciliation of net liabilities and reserves under FRS 17:

	2004	*2003*
	£000	*£000*
Net assets/(liabilities)		
Net assets/(liabilities) as stated in the balance sheet	13,039	(1,289)
FRS 17 net pension liability	(8,857)	(7,665)
Net assets/(liabilities) including defined benefit liabilities	4,182	(8,954)

	2004	*2003*
	£000	*£000*
Reserves		
Profit and loss reserve as stated in the balance sheet	(6,051)	(9,379)
FRS 17 net pension liability	(8,857)	(7,665)
Profit and loss reserve including amounts relating to defined benefit liabilities	(14,908)	(17,044)

22. Ultimate parent company

The company is a wholly owned subsidiary of Polyhedron Holdings Limited, registered in England. This is the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member. The consolidated financial statements of Polyhedron Holding Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

The company's ultimate and controlling parent is Newell Rubbermaid Inc, a company registered in the United States of America. This is the largest group of undertakings for which group financial statements are drawn up and of which the company is a member.