

BLACK & DECKER INVESTMENT COMPANY

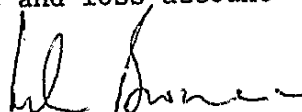
BALANCE SHEET - 28 SEPTEMBER 1986

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	Note	1986 £000	1985 £000
FIXED ASSETS			
Investments-shares in group companies	7	246,878	213,556
CURRENT ASSETS			
Debtors	8	9,545	2,907
Investments	9	2,142	2,613
Cash at bank including short term time deposits			2
		<u>11,687</u>	<u>5,522</u>
CREDITORS - amounts falling due within one year			
Bank loans and overdrafts	10	44,212	11,850
Accruals		202	287
		<u>(32,727)</u>	<u>(6,615)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		214,151	206,941
CREDITORS - amounts falling due after more than one year			
Bank loans	10	140,000	140,000
		<u>£74,151</u>	<u>£66,941</u>
TOTAL ASSETS LESS LIABILITIES			
CAPITAL AND RESERVES			
Called-up share capital	11	70	60
Share premium account	12	64,781	55,271
Profit and loss account		9,300	11,610



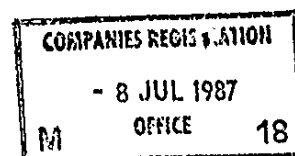
)
) Directors

Approved by the Board on

9 January 1987.

£74,151£66,941

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BLACK & DECKER INVESTMENT COMPANY

STATEMENT OF SOURCE OF 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	15,232	11,783
Less: Items not involving the movement of funds		
Profit on sale of shares in fellow subsidiary	3,153	-
	<u>12,079</u>	<u>11,783</u>
OTHER SOURCES		
Proceeds from issue of share capital	9,520	-
Bank loans	-	15,000
Proceeds from sale of shares in fellow subsidiary	20,717	-
	<u>42,316</u>	<u>26,783</u>
Total sources of funds		
FUNDS APPLIED		
Additional investment in group companies	50,886	24,533
Dividends paid	17,742	11,809
	<u>68,428</u>	<u>36,342</u>
DECREASE IN WORKING CAPITAL	(26,112)	(9,559)
Arising from movements in:		
Debtors	6,638	(9,373)
Short term investments	(471)	143
Creditors	85	-
Liquid funds	(32,364)	(329)
	<u>(26,112)</u>	<u>9,559</u>

BLACK & DECKER INVESTMENT COMPANY

NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

1 THE COMPANY

The company is incorporated in the USA and is registered in the United Kingdom as an overseas company under Part XXIII of the Companies Act 1985.

The accounting records of the company are maintained in pounds sterling.

2 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention.

(b) Foreign currencies

Called-up share capital, investments in group companies and other investments held at cost are translated into sterling at exchange rates ruling at the date of relevant transactions. All other assets and liabilities in foreign currencies are translated at rates of exchange ruling at the year end.

Foreign currency income and expenses are converted at approximate rates of exchange ruling on the date of individual transactions.

All foreign exchange differences are charged or credited to the profit and loss account.

(c) Investment income

Dividend income is credited to profit and loss account when declared. Interest on short term time deposits is accounted for on an accruals basis.

(d) Investments

Marketable securities are shown at the lower of historical sterling cost and mid-market value on the last trading day prior to the year end.

3 OPERATING LOSS is stated after charging:

	1986	1985
	£000	£000
Auditors' remuneration	2	1
Directors' emoluments	-	-
	—	—

The company does not employ any staff, the business and administration of the company being carried out by staff of another group company for a management charge which is included in administrative expenses.

BLACK & DECKER INVESTMENT COMPANY

NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

4 OTHER INCOME

	1986 £000	1985 £000
Interest on bank deposits and dividends on short term investments	301	314
Foreign exchange losses	(8)	(49)
Dividends receivable from immediate holding company	32,039	29,700
Realised capital gains:		
Overseas investment portfolio	286	471
Redemption of shares in Black & Decker (US) Inc.	3,153	-
Interest on loans to group company	-	1,209
	<u>35,771</u>	<u>31,645</u>

5 INTEREST PAYABLE

	1986 £000	1985 £000
Bank loans and overdraft Repayable within 5 years	16,953	1,236
Bank loans Repayable after 5 years	3,391	18,430
	<u>20,344</u>	<u>19,666</u>

6 TAXATION

The company has incurred a loss for tax purposes in the year ended 28 September 1986, which will be surrendered to other group companies for nil consideration.

7 INVESTMENTS - SHARES IN GROUP COMPANIES

	1986 £000	1985 £000
Shares at cost:		
Fellow group companies		
Black & Decker Holdings Inc.	246,836	195,950
Black & Decker (US) Inc.	42	17,606
	<u>246,878</u>	<u>213,556</u>

Black & Decker Holdings Inc.

The holding represents respectively 2,320,620 12%, 164,700 14% Series 'A', 750,000 13.5% Series 'B', 131,000 10.5% Series 'C', 195,500 10.5% Series 'D', 300,000 10% Series 'E' and 437,300 3.25% Series 'F' cumulative preference stock, at par value US\$100 each, issued by Black & Decker Holdings Inc., the immediate parent company.

BLACK & DECKER INVESTMENT COMPANY

NOTES ON THE ACCOUNTS - 28 SEPTEMBER 1986

7 INVESTMENTS - SHARES IN GROUP COMPANIES (continued)

Black & Decker (US) Inc.

The shares in Black & Decker (US) Inc. are 1,000 class B (non voting) common stock, par value US\$100 each.

8 DEBTORS

	1986 £000	1985 £000
Due within one year - other debtors	116	137
- prepayments	9,429	2,770
	<u>9,545</u>	<u>2,907</u>

9 INVESTMENTS

Investments are stated at cost and comprise holdings of preferred stock listed on the New York stock exchange. At 28 September 1986 the investments had a market value of £2,556,411 (1985 - £3,169,235).

10 BANK LOANS

	1986 £000	1985 £000
Bank loans are repayable as follows:		
Within one year	44,212	11,850
Between two and five years	120,000	-
In five years or more	20,000	140,000
	<u>184,212</u>	<u>151,850</u>

Interest rates levied during the period averaged 12.8%. Repayment of the loans is guaranteed by The Black & Decker Corporation.

11 CALLED-UP SHARE CAPITAL

Authorised share capital at 28 September 1986 was 15,000 common stock shares of par value US\$10 per share (1985 - 15,000)

	1986 £000	1985 £000
Allotted, called up and fully paid		
12,801 (1985 - 11,301) common stock		
shares of US\$10 each	70	60
	<u>—</u>	<u>—</u>

During the year a further 1,500 common stock shares of US\$10 each were issued at US\$9,200 per share.

BLACK & DECKER INVESTMENT COMPANY

NOTES ON THE ACCOUNTS -- 28 SEPTEMBER 1986

12 SHARE PREMIUM ACCOUNT

£000

Balance 29 September 1985

55,271

Surplus on issue of 1500 common stock shares
at US\$9,200 per share

9,510

Balance at 28 September 1986

64,781

13 ULTIMATE HOLDING COMPANY

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

BLACK & DECKER INVESTMENT COMPANY

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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 SEPTEMBER 1986

	Note	1986 £000	1985 £000
Administrative expenses		195	196
OPERATING LOSS	3	(195)	(196)
Other income	4	35,771	31,645
		35,576	31,449
Interest payable	5	20,344	19,666
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,232	11,783
Taxation	6	-	-
PROFIT FOR THE FINANCIAL YEAR		15,232	11,783
Retained profit at 29 September 1985		11,610	11,636
		26,842	23,419
Dividends - common stock		17,542	11,809
Retained profit at 28 September 1986		£9,300	£11,610

Ernst & Whinney Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS OF BLACK & DECKER INVESTMENT COMPANY

We have audited the financial statements set out on pages 4 to 10 in accordance with approved auditing standards. The financial statements have been prepared under the historical cost convention.

In our opinion the financial statements give a true and fair view of the financial position of the company at 28 September 1986 and of the profit, statement of retained profits and source and application of funds for the year then ended.

Ch. Whin

Reading 9 January 1987

BLACK & DECKER INVESTMENT COMPANY

DIRECTORS' REPORT (continued)

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

BLACK & DECKER INVESTMENT COMPANY

DIRECTORS' REPORT

Directors: J C Brooman (Chairman)
J E Bolton
R P Brace
D A Brown
E T Jones
S F Page
C B Powell-Smith
R H Thomas

Secretary: R D P Green

Registered Office: Westpoint, The Grove, 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.

A dividend amounting to £17,542,083 was declared and paid in the year. The directors do not propose payment of a final dividend.

ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the company include the financing of Black & Decker Group subsidiaries and the management of an investment portfolio.

The company increased its holding of preference stock issued by Black & Decker Holdings Inc. by acquiring, at par, 300,000 10% series 'E' and 437,300 8.25% series 'F' cumulative preference stock shares of US \$100 each.

The company is incorporated in the United States of America and is registered in the United Kingdom as an overseas company under Part XXIII of the Companies Act 1985.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 28 September 1986 were those listed above. Mr R P Brace and Mr E T Jones were appointed to the Board on 8 April 1986.

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