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REPORT AND ACCOUNTS

**Black & Decker  
Investment Company**

31 DECEMBER 1994

FC. 10558

MID - 031735  
54x3



# Black & Decker Investment Company

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## **DIRECTORS**

C B Powell-Smith	(Chairman)
C E Fenton	(Appointed 19 January 1994)
W I B Freeman	
R D P Green	
M S Karsner	(Resigned 18 January 1994)
B D Rivers	
R H Thomas	(Resigned 28 April 1994)
A M J van Schijndel	(Appointed 28 April 1994)
C G Watson	(Resigned 18 November 1994)
R A Whichelow	

## **SECRETARY**

R D P Green

## **AUDITORS**

Ernst & Young  
Apex Plaza  
Reading  
RG1 1YE

## **REGISTERED OFFICE**

210 Bath Road  
Slough  
Berkshire  
SL1 3YD

## **REGISTERED IN ENGLAND**

FC10558

## DIRECTORS' REPORT

The directors present their report for the year ended 31 December 1994.

### RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 5.

Dividends amounting to £41,951,000 (1993 - £44,203,000) were declared in the year.

### ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company during the year was the ownership of preference stock in the immediate holding undertaking.

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.

### FIXED ASSETS

Fixed assets are dealt with in note 7 to the accounts.

### DIRECTORS

The directors who served during the year and to the date of this report are listed on page 1.

### DIRECTORS' INTERESTS

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.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT

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 accounts comply with the Companies Act. 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.

**AUDITORS**

Ernst & Young 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



Secretary

23 May 1995.

**REPORT OF THE AUDITORS**

to the members of Black & Decker Investment Company

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on pages 2 and 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

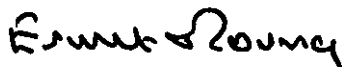
**Basis of opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its profit for the year then ended.



Chartered Accountants  
Registered Auditor  
Reading

30 June 1995

# Black & Decker Investment Company

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 1994

	<i>Note</i>	<i>1994 £'000</i>	<i>1993 £'000</i>
Administrative expenses		38	19
<b>OPERATING LOSS</b>	3	<u>(38)</u>	<u>(19)</u>
Other income	4	41,992	44,206
		<u>          </u>	<u>          </u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		41,954	44,187
Taxation	5	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>41,954</u>	<u>44,187</u>
Dividends	6	(41,951)	(44,203)
<b>PROFIT/(LOSS) FOR THE YEAR</b>	11	<u>3</u>	<u>(16)</u>
		<u>          </u>	<u>          </u>
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>			
Profit for the financial year		41,954	44,187
Net unrealised exchange (loss)/gain on US dollar investments and preferred stock		(856)	705
		<u>          </u>	<u>          </u>
Total recognised gains and losses relating to the year		41,098	44,892
		<u>          </u>	<u>          </u>

# Black & Decker Investment Company

## BALANCE SHEET at 31 December 1994

	<i>Note</i>	<i>1994 £'000</i>	<i>1993 £'000</i>
<b>FIXED ASSETS</b>			
Investments in group undertakings	7	275,801	292,650
<b>CURRENT ASSETS</b>			
Debtors	8	69	73
		<u>69</u>	<u>73</u>
<b>CREDITORS: amounts falling due within one year</b>	9	20	27
<b>NET CURRENT ASSETS</b>		<u>49</u>	<u>46</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>		<u>275,850</u>	<u>292,696</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	261,820	277,813
Share premium account	11	14,373	14,373
Profit and loss account	11	(343)	510
		<u>275,850</u>	<u>292,696</u>

Approved by the board on 23 May 1995

*Chris Parrott*

*Ken*

)  
) Directors  
)

# Black & Decker Investment Company

## STATEMENT OF CASH FLOW for the year ended 31 December 1994

	<i>Note</i>	<i>1994 £'000</i>	<i>1993 £'000</i>
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	12	(41)	-
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			
Dividends received		41,992	44,203
Dividends paid		(41,951)	(44,203)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		41	-
<b>NET CASH FLOW BEFORE FINANCING</b>		-	-
<b>CASH FLOW FROM FINANCING</b>		-	-
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		-	-



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NOTES TO THE ACCOUNTS  
at 31 December 1994

**1 THE COMPANY**

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.

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

**2 ACCOUNTING POLICIES**

*Accounting convention*

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

*Foreign currencies*

Transactions in foreign currencies are translated into sterling at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at rates of exchange ruling at the year end. All differences are taken to the profit and loss account with the exception of the difference arising on US dollar denominated preferred stock, used to provide a hedge against US dollar denominated investments, which is taken directly to reserves together with the exchange difference arising on the carrying amount of the related investments.

*Investment income*

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

**3 OPERATING LOSS is stated after charging:**

	1994 £'000	1993 £'000
Auditors' remuneration		
Audit	1	3
Other	3	2
	<hr/>	<hr/>

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

The directors received no remuneration during the year (1993: £Nil).

NOTES TO THE ACCOUNTS  
at 31 December 1994

4 OTHER INCOME

	1994 £'000	1993 £'000
Foreign exchange gain	-	3
Dividends receivable from immediate holding undertaking	41,992	44,203
	<u>41,992</u>	<u>44,206</u>

5 TAXATION

There is no tax liability for the year. Excess management expenses in the year will be set off against taxable profits and the balance will be carried forward to set off against future profits.

6 DIVIDENDS

	1994 £'000	1993 £'000
Dividends were paid as follows:		
Common stock	2,093	2,246
Preference stock	39,858	41,957
	<u>41,951</u>	<u>44,203</u>

7 INVESTMENTS IN GROUP UNDERTAKINGS

	1994 £'000	1993 £'000
Shares at cost:		
Fellow group undertakings		
Black & Decker Holdings Inc.	275,759	292,608
Black & Decker (US) Inc.	42	42
	<u>275,801</u>	<u>292,650</u>

NOTES TO THE ACCOUNTS  
at 31 December 1994

7 INVESTMENTS IN GROUP UNDERTAKINGS (Continued)

The decrease in investment cost during the year represents an unrealised exchange loss of £16,849,000 on retranslating US dollar denominated preferred stock investments at year end rates of exchange. The exchange loss has been taken to reserves as it is substantially hedged by an unrealised exchange gain on the company's issued US dollar preferred stock (see note 11).

Investments comprises:

Black & Decker Holdings Inc.

	1994 £'000	1993 £'000
2,320,620 15.25% cumulative preferred stock of US\$100 each	148,473	157,545
164,700 15.25% series 'A' cumulative preferred stock of US\$100 each	10,537	11,181
750,000 15.25% series 'B' cumulative preferred stock of US\$100 each	47,984	50,916
131,000 15.25% series 'C' cumulative preferred stock of US\$100 each	8,381	8,893
195,500 15.25% series 'D' cumulative preferred stock of US\$100 each	12,508	13,272
300,000 15.25% series 'E' cumulative preferred stock of US\$100 each	19,194	20,367
448,300 15.25% series 'F' cumulative preferred stock of US\$100 each	28,682	30,434
	<u>275,759</u>	<u>292,608</u>

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.

The directors believe the market value of investments is not less than their stated cost.

# Black & Decker Investment Company

## NOTES TO THE ACCOUNTS at 31 December 1994

### 8 DEBTORS

	<i>1994</i> <i>£'000</i>	<i>1993</i> <i>£'000</i>
Other debtors	69	73
	<u>        </u>	<u>        </u>

### 9 CREDITORS: amounts falling due within one year

	<i>1994</i> <i>£'000</i>	<i>1993</i> <i>£'000</i>
Accruals	20	8
Amounts owed to fellow subsidiary undertakings	-	19
	<u>20</u>	<u>27</u>
	<u>        </u>	<u>        </u>

### 10 CALLED-UP SHARE CAPITAL

	<i>1994</i> <i>Number</i>	<i>1993</i> <i>Number</i>
Authorised:		
Cumulative preferred stock of US\$160 each	5,000,000	5,000,000
Common stock shares of US\$10 each	15,000	15,000
	<u>        </u>	<u>        </u>
	<i>1994</i> <i>£'000</i>	<i>1993</i> <i>£'000</i>
Allotted, called up and fully paid:		
12,801 common stock shares of US\$10 each	70	70
2,415,800 15.25% cumulative preferred stock of US\$160 each	261,750	277,743
	<u>261,820</u>	<u>277,813</u>
	<u>        </u>	<u>        </u>

The decrease in sterling value of preferred stock arises from the retranslation of US dollar stock using year end rates of exchange. The resulting unrealised exchange gain has been taken to reserves as it represents a hedge against substantially all the US dollar preferred stock investment in Black & Decker Holdings Inc (see note 7).

# Black & Decker Investment Company

## NOTES TO THE ACCOUNTS at 31 December 1994

### 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share Capital £'000</i>	<i>Share Premium £'000</i>	<i>Profit and Loss £'000</i>	<i>Total shareholders' Funds £'000</i>
Balance at 31 December 1992	264,630	14,373	(179)	278,824
Profit attributable to members of the company	-	-	44,187	44,187
Net foreign exchange movements	13,183	-	705	13,888
Dividends	-	-	(44,203)	(44,203)
Balance at 31 December 1993	<u>277,813</u>	<u>14,373</u>	<u>510</u>	<u>292,696</u>
Profit attributable to members of the company	-	-	41,954	41,954
Net foreign exchange movements	(15,993)	-	(856)	(16,849)
Dividends	-	-	(41,951)	(41,951)
Balance at 31 December 1994	<u><u>261,820</u></u>	<u><u>14,373</u></u>	<u><u>(343)</u></u>	<u><u>275,850</u></u>

NOTES TO THE ACCOUNTS  
at 31 December 1994

**12 RECONCILIATION OF OPERATING LOSS TO NET CASH  
OUTFLOW FROM OPERATING ACTIVITIES**

	<i>1994</i> <i>£'000</i>	<i>1993</i> <i>£'000</i>
Operating loss	(38)	(19)
Decrease/(increase) in debtors	4	(3)
(Decrease)/increase in creditors	(7)	18
Exchange (loss)/gain on debtors	-	4
	<u>(41)</u>	<u>-</u>

**13 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	<i>Share Capital</i>	
	<i>1994</i> <i>£'000</i>	<i>1993</i> <i>£'000</i>
Balance at beginning of year	277,813	264,630
Unrealised foreign exchange (gain)/loss in year	(15,993)	13,183
Balance at end of year	<u>261,820</u>	<u>277,813</u>

**14 ULTIMATE HOLDING UNDERTAKING**

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

The largest group in which the results of the company are consolidated is that headed by The Black & Decker Corporation and accounts are available from The Black & Decker Corporation, 701 East Joppa Road, Towson, Maryland 21204, USA.