

935048

61

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 1980



BAYER UK LIMITED

REPORT AND ACCOUNTS

C O N T E N T S

DIRECTORS AND ADVISORS	2
NOTICE OF GENERAL MEETING	3
REPORT OF THE DIRECTORS	4-6
REPORT OF THE AUDITORS	7
CONSOLIDATED PROFIT AND LOSS ACCOUNT	8
CONSOLIDATED BALANCE SHEET	9
BALANCE SHEET	10
NOTES TO THE CONSOLIDATED ACCOUNTS	11-25
SOURCE AND APPLICATION OF FUNDS STATEMENT	26

27th February 1981

BAYER UK LIMITED

DIRECTORS

Duke of Portland C.M.G.	(Chairman)
Mr J V Webb	(Managing)
Mr H J Strenger	
The Lord Walston	
Dr F J Weitkemper	

BANKERS

Barclays Bank Limited
Chemical Bank
Commerzbank Aktiengesellschaft
Hambros Bank Limited

AUDITORS

Kingston Smith & Company
Chartered Accountants

SOLICITORS

Kenneth Brown Baker Baker

SECRETARY

M J M Mills F.C.A.

REGISTERED OFFICE

Bayer House
Richmond
Surrey
TW9 1SJ

BAYER UK LIMITED

N O T I C E is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held at Bayer House, Richmond, Surrey on Friday, 24 April 1981 at 4.30 pm for the purpose of transacting the following business:-

- 1) To receive the Directors' Report, the Balance Sheet and Accounts and the Auditors' Report for the Year Ended the 31 December 1980.
- 2) To Declare a Dividend.
- 3) To elect Directors.
- 4) To re-appoint Kingston Smith & Company as Auditors to the Company for the ensuing year.
- 5) To transact any other business of an Annual General Meeting.

By Order of the Board

M J M Mills
Secretary

27 February 1981

A Member entitled to attend and vote may appoint one or more proxies to attend, and on a poll to vote instead of him. A proxy need not be a Member of the Company.

BAYER UK LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Report with the Balance Sheet of the Company as at the 31 December 1980 and the Group Accounts for the Year Ending on that date.

ACTIVITIES

The Company's main activities are the marketing of own manufactured products and those manufactured by Bayer AG of the Federal Republic of Germany and its Subsidiaries.

SUBSIDIARY COMPANIES

Haarmann & Reimer Limited incorporated in England is the sole subsidiary company of Bayer UK Limited at the Balance Sheet date.

Since the year end the Company acquired the entire Share Capital in James Kent Limited, producers of Ceramics and Pottery, for a consideration of £1,250,000.

SALES

The total sales for the year under review were £141,638,039. The Export Sales including the sales to Bayer Companies abroad, totalled £4,137,697.

RESULTS AND DIVIDEND

The Group suffered from a downturn in business due to the economic climate resulting in a net profit of £546,899 after providing for taxation of £55,346 interest charges of £3,080,421 and an extraordinary item of £15,150. The Directors recommend the payment of a Dividend of 5% - £175,000 (1979 - 11.5% - £402,500). It is proposed that the balance of £4,507,316 on profit and loss account be carried forward.

FIXED ASSETS

The movement on Fixed Assets is set out in Note 3 to the Accounts. During the year the Company acquired an enamel plant at a cost of £55,000.

MARKET VALUE OF LAND AND BUILDINGS

Freehold and Leasehold properties which are included in Fixed Assets in the Consolidated Balance Sheet as at 31 December 1980, at the Net Book Value of £2,871,709 had, in the opinion of the Directors, at that date, a market value of approximately £5,350,000.

UNQUOTED INVESTMENT

Full provision has been made against the cost of the investment in Bulstrode Plastics and Chemical Company Limited, as it is anticipated that the Company will be placed in Members Voluntary Liquidation early in 1981.

CHARITABLE DONATIONS

During the financial year the sum of £4,566 was donated to United Kingdom charitable organisations. No payments were made for political purposes.

CURRENT COST ACCOUNTING

In the opinion of the Directors the production of Supplemental Current Cost Accounts as required by the Accounting Standards Committee under S.S.A.P. 16 would result in undue delay in the preparation of the Accounts and would not, therefore, be beneficial to the Members of the Company.

DIRECTORS AND EMPLOYEES

The Duke of Portland, Mr J V Webb, The Lord Walston, Dr F J Weitkemper and Mr H J Strenger, served as Directors during the year.

The Lord Walston and Dr F J Weitkemper retired by rotation at the Annual General Meeting and being eligible offered themselves for re-election.

No Director has any interest in shares or debentures and unsecured loan stock as defined by Companies Act 1967 in any Group Company.

EMPLOYEES

The average number of employees of the Group during the year was 956 (1979 - 927) to whom aggregate remuneration of £6,443,443 (1979 - £5,315,516) was paid.

Portland

DUKE OF PORTLAND
CHAIRMAN

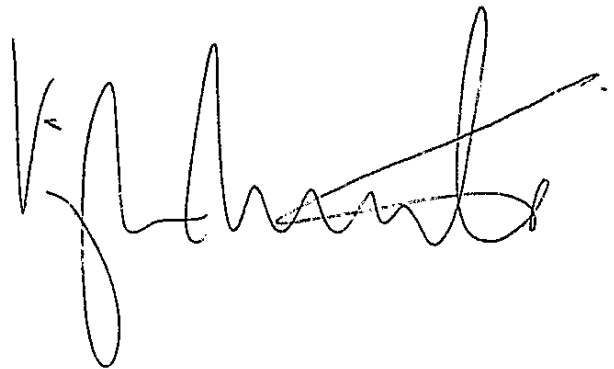
REPORT OF THE AUDITORS

TO THE MEMBERS OF BAYER UK LIMITED

We have audited the financial statements on pages eight to twenty-six in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give, so far as concerns the Members of Bayer UK Limited, a true and fair view of the state of affairs at 31 December 1980, and of the Profit and Source and Application of Funds for the Year Ended on that date of the Company and of the Group and comply with the Companies Acts 1948 to 1980. in so far as they apply to these Accounts.

The financial statements do not contain the current cost accounts required by statement of Standard Accounting Practise Number 16.



Kingston Smith & Company
Chartered Accountants

Devonshire House
146 Bishopsgate
LONDON
EC2M 4JX

27 February 1981.

Page Seven

BAYER UK LIMITED AND SUBSIDIARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31 DECEMBER 1980

	Notes	£	1980 £	1979 £
Gross Turnover	2B		141,638,039	146,779,126
Group Trading Profit before Interest	2C		3,697,816	4,697,529
Interest Charges	2D		3,080,421	3,076,227
Group Profit before Taxation			617,395	1,621,302
Taxation	2E		55,346	331,051
Group Profit after Taxation			562,049	1,290,251
Extraordinary Item	2F		15,150	519,937
			546,899	770,314
Balance, brought forward		4,135,417		6,050,250
Prior Year Adjustment	2G	-		(282,647)
			4,135,417	5,767,603
			4,682,316	6,537,917
Amount Capitalised by Bonus Issue of Shares:-				
Holding Company			-	2,000,000
			4,682,316	4,537,917
Proposed Dividend			175,000	402,500
			£ 4,507,316	£ 4,135,417
Retained in Bayer UK Limited			4,018,096	3,757,025
Retained in Subsidiary			489,220	378,392
			£ 4,507,316	£ 4,135,417

27 February 1981

Page eight

BAYER UK LIMITED AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1980

	<u>Notes</u>	<u>£</u>	<u>1980</u> <u>£</u>	<u>£</u>	<u>1979</u> <u>£</u>
FIXED ASSETS	3		6,082,536		4,470,235
UNQUOTED INVESTMENT	6		-		15,150
CURRENT ASSETS	7	41,629,165		44,660,217	
CURRENT LIABILITIES	8	39,454,495		38,008,173	
NET CURRENT ASSETS		2,174,670		6,652,044	
MEDIUM TERM LIABILITY		-		3,004,968	
		2,174,670		3,647,076	
DEFERRED TAXATION	9	28,754		9,100	
			2,203,424		3,656,176
			8,285,960		8,141,561
PROPOSED DIVIDEND			175,000		402,500
NET ASSETS			£ 8,110,960		£ 7,739,061
FINANCED BY:-					
SHARE CAPITAL	10		3,500,000		3,500,000
RESERVES	11		4,610,960		4,239,061
			£ 8,110,960		£ 7,739,061

Portland

Portland)

John V. Webb)

John V. Webb)

27th February 1981)

Directors

BAHET UK LIMITEDBALANCE SHEET AS AT 31 DECEMBER 1980

			<u>1980</u>	<u>1979</u>
	<u>Notes</u>			
FIXED ASSETS	3		5,831,220	4,215,538
SUBSIDIARY COMPANY	5			
Shares at Cost		16,969		16,969
Due on Current Account		<u>42,782</u>		<u>85,757</u>
			59,751	102,726
UNQUOTED INVESTMENT	6		<u>-</u>	<u>15,150</u>
			5,890,971	4,333,414
CURRENT ASSETS	7	40,960,543		44,034,298
CURRENT LIABILITIES	8	<u>39,156,159</u>		<u>37,682,606</u>
NET CURRENT ASSETS		1,804,384		6,351,692
MEDIUM TERM LIABILITY		<u>-</u>		<u>3,004,968</u>
		1,804,384		3,346,724
DEFERRED TAXATION	9	<u>18,354</u>		<u>-</u>
			1,822,738	3,346,724
			7,713,709	7,680,138
PROPOSED DIVIDEND			175,000	402,500
NET ASSETS			<u>£7,538,709</u>	<u>£7,277,638</u>
FINANCED BY:-				
SHARE CAPITAL	10		3,500,000	3,500,000
RESERVES	11		4,038,709	3,777,638
Portland				
Portland				
John V Webb				
		} Directors	<u>£7,538,709</u>	<u>£7,277,638</u>

27th February 1981

Page Ten

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1980

1. ACCOUNTING POLICIES

A. The Consolidated Accounts incorporate the accounts for the Year Ended 31 December 1980 of Bayer UK Limited and Haarmann & Reimer Limited.

B. Fixed Assets have been depreciated on a straight-line basis in such a way that they are fully depreciated over their estimated useful lives or less at the following annual rates:-

Freehold Buildings	2½ and 5 %
Premises Held on Long Lease	2½ %
Premises Held on Short Lease- Written Off over the period of the Lease or	2½ %
Improvements to Rented and Leasehold Premises	5 %
Furniture & Fixtures	10 %
Office Equipment	20 %
Plant & Equipment	10 and 20 %
Warehouse Equipment	20 %
Laboratory Equipment	20 %
Motor Vehicles	25 %
Farm Equipment	25 %

C. Intangible Assets have been written off as it is not the Group's policy to attribute value to Goodwill, Patents, Know-how and Trade Marks.

D. Stocks have been valued at Cost or Net Realisable Value, whichever is lower on a basis consistent with previous years. Cost includes appropriate overheads for Work in Progress and Finished Goods.

27th February 1981

Page Eleven

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1980

1.

Accounting Policies (Continued)

E. The Directors are of the opinion that expenditure on Stocks and Fixed Assets ranking for taxation allowances, will be maintained at levels sufficient to ensure that no deferred taxation, based on the liability method, will become payable in the foreseeable future in respect of:-

- The excess of the book value of Fixed Assets qualifying for taxation allowances over their written down value for taxation purposes
- Stock Appreciation Relief for the years ended 31 December 1976 to 1980
- Other timing differences
- Advance Corporation Tax
- Losses available for set off against future trading profits

The full potential liability is set out in Note 9 to the Accounts.

F. Foreign Currencies have been converted into Sterling at the rates ruling at the Balance Sheet date.

2.

Notes on the Consolidated Profit and Loss Account

A. Bayer UK Limited is a wholly owned Subsidiary of Bayer Foreign Investments Limited of Canada.

B. Turnover

Group Turnover represents sales to third parties, less Returns and Value Added Tax.

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1980

Note 20

TRADING PROFIT BEFORE INTEREST

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>
	£	£	£	£
is stated after charging:-				
Loss/(Profit) on Sales Fixed Assets	4,382	(72,328)	4,832	(73,028)
Depreciation of Fixed Assets	928,741	804,242	874,424	754,444
Special Depreciation	71,265	95,918	71,265	95,918
Hire of Plant and Equipment	132,723	126,448	132,723	126,448
Auditors Remuneration	62,114	40,046	57,754	36,355
	<u>1980</u>	<u>1979</u>		
Remuneration of Directors of Bayer UK Limited				
In respect of duties wholly or mainly discharged in the United Kingdom				
As Directors	13,900	12,500		
As Executive	25,775	23,530		
Contribution under a Pension Scheme	3,392	3,059		
In respect of duties wholly or mainly discharged outside the United Kingdom				
As Directors	5,000	5,000		
	48,067	44,089		
Paid by Subsidiary Company	1,000	1,000		
	<u>£ 47,067</u>	<u>£ 43,089</u>		

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1980

	<u>1980</u>	<u>1979</u>
	£	£
<u>Note 2C (Continued)</u>		
Emoluments of Chairman	£ 9,000	£ 9,000
of Highest Paid Director	<u>£26,775</u>	<u>£24,530</u>
Other Directors whose total remuneration was in the bracket:		
Up to £5,000	<u>3</u>	<u>3</u>
<u>Employees' Emoluments</u>		
Number of Employees of Bayer UK Limited whose emoluments were within the range £20,001 - £25,000	<u>10</u>	<u>-</u>
<u>Note 2D</u>		
<u>INTEREST CHARGES</u> payable to		
Company's Bankers in respect of:-		
Acceptance Credit Facilities	1,327,004	1,361,263
Overdraft Facilities	650,135	314,026
Other Short Term Borrowings	953,705	1,206,423
Third Parties	<u>225,373</u>	<u>225,373</u>
	3,156,217	3,107,085
<u>Less:</u>		
Interest Received	<u>75,796</u>	<u>30,858</u>
	<u>£3,080,421</u>	<u>£3,076,227</u>

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1980

	<u>1980</u>	<u>1979</u>
	£	£
<u>Note 2 E</u>		
<u>TAXATION</u>		
The Charge in the Accounts comprises:-		
Corporation Tax based on Profits for the Year at 52%		
Subsidiary Company	-	49,216
Deferred Taxation	(18,354)	-
Parent Company	(1,300)	(1,300)
Subsidiary Company		
Advance Corporation Tax not considered recoverable in foreseeable future	75,000	283,135
	<u>£ 55,346</u>	<u>£ 331,051</u>

There is no liability to Corporation Tax arising from the result of Bayer UK Limited shown in these Accounts due to the incidence of Capital Allowances, Stock Appreciation Relief and Tax Losses brought forward.

Stock Relief has been calculated on the basis of the rules described in the Inland Revenue's Consultative paper issued on the 14 November 1980.

No credit for Deferred Taxation has been included in accordance with Accounting Policy Note 1E in respect of the following amounts calculated at 52%.

	<u>1980</u>		<u>1979</u>	
	<u>The Group</u>	<u>Bayer UK Ltd.</u>	<u>The Group</u>	<u>Bayer UK Ltd.</u>
Accelerated Capital Allowances	323,203	327,351	(21,382)	(28,899)
Stock Appreciation Relief	-	-	1,303,816	1,303,761
Losses	<u>(715,711)</u>	<u>(715,711)</u>	<u>(357,160)</u>	<u>(357,160)</u>
	(392,508)	(388,360)	925,274	917,702
Group Loss Relief surrendered to the Subsidiary Company by Bayer UK Limited	<u>64,451</u>	<u>64,451</u>	<u>-</u>	<u>-</u>
	(328,057)	(323,909)	925,274	917,702
Stock Appreciation Relief no longer recoverable under the provision of the Finance (No. 2) Act 1979	<u>-</u>	<u>-</u>	<u>(1,413,382)</u>	<u>(1,413,382)</u>
	£ (328,057)	£ (323,909)	£ (488,108)	£ (495,680)

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1980

Note 2 E (Continued)

If the existing legislation had been used as the basis for accounting for Stock Appreciation Relief there would have been a charge to Profit and Loss Account as follows:-

	<u>1980</u>	
	<u>The Group</u>	<u>Bayer UK Limited</u>
Short Term Timing Differences	(19,654)	(18,354)
Accelerated Capital Allowances	323,203	327,351
Stock Appreciation Relief 'Clawback'	(434,804)	(427,903)
Losses	504,863	504,863
	<u>£ 373,608</u>	<u>£ 385,957</u>

No losses would have been available for surrender to the Subsidiary Company resulting in a charge to Corporation Tax in that Company's Accounts of £85,868

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1980

	<u>1980</u>	<u>1979</u>
	£	£
<u>Note 2F</u>		
<u>EXTRAORDINARY ITEM</u>		
Goodwill, Patents, Know How and Trade Marks written off in accordance with the Group's Accounting Policy (Note 1C)	-	294,908
Special Depreciation of Fixed Assets at the Latex Production Division acquired on 21 December 1978 reflecting their obsolescence	-	225,029
Unquoted Investment written off (Note 6)	15,150	-
	<hr/>	<hr/>
	£ 15,150	£519,937
	<hr/>	<hr/>

Note 2G

PRIOR YEAR ADJUSTMENT

Provision for Deferred Taxation no longer required	-	(171,137)
Adjustment to Cost of Goods Sold in 1978	-	,111,510)
	<hr/>	<hr/>
	£ -	£(282,647)
	<hr/>	<hr/>

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE ACCOUNTS AS AT 31ST DECEMBER 1980

Note 3

FIXED ASSETS - Summary of Movements

	CONSTRUCTION IN PROGRESS	FREEHOLD PROPERTIES	PREMISES HELD ON LONG LEASE	PREMISES HELD ON SHORT LEASE	IMPROVEMENTS TO RENTED & LEASEHOLD PREMISES	PLANT & MACHINERY	OFFICE FURNITURE & EQUIPMENT	MOTOR VEHICLES	TOTAL
									£
<u>COST</u>									
1st January 1980	171,220	1,815,980	339,133	45,000	118,148	1,830,222	739,757	1,647,563	6,707,023
Additions	265,684	966,802	230,072	-	15,914	318,522	172,197	1,113,241	3,082,432
Transfers	(308,574)	-	25,876	-	-	257,600	14,654	10,444	-
	128,330	2,782,782	595,081	45,000	134,062	2,406,344	926,608	2,771,248	9,789,455
	10,770	-	-	-	6,521	16,916	17,200	818,436	869,843
	117,560	2,782,782	595,081	45,000	127,541	2,389,428	909,408	1,952,812	8,919,612
<u>DEPRECIATION</u>									
1st January 1980	-	337,891	44,504	45,000	62,725	886,312	413,882	446,474	2,236,788
Provisions for the Year	-	62,229	14,656	-	7,176	305,944	81,380	457,356	928,741
Special Depreciation	-	46,874	-	-	-	24,391	-	-	71,265
	-	446,994	59,160	45,000	69,901	1,216,647	495,262	903,830	3,236,794
	-	-	-	-	3,702	15,968	13,957	366,091	399,718
	-	446,994	59,160	45,000	66,199	1,200,679	481,305	537,739	2,837,076
Elimination on Disposals	-	-	-	-	-	-	-	-	-
	117,560	2,335,788	535,921	-	61,342	1,188,749	428,103	1,415,073	6,082,536
Net Book Value 31.12.80	171,220	1,478,089	294,629	-	55,423	943,910	325,875	1,201,089	4,770,235

Note 3

FIXED ASSETS - Summary of Movements

NOTES TO THE ACCOUNTS AS AT 31ST DECEMBER 1980

	CONSTRUCTION IN PROGRESS	FREEHOLD PROPERTIES	PREMISES HELD ON LONG LEASE	PREMISES HELD ON SHORT LEASE	IMPROVEMENTS TO RENTED & LEASEHOLD PREMISES	PLANT & MACHINERY	OFFICE FURNITURE & EQUIPMENT	MOTOR VEHICLES	TOTAL
									£
COST									
1st January 1980	171,220	1,815,980	220,264	45,000	79,119	1,725,542	613,532	1,593,897	6,264,554
Additions	265,684	966,802	230,072	-	14,901	314,276	154,540	1,065,827	3,013,102
Transfers	(308,574)	-	25,876	-	-	257,600	14,654	10,444	-
Disposals	128,330	2,782,782	476,212	45,000	94,020	2,297,418	782,726	2,671,168	9,277,656
	10,770	-	-	-	6,521	16,807	16,960	779,881	830,939
	117,560	2,782,782	476,212	45,000	87,499	2,280,611	765,766	1,891,287	8,446,717
DEPRECIATION									
1st January 1980	-	337,891	20,735	45,000	29,067	816,889	376,901	422,533	2,049,016
Provisions for the Year	-	62,229	8,706	-	6,794	289,924	64,975	441,796	874,424
Special Depreciation	-	46,874	-	-	-	24,391	-	-	71,265
Elimination on Disposals	-	446,994	29,441	45,000	35,861	1,131,204	441,876	864,329	2,994,705
	-	-	-	-	3,702	15,860	13,719	345,927	379,208
	-	446,994	29,441	45,000	32,159	1,115,344	428,157	518,402	2,615,497
Net Book Value 31.12.80	117,560	2,335,788	446,771	-	55,340	1,165,267	337,609	1,372,885	5,831,220
Net Book Value 31.12.79	171,220	1,478,089	199,529	-	50,052	908,653	236,631	1,171,364	4,215,538

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1980

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>
<u>Note 4</u>				
<u>GOODWILL, PATENT, TRADE MARKS</u>				
<u>AND KNOW HOW</u>				
At Cost 1.1.1979	-	276,407	-	276,407
Additions	-	18,501	-	18,501
	<hr/>	<hr/>	<hr/>	<hr/>
	-	294,908	-	294,908
Amounts written off (See Note 2F)	-	294,908	-	294,908
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Note 5

The SUBSIDIARY COMPANY: Haarmann & Reimer Limited, incorporated in England, has one class of share wholly owned by Bayer UK Limited.

Note 6

The investment in Bulstrode Plastics and Chemical Company Limited has been written off as an Extraordinary Expense in 1980 as in the opinion of the Directors its value is NIL (1979 - £15,150)

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS AS AT 31 DECEMBER 1980

<u>Note 7</u>	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>
<u>CURRENT ASSETS</u>				
Stocks on Hand	14,601,035	14,549,257	14,388,147	14,319,888
Stocks in Transit	1,070,544	2,314,294	1,038,954	2,278,241
Total Stocks	15,671,579	16,863,551	15,427,101	16,598,129
Debtors - Trade	23,531,753	25,542,339	23,119,921	25,197,253
Miscellaneous	441,981	245,491	436,454	240,797
Prepayments	356,119	588,396	350,045	582,096
Bills Receivable	22,017	-	22,017	-
Due from Ultimate Holding Company	253,812	-	253,812	-
Due from other Group Companies	838,389	400,479	838,389	396,360
Balances at Bank and in Hand	513,515	1,019,961	512,804	1,019,663
	<u>£41,629,165</u>	<u>£44,660,217</u>	<u>£40,960,543</u>	<u>£44,334,298</u>
<u>Note 8</u>				
<u>CURRENT LIABILITIES</u>				
Due to Parent and Ultimate Holding Companies	10,231,905	10,062,455	10,231,905	10,062,455
Due to other Group Companies	1,079,654	1,031,798	973,849	943,931
Creditors - Trade	4,138,734	2,458,808	4,113,405	2,402,249
Miscellaneous	4,784,177	6,380,450	4,698,914	6,298,708
Current Taxation	247,505	193,345	247,505	172,500
Bills Payable	5,000,000	10,000,000	5,000,000	10,000,000
Short Term Bank Borrowings and Overdrafts	10,967,552	7,881,317	10,885,613	7,802,763
Other Short Term Borrowings	3,004,968	-	3,004,968	-
	<u>£39,454,495</u>	<u>£38,008,173</u>	<u>£39,156,159</u>	<u>£37,682,606</u>

27th February 1981

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1980

Note 9

DEFERRED TAXATION

The treatment in the accounts and the full potential liability calculated under existing legislation are as follows:

	<u>1980</u>		<u>1979</u>	
	<u>Full Potential Liability</u>	<u>Deferred Asset</u>	<u>Full Potential Liability</u>	<u>Deferred Asset</u>
Short Term Timing Differences	(28,754)	(28,754)	(9,100)	(9,100)
Stock Appreciation Relief	3,521,849	-	3,956,653	-
Capital Allowances	1,018,360	-	695,157	-
Advance Corporation Tax	(749,058)	-	(674,058)	-
Losses, carried forward	(209,931)	-	(714,796)	-
	<u>£3,552,466</u>	<u>£ (28,754)</u>	<u>£3,253,856</u>	<u>£ (9,100)</u>

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1980

	<u>1980</u>	<u>1979</u>
	£	£
<u>Note 10</u>		
<u>SHARE CAPITAL OF BAYER UK LIMITED</u>		
<u>Authorised</u>		
3,500,000 Ordinary Shares of £1 each	<u>£3,500,000</u>	<u>£3,500,000</u>
<u>Issued and Fully Paid</u>		
3,500,000 (1979 - 3,500,000) Ordinary Shares of £1 each	<u>£3,500,000</u>	<u>£3,500,000</u>

The whole of the Issued Share Capital is held by Bayer Foreign Investments Limited (incorporated in Canada). The Directors are informed that Bayer AG (incorporated in the Federal Republic of Germany) is the Company's Ultimate Holding Company.

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS AS AT 31 DECEMBER 1980

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>
	£	£	£	£
<u>Note 11</u>				
<u>RESERVES</u>				
At Commencement of the Year	4,239,061	5,871,247	3,777,638	5,448,581
Retained Profit of the Year	<u>371,899</u>	<u>367,814</u>	<u>261,071</u>	<u>329,057</u>
	4,610,960	6,239,061	4,038,709	5,777,638
Amount Capitalised by Bonus Issue of Shares	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
	<u>£4,610,960</u>	<u>£4,239,061</u>	<u>£4,038,709</u>	<u>£3,777,638</u>

Represented by:-

Profit and Loss Account	4,507,316	4,135,417	4,020,065	3,758,994
Capital Reserve	87,172	87,172	2,172	2,172
General Reserve	<u>16,472</u>	<u>16,472</u>	<u>16,472</u>	<u>16,472</u>
	<u>£4,610,960</u>	<u>£4,239,061</u>	<u>£4,038,709</u>	<u>£3,777,638</u>

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED

31 DECEMBER 1980

Note 12

CONTINGENT LIABILITIES

At the 31 December 1980 the Group had Contingent Liabilities amounting to £379,170 (1979 - NIL). Bayer UK Limited had Contingent Liabilities of £379,170 (1979 - NIL). £354,170 arose from a claim made against the Company which the Directors are strenuously resisting and do not expect any liability to arise.

Note 13

Stocks comprise the following:-

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>
Raw Materials	1,790,954	1,218,660	1,611,188	1,012,836
Goods for Resale	13,880,625	15,644,891	13,815,913	15,585,293
	<u>£ 15,671,579</u>	<u>£ 16,863,551</u>	<u>£ 15,427,101</u>	<u>£ 16,598,129</u>

Note 14

FUTURE CAPITAL EXPENDITURE

(i)	Contracted for but not provided for in the Consolidated Accounts	£ 1,391,481	£ 721,063	£ 1,391,481	£ 703,422
(ii)	Authorised but not Contracted for in the Consolidated Accounts	£ 216,710	£ 1,192,954	£ 118,710	£ 1,117,954

BAYER UK LIMITED

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1980

	<u>1980</u>	<u>1979</u>
<u>SOURCE OF FUNDS</u>		
Profit for the Year before Taxation	617,395	1,621,302
Less Prior Year Adjustment	-	111,510
	<hr/>	<hr/>
	617,395	1,509,792
Depreciation	928,741	804,242
Special Depreciation	71,265	95,918
Loss/(Profit) on Sale of Fixed Assets	4,842	(72,328)
	<hr/>	<hr/>
Profit Generated from Operations	1,622,243	2,337,624
Proceeds from Disposal of Fixed Assets	465,283	369,403
Decrease in Working Capital	2,423,065	-
	<hr/>	<hr/>
	4,510,591	2,707,027
<u>APPLICATION OF FUNDS</u>		
Purchase of Fixed Assets	3,082,432	1,462,099
Purchase of Intangibles	-	18,501
Tax Paid	20,840	310,003
Dividend Paid	-	330,000
Increase in Working Capital	-	2,313,721
	<hr/>	<hr/>
	3,103,272	4,434,324
	<hr/>	<hr/>
DECREASE OR (INCREASE) IN NET OVERDRAFTS AND SHORT TERM BORROWINGS	£1,407,319	£(1,727,297)
	<hr/>	<hr/>
<u>MOVEMENT IN WORKING CAPITAL</u>		
	<u>Source</u>	<u>Application</u>
Stock	1,191,972	2,688,063
Debtors	1,332,634	5,581,828
Creditors	<hr/>	<hr/>
	101,541	5,956,170
	<hr/>	<hr/>
	2,524,606	5,956,170
	<hr/>	<hr/>
	101,541	5,956,170
	<hr/>	<hr/>
	£2,423,065	£2,313,721
	<hr/>	<hr/>