

# BWI Products Limited

## Report and Financial Statements

31 December 2003

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**Directors**

A Wilson  
G Jenkins

**Secretary**

G Jenkins

**Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**Bankers**

Natwest Bank Plc  
1 High Street  
Croydon  
CR9 1PD

**Solicitors**

Lane & Partners  
15 Bloomsbury Square  
London  
WC1A 2 LP

**Registered office**

Whirlpool Centre  
209 Purley Way  
Croydon  
CR9 4RY

## Directors' report

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

### Results and dividends

The loss for the year amounted to £32,353,524. The directors do not recommend the payment of any dividends.

### Principal activities and review of the business

The principal activity of the company continued to be that of the holding company of investments in subsidiaries.

### Directors

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

C de Bont	(Retired 30 January 2004)
A Wilson	
R Thompson	(Retired 16 May 2003)


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

G Jenkins was appointed a director of the company on 2 February 2004.

### Auditors

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

By order of the board

  
G Jenkins  
Secretary

22 December 2004

## **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 year. 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; 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.

## **Independent auditors' report**

### **to the members of BWI Products Limited**

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 12. 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.

## **Independent auditors' report**

**to the members of BWI Products 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 2003 and of its loss 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  
London

22 DECEMBER 2004

## Profit and loss account

for the year ended 31 December 2003

	Notes	2003 £	2002 £
Interest payable	4	(688,570)	(841,335)
Provisions against investments	6	(31,664,954)	—
		<hr/>	<hr/>
		(32,353,524)	(841,335)
<b>Loss on ordinary activities before taxation</b>		<hr/>	<hr/>
		(32,353,524)	(841,335)
Tax on loss on ordinary activities		—	—
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<hr/>	<hr/>
		(32,353,524)	(841,335)
		<hr/>	<hr/>


## Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £32,353,524 attributable to the shareholders for the year ended 31 December 2003 (2002 - loss of £841,335).

# Balance sheet

at 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Investments	6	66,737,623	65,688,635
<b>Current assets</b>			
Debtors	7	13,923	13,923
<b>Creditors: amounts falling due within one year</b>	8	7,527,577	20,314,950
<b>Net current liabilities</b>		(7,513,654)	(20,301,027)
<b>Total assets less current liabilities</b>		59,223,969	45,387,608
<b>Capital and reserves</b>			
Called up share capital	10	48,510,000	48,510,000
Capital reserve	11	46,189,885	—
Profit and loss account	11	(35,475,916)	(3,122,392)
<b>Equity shareholders' funds</b>	11	59,223,969	45,387,608

  
22 December 2004

## Notes to the financial statements

at 31 December 2003

### 1. Accounting policies

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention.

The financial statements present information on BWI Products Limited as an individual company and not of its group. The company is exempt from the obligations to prepare group financial statements as permitted by section 228 of the Companies Act 1985, as it is included in the group financial statements of Whirlpool Europe B.V., a company incorporated in Holland.

#### ***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.

#### ***Fixed assets***

All fixed assets are initially recorded at cost.

#### ***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:

- 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.

## Notes to the financial statements

at 31 December 2003

### 2. Audit fee

The audit fee is borne by a fellow subsidiary undertaking.

### 3. Staff costs

No salaries or wages have been paid to employees, including the directors, during the year.

### 4. Interest payable

	2003 £	2002 £
Bank interest payable	688,570	337,234
Interest on loan from Whirlpool Europe BV	–	504,101
	<u>688,570</u>	<u>841,335</u>

### 5. Tax

The tax on the profit on ordinary activities for the year end 31 December 2002 is £nil.

#### (a) Factors affecting current tax charge

The differences are reconciled below:

	2003 £000	2002 £000
Loss on ordinary activities before taxation	<u>(32,353,524)</u>	<u>(841,335)</u>
Profit/(loss) on ordinary activities multiplied standard by rate of corporation tax in the UK of 30%	(9,706,057)	(252,401)
Expenses not deductible for tax purposes	9,499,486	–
Unrelieved tax losses carried forward	<u>206,571</u>	<u>252,401</u>
Total current tax (note 8(a))	<u>–</u>	<u>–</u>

#### (b) Factors that may affect future tax charges

No provision has been made for deferred tax assets in respect of unutilised losses of £1,827,134 (2002 - £49,000) and other deferred tax assets of £nil (2003 - £1,590,578). The losses can only be utilised against future profits. At present, it is not sufficiently certain that there will be suitable taxable profits in the future against which the losses can be offset.

# Notes to the financial statements

at 31 December 2003

## 6. Investments

	<i>Shares in subsidiary undertakings at cost £</i>	<i>Shares in trade investments at cost £</i>	<i>Total investments at cost £</i>
Cost:			
At 1 January 2003	65,688,635	–	65,688,635
Additions	26,976,319	5,737,623	32,713,942
At 31 December 2003	<u>92,664,954</u>	<u>5,737,623</u>	<u>98,402,577</u>
Provisions against investments:			
At 1 January 2003	–	–	–
Amount provided for during the year	(31,664,954)	–	(31,664,954)
At 31 December 2003	<u>(31,664,954)</u>	<u>–</u>	<u>(31,664,954)</u>
Net book value:			
At 31 December 2003	<u>61,000,000</u>	<u>5,737,623</u>	<u>66,737,623</u>
At 1 January 2003	<u>65,688,635</u>	<u>–</u>	<u>65,688,635</u>

The principal subsidiary undertakings which are wholly-owned are: Whirlpool France S.A. and Whirlpool (UK) Limited.

The company has a 10.6% investment in Whirlpool Europe S.R.L.

The directors are of the opinion that the value of the company's investments are not less than the amounts at which they are stated in the financial statements.

## 7. Debtors

	<i>2003 £</i>	<i>2002 £</i>
Amounts owed by group undertakings	<u>13,923</u>	<u>13,923</u>

## 8. Creditors: amounts falling due within one year

	<i>2003 £</i>	<i>2002 £</i>
Amounts due to Whirlpool Europe IF BV	7,461,857	14,984,003
Accrued interest	65,720	5,330,947
	<u>7,527,577</u>	<u>20,314,950</u>

# Notes to the financial statements

at 31 December 2003

## 9. Related party transactions

As the company is a wholly-owned subsidiary undertaking of Whirlpool Corporation, it is not required to disclose the transactions with entities which are part of the group.

## 10. Share capital

	2003 £	Authorised 2002 £
Ordinary shares of £1 each	<u>48,510,000</u>	<u>48,510,000</u>

	No.	Allotted, called up and fully paid 2003 £	No.	2002 £
Ordinary shares of £1 each	48,510,000	<u>48,510,000</u>	48,510,000	<u>48,510,000</u>

## 11. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Capital reserve £	Profit and loss account £	Total share- holders' funds £
At 1 January 2002	48,510,000	—	(2,281,057)	46,228,943
Loss for the year	—	—	(841,335)	(841,335)
At 31 December 2002	48,510,000	—	(3,122,392)	45,387,608
Loss for the year	—	—	(32,353,524)	(32,353,524)
Other movements				
- transfer to capital reserve	—	46,189,885	—	46,189,885
At 31 December 2003	<u>48,510,000</u>	<u>46,189,885</u>	<u>(35,475,916)</u>	<u>59,223,969</u>

On 16 October 2003, Whirlpool International Finance BV made a capital contribution of £13,475,943 in part repayment of debt owed by the company to Whirlpool International Finance BV.

On 31 October 2003, Whirlpool International Finance BV made a capital contribution to the company of £26,976,319, which the company used to increase its investment in Whirlpool France SA.

On 16 October 2003, Whirlpool International Finance BV made a capital contribution to the company of £5,737,623, which was used to make an investment in Whirlpool Europe Srl.

## **Notes to the financial statements**

**at 31 December 2003**

### **12. Ultimate parent company**

Whirlpool Corporation, incorporated in the state of Delaware in the United States of America, is the ultimate parent undertaking of Whirlpool (UK) Limited.

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member, is Whirlpool Corporation and the parent undertaking of the smallest such group is Whirlpool Europe B.V. (incorporated in Holland).

Copies of the financial statements of Whirlpool Corporation are available from Whirlpool Centre, 209 Purley Way Croydon, CR9 4RY.