

REPORT AND ACCOUNTS

**Black & Decker
Investment Company**

FC10558
COMPANIES HOUSE
9 JAN 1992
DECEMBER 31, 1990 88

 ERNST & YOUNG

Registered in England: No F10558

Black & Decker Investment Company

DIRECTORS' REPORT

DIRECTORS

C B Powell-Smith (Chairman)
C G Beenham (Appointed May 4, 1990, Resigned September 30, 1990)
J E Bolton (Resigned May 4, 1990)
J C Brooman (Resigned May 4, 1990)
D A Brown (Resigned May 4, 1990)
M E Carr (Appointed May 4, 1990)
W I B Freeman (Appointed May 4, 1990)
E T Jones (Resigned May 4, 1990)
S F Page
B D Rivers (Appointed February 6, 1991)
R H Thomas
C G Watson (Appointed May 4, 1990)

SECRETARY

R D P Green

AUDITORS

Ernst & Young
Apex Plaza
Reading
RG1 1YE

REGISTERED OFFICE

Westpoint
The Grove
Slough
Berkshire
SL1 1QQ

Black & Decker Investment Company

DIRECTORS' REPORT

The directors present their report for the fifteen month period ended December 31, 1990.

RESULTS AND DIVIDENDS

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

Dividends amounting to £39,490,000 (1989 - £32,508,000) were declared and paid in the period.

ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company during the fifteen month period 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

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

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 period.

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

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

We have audited the financial statements on pages 4 to 10 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 December 31, 1990, and of its profit and source and application of funds for the period then ended.

Ernst & Young

Chartered Accountants
Reading

24 April 1991

Black & Decker Investment Company

PROFIT AND LOSS ACCOUNT for the fifteen months ended December 31, 1990



	<i>Note</i>	<i>1990</i> <i>£'000</i>	<i>1989</i> <i>12 months</i> <i>£'000</i>
Administrative (income)/expenses		(9)	11
OPERATING PROFIT/(LOSS)	3	<u>9</u>	<u>(11)</u>
Other income	4	39,458	32,522
		<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		39,467	32,511
Taxation	5	-	-
		<u> </u>	<u> </u>
PROFIT FOR THE FINANCIAL PERIOD		39,467	32,511
Dividends	6	(39,490)	(32,508)
		<u> </u>	<u> </u>
(LOSS)/RETAINED PROFIT FOR THE PERIOD		(23)	3
		<u> </u>	<u> </u>
STATEMENT OF ACCUMULATED LOSSES			
Balance at September 24, 1989		(8,322)	(8,325)
Net unrealised exchange gain on US dollar investments and preferred stock		5,243	-
(Loss)/retained profit for the period		(23)	3
		<u> </u>	<u> </u>
Balance at December 31, 1990		(3,102)	(8,322)
		<u> </u>	<u> </u>

Black & Decker Investment Company

BALANCE SHEET at December 31, 1990

	Note	1990 December 31 £'000	1989 September 24 £'000
FIXED ASSETS			
Investments-shares in group companies	7	221,676	247,638
CURRENT ASSETS			
Debtors	8	56	104
Cash at bank including short term time deposits		-	4
		<u>56</u>	<u>108</u>
CREDITORS - amounts falling due within one year			
Accruals		(16)	(45)
NET CURRENT ASSETS		<u>40</u>	<u>63</u>
TOTAL ASSETS LESS LIABILITIES		<u>221,716</u>	<u>247,701</u>
CAPITAL AND RESERVES			
Called-up share capital	9	210,445	241,650
Share premium account		14,373	14,373
Profit and loss account		(3,102)	(8,322)
		<u>221,715</u>	<u>247,701</u>

Approved by the board on April 24, 1991

} Directors

Black & Decker Investment Company

STATEMENT OF SOURCE AND APPLICATION OF FUNDS for the fifteen months ended December 31, 1990

	1990 £'000	1989 12 months £'000
SOURCE OF FUNDS		
FROM OPERATIONS		
Profit on ordinary activities before taxation	39,467	32,511
APPLICATION OF FUNDS		
Dividends paid	39,490	32,508
(DECREASE)/INCREASE IN WORKING CAPITAL	(23)	3
Arising from movements in:		
Debtors	(48)	2
Creditors	29	1
Liquid funds	(4)	-
	(23)	3

Black & Decker Investment Company

NOTES TO THE ACCOUNTS at December 31, 1990

1 THE COMPANY

The company is incorporated in the USA and is registered in the United Kingdom as an oversea 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

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 period end. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange differences 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)/PROFIT is stated after charging:

	1990 £'000	1989 £'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 December 31, 1990

4 OTHER INCOME

	<i>1990</i> <i>15 months</i> <i>£'000</i>	<i>1989</i> <i>12 months</i> <i>£'000</i>
Interest on bank deposits and short term investments	746	-
Foreign exchange (loss)/gain	(11)	3
Dividends receivable from immediate holding company	38,723	32,519
	<u>39,458</u>	<u>32,522</u>

5 TAXATION

No tax liability arises on the profit in the period due to the availability of losses brought forward and group relief to be surrendered by other group companies for nil consideration.

6 DIVIDENDS

	<i>1990</i> <i>15 months</i> <i>£'000</i>	<i>1989</i> <i>12 months</i> <i>£'000</i>
Dividends were paid as follows:		
Common stock	2,855	5,934
Preference stock	36,635	26,574
	<u>39,490</u>	<u>32,508</u>

7 INVESTMENTS - SHARES IN GROUP COMPANIES

	<i>December 31</i> <i>1990</i> <i>£'000</i>	<i>September 24</i> <i>1989</i> <i>£'000</i>
Shares at cost:		
Fellow group companies		
Black & Decker Holdings Inc.	221,634	247,596
Black & Decker (US) Inc.	42	42
	<u>221,676</u>	<u>247,638</u>

Black & Decker Investment Company

NOTES TO THE ACCOUNTS

at December 31, 1990

7 INVESTMENTS - SHARES IN GROUP COMPANIES (Continued)

The reduction in investment cost during the period represents an unrealised exchange loss of £25,962,000 on retranslating US dollar denominated 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 9)

Investments comprises:

Black & Decker Holdings Inc.

	<i>December 31</i> 1990 £'000	<i>September 24</i> 1989 £'000
2,320,620 15.25% (12%) Cumulative preferred stock of US\$100 each	119,330	104,121
164,700 15.25% (14%) series 'A' cumulative preferred stock of US\$100 each	8,469	9,253
750,000 15.25% (13.5%) series 'B' cumulative preferred stock of US\$100 each	38,566	58,041
131,000 15.25% (10.5%) series 'C' cumulative preferred stock of US\$100 each	6,736	10,915
195,500 15.25% (10.5%) series 'D' cumulative preferred stock of US\$100 each	10,053	13,619
300,000 15.25% (10%) series 'E' cumulative preferred stock of US \$100 each	15,427	20,718
448,300 15.25% (8.25%) series 'F' cumulative preferred stock of US \$100 each	23,053	30,929
	<u>221,634</u>	<u>247,596</u>

As part of the reorganisation of Group finances the coupon on the preferred stocks was changed to 15.25% from May 30, 1991. The rates applicable up to that date are shown in brackets.

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 December 31, 1990

8 DEBTORS

	<i>December 31 1990 £'000</i>	<i>September 24 1989 £'000</i>
Due within one year - other debtors	56	104

9 CALLED-UP SHARE CAPITAL

	<i>December 31 1990 Number</i>	<i>September 24 1989 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

	<i>December 31 1990 £'000</i>	<i>September 24 1989 £'000</i>
Allotted 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	210,375	241,580
	<u>210,445</u>	<u>241,650</u>

The reduction 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.

10 ULTIMATE HOLDING COMPANY

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