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Black & Decker Group Inc.

Report And Accounts

31 December 1996



Black & Decker Group Inc.

DIRECTORS

C B Powell-Smith	(Chairman)
C E Fenton	
W I B Freeman	(Resigned 19 December 1996)
R D P Green	(Resigned 31 December 1996)
B D Rivers	(Resigned 16 April 1996)
A M J van Schijndel	(Resigned 15 February 1996)
R A Whichelow	(Resigned 30 April 1997)
N R Judd	(Appointed 4 April 1996)
A R Sanderson	(Appointed 7 April 1997)
C G Watson	(Appointed 7 April 1997)
J Holmes	(Appointed 7 April 1997)
G Chakravarthi	(Appointed 7 April 1997)

SECRETARY

R D P Green	(Resigned 31 December 1996)
R A Whichelow	(Appointed 1 January 1997, resigned 30 April 1997)
C G Watson	(Appointed 1 May 1997)

AUDITORS

Ernst & Young
Apex Plaza
Reading
RG1 1YE

REGISTERED OFFICE

210 Bath Road
Slough
Berkshire
SL1 3YD

REGISTERED IN ENGLAND

FC11130

The directors present their report for the year ended 31 December 1996.

RESULTS AND DIVIDENDS

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

Dividends of £50,680,000 were declared and paid in the year (1995 : £13,059,000).

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company acts as a holding company for Black & Decker group subsidiaries in the United Kingdom.

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.

During 1994 a contractual agreement was entered into to repurchase all 5,650 Class "A" Common Shares of US\$10 par value for a total aggregate consideration of £145,713,000. As at 31 December 1996, the total consideration had been paid.

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 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.

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.


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.

Black & Decker Group Inc.
DIRECTORS' REPORT

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



C G Watson
Secretary

18 June 1997

REPORT OF THE AUDITORS

to the members of Black & Decker Group Inc.

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 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 1996 and of its profit for the year then ended.

Ernst & Young

Chartered Accountants
Registered Auditor
Reading

27 August 1997

Black & Decker Group Inc.

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1996

	<i>Note</i>	<i>1996 £'000</i>	<i>1995 £'000</i>
Administrative expenses		14	22
OPERATING LOSS	3	(14)	(22)
Other income	4	103,881	46,785
Other expenses	5	-	(419)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		103,867	46,344
Taxation	6	(4,327)	(75)
PROFIT FOR THE FINANCIAL YEAR		99,540	46,269
Dividends - paid		(50,660)	(13,059)
PROFIT RETAINED FOR THE YEAR	9	48,880	33,210

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £99,540,000 in the year ended 31 December 1996 (1995:£46,269,000).

Black & Decker Group Inc.

BALANCE SHEET

at 31 December 1996

	Note	1996 £'000	1995 £'000
FIXED ASSETS			
Investments in group undertakings	7	215,622	214,295
CURRENT ASSETS			
Cash at bank and in hand		1	1
		1	1
CREDITORS: amounts falling due within one year			
Amounts owed to group undertakings		30	25
Other accruals		17	6
		(47)	(30)
NET CURRENT LIABILITIES			
		(46)	(29)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		215,576	214,265
CREDITORS: amounts falling due after more than one year	8	-	48,896
TOTAL ASSETS LESS LIABILITIES			
		215,576	165,369
CAPITAL AND RESERVES			
Called-up share capital - equity	8	75	75
Share premium account	9	68,508	68,508
Other reserves	9	1,327	-
Profit and loss account	9	145,666	96,786
		215,576	165,369

Approved by the board on 18 June 1997

N. R. Juhl
G. L. Juhl

)
) Directors
)

Black & Decker Group Inc.
NOTES TO THE ACCOUNTS
at 31 December 1996

1. THE COMPANY

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.

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

2. ACCOUNTING POLICIES

Accounting convention

The accounts are 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 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

Dividends from investments in group undertakings are credited to profit and loss account when declared.

Cash flow statement

A cash flow statement has not been prepared as the company is exempt under Financial Reporting Standard 1 (Revised).

3. OPERATING LOSS

Operating loss is stated after charging:

	1996 £'000	1995 £'000
Auditors' remuneration		
- audit	1	1
- other	10	15
	<u>11</u>	<u>16</u>

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

4. OTHER INCOME

	1996 £'000	1995 £'000
Dividends receivable from Black & Decker Holdings Inc.	100,998	46,302
Intercompany interest receivable	-	483
Foreign exchange realised gains	2,883	-
	<u>103,881</u>	<u>46,785</u>

5. OTHER EXPENSES

	1996 £'000	1995 £'000
Foreign exchange realised loss	-	(93)
Foreign exchange unrealised loss	-	(326)
	<u>-</u>	<u>(419)</u>

Black & Decker Group Inc.

NOTES TO THE ACCOUNTS

at 31 December 1996

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge based on the profit for the year comprises:

	1996 £'000	1995 £'000
Corporation tax at 33% (1995: 33%)	-	75
Tax credits attributable to dividends received	4,327	-
Double taxation relief	-	(75)
	<u>4,327</u>	<u>-</u>
Foreign withholding tax	-	75
	<u>4,327</u>	<u>75</u>

There is no UK tax charge for the year as the company's income is outside the scope of UK taxation.

7. INVESTMENTS IN GROUP UNDERTAKINGS

	1996 £'000	1995 £'000
Subsidiary undertaking		
Black & Decker Holdings Inc.		
Shares at cost	69,796	68,582
Contribution	145,826	145,713
	<u>215,622</u>	<u>214,295</u>

The total holding of 12,785 shares represents 100% of the issued common stock of Black & Decker Holdings Inc., a company incorporated in the United States of America. The subsidiary operates as an investment holding undertaking in the United Kingdom.

Consolidated accounts have not been prepared as, in the opinion of the directors, they would be of no value to the members. The directors believe the market value of the investments in subsidiary undertakings is at least equal to their cost value.

Only investments in respect of undertakings significant to the company are disclosed. The company's indirect holdings in group undertakings is disclosed in the accounts of Black & Decker Holdings Inc.

8. CALLED-UP SHARE CAPITAL

	1996 Number	1995 Number
Authorised share capital		
Common stock at par value US\$10 per share	20,000	20,000
Class "A" common stock at par value US\$10 per share	10,000	10,000
	<u>30,000</u>	<u>30,000</u>
	1996 £'000	1995 £'000
Allotted, called up and fully paid:		
12,782 Common stock shares of US\$10 each	75	75
	<u>75</u>	<u>75</u>

During 1994 a contractual agreement was entered into to repurchase all 5,650 Class "A" common stock shares of US\$10 par value for a total aggregate consideration of £145,713,000. As at 31 December 1996 the total consideration had been paid.

Black & Decker Group Inc.

NOTES TO THE ACCOUNTS

at 31 December 1996

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share Capital £'000</i>	<i>Share Premium £'000</i>	<i>Other reserves £'000</i>	<i>Profit and Loss £'000</i>	<i>Total share- holders' funds £'000</i>
Balance at 1 January 1995	75	68,508	-	63,576	132,159
Profit attributable to members of the company	-	-	-	46,269	46,269
Dividend paid	-	-	-	(13,059)	(13,059)
Balance at 31 December 1995	75	68,508	-	96,786	165,369
Profit attributable to the members of the company	-	-	-	99,540	99,540
Dividend paid	-	-	-	(50,660)	(50,660)
Capital contribution	-	-	1,327	-	1,327
Balance at 31 December 1996	75	68,508	1,327	145,666	215,576

10. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions in Financial Reporting Standard 8 not to disclose related party transactions with group undertakings as the ultimate holding undertaking publishes consolidated financial statements.

The directors consider the ultimate controlling party to be The Black & Decker Corporation.

11. ULTIMATE HOLDING UNDERTAKING

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

The results of the company are consolidated in the group headed by The Black & Decker Corporation. Accounts are available from The Black & Decker Corporation, 701 East Joppa Road, Towson, Maryland 21286, USA.