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Directors' Report and Accounts

Black & Decker

29 September 1985



Ernst & Whinney

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DIRECTORS' REPORT

Directors: R H Thomas (Chairman and Managing Director)
D C Fanthorpe
E T Jones

Secretary: R D P Green

Registered Office: Westpoint, The Grove, Slough, Berkshire SL1 1QQ

The directors present their report for the year ended 29 September 1985.

RESULTS AND DIVIDENDS

The trading results for the year are set out in the profit and loss account on page 4. No dividends were declared or paid during the year.

PRINCIPAL ACTIVITIES AND BUSINESS DEVELOPMENTS

The principal activities of the company were the manufacture and sale of power tools and small domestic appliances.

The company's consolidated turnover amounted to £212,206,000, representing an increase of 24% on the previous year. Profits after taxation but before extraordinary items increased 65% to £33,768,000. During the year the Head Office was transferred to Slough and construction commenced on the new National Distribution Centre at Northampton. Net profit on the sale of the Maidenhead site amounted to £8,098,000.

FUTURE DEVELOPMENTS

The company will continue to develop its turnover and profit growth in all aspects of its business including significant progress in the sale of small domestic appliances.

RESEARCH AND DEVELOPMENT

The company has increased its level of resource committed to the research and development of its new products.

DIRECTORS

The directors who served during the year and to the date of this report were those set out above.

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DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

The directors have no beneficial interests in the shares of the company.

TANGIBLE FIXED ASSETS

Information relating to changes in tangible fixed assets is given in note 14 on the accounts. The directors are of the opinion that the market value of land and buildings situated in the UK is in excess of net book value.

EMPLOYEE CONSULTATION

The company places the greatest value on its employees and their involvement in all aspects of the company's business. The company has continued its established practice of keeping all employees fully informed on matters which affect them including the performance of the company. This is achieved through a variety of regular formal and informal meetings, briefings, newsletters and a company magazine which includes a special edition covering the annual financial results. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Further involvement is being encouraged through the continuing development of Quality Circles. There is also an approved share purchase scheme under which all employees are able to participate in the shares of The Black & Decker Corporation, the company's ultimate holding company, which is listed on the New York stock exchange.

EMPLOYMENT OF DISABLED PERSONS

The company's policy and practice is to encourage and assist the employment of disabled people and to retain employees who become disabled. The company received a national "Fit For Work" award presented by the Manpower Services Commission in 1984 for the employment of disabled persons.

CHARITABLE AND POLITICAL DONATIONS

The company made contributions for political and charitable purposes during the year amounting to £15,954, including a political contribution of £6,000 to the Conservative Board of Finance.

AUDITORS

Ernst & Whinney 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

R. P. Green
Secretary

Ernst & Whinney Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of Black & Decker set out on pages 4 to 20. These have been prepared under the historical cost convention. Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group, so far as concerns members of the company, at 29 September 1985 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.


London 15 January 1986.

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CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29 SEPTEMBER 1985

	Note	1985 £000	1984 £000
TURNOVER	1/2	212,206	170,941
Cost of sales		147,941	113,456
GROSS PROFIT		64,265	57,485
Selling and distribution costs	3	24,449	23,483
Administrative expenses		14,814	12,909
OPERATING PROFIT		25,002	21,093
Other income	4	6,333	5,703
Exceptional credit	8 9	3,361	-
		34,696	26,796
Interest payable	10	404	659
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		34,292	26,137
Tax on profit on ordinary activities	11	524	5,544
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		33,768	20,593
Extraordinary charge	12	-	4,597
PROFIT FOR THE FINANCIAL YEAR	13	33,768	15,996

W. G. & L. 1986/87

CONSOLIDATED BALANCE SHEET - 29 SEPTEMBER 1985

	Note	1985 £000	1984 £000
FIXED ASSETS			
Tangible assets	14	39,252	34,552
Investments	15	-	3,360
		<u>39,252</u>	<u>37,852</u>
CURRENT ASSETS			
Stocks	16	33,903	32,177
Debtors	17	117,966	98,735
Cash at bank and in hand		2,876	2,459
		<u>154,745</u>	<u>133,371</u>
CREDITORS - amounts falling due within one year	18	31,267	37,928
		<u>123,478</u>	<u>95,443</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>162,730</u>	<u>133,295</u>
CREDITORS - amounts falling due after more than one year	19	7,069	7,465
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	20	9,914	9,264
		<u>145,747</u>	<u>116,566</u>
CAPITAL AND RESERVES			
Called-up share capital	21	26,600	26,600
Share premium account		12,640	12,640
Profit and loss account	22	106,507	77,326





) Directors
)

Approved by the Board on 15 JANUARY 1986

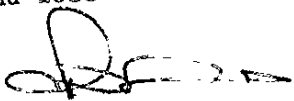
145,747

116,566

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BALANCE SHEET - 29 SEPTEMBER 1985

	Note	1985 £000	1984 £000
FIXED ASSETS			
Tangible assets	14	27,290	21,222
Investments	15	44,318	38,136
		<u>71,608</u>	<u>59,358</u>
CURRENT ASSETS			
Stocks	16	31,409	27,526
Debtors	17	91,780	76,503
Cash at bank and in hand		2,569	1,551
		<u>125,758</u>	<u>105,580</u>
CREDITORS - amounts falling due within one year	18	37,798	29,590
		<u>87,960</u>	<u>75,990</u>
NET CURRENT ASSETS		159,568	135,348
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS - amounts falling due af. er more than one year	19	6,638	7,355
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	20	9,914	9,264
		<u>143,016</u>	<u>118,729</u>
CAPITAL AND RESERVES			
Called-up share capital	21	26,600	26,600
Share premium account		12,640	12,640
Profit and loss account	22	103,776	79,489


 E.T. Jones)
) Directors

Approved by the Board on 15 JANUARY 1986 .

143,016

118,729

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STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 29 SEPTEMBER 1985

	1985 £000	1984 £000
SOURCE OF FUNDS		
FROM OPERATIONS		
Profit on ordinary activities before taxation	34,292	26,137
Items not involving the movement of funds:		
Depreciation of tangible fixed assets less amortisation of regional development grants	7,898	5,377
Profit on sale of tangible fixed assets	(7,896)	(33)
Profit on and net earnings to date of sale of non-consolidated subsidiary	(203)	-
Currency adjustments dealt with in reserves	(5,502)	4,656
	<u>28,589</u>	<u>36,137</u>
Total generated from operations		
OTHER SOURCES		
Dividend and proceeds received from sale of non-consolidated subsidiary	3,503	-
Proceeds from share issue	-	15,800
Proceeds from sale of tangible fixed assets	10,284	243
	<u>42,376</u>	<u>52,180</u>
Total sources of funds		
FUNDS APPLIED		
Goodwill written-off on acquisition of subsidiary	(915)	10,221
Acquisition cost of non-consolidated subsidiary	-	3,300
Taxation payments/(receipts)	429	(57)
Purchase of tangible fixed assets less regional development grants received and re-allocations	14,986	24,391
	<u>14,500</u>	<u>37,855</u>
	<u>27,876</u>	<u>14,325</u>
INCREASE IN WORKING CAPITAL		
Arising from movements in:		
Stocks	1,726	8,144
Debtors	19,231	49,857
Investments	-	(27,606)
Trade and other creditors and accruals	6,071	(10,509)
Liquid funds	848	(5,561)
	<u>27,876</u>	<u>14,325</u>

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STATEMENT OF ACCOUNTING POLICIES - 29 SEPTEMBER 1985

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention. In accordance with the exemption allowed by Section 228 (7) of the Companies Act 1985 the company has not presented its own profit and loss account.

BASIS OF CONSOLIDATION

The group accounts consolidate the accounts of the company and of each of its subsidiaries for the year ended 29 September 1985 except for the accounts of Black & Decker (Leasing) Limited which are incorporated using the equity method of accounting, a policy adopted by the ultimate holding company. This subsidiary was sold on 27 June 1985 and, therefore, results are included in this year's consolidated profit and loss account, up to the date of sale.

Goodwill arising on consolidation (representing the excess of the purchase consideration for subsidiary companies over the fair value ascribed to their net tangible assets when acquired) is written-off against distributable reserves on acquisition.

DEPRECIATION OF TANGIBLE FIXED ASSETS

No depreciation is provided in respect of freehold land. Depreciation of buildings, machinery, tooling and other equipment is calculated to write off the cost evenly over the estimated economic life of the assets at the following annual rates:

Freehold buildings	2 - 7 %
Machinery and equipment	15% - 20%
Furniture and fixtures	10% - 20%
Transportation equipment	20% - 25%
Tooling	33 1/3%

REGIONAL DEVELOPMENT GRANTS

Regional development grants are deducted from the cost of related tangible fixed assets and are amortised over the estimated economic life of the relevant assets.

DEFERRED TAXATION

Deferred taxation, which arises primarily on timing differences between capital allowances and depreciation and on other short term timing differences, is provided for in full at the rate of corporation tax applicable to the period in which the provisions are expected to crystallise (liability method), because the directors have concluded, on reasonable evidence, that there is likely to be a net reversal of these timing differences in the foreseeable future.

RESEARCH AND DEVELOPMENT

Costs associated with the development of new products and changes to existing products are charged to profit and loss as incurred.

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STATEMENT OF ACCOUNTING POLICIES - 30 SEPTEMBER 1987

FOREIGN CURRENCIES

On consolidation, assets and liabilities of the overseas subsidiary and branches are translated into sterling at rates of exchange ruling at the year end. Profit and loss accounts are translated at average rates of exchange.

Exchange differences resulting from the retranslation at closing rates of exchange of net investments at the beginning of the year (or later acquisition) in the overseas subsidiary and branches together with differences between profit and loss accounts translated at average and year end rates of exchange, are dealt with in reserves.

All other exchange gains and losses on settlement or translation of monetary assets and liabilities at rates of exchange ruling at the year end or specified in related forward contracts are reported as part of the profit for the year. Premiums on forward currency contracts which hedge currency advances to group companies are amortised over their repayment terms.

STOCKS

Stocks are stated at the lower of cost (on a first in first out basis) and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished products and products in process, cost comprises direct materials, direct labour, and manufacturing fixed and variable overheads. The allocation of manufacturing fixed overheads is based on normal levels of activity.

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1985

1 TURNOVER

Turnover comprises the invoice value of sales to third parties and group companies exclusive of discounts and value added tax.

2 ANALYSIS OF TURNOVER BY GEOGRAPHICAL AREA

	1985 £000	1984 £000
United Kingdom	110,399	102,309
Europe	41,829	41,461
Africa/Middle East	3,259	4,240
Australasia & Far East	4,555	2,204
Americas	52,164	20,727
	<u>212,206</u>	<u>170,941</u>

3 SELLING AND DISTRIBUTION COSTS

	1985 £000	1984 £000
Selling and warranty costs	18,948	18,545
Distribution costs	5,501	4,938
	<u>24,449</u>	<u>23,483</u>

4 OPERATING PROFIT is stated after charging:

	1985 £000	1984 £000
Depreciation of tangible fixed assets before amortisation of regional development grants amounting to £511,000 (1984 - £356,000)	9,308	5,733
Auditors' remuneration	120	138
Directors' emoluments	212	127
Hire of plant and machinery under operating leases	567	762
Other operating lease charges	1,425	722
	<u>12,632</u>	<u>7,482</u>

5 STAFF COSTS

Employee costs during the year amounted to:

	1985 £000	1984 £000
Wages and salaries	27,980	25,019
Social security costs	3,180	1,772
Pension costs	633	1,530
	<u>31,793</u>	<u>28,321</u>

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NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1985

5 STAFF COSTS (continued)

The average number of persons employed by the group in each week in the year was 3,597 (1984 - 2,783) and is broken down into the following categories:

	1985 Number	1984 Number
Manufacturing	2,740	2,069
Selling and distribution	572	464
Administration	285	250
	<u>3,597</u>	<u>2,783</u>

6 EMOLUMENTS OF DIRECTORS

	1985 £000	1984 £000
Fees	-	14
Other emoluments (including pension contributions)	212	103
Compensation for loss of office	-	10
	<u>212</u>	<u>127</u>

The emoluments of directors shown above (excluding pension contributions) include:

	1985	1984
Chairman and highest paid director	<u>£93,952</u>	<u>£52,536</u>
Number of directors		
Other directors in the following ranges:		
Not more than £5,000	-	3
£5,001 to £10,000	-	2
£10,001 to £15,000	-	1
£15,001 to £20,000	-	1
£20,001 to £25,000	-	-
£25,001 to £30,000	2	-
£30,001 to £35,000	-	-
£35,001 to £40,000	-	-
£40,001 to £45,000	-	-
£45,001 to £50,000	-	-
£50,001 to £55,000	-	-

7 EMOLUMENTS OF HIGHER PAID EMPLOYEES

The number of employees of the company in the United Kingdom who received remuneration in excess of £30,000 was as follows:

	1985 Number of employees	1984 Number of employees
£30,001 to £35,000	14	1
£35,001 to £40,000	1	1
£40,001 to £45,000	1	-
£45,001 to £50,000	-	-
£50,001 to £55,000	-	-

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NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1985

8 OTHER INCOME

	1985	1984
	£000	£000
Foreign currency gains(losses)	261	(529)
Interest receivable on bank deposits	71	2,058
Interest receivable from fellow subsidiaries	3,701	1,846
Insurance claim	85	275
Profit on and net earnings to date of sale of non-consolidated subsidiary	203	-
Other	308	1,053
	<u>6,339</u>	<u>5,703</u>

9 EXCEPTIONAL CREDIT

	1985	1984
	£000	£000
Net profit on sale of Maidenhead Property	8,098	-
Manufacturing and other reorganisation and redundancy costs	(4,737)	-
	<u>3,361</u>	<u>-</u>

10 INTEREST PAYABLE

	1985	1984
	£000	£000
On amounts repayable within 5 years:		
Bank and other short term interest	404	375
Interest payable to fellow subsidiaries	-	280
On amounts repayable beyond five years	404	655
Bank interest	-	4
	<u>404</u>	<u>659</u>

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NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1985

11 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1985 £000	1984 £000
The tax charge based on the profit for the year comprises:		
United Kingdom corporation tax at 42.5% (1984 - 47.5%)	181 (137)	92 (83)
Double taxation relief	<u>44</u>	<u>9</u>
Transfer to deferred taxation	343	5,452
	<u>387</u>	<u>5,461</u>
Overseas taxation	137	83
	<u>524</u>	<u>5,544</u>

The tax charge based on the profit for the year is substantially lower than the effective rate of tax. This is due mainly to losses, at the effective rate of tax, of £7,338,000 (1984 - £6,417,000) surrendered by a fellow group company for nil consideration.

12 EXTRAORDINARY CHARGE

	1985 £000	1984 £000
Re-instatement of provision for deferred taxation on accelerated capital allowances due to phased withdrawal of first year capital allowances	<u>-</u>	<u>4,597</u>

13 PROFIT FOR THE FINANCIAL YEAR

£24,390,000 (1984 - £12,708,000) of the profit for the financial year is dealt with in the accounts of the holding company.

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NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1985

14 TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Plant, equipment and tooling £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Group					
Cost					
At 30 September 1984	11,324	36,250	2,146	407	50,127
Exchange adjustments	(302)	(1,963)	-	-	(2,265)
Additions	4,542	11,386	1,988	-	17,916
Grants received in year	(25)	(614)	-	-	(639)
Disposals	(3,063)	(3,529)	(81)	(106)	(6,779)
Re-allocations	201	(772)	-	-	(571)
At 29 September 1985	<u>12,677</u>	<u>40,758</u>	<u>4,053</u>	<u>301</u>	<u>57,789</u>
Depreciation					
At 30 September 1984	2,551	12,512	333	179	15,575
Exchange adjustments	29	(417)	-	-	(388)
Charge for year	727	7,481	515	75	8,798
Amortisation of grants	(26)	(485)	-	-	(511)
Relating to disposals	(1,114)	(3,149)	(58)	(70)	(4,391)
Re-allocations	3	(549)	-	-	(546)
At 29 September 1985	<u>2,170</u>	<u>15,393</u>	<u>790</u>	<u>184</u>	<u>18,537</u>
Net book amounts at 29 September 1985	<u>10,507</u>	<u>25,365</u>	<u>3,263</u>	<u>117</u>	<u>39,252</u>
Net book amounts at 30 September 1984	<u>8,773</u>	<u>23,738</u>	<u>1,813</u>	<u>228</u>	<u>34,552</u>

At 29 September 1985 there were group and company commitments for future capital expenditure amounting to £6,330,000 (1984 - £7,386,000).

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1985

14 TANGIBLE FIXED ASSETS (continued)

	Freehold land and buildings £000	Plant. equipment and tooling £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Company					
Cost					35,985
At 30 September 1984	7,355	26,077	2,146	407	(58)
Exchange adjustments	244	(302)	-	-	14,949
Additions	4,414	8,547	1,988	-	(639)
Grants received in year	(25)	(614)	-	-	(6,182)
Disposals	(3,054)	(2,941)	(81)	(106)	(571)
Re-allocations	201	(772)	-	-	
At 29 September 1985	<u>9,135</u>	<u>29,995</u>	<u>4,053</u>	<u>301</u>	<u>43,484</u>
Depreciation					14,763
At 30 September 1984	2,408	11,843	333	179	(27)
Exchange adjustments	93	(120)	-	-	6,456
Charge for year	381	5,485	515	75	(511)
Amortisation of grants	(26)	(485)	-	-	(3,941)
Relating to disposals	(1,108)	(2,705)	(58)	(70)	(546)
Re-allocations	3	(549)	-	-	
At 29 September 1985	<u>1,751</u>	<u>13,469</u>	<u>790</u>	<u>154</u>	<u>16,194</u>
Net book amounts at 29 September 1985	<u>7,384</u>	<u>16,526</u>	<u>3,263</u>	<u>117</u>	<u>27,290</u>
Net book amounts at 30 September 1984	<u>4,947</u>	<u>14,234</u>	<u>1,813</u>	<u>228</u>	<u>21,222</u>

At 29 September 1985 there was company commitments for future capital expenditure amounted to £5,819,000 (1984 - 7,160,000).

15 FIXED ASSET INVESTMENTS

	Group		Company	
	1985 £000	1984 £000	1985 £000	1984 £000
Subsidiaries				
Cost of shares				
At 30 September 1984	3,300	-	38,136	1
Additions (a)/(c)	-	3,300	10,000	38,135
Adjustment to original purchase price (b)	-	-	(518)	-
Disposals	(3,300)	-	(3,300)	-
At 29 September 1985	<u>-</u>	<u>3,300</u>	<u>44,318</u>	<u>38,136</u>

15 FIXED ASSET INVESTMENTS (continued)

(a) During the year, Black & Decker Industrial Property, a wholly-owned subsidiary, was capitalised at £10 million.

(b) This adjustment relates to a reduction in the purchase price paid in 1984 for Black & Decker Housewares Pte. Limited.

(c) The cost of shares in subsidiaries, included in the 1984 consolidated accounts, relates to the acquisition, on 28 September 1984, of the entire called-up share capital of Black & Decker (Leasing) Limited from another group company at net book value as disclosed in the subsidiary's accounts for the year ended 30 September 1984. The directors have decided to include this subsidiary in the group accounts using the equity method of accounting, the accounting policy adopted for this subsidiary by the ultimate holding company. This subsidiary was subsequently sold on 27 June 1985.

(d) Principal Subsidiaries	Country of incorporation or registration	Principal activities	Proportion of ordinary shares held
Black & Decker Housewares Pte.Ltd	Singapore	Manufacturer of small domestic electrical appliances	*49.99%
Band International Ltd	England	Import and distribution of consumer products	100%
Black & Decker Industrial Property	England	Sale of Industrial know-how and technology rights	100%

* This company is treated for accounts purposes as wholly-owned as Black & Decker has an option, exercisable at any time on or before 31 December 1989, to acquire the remaining issued shares from the General Electric Company and under a management agreement Black & Decker has been assigned all rights attached and accruing to those shares while owned by the General Electric Company.

16 STOCKS	Group 1985 £000	1984 £000	Company 1985 £000	1984 £000
Raw materials	7,770	6,701	5,973	3,199
Work in progress	1,647	2,220	1,330	1,347
Finished goods	24,485	23,256	24,106	22,880
	<u>33,903</u>	<u>32,177</u>	<u>31,409</u>	<u>27,526</u>

The estimated replacement cost of stocks for the group exceeds their historical balance sheet value by £491,000 (1984 - £2,076,000).

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NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1985

17 DEBTORS	Group		Company	
	1985 £000	1984 £000	1985 £000	1984 £000
Amounts falling due within one year				
Trade debtors	15,296	18,067	14,946	17,609
Amounts owed by subsidiaries	-	-	140	408
Amounts owed by other group companies	96,358	70,595	71,421	49,552
Other debtors	6,020	2,265	5,055	1,178
Prepayments and accrued income	292	402	229	350
	<u>117,966</u>	<u>91,329</u>	<u>91,780</u>	<u>69,097</u>
Amounts falling due after more than one year				
Amounts owed by group companies	-	7,406	-	7,406
	<u>117,966</u>	<u>98,735</u>	<u>91,780</u>	<u>76,503</u>

18 CREDITORS - amounts falling due within one year:

	Group		Company	
	1985 £000	1984 £000	1985 £000	1984 £000
Bank loans and overdrafts	503	629	10,479	394
Trade creditors	11,642	11,577	10,942	9,617
Amounts owed to subsidiaries (non-consolidated)	-	3,905	-	3,905
Amounts owed to other group companies	4,147	7,502	3,637	4,899
Taxation on profits - UK	322	1,021	322	1,021
- Overseas	353	209	353	209
Other taxation and social security	1,262	2,097	1,026	1,793
Accruals and deferred income	13,038	10,988	11,039	7,752
	<u>31,267</u>	<u>37,928</u>	<u>37,798</u>	<u>29,590</u>

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NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1985

19 CREDITORS amounts falling due after more than one year

	Group		Company	
	1985 £000	1984 £000	1985 £000	1984 £000
Bank loans repayable by instalments:				
- Repayable within five years	413	669	-	-
- Repayable beyond five years	18	67	-	626
Amounts owed to subsidiaries	-	-	-	-
Amounts owed to other group companies	5,872	5,872	5,872	5,872
Other creditors	766	857	766	857
	<u>7,069</u>	<u>7,465</u>	<u>6,638</u>	<u>7,355</u>

Bank loans with repayment instalments beyond five years are at an interest rate of 11.25%.

20 DEFERRED TAXATION

Deferred taxation comprises:

Accelerated capital allowances
Short-term timing differences

Group and Company	
1985	1984
£000	£000
6,806	6,537
3,108	2,727
<u>9,914</u>	<u>9,264</u>

The movement on deferred taxation comprises:

At 30 September 1984
Charged to profit and loss - Taxation
- Extraordinary charge
Transfers (to)/from taxation payable

Group and Company	
1985	1984
£000	£000
9,264	(234)
343	5,452
-	4,597
307	(551)
<u>9,914</u>	<u>9,264</u>

At 29 September 1985

Deferred taxation has been calculated at 35% (1984 - 35%) except on certain short term timing differences where settlement is expected to be at effective tax rates of 37.5%.

BLACK & DECKER

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1985

21 CALLED UP SHARE CAPITAL

	1985 £000	1984 £000
Authorised: 50,000,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid 26,600,147 Ordinary shares of £1 each	<u>26,600</u>	<u>26,600</u>

22 PROFIT AND LOSS ACCOUNT

	Group		Company	
	1985 £000	1984 £000	1985 £000	1984 £000
Balance 30 September 1984	77,326	66,895	79,489	67,008
Retained profit for the year	33,768	15,996	24,390	12,708
Foreign currency translation	(5,502)	4,656	(103)	(227)
Adjustment to goodwill written-off in 1984 on acquisition of Black & Decker Housewares Pte. Limited due to a reduction in the purchase consideration	915	(10,221)	-	-
Balance 29 September 1985	<u>106,507</u>	<u>77,326</u>	<u>103,776</u>	<u>79,489</u>

Retained earnings in the overseas subsidiary and branches, amounting to £2,127,000 (1984 - £3,231,000) are subject to restrictions on remittance out of the countries in which they were earned. No provision is made for taxation that would be payable in the event of a distribution being made out of profits retained in the overseas subsidiary and branches.

23 PENSION OBLIGATIONS

The company's policy is to fund pension costs as they accrue. As of the latest valuation date, 6 April 1985, the actuaries' report stated that the market value of the pension scheme assets exceeded the actuarially computed vested benefits by some £15,592,000. The company reduced from 1 October 1984, its rate of contribution to the fund from 12.5% to 5.3% of pensionable earnings, and from November 1985, for the period of one year, there will be a contribution "holiday" for both employer and employee.

BLACK & DECKER

NOTES ON THE ACCOUNTS - 29 SEPTEMBER 1985

24 CONTINGENT LIABILITIES

1985	1984
£000	£000

At 29 September 1985 the company had contingent liabilities in respect of:

Bills discounted

Pending litigation and contested tax assessments

-	30
-	11
-	41

25 OPERATING LEASES

Operating leases amounting to £2,089,000 are committed to be made during the next year and are analysed as follows:-

	Land and buildings £000	Other £000	Total £000
1986	2	314	316
1987-91	13	367	380
Beyond	1,319	74	1,393
	<u>1,334</u>	<u>755</u>	<u>2,089</u>

26 HOLDING COMPANY

The ultimate holding company is The Black & Decker Corporation, a company which is incorporated in the United States of America.