

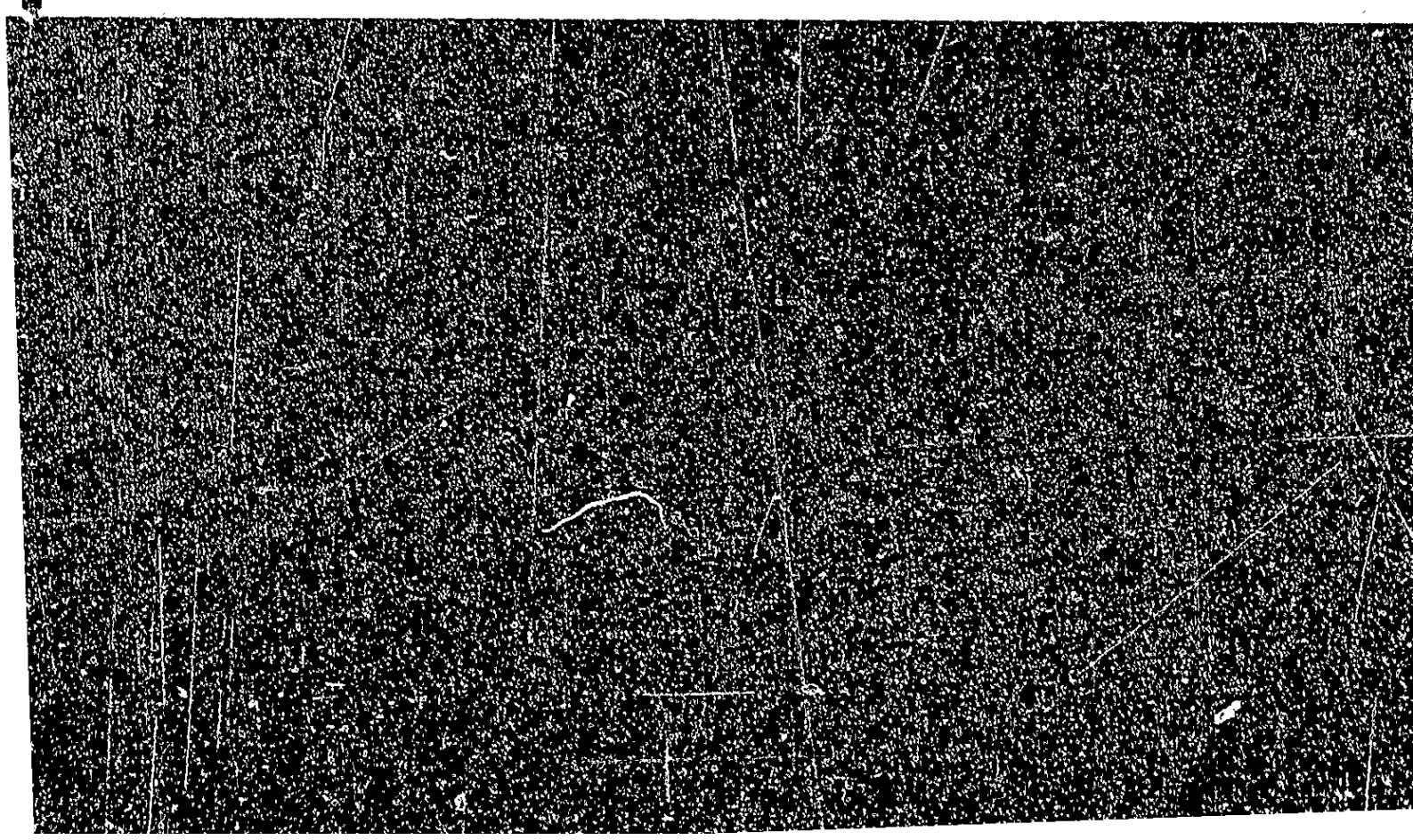
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REPORT AND ACCOUNTS

**Black & Decker
Investment Company**

SEPTEMBER 24, 1989

Ernst & Young

Black & Decker Investment Company

DIRECTORS' REPORT

DIRECTORS

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

SECRETARY

R D P Green

AUDITORS

Ernst & Young
Apex Plaza
Reading
RG1 1YE

REGISTERED OFFICE

Westpoint
The Grove
Slough
Berkshire
SL1 1QQ

Ernst & Young

Black & Decker Investment Company

DIRECTORS' REPORT

The directors present their report for the year ended September 24, 1989.

RESULTS AND DIVIDENDS

The trading results for the year are set out in the profit and loss account on page 4.

Dividends amounting to £32,508,000 (1988 £29,861,000) were declared and paid 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 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.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended September 24, 1989 were those listed on page 1, and R P Brace who resigned on September 24, 1989.

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 merged their practice with Arthur Young on September 1, 1989 and now practise in the name of Ernst & Young. Accordingly, they have signed their audit report in their new name. 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

Ernst & Young

REPORT OF THE AUDITORS to the members of Black & Decker Investment Company

We have audited the financial statements on pages 4 to 9 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at September 24, 1989 and of its profit and source and application of funds for the year then ended.

Ernst & Young
Chartered Accountants
Reading

8 February 1990

Black & Decker Investment Company

PROFIT AND LOSS ACCOUNT for the year ended September 24, 1989

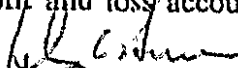

	Note	1989 £'000	1988 £'000
Administrative expenses/(income)		11	(6)
OPERATING (LOSS)/PROFIT	3	(11)	6
Other income	4	32,522	29,883
		<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		32,511	29,889
Taxation	5	-	-
PROFIT FOR THE FINANCIAL YEAR		<u>32,511</u>	<u>29,889</u>
Dividends	6	32,508	29,861
RETAINED PROFIT FOR THE YEAR		<u>3</u>	<u>28</u>
		<u> </u>	<u> </u>
STATEMENT OF ACCUMULATED LOSSES			
Balance at September 26, 1988		(8,325)	(8,353)
Retained profit for the year		3	28
Balance at September 24, 1989		<u>(8,322)</u>	<u>(8,325)</u>
		<u> </u>	<u> </u>

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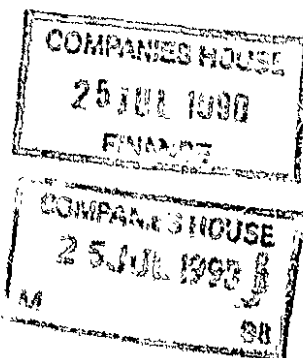
Black & Decker Investment Company

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BALANCE SHEET at September 24, 1989

	Note	1989 £'000	1988 £'000
FIXED ASSETS			
Investments-shares in group companies	7	247,638	247,638
CURRENT ASSETS			
Debtors	8	104	102
Cash at bank including short term time deposits		4	4
		<u>108</u>	<u>106</u>
CREDITORS - amounts falling due within one year			
Accruals		45	46
NET CURRENT ASSETS		<u>63</u>	<u>60</u>
TOTAL ASSETS LESS LIABILITIES		<u>247,701</u>	<u>247,698</u>
CAPITAL AND RESERVES			
Called-up share capital	9	241,650	241,650
Share premium account		14,373	14,373
Profit and loss account		(8,322)	(8,325)
 			
) Directors			
Approved by the Board on 8 February 1990			
		<u>247,701</u>	<u>247,698</u>

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Black & Decker Investment Company

STATEMENT OF SOURCE AND APPLICATION OF FUNDS for the year ended September 24, 1989

	1989 £'000	1988 £'000
SOURCE OF FUNDS FROM OPERATIONS		
Profit on ordinary activities before taxation	32,511	29,889
APPLICATION OF FUNDS		
Dividends paid	32,508	29,861
INCREASE IN WORKING CAPITAL	3	28
Arising from movements in:		
Debtors	2	(1)
Creditors	1	27
Liquid funds	-	2
	3	28

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Black & Decker Investment Company

NOTES TO THE ACCOUNTS at September 24, 1989

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

Accounting convention

The accounts have been prepared under the historical cost convention.

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.

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:

	1989 £'000	1988 £'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 TO THE ACCOUNTS at September 24, 1989

4 OTHER INCOME

	1989 £'000	1988 £'000
Interest on bank deposits and short term investments	-	9
Foreign exchange gain/(loss)	3	(4)
Dividends receivable from immediate holding company	32,519	29,878
	<u>32,522</u>	<u>29,883</u>

5 TAXATION

The company has incurred a loss in the year for tax purposes which will be carried forward to offset against tax liabilities of future years.

6 DIVIDENDS

	1989 £'000	1988 £'000
Dividends were paid as follows:		
Common stock	5,934	3,287
Preference stock	26,574	26,574
	<u>32,508</u>	<u>29,861</u>

7 INVESTMENTS - SHARES IN GROUP COMPANIES

	1989 £'000	1988 £'000
Shares at cost:		
Fellow group companies		
Black & Decker Holdings Inc.	247,596	247,596
Black & Decker (US) Inc.	42	42
	<u>247,638</u>	<u>247,638</u>

Black & Decker Holdings Inc.

The holding represents 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 448,300 8.25% Series 'F' cumulative preference stock, at par value US\$100 each, issued by Black & Decker Holdings Inc., the immediate parent company.

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.

Black & Decker Investment Company

NOTES TO THE ACCOUNTS at September 24, 1989

8 DEBTORS

	<i>1989</i> <i>£'000</i>	<i>1988</i> <i>£'000</i>
Due within one year - other debtors	104	102
	<u>104</u>	<u>102</u>

9 CALLED-UP SHARE CAPITAL

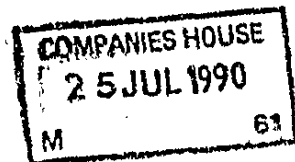
	<i>1989</i> <i>Number</i>	<i>1988</i> <i>Number</i>
Authorised:		
Cumulative preferred stock US\$160 each	5,000,000	5,000,000
Common stock shares US\$10 each	15,000	15,000
	<u> </u>	<u> </u>
	<i>1989</i> <i>£'000</i>	<i>1988</i> <i>£'000</i>
Allotted and fully paid:		
12,801 (1988 - 12,801) common stock shares of US\$10 each	70	70
Preferred stock	241,580	241,580
	<u>241,650</u>	<u>241,650</u>

10 ULTIMATE HOLDING COMPANY

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

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REPORT AND ACCOUNTS

Black & Decker Holdings Inc.

SEPTEMBER 24, 1989

Ernst & Young

Black & Decker Holdings Inc.

DIRECTORS' REPORT

DIRECTORS

J C Brooman (Chairman)

J E Bolton

D A Brown

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Apex Plaza

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SL1 1QQ

Ernst & Young

Black & Decker Holdings Inc.

DIRECTORS' REPORT

The directors present their report for the year ended September 24, 1989.

RESULTS AND DIVIDENDS

The trading results for the year and dividends paid are set out in the profit and loss account on page 4.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company acts as an intermediate holding company for Black & Decker group subsidiaries in the United Kingdom. Its activities include the financing of Black & Decker subsidiaries.

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

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended September 24, 1989 were those listed on page 1, and R P Brace who resigned on September 24, 1989.

The directors have no beneficial interest in the shares of the company. No material contract or arrangement has been entered into by the company during the year in which any director has had an interest.

AUDITORS

Ernst & Whinney merged their practice with Arthur Young on September 1, 1989 and now practise in the name of Ernst & Young. Accordingly, they have signed their audit report in their new name. 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

Ernst & Young

REPORT OF THE AUDITORS to the members of Black & Decker Holdings Inc.

We have audited the financial statements on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at September 24, 1989 and of its profit and source and application of funds for the year then ended.

Ernst & Young
Chartered Accountants
Reading

8 February 1990

Black & Decker Holdings Inc.

PROFIT AND LOSS ACCOUNT for the year ended September 24, 1989

	Note	1989 £'000	1988 £'000
Administrative expenses		483	543
OPERATING LOSS	3	<u>(483)</u>	<u>(543)</u>
Other income	4	60,995	57,358
Interest payable	5	(27,454)	(21,424)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>33,058</u>	<u>35,391</u>
Taxation	6	9,172	4,558
PROFIT FOR THE FINANCIAL YEAR		<u>23,886</u>	<u>30,833</u>
Dividends	7	41,583	47,835
LOSS FOR THE YEAR		<u>(17,697)</u>	<u>(17,002)</u>
STATEMENT OF RETAINED PROFITS			
Balance at September 26, 1988		38,184	55,186
Loss for the year		(17,697)	(17,002)
Balance at September 24, 1989		<u>20,487</u>	<u>38,184</u>

Movements on other reserves are set out in notes 13 and 14.

Black & Decker Holdings Inc.

BALANCE SHEET at September 24, 1989

	Note	1989 £'000	1988 £'000
FIXED ASSETS			
Investments			
Shares in group companies	8	198,115	190,728
Loans to group companies	9	241,580	306,498
		<u>439,695</u>	<u>497,226</u>
CURRENT ASSETS			
Amounts owed by group companies		82,933	-
Prepayments		1	1,409
Cash at bank including short term time deposits		-	4
		<u>82,934</u>	<u>1,413</u>
CREDITORS - amounts falling due within one year			
Bank loans and overdrafts	10	173,443	86,505
Amounts owed to group companies		69,858	30,474
Taxation		1,087	5,683
Accruals and deferred income		579	377
		<u>244,967</u>	<u>123,039</u>
NET CURRENT LIABILITIES		<u>(162,033)</u>	<u>(121,626)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>277,662</u>	<u>375,600</u>
CREDITORS - amounts falling due after more than one year			
Bank loans	10	20,000	105,000
Amounts owed to group companies	11	2,392	2,294
		<u>22,392</u>	<u>107,294</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	12	4,760	-
TOTAL ASSETS LESS LIABILITIES		<u>250,510</u>	<u>268,306</u>