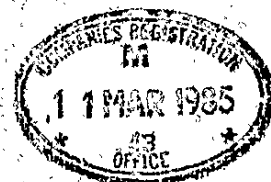


Directors' Report and Financial Statements

BLACK & DECKER INVESTMENT COMPANY

30 September 1984



Ernst & Whinney

BLACK & DECKER INVESTMENT COMPANY

DIRECTORS' REPORT

Directors: J E Bolton
J C Brooman
D A Brown
S F Page
C B Powell-Smith
R H Thomas

Secretary: R D P Green

Registered Office: Cannon Lane, Maidenhead, Berkshire, SL6 3PD

The directors present their report for the year ended 30 September 1984.

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 £3,299,995 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. During the year a new loan facility of £50 million was negotiated of which £35 million had been drawn down by the year end. The loan has been used to finance expansion of the group.

The company increased its holding of preference stock issued by Black & Decker Holdings Inc. by acquiring, at par, 750,000 13½% cumulative preference stock shares of US \$100 each.

On 28 September 1984, the company transferred its entire shareholding in Black & Decker (Leasing) Limited to Black & Decker Holdings Inc. for a consideration of £3.3 million.

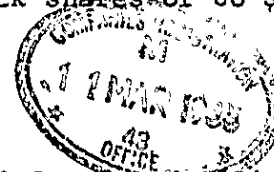
The company is incorporated in the United States of America and is registered in the United Kingdom as an overseas company under Part X of the Companies Act 1948.

SHARE CAPITAL

During the year, the company issued 1,700 common stock shares of US \$10 each at US \$9,200 per share.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 30 September 1984 were those listed above and R H Alcock who resigned on 1 October 1984. S F Page was appointed to the board on 12 October 1984.



BLACK & DECKER INVESTMENT COMPANY

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

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.

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. S. Green
Secretary

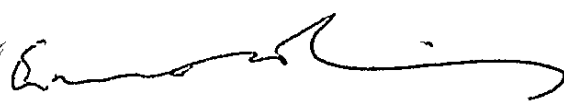
Ernst & Whinney

Ernst & Whinney Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the financial statements of Black & Decker Investment Company set out on pages 4 to 10. 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 financial statements give a true and fair view of the financial position of Black & Decker Investment Company at 30 September 1984 and of the profit, statement of retained profits and source and application of funds for the year then ended.



London 14  1985.

BLACK & DECKER INVESTMENT COMPANY

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1984

	Note	1984 £000	1983 £000
Administrative expenses		<u>177</u>	<u>98</u>
OPERATING LOSS	3	(177)	(98)
Other income	4	<u>25,045</u>	<u>23,018</u>
		24,868	22,920
Interest payable	5	<u>12,541</u>	<u>12,378</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,327	10,542
Taxation	6	<u>-</u>	<u>-</u>
PROFIT FOR THE YEAR AFTER TAXATION		12,327	10,542
Dividends		<u>3,300</u>	<u>13,862</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>9,027</u>	<u>(3,320)</u>

STATEMENT OF RETAINED PROFITS

Balance at 26 September 1983	2,609	5,929
Retained (loss)/profit for the year	<u>9,027</u>	<u>(3,320)</u>
Balance at 30 September 1984	<u>11,636</u>	<u>2,609</u>

BLACK & DECKER INVESTMENT COMPANY

BALANCE SHEET - 30 SEPTEMBER 1984

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Ernst & Whinney

	Note	1984 £000	1983 £000
FIXED ASSETS			
Investments-shares in group companies	7	189,023	133,652
CURRENT ASSETS			
Debtors	8	12,280	107
Investments	9	2,470	2,572
Cash at bank including short term time deposits		331	436
		<u>15,081</u>	<u>3,115</u>
CREDITORS - amounts falling due within one year			
Bank loans and overdrafts	10	12,000	-
Accruals		<u>137</u>	<u>1,364</u>
NET CURRENT ASSETS/(LIABILITIES)		2,944	1,751
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>191,967</u>	<u>135,403</u>
CREDITORS - amounts falling due after more than one year			
Bank loans	10	<u>125,000</u>	<u>90,000</u>
TOTAL ASSETS LESS LIABILITIES		<u>66,967</u>	<u>45,403</u>
CAPITAL AND RESERVES			
Called-up share capital	11	60	47
Share premium account	12	55,271	42,747
Profit and loss account		11,636	2,609

JCBROOKMAN

) Directors

RH THOMAS

14 JANUARY 1985



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BLACK & DECKER INVESTMENT COMPANY

STATEMENT OF SOURCE OF APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 1984

	£000	1984 £000	1983 £000
SOURCE OF FUNDS			
FROM OPERATIONS			
Profit on ordinary activities before taxation		12,327	10,542
Less: Items not involving the movement of funds			
Earnings from subsidiary under equity method		(630)	(906)
Total generated from operations		11,697	9,636
OTHER SOURCES			
Proceeds from issue of share capital		12,537	-
Bank loans		47,000	-
Proceeds from sale of subsidiary	3,300		-
Less: Dividend declared	(3,300)		-
		-	-
Total sources of funds		71,234	9,636
FUNDS APPLIED			
Additional investment in group companies		58,041	-
Dividends paid		-	13,862
		58,041	13,862
INCREASE/(DECREASE) IN WORKING CAPITAL		13,193	(4,226)
Arising from movements in:			
Increase/(decrease) in debtors		12,173	(1,664)
(Decrease)/increase in short term investments		(102)	(2,900)
Decrease in creditors		1,227	1,613
(Decrease) in net liquid funds		(105)	(1,275)
		13,193	(4,226)

Ernst & Whinney

BLACK & DECKER INVESTMENT COMPANY

NOTES ON THE ACCOUNTS - 30 SEPTEMBER 1983

1 THE COMPANY

The company is incorporated in the USA and is registered in the United Kingdom as an overseas company under Part X of the Companies Act 1948.

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:

	1984 £000	1983 £000
Auditors' remuneration	1	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 - 30 SEPTEMBER 1984

4 OTHER INCOME

	1984 £000	1983 £000
Interest on bank deposits and short term investments	53	238
Foreign exchange gains	134	370
Attributable net earnings of Black & Decker (Leasing) Limited after tax credit of £357,000 (1983 - £728,000)	630	906
Dividends receivable	23,976	20,570
Realised capital gains on overseas investment portfolio	252	934
	<u>25,045</u>	<u>23,018</u>

5 INTEREST PAYABLE

	1984 £000	1983 £000
Bank loans and overdraft Repayable within 5 years	5,181	20
Bank loans Repayable after 5 years	7,360	12,358
	<u>12,541</u>	<u>12,378</u>

6 TAXATION

The company has incurred a loss for tax purposes in the year ended 30 September 1984, which will be surrendered to other group companies for nil consideration.

7 INVESTMENTS - SHARES IN GROUP COMPANIES

	1984 £000	1983 £000
Shares at cost:		
Fellow group companies		
Black & Decker Holdings Inc.	171,417	113,376
Black & Decker (US) Inc.	17,606	17,606
Subsidiary		
Black & Decker (Leasing) Limited	-	1
Attributable post-acquisition retained earnings of subsidiary	-	2,669
	<u>189,023</u>	<u>133,652</u>

Black & Decker Holdings Inc.

The holding represents respectively 2,320,620 12%, 750,000 13½%, and 164,700 14% 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 - 30 SEPTEMBER 1984

7 INVESTMENTS - SHARES IN GROUP COMPANIES (continued)

Black & Decker (US) Inc.

The shares in Black & Decker (US) Inc. are 301,000 class B (non voting) common stock, par value US\$100 each, representing 100% of the shares in issue of that class and 81% of the total nominal value of issued share capital of Black & Decker (US) Inc. The company is not considered a subsidiary for the purpose of these accounts due to the restrictive voting rights of class B common stock shares.

Black & Decker (Leasing) Limited

Black & Decker (Leasing) Limited, a wholly owned subsidiary until its transfer to the immediate holding company on 28 September 1984, has been consolidated on an equity basis until that date. This treatment, consistent with prior years, is in accordance with the accounting policy of the ultimate holding company.

8 DEBTORS

	1984 £000	1983 £000
Due within one year - owed by group companies	8,480	-
- other debtors	211	107
- prepayments	3,589	-
	<u>12,280</u>	<u>107</u>

9 INVESTMENTS

Investments are stated at cost and comprise holdings of preferred stock listed on the New York stock exchange. At 30 September 1984 the investments had a market value of £3,662,378 (1983 - £3,486,766).

10 BANK LOANS

	1984 £000	1983 £000
Bank loans are repayable as follows:		
Within one year	12,000	-
Between one and two years	16,000	3,000
Between two and five years	34,000	47,000
In five years or more	75,000	40,000
	<u>137,000</u>	<u>90,000</u>

Interest rates levied during the period averaged 13.1%. Repayment of the loans is guaranteed by The Black and Decker Manufacturing Company.

BLACK & DECKER INVESTMENT COMPANY

NOTES ON THE ACCOUNTS - 30 SEPTEMBER 1984

11 CALLED-UP SHARE CAPITAL

Authorised share capital at 30 September 1984 was 15,000 common stock shares of par value US\$10 per share (1983 - 15,000)

	1984 £000	1983 £000
Called up and fully paid		
11,301 Common stock shares of US\$10 each	<u>60</u>	<u>47</u>

During the year, a further 1,700 Common stock shares of US \$10 each were called up at US \$9,200 per share.

12 SHARE PREMIUM ACCOUNT

	£000
Balance 26 September 1983	42,747
Surplus on issue of 1,700 common stock shares of US \$9,200 per share	<u>12,524</u>
Balance 30 September 1984	<u>55,271</u>

13 ULTIMATE HOLDING COMPANY

The company's ultimate holding company is The Black and Decker Manufacturing Company, incorporated in the United States of America.