

Director's Report and Accounts

# Black & Decker

28 September 1986

Ernst & Whinney

Directors' Report and Accounts

BLACK & DECKER

28 September 1986

BLACK & DECKER

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 28 September 1986.

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 £211,699,000, representing a marginal decrease of £507,000 on the previous year. Profits after taxation decreased 30% to £23,634,000. Excluding the sale of the Maidenhead site which was disposed of at a net profit of £8,098,000 in 1985, profits after taxation have decreased by 8%.

During the year the new National Distribution Centre at Northampton became operational and the Eastern Hemisphere Accessories division relocated to a new facility adjacent to the Spennymoor factory.

FUTURE DEVELOPMENTS

The company will continue to develop its turnover and profit growth in all aspects of its business including 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.

DIRECTORS' INTERESTS

No director had an interest in the company's shares or the shares of any subsidiary during the year. No contract or arrangement entered into by the company in which any director is interested has subsisted during the year.

DIRECTORS' REPORT (continued)

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 aggregate 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 and Total Customer Service working groups. 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.

CHARITABLE AND POLITICAL DONATIONS

The company made contributions for political and charitable purposes during the year amounting to £11,631, 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. L. Green*  
Secretary

Ernst & Whinney Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS OF BLACK & DECKER

We have audited the accounts set out on pages 4 to 21 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 28 September 1986 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.

*C. V. Whinney*

Reading 5 January 1987

## ELACK &amp; DECKER

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

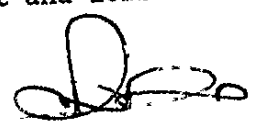
FOR THE YEAR ENDED 28 SEPTEMBER 1986

	Note	1986 £000	1985 £000
TURNOVER	1/2	211,699	212,206
Cost of sales		150,507	147,941
GROSS PROFIT		61,192	64,265
Selling and distribution costs	3	25,828	24,449
Administrative expenses	4	14,904	14,814
OPERATING PROFIT	5	20,460	25,002
Other income	9	6,239	6,333
Exceptional (costs)/credits	10	(1,681)	3,361
		25,018	34,696
Interest payable	11	336	404
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		24,682	34,292
Tax on profit on ordinary activities	12	1,048	524
RETAINED PROFIT FOR THE FINANCIAL YEAR	13	23,634	33,768

BLACK &amp; DECKER

## CONSOLIDATED BALANCE SHEET - 28 SEPTEMBER 1986

	Note	1986 £000	1985 £000
<b>FIXED ASSETS</b>			
Tangible assets	14	41,672	39,352
Investments	15	13,786	-
		<u>55,458</u>	<u>39,252</u>
<b>CURRENT ASSETS</b>			
Stocks	16	32,012	33,903
Debtors	17	129,294	117,966
Cash at bank and in hand		1,375	2,876
		<u>162,681</u>	<u>154,745</u>
<b>CREDITORS - amounts falling due within one year</b>	18	33,969	31,267
<b>NET CURRENT ASSETS</b>		<u>128,712</u>	<u>123,478</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>184,170</u>	<u>162,730</u>
<b>CREDITORS - amounts falling due after more than one year</b>	19	6,817	7,069
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	20	10,362	9,914
		<u>167,051</u>	<u>145,747</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	21	26,600	26,600
Share premium account		12,640	12,640
Profit and loss account	22	127,811	106,507


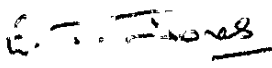
  
 E. T. Jones  
 ) Directors

Approved by the Board on 5 JANUARY 1987

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## BLACK &amp; DECKER

## BALANCE SHEET - 28 SEPTEMBER 1986

	Note	1986 £000	1985 £000
<b>FIXED ASSETS</b>			
Tangible assets	14	29,625	27,290
Investments	15	58,517	44,318
		<u>88,142</u>	<u>71,608</u>
<b>CURRENT ASSETS</b>			
Stocks	16	28,862	31,409
Debtors	17	95,673	91,780
Cash at bank and in hand		79	2,569
		<u>124,614</u>	<u>125,758</u>
<b>CREDITORS - amounts falling due within one year</b>	18	37,085	37,798
<b>NET CURRENT ASSETS</b>		<u>87,529</u>	<u>87,960</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>175,671</u>	<u>159,568</u>
<b>CREDITORS - amounts falling due after more than one year</b>	19	6,570	6,638
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	20	10,302	9,914
		<u>158,799</u>	<u>143,016</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	21	26,600	26,600
Share premium account		12,640	12,640
Profit and loss account	22	119,559	103,776
			
			
Approved by the Board on 5 JANUARY 1987.			
		<u>158,799</u>	<u>143,016</u>

) Directors  
)



## BLACK &amp; BECKER

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 28 SEPTEMBER 1986

	1986 £000	1985 £000
SOURCE OF FUNDS		
FROM OPERATIONS		
Profit on ordinary activities before taxation	24,682	34,292
Items not involving the movement of funds:		
Depreciation of tangible fixed assets less amortisation of regional development grants	8,358	7,898
(Profit)/loss on sale of tangible fixed assets	168	(7,896)
Profit on and net earnings to date of sale of non-consolidated subsidiary	-	(203)
Currency adjustments dealt with in reserves	(2,330)	(5,502)
Total generated from operations	30,878	28,589
OTHER SOURCES		
Dividend and proceeds from sale of non-consolidated subsidiary	-	3,503
Proceeds from sale of tangible fixed assets	560	10,284
Total sources of funds	31,438	42,376
FUNDS APPLIED		
Goodwill written-off on acquisition of subsidiary	-	(915)
Taxation payments	659	429
Purchase of tangible fixed assets less regional development grants received	11,506	14,986
	12,165	14,500
	19,273	27,876
INCREASE IN WORKING CAPITAL		
Arising from movements in:		
Stocks	(1,891)	1,726
Debtors	11,328	19,231
Investments	13,786	-
Trade and other creditors and accruals	(1,805)	6,071
Liquid funds	(2,145)	848
	19,273	27,876

## BLACK &amp; DECKER

## STATEMENT OF ACCOUNTING POLICIES - 28 SEPTEMBER 1986

## 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 28 September 1986.

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, 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.

No deferred taxation is provided for on capital gains arising on the disposal of property that has been deferred under the roll-over provisions or on earnings retained overseas.

## RESEARCH AND DEVELOPMENT

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

## BLACK &amp; DECKER

## STATEMENT OF ACCOUNTING POLICIES - 28 SEPTEMBER 1986

## FOREIGN CURRENCIES

On consolidation, assets and liabilities of overseas subsidiaries 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 subsidiaries 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.

## BLACK &amp; DECKER

## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 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

	1986 £000	1985 £000
United Kingdom	111,026	110,399
Europe	44,685	41,829
Africa/Middle East	1,925	3,259
Australasia & Far East	5,186	4,555
Americas	48,877	52,164
	<u>211,699</u>	<u>212,206</u>

## 3 SELLING AND DISTRIBUTION COSTS

	1986 £000	1985 £000
Selling and warranty costs	20,079	18,948
Distribution costs	5,749	5,501
	<u>25,828</u>	<u>24,449</u>

## 4 ADMINISTRATIVE EXPENSES

	1986 £000	1985 £000
Administrative expenses	15,752	14,814
Management fees receivable from group companies	(848)	-
	<u>14,904</u>	<u>14,814</u>

## 5 OPERATING PROFIT is stated after charging:

	1986 £000	1985 £000
Depreciation of tangible fixed assets before		
amortisation of regional development grants	9,052	9,308
amounting to £541,000 (1985 - £511,000)	104	120
Auditors' remuneration	192	212
Directors' emoluments	767	567
Hire of plant and machinery under operating leases	2,247	1,425
Other operating lease charges		

## BLACK &amp; DECKER

## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 6 STAFF COSTS

Employee costs during the year amounted to:

	1986 £000	1985 £000
Wages and salaries	29,294	27,980
Social security costs	3,238	3,180
Pension costs	10	633
	<u>32,542</u>	<u>31,793</u>

The average number of persons employed by the group in each week in the year was 3,506 (1985 - 3,597) and is broken down into the following categories:

	1986 Number	1985 Number
Manufacturing	2,640	2,740
Selling and distribution	576	572
Administration	290	285
	<u>3,506</u>	<u>3,597</u>

## 7 EMOLUMENTS OF DIRECTORS

	1986 £000	1985 £000
Fees	-	-
Other emoluments (including pension contributions)	192	212
	<u>192</u>	<u>212</u>

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

	1986	1985
Chairman and highest paid director	<u>£89,701</u>	<u>£93,932</u>
Number of directors		
Other directors in the following ranges:		
£45,001 to 50,000	1	-
£50,001 to £55,000	1	2

## BLACK &amp; DECKER

## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 3 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:

	1986 Number of employees	1985
£30,001 to £35,000	15	14
£35,001 to £40,000	9	1
£45,001 to £50,000	1	-
£50,001 to £55,000	-	1

## 9 OTHER INCOME

	1986 £000	1985 £000
Foreign currency gains(losses)	(1,214)	261
Interest receivable on bank deposits	1,936	1,717
Interest receivable from fellow subsidiaries	4,080	3,761
Insurance claim	12	85
Profit on and net earnings to date of sale of non-consolidated subsidiary	-	203
Government grants	1,590	-
Other	(165)	306
	<u>6,239</u>	<u>6,333</u>

## 10 EXCEPTIONAL (COSTS)/CREDITS

	1986 £000	1985 £000
Net profit on sale of Maidenhead Property		8,098
Manufacturing and other reorganisation and redundancy costs	(1,681)	(4,737)
	<u>(1,681)</u>	<u>3,361</u>

## 11 INTEREST PAYABLE

	1986 £000	1985 £000
On amounts repayable within 5 years:		
Bank and other short term interest	<u>336</u>	<u>404</u>

## BLACK AND DECKER

## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 12 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1986 £000	1985 £000
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The tax charge based on the profit for the year comprises:

United Kingdom corporation tax at 37.5%  
(1985 - 42.5%)  
Double taxation relief

	679	181
	(251)	(137)
	<u>428</u>	<u>44</u>
	359	343
	<u>787</u>	<u>387</u>
	261	137
	<u>1,048</u>	<u>524</u>

Transfer to deferred taxation

Overseas taxation

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 £8,105,000 (1985 - £7,338,000) surrendered by a fellow group company for nil consideration.

## 13 PROFIT FOR THE FINANCIAL YEAR

£15,770,000 (1985 - £24,390,000) of the profit for the financial year is dealt with in the accounts of the holding company.

## BLACK &amp; DECKER

## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 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 29 September 1985	12,677	40,758	4,053	301	57,789
Exchange adjustments	(169)	(568)	-	(3)	(740)
Additions during year	2,858	9,749	592	168	13,367
Grants received in year	(625)	(496)	-	-	(1,121)
Cost of disposals	(97)	(2,574)	(548)	-	(3,219)
Re-allocations	797	(513)	(284)	-	-
At 28 September 1986	<u>15,441</u>	<u>46,356</u>	<u>3,813</u>	<u>254</u>	<u>65,864</u>
Depreciation					
At 29 September 1985	2,170	15,393	790	184	18,537
Exchange adjustments	(24)	(127)	-	(2)	(153)
Charge for year	710	7,312	883	147	9,052
Amortisation of grants	(33)	(508)	-	-	(541)
Relating to retirements during year	(42)	(2,374)	(145)	(142)	(2,703)
Re-allocations	82	(54)	(28)	-	-
At 28 September 1986	<u>2,863</u>	<u>19,642</u>	<u>1,500</u>	<u>187</u>	<u>24,192</u>
Net book amounts at 28 September 1986	<u>12,578</u>	<u>26,714</u>	<u>2,313</u>	<u>67</u>	<u>41,672</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>

At 28 September 1986 there were group commitments for future capital expenditure amounting to £2,046,000 (1985 - £6,330,000).



## BLACK &amp; DECKER

## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 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					
At 29 September 1985	9,135	29,995	4,053	301	43,484
Exchange adjustments	3	9	-	-	12
Additions during year	2,779	6,700	589	-	10,068
Grants received in year	(625)	(496)	-	-	(1,121)
Cost of disposals	(62)	(2,102)	(548)	(165)	(2,877)
Re-allocations	797	(513)	(284)	-	-
	<u>12,027</u>	<u>33,593</u>	<u>3,810</u>	<u>136</u>	<u>49,566</u>
At 28 September 1986					
Depreciation					
At 29 September 1985	1,751	13,469	790	184	16,194
Exchange adjustments	3	5	-	-	8
Charge for year	412	5,251	882	44	6,589
Amortisation of grants	(33)	(508)	-	-	(541)
Relating to retirements					
during year	(28)	(2,022)	(145)	(114)	(2,309)
Re-allocations	82	(54)	(28)	-	-
	<u>2,187</u>	<u>16,141</u>	<u>1,499</u>	<u>114</u>	<u>19,941</u>
At 28 September 1986					
Net book amounts at					
28 September 1986	<u>9,840</u>	<u>17,452</u>	<u>2,311</u>	<u>22</u>	<u>29,625</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>

At 28 September 1986 there was company commitments for future capital expenditure amounted to £1,698,000 (1985 - 5,819,000).

## BLACK &amp; DECKER

## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 15 FIXED ASSET INVESTMENTS

	Group		Company	
	1986 £000	1985 £000	1986 £000	1985 £000
Subsidiaries				
Cost of shares				
At 29 September 1985	-	3,300	44,318	38,139
Additions (a)	-	-	14,199	10,000
Adjustment to original purchase price of subsidiary	-	-	-	(518)
Disposals	-	(3,300)	-	(3,300)
	<u>-</u>	<u>-</u>	<u>58,517</u>	<u>44,318</u>
At 28 September 1986	<u>-</u>	<u>-</u>	<u>58,517</u>	<u>44,318</u>
Fellow subsidiaries				
Cost of shares				
Additions (c)	13,786	-	-	-
	<u>13,786</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 28 September 1986	<u>13,786</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments at 28 September 1986	<u>13,786</u>	<u>-</u>	<u>58,517</u>	<u>55,318</u>

(a) During the year, Black & Decker Holdings (Canada) Inc, a newly formed wholly-owned subsidiary, was capitalised at £14 million.

(b) The principal subsidiaries at 28 September 1986 were:-

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%
Bana International Ltd	England	Import and distribution of consumer products	100%
Black & Decker Eastern Hemisphere (formerly Black & Decker Industrial Property)	England	Provision of group management services and sale of Industrial know-how and technology rights	100%
Black & Decker Holdings (Canada) Inc.	Canada	Group holding company	100%

## BLACK &amp; DECKER

## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 15 FIXED ASSET INVESTMENTS (continued)

- \* 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.

- (c) The investment comprises a holding of 28,400 redeemable preference shares of CDN \$1,000 each in Black & Decker Canada Inc.

## 16 STOCKS

	Group		Company	
	1986 £000	1985 £000	1986 £000	1985 £000
Raw materials	9,740	7,770	7,358	5,973
Work in progress	2,667	1,647	2,144	1,330
Finished goods	19,605	24,485	19,360	24,106
	<u>32,012</u>	<u>33,903</u>	<u>28,862</u>	<u>31,409</u>

The estimated replacement cost of stocks for the group exceeds their historical balance sheet value by approximately £1,434,000 1985 - (£491,000).

## 17 DEBTORS

	Group		Company	
	1986 £000	1985 £000	1986 £000	1985 £000
Amounts falling due within one year				
Trade debtors	17,934	15,296	17,447	14,946
Amounts owed by subsidiaries	-	-	165	140
Amounts owed by other group companies	108,917	96,358	76,803	71,421
Other debtors	1,729	6,020	632	5,055
Prepayments and accrued income	714	292	626	229
	<u>129,294</u>	<u>117,966</u>	<u>95,673</u>	<u>91,780</u>

## BLACK &amp; DECKER

## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 18 CREDITORS - amounts falling due within one year:

	Group		Company	
	1986 £000	1985 £000	1986 £000	1985 £000
Bank loans and overdrafts	1,331	503	836	10,479
Trade creditors	11,137	11,642	9,206	10,942
Amounts owed to other group companies	8,142	4,147	15,612	3,637
Taxation on profits - UK	408	322	387	322
- Overseas	268	353	268	353
Other taxation and social security	1,825	1,262	1,712	1,026
Accruals and deferred income	10,858	13,038	9,064	11,039
	<u>33,969</u>	<u>31,267</u>	<u>37,085</u>	<u>37,798</u>

## 19 CREDITORS amounts falling due after more than one year

	Group		Company	
	1986 £000	1985 £000	1986 £000	1985 £000
Bank loans repayable by instalments:				
- Repayable within five years	247	413	-	-
- Repayable beyond five years	-	18	-	-
Amounts owed to other group companies	5,872	5,872	5,872	5,872
Other creditors	698	766	698	766
	<u>6,817</u>	<u>7,069</u>	<u>6,570</u>	<u>6,638</u>

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

## 20 DEFERRED TAXATION

Deferred taxation comprises:

Accelerated capital allowances  
Short-term timing differences

Group and Company	
1986 £000	1985 £000
4,314	6,806
5,988	3,108
<u>10,302</u>	<u>9,914</u>

## BLACK &amp; DECKER

## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 20 DEFERRED TAXATION (continued)

The movement on deferred taxation comprises:

	Group and Company 1986 £000	1985 £000
At 29 September 1985	9,914	9,264
Charged to profit and loss - Taxation	359	343
Transfers (to)/from taxation payable	29	307
	<u>10,302</u>	<u>9,914</u>
At 28 September 1986		

Deferred taxation has been calculated at 35% (1985 - 35%).

The full potential amount of deferred taxation on all timing differences is as follows:-

	Group and Company 1986 £000	1985 £000
Accelerated capital allowances	4,314	6,806
Short-term timing differences	5,988	3,108
	<u>10,302</u>	<u>9,914</u>
Capital gains deferred under the roll-over provisions	2,250	2,250
	<u>12,552</u>	<u>12,164</u>

## 21 CALLED UP SHARE CAPITAL

	1986 £000	1985 £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>

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NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 22 PROFIT AND LOSS ACCOUNT

	Group		Company	
	1986 £000	1985 £000	1986 £000	1985 £000
Balance 29 September 1985	106,507	77,326	103,776	79,489
Retained profit for the year	23,634	33,768	15,770	24,390
Foreign currency translation	(2,330)	(5,502)	13	(103)
Adjustment to goodwill written-off in 1985 on acquisition of Black & Decker Housewares Pte. Limited due to a reduction in the purchase consideration	-	915	-	-
Balance 28 September 1986	<u>127,811</u>	<u>106,507</u>	<u>119,559</u>	<u>103,776</u>

Retained earnings in the overseas subsidiaries and branches, amounting to £6,642,000 (1985 - £2,127,000) 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 subsidiaries 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 1986, the actuaries' report stated that the market value of the pension scheme assets exceeded the actuarially computed vested benefits by some £22,859,000 (6 April 1985 - £15,592,000. In recognition of the continuing surplus, the employer approved a one year contribution "holiday" for both employer and employees from 1 October 1985 and 1 November 1986 respectively. Subsequently, the employer has extended the contribution "holiday" for a further year for both employer and employees.

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## NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

## 24 OPERATING LEASES

Operating leases amounting to £2,318,000 (1985 £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
Leases expiring in:			
1987	67	367	434
1988-92	64	482	546
Beyond	1,245	93	1,338
	<u>1,376</u>	<u>942</u>	<u>2,318</u>

## 25 HOLDING COMPANY

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