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BAYER UK LIMITED AND SUBSIDIARIES

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31ST DECEMBER 1982



BAYER UK LIMITED AND SUBSIDIARIES
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

CONTENTS

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
CONSOLIDATED SOURCE AND APPLICATION OF FUNDS STATEMENT	11
NOTES TO THE CONSOLIDATED ACCOUNTS	12-24

BAYER UK LIMITED

DIRECTORS

Duke of Portland C.M.G. (Chairman)

Mr J W Webb (Managing)

Dr E H Rohe

The Lord Walston

Dr F J Weitkemper

BANKERS

Barclays Bank PLC

Chemical Bank

Hambros Bank Limited

Lloyds Bank PLC

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 Fifteenth Annual General Meeting of the Members of the Company will be held at Bayer House, Richmond, Surrey on 16th March 1983 at 11 a.m. for the purpose of transacting the following business:

1. To receive the Directors' Report, the Balance Sheet and Accounts and the Auditor's Report for the Year Ended 31st December 1982.
2. To Declare a Dividend.
3. To re-elect the Lord Walston and J V Webb as Directors.
4. To re-appoint Kingston Smith & Company as Auditors to the Company for the ensuing year and authorise the Directors to fix their remuneration.
5. To transact any other business of an Annual General Meeting.

By Order of the Board



M J M Mills
Secretary

25th February 1983

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 at 31st December 1982 and the Group Accounts for the Year Ending on that date.

ACTIVITIES

The Company's principal activity is the marketing of own manufactured chemicals and those manufactured by Bayer AG of the Federal Republic of Germany and its Subsidiaries.

SUBSIDIARY COMPANIES

The two wholly owned Subsidiary Companies incorporated in England are: Haarmann and Reimer Limited - compound and market aromatic chemicals, flavours, fragrances and essential oils.

The Ceramic Mill acquired with James Kent Limited was transferred to Bayer UK on 1st January 1982. James Kent Limited continues to manufacture domestic earthenware.

RESULTS AND STATE OF AFFAIRS

In the continuing economic down-turn the overall trading profit was £933,917, after providing for taxation of £133,505 and interest charges of £2,230,355 and before extraordinary items of £650,352, resulting in a net profit for the year of £283,565. The Export Sales, including the sales to Bayer Companies abroad, totalled £7,681,144. The Directors are proposing a final dividend of £175,000 which together with an interim dividend of £175,000 makes a total of £350,000, the same as last year. It is proposed that the Balance of £5,147,116 on the Profit and Loss Account be carried forward.

EXTRAORDINARY ITEMS

The closure of the Enamel production unit at Bilston which was mentioned in note 13 in our 1981 report occurred on 15 February 1982, this involved us in closure costs of £432,245.

The Company is moving to a new corporate headquarters in Newbury during 1983. Relocation expenses of £218,107 were incurred by the Company in 1982.

MARKET VALUE OF LAND AND BUILDINGS

Freehold and Leasehold properties which are included in Fixed Assets in the Consolidated Balance Sheet as at 31st December 1982 at the Net Book Value of £3,730,935 had, in the opinion of the Directors at that date, a market value of approximately £6,350,000.

CHARITABLE DONATIONS

During the financial year the sum of £10,914 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 be of no benefit to the Shareholders.

EMPLOYMENT OF DISABLED PERSONS

It is the Company's policy to make available employment opportunities on an equal basis to all. Within this context the employment of disabled persons is a very major concern.

DIRECTORS AND EMPLOYEES

The Directors during the year were:

The Duke of Portland, Mr J V Webb, Dr E R Rohe, The Lord Walston,
Dr F J Weitkemper.

The Lord Walston and Mr J V Webb retire by rotation at the Annual General Meeting and both being eligible offer themselves for re-election.

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

EMPLOYEES

The average number of employees of the Group during the year was 1156 (1981 - 1179) to whom aggregate remuneration of £9,305,734 (1981 - £8,411,998) 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-four in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the affairs of the Company and the Group at 31st December 1982, and of the Profit and Source and Application of Funds of the Group for the year ended on that date and comply with the provisions of the Companies Acts 1948 to 1981.

The financial statements do not contain current cost accounts required by Statement of Standard Accounting Practice Number 16.

Devonshire House
146 Bishopsgate
LONDON
EC2M 4JX


Kingston Smith & Company
Chartered Accountants

25th February 1983

BAYER UK LIMITED AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31ST DECEMBER 1982

	<u>Note</u>	<u>1982</u> £	<u>1981</u> £
Gross Turnover	2B	<u>169,544,093</u>	<u>151,502,576</u>
Group Trading Profit before Interest	2C	3,297,777	3,030,967
Interest Charges	2D	<u>2,230,355</u>	<u>1,811,578</u>
Group Profit before Taxation		1,067,422	1,219,389
Taxation	2E	<u>133,505</u>	<u>163,154</u>
Group Profit after Taxation		933,917	1,056,235
Extraordinary Items	2F	<u>650,352</u>	<u>-</u>
		283,565	1,056,235
Balance Brought Forward		<u>5,213,551</u>	<u>4,507,316</u>
		5,497,116	5,563,551
Interim Dividend Paid		175,000	-
Final Dividend Proposed		<u>175,000</u>	<u>350,000</u>
		<u>£5,147,116</u>	<u>£5,213,551</u>
Retained in Bayer UK Limited		4,647,086	4,805,934
Retained in Subsidiaries		<u>500,030</u>	<u>407,617</u>
		<u>£5,147,116</u>	<u>£5,213,551</u>

25th February 1983

Page 8

BAYER UK LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 1982

			<u>1982</u>		<u>1981</u>
	<u>Note</u>	£	£	£	£
FIXED ASSETS	3		6,191,943		7,072,066
CURRENT ASSETS	5	50,337,002		46,478,205	
CURRENT LIABILITIES	6	47,538,908		44,302,304	
NET CURRENT ASSETS			2,798,094		2,175,901
DEFERRED TAXATION	7		32,095		15,600
			9,022,132		9,263,567
PROPOSED DIVIDEND			175,000		350,000
NET ASSETS			<u>£8,847,132</u>		<u>£8,913,567</u>
FINANCED BY:					
SHARE CAPITAL	8		3,500,000		3,500,000
RESERVES	9		5,347,132		5,413,567
			<u>£8,847,132</u>		<u>£8,913,567</u>

Portland *Portland*)
John Webb)
 John V Webb) Directors

Approved by the Directors on 25th February 1983

FAYER UK LIMITED

BALANCE SHEET AT 31ST DECEMBER 1982

	<u>Note</u>		<u>1982</u>		<u>1981</u>
		£	£	£	£
FIXED ASSETS	3		5,711,018		5,600,683
SUBSIDIARY COMPANIES	4				
Shares at Cost		1,184,838		1,184,838	
Current Account		(769,921)		159,329	
			414,917		1,344,167
			6,125,935		6,944,850
CURRENT ASSETS	5	48,687,102		44,570,298	
CURRENT LIABILITIES	6	46,486,202		42,840,570	
NET CURRENT ASSETS			2,200,900		1,729,728
DEFERRED TAXATION	7		13,895		-
			8,340,730		8,674,578
PROPOSED DIVIDEND			175,000		350,000
NET ASSETS			£8,165,730		£8,324,578
FINANCED BY:					
SHARE CAPITAL	8		3,500,000		3,500,000
RESERVES	9		4,665,730		4,824,578
			£8,165,730		£8,324,578

Portland *Portland*)
John V Webb)
 John V Webb) Directors

Approved by the Directors on 25th February 1983

BAYER UK LIMITED AND SUBSIDIARIES

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1982

<u>SOURCE OF FUNDS</u>	£	<u>1982</u> £	£	<u>1981</u> £
Profit for the Year before Taxation and after Extraordinary Items		417,070		1,219,389
Depreciation		718,195		1,024,341
Special Depreciation		212,625		71,265
Loss on Sale of Fixed Assets		46,530		56,076
		<hr/>		<hr/>
<u>TOTAL GENERATED FROM OPERATIONS</u>		1,394,420		2,371,071
Capital Reserve arising on Acquisition of Subsidiary		-		96,372
Proceeds from Disposal of Fixed Assets		522,283		418,548
Decrease in Working Capital (See Below)		393,526		-
		<hr/>		<hr/>
		2,310,229		2,885,991
 <u>APPLICATION OF FUNDS</u>				
Purchase of Fixed Assets	619,510		2,559,759	
Tax Paid	225,000		247,505	
Dividend Paid	525,000		577,500	
Increase in Working Capital (See Below)	-		987,788	
	<hr/>		<hr/>	
		1,369,510		4,372,552
DECREASE/(INCREASE) IN NET OVERDRAFTS AND SHORT TERM BORROWINGS		<hr/>		<hr/>
		£940,719		(£1,486,561)
		<hr/>		<hr/>
 <u>MOVEMENT IN WORKING CAPITAL</u>				
	<u>Source</u>	<u>Application</u>	<u>Source</u>	<u>Application</u>
Stock	297,764			583,905
Debtors		4,379,141		4,101,394
Creditors	4,474,903		3,697,511	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,772,667	4,379,141	3,697,511	4,685,299
	<hr/>	<hr/>	<hr/>	<hr/>
	4,379,141			3,697,511
	<hr/>	<hr/>	<hr/>	<hr/>
	£393,526			£987,788
	<hr/>			<hr/>

BAYER UK LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

1. ACCOUNTING POLICIES

A. The Consolidated Accounts have been prepared under the historical cost convention and, in accordance with section 152A of the Companies Act 1948 and Schedule 8A to the Act. They incorporate the accounts for the Year Ended 31st December 1982 of Bayer UK Limited, Haarmann & Reimer Limited and James Kent 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% and 5%
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%
Plant & Machinery	10%, 14%, 20%, 50%
Office, Warehouse & Laboratory Equipment	20%
Motor Vehicles & 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 are stated on the basis of the lower of cost or net realisable value after provisions for obsolescence, on a basis consistent with previous years. Cost includes appropriate overheads for Work in Progress and Finished Goods.

E. Provision has only been made on the liability method for tax liabilities which are expected to become payable in the foreseeable future.

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

ACCOUNTING POLICIES - Continued

Advance corporation tax is only carried forward if covered by deferred taxation or corporation tax provision.

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 of Canada.

B. Turnover

Group Turnover represents sales to third parties, less Returns and Value Added Tax, but excludes indent sales for which Commission Receivable has been included.

C. Trading Profit Before Interest

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	£	£	£	£
is stated after charging:				
Loss on Sale of Fixed Assets	46,530	56,076	46,502	46,924
Depreciation of Fixed Assets	718,195	1,024,341	644,904	879,115
Special Depreciation	46,874	71,265	46,874	71,265
Hire of Plant and Equipment	743,181	331,881	713,599	319,683
Auditors' Remuneration	92,625	80,700	78,125	62,100

Special Depreciation of £165,751 for Bayer UK Limited has been treated as an extraordinary item.

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

2C Trading Profit Before Interest - Continued

	<u>1982</u> £	<u>1981</u> £
Remuneration of Directors of Bayer UK Limited		
In respect of duties wholly or mainly discharged in the United Kingdom		
As Directors	13,020	12,950
As Executives	33,020	29,900
Contribution under a Pension Scheme	4,190	3,857
In respect of duties wholly or mainly discharged outside the United Kingdom		
As Directors	5,000	5,000
	<hr/> 55,230	<hr/> 51,707
Paid by Subsidiary Company	1,000	1,000
	<hr/> 54,230	<hr/> 50,707
Emoluments of: Chairman	9,520	9,450
: Highest Paid Director	<hr/> 34,020	<hr/> 30,900
Other Directors whose total remuneration was in the bracket:		
Up to £5,000	<hr/> 3	<hr/> 4

PAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

NOTE 2D

	<u>1982</u> £	<u>1981</u> £
<u>INTEREST CHARGES payable to</u>		
Group's Bankers in respect of:		
Acceptance Credit Facilities	2,236,983	1,367,088
Overdraft Facilities	184,605	257,884
Other Short Term Borrowings	19,825	318,572
Short Term Loan	-	30,676
	<hr/>	<hr/>
	2,441,413	1,974,220
Less: Interest Received	211,058	162,642
	<hr/>	<hr/>
	<u>£2,230,355</u>	<u>£1,811,578</u>

NOTE 2E

	<u>1982</u> £	<u>The Group</u> <u>1981</u> £
Deferred Taxation:		
Short Term Timing Differences		
Parent Company	(13,895)	18,354
Subsidiary Companies	(2,600)	(5,200)
Advance Corporation Tax not considered recoverable in the foreseeable future	150,000	150,000
	<hr/>	<hr/>
	<u>£133,505</u>	<u>£163,154</u>

The taxation charge has been reduced by £449,894 (1981 - £754,838) in respect of stock relief.

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

NOTE 2F

EXTRAORDINARY ITEMS

As referred to in the 1981 Accounts as a post balance sheet event the enamel production unit at Bilston was closed on 15th February 1982. Production has been transferred to the new Ceramics and Enamels Division. The costs of the closure and transfer are as follows:

	£
Personnel Costs on Closure	88,352
Relocation Costs of Site	45,782
Site Overhead Costs Incurred Irrecoverable	65,169
Stock and Fixed Asset Costs Written Off	184,942
Costs relating to the Disposal of Bilston Site Lease	48,000
	<hr/>
	432,245

A new central administration office has been commissioned for the Company in Newbury, Berkshire. It is expected that the building will be ready for occupation during September 1983 and costs of removal and relocation expenses are treated as extraordinary. The costs incurred to date are as follows:

Staff Removal Costs	73,604
Expenses on Relocation	144,503
	<hr/>
	<u>£650,352</u>

BAYER UK LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1982

Note 3

FIXED ASSETS - Summary of Movements for the Group

	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 1982	243,859	3,780,792	599,997	224,600	261,602	3,449,428	1,001,852	1,602,065	11,164,195
Additions	358,113	30,902	-	-	23,806	125,024	81,665	-	619,510
Transfers	(219,247)	(8,015)	-	-	-	210,654	16,608	-	-
	382,725	3,803,679	599,997	224,600	285,408	3,785,106	1,100,125	1,602,065	11,783,705
Disposals	44,355	-	-	-	3,405	108,915	17,737	1,066,551	1,240,963
	338,370	3,803,679	599,997	224,600	282,003	3,676,191	1,082,388	535,514	10,542,742
<u>DEPRECIATION</u>									
1st January 1982	-	623,003	77,379	45,000	85,376	2,029,004	532,387	699,980	4,092,129
Provisions for the Year	-	87,364	17,721	-	12,096	287,866	98,971	214,177	718,195
Special Depreciation	16,250	46,874	-	-	24,080	121,574	3,847	-	212,625
Transfers	-	-	-	-	-	(1,256)	1,256	-	-
Elimination on Disposals	16,250	757,241	95,100	45,000	121,552	2,437,188	636,461	914,157	5,022,949
	13,302	-	-	-	2,746	94,639	10,921	550,542	672,150
	2,948	757,241	95,100	45,000	118,806	2,342,549	625,540	363,615	4,350,799
Net Book Value 31.12.82	335,422	3,046,438	504,897	179,600	163,197	1,333,642	456,848	171,899	6,191,943
Net Book Value 31.12.81	243,859	3,157,789	522,618	179,600	176,226	1,420,424	469,465	902,085	7,072,066

* Includes costs of £179,600 incurred for the lease of a new office building which was agreed but not completed.

BAYER UK LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1982

Note 3
FIXED ASSETS - Summary of Movements for the Parent Company

	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 1982	237,505	2,913,995	481,128	224,600	128,472	2,438,299	832,817	1,486,050	8,742,866
Additions	358,113	30,207	-	-	23,806	96,277	74,089	-	582,492
Transfers	(212,893)	748,168	-	-	-	839,199	15,235	50,890	1,440,599
	32,725	3,692,370	481,128	224,600	152,278	3,373,775	922,141	1,536,940	10,765,957
	44,355	-	-	-	3,405	108,011	17,305	1,039,956	1,213,032
Disposals									
	338,570	3,692,370	481,128	224,600	148,873	3,265,764	904,836	496,984	9,552,925
DEPRECIATION									
1st January 1982	-	558,518	41,710	45,000	46,302	1,370,769	459,516	620,368	3,142,183
Provisions for the Year	-	85,377	11,771	-	7,061	256,294	78,734	205,667	644,904
Special Depreciation	16,250	46,874	-	-	24,080	121,574	3,347	-	212,625
Transfers	-	56,335	-	-	-	394,484	-	47,073	497,892
	16,250	747,104	53,481	45,000	77,443	2,143,121	542,097	873,108	4,497,604
Elimination on Disposals	13,302	-	-	-	2,746	93,919	10,539	535,191	655,697
	2,948	747,104	53,481	45,000	74,697	2,049,202	531,558	337,917	3,841,907
Net Book Value: 31.12.82	335,422	2,945,266	427,647	179,600	74,176	1,216,562	373,278	159,057	5,711,018
Net Book Value: 31.12.81	237,505	2,355,477	439,418	179,600	82,170	1,067,530	373,301	865,682	5,600,683

* Includes costs of £179,600 incurred for the lease of a new office building which was agreed but not completed.

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

NOTE 4

The wholly owned Subsidiary Companies are Haarmann & Reimer Limited and James Kent Limited, incorporated in England.

Classes of Share

Haarmann & Reimer Limited: 100,000 ordinary shares of £1 each, fully paid.

James Kent Limited: 219,000 1% non-cumulative preference shares of
£1 each, fully paid.

219,000 ordinary shares of £1 each, fully paid.

James Kent Limited was acquired in 1981 for a consideration of £1,167,869.

The ceramics section of this business was transferred to Bayer UK Limited on 1st January 1982 at net book value. The effect of this transfer was to leave James Kent as a self-contained pottery which is now expected to make a profit in 1983 and, in the opinion of the Directors, has a value equivalent to the cost.

BAYER UK LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

<u>NOTE 5</u> <u>CURRENT ASSETS</u>	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1982</u> £	<u>1981</u> £	<u>1982</u> £	<u>1981</u> £
Stocks on Hand	14,348,253	14,948,686	13,805,523	14,279,928
Stocks in Transit	1,609,457	1,306,798	1,479,469	1,222,724
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL STOCKS (See Note 10)	15,957,720	16,255,484	15,284,992	15,502,652
Short Term Loan	500,000	500,000	500,000	500,000
Debtors - Trade	30,036,965	25,938,493	29,093,799	24,868,266
Miscellaneous	867,751	680,188	827,300	669,973
Prepayments	555,822	674,669	543,414	650,674
Due from Ultimate Holding Company	643,341	369,146	643,341	369,146
Due from Other Group Companies	1,320,727	1,382,969	1,303,862	1,333,368
Balances at Bank and in Hand	454,676	677,256	490,394	676,219
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>£50,337,002</u>	<u>£46,478,205</u>	<u>£48,687,102</u>	<u>£44,570,298</u>

NOTE 6
CURRENT LIABILITIES

Due to Parent and Ultimate Holding Companies	15,684,215	9,943,625	15,684,215	9,943,625
Due to other Group Companies	1,795,632	1,431,435	1,540,784	1,269,774
Creditors - Trade	3,830,973	3,997,239	3,707,412	3,686,338
Miscellaneous	6,693,565	8,157,183	6,478,791	7,790,833
Current Taxation	75,000	150,000	75,000	150,000
Bills Payable	19,000,000	20,000,000	19,000,000	20,000,000
Short Term Bank Borrowings and Overdrafts	459,523	622,822	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>£47,538,908</u>	<u>£44,302,304</u>	<u>£46,486,202</u>	<u>£42,840,570</u>

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

NOTE 7
DEFERRED TAXATION

The total potential liabilities, and the amount provided against each at the current rate of Corporation Tax at 52%, in respect of all timing differences and stock relief are as follows:

	<u>THE GROUP</u>			
	<u>1982</u>		<u>1981</u>	
	Full Potential Liability £	Deferred Asset £	Full Potential Liability £	Deferred Asset £
Accelerated Capital Allowances	1,274,488	-	1,362,834	-
Advance Corporation Tax	(1,049,058)	-	(899,058)	-
Short Term Timing Differences	(42,495)	(32,095)	(31,200)	(15,600)
Losses Carried Forward	(182,935)	-	(432,576)	-
	<u>-</u>	<u>(32,095)</u>	<u>-</u>	<u>(15,600)</u>

	<u>BAYER UK LIMITED</u>			
	<u>1982</u>		<u>1981</u>	
	Full Potential Liability £	Deferred Asset £	Full Potential Liability £	Deferred Asset £
Accelerated Capital Allowances	1,135,635	-	921,352	-
Advance Corporation Tax	(1,049,058)	-	(899,058)	-
Short Term Timing Differences	(13,895)	(13,895)	-	-
Losses Carried Forward	(72,682)	-	(22,294)	-
	<u>-</u>	<u>(13,895)</u>	<u>-</u>	<u>-</u>

There are Group tax losses carried forward and available to be set off against future taxable profits amounting to £2,938,941 (1981 - £2,938,941). These tax losses include stock relief claimable under the Finance Act 1981 but not utilised of £1,331,538. The components of this amount are only available for utilisation against taxable profits within six years of the year in respect of which the relief was originally claimable.

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

NOTE 8

SHARE CAPITAL OF BAYER UK LIMITED

	<u>1982</u> £	<u>1981</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 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 SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

NOTE 9

RESERVES

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	£	£	£	£
At Commencement of the Year	5,413,567	4,610,960	4,824,578	4,038,709
Retained Profit/(Loss) for the Year	(66,435)	706,235	(158,848)	785,869
	<u>5,347,132</u>	<u>5,317,195</u>	<u>4,665,730</u>	<u>4,824,578</u>
Addition to Capital Reserve on Purchase of James Kent Ltd	-	96,372	-	-
	<u>£5,347,132</u>	<u>£5,413,567</u>	<u>£4,665,730</u>	<u>£4,824,578</u>
Represented by:				
Profit and Loss Account	5,147,116	5,213,551	4,647,086	4,805,934
Capital Reserve	183,544	183,544	2,172	2,172
General Reserve	16,472	16,472	16,472	16,472
	<u>£5,347,132</u>	<u>£5,413,567</u>	<u>£4,665,730</u>	<u>£4,824,578</u>

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1982

NOTE 10

Stocks comprise the following:

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
	£	£	£	£
Raw Materials	926,625	1,067,645	703,225	613,950
Goods for Resale	14,836,613	15,010,660	14,387,285	14,711,523
Consumable Stores	194,482	177,179	194,462	177,179
	<u>£15,957,720</u>	<u>£16,255,484</u>	<u>£15,284,992</u>	<u>£15,502,652</u>

NOTE 11

FUTURE CAPITAL EXPENDITURE

(i) Contracted for but not provided	<u>£441,780</u>	<u>£15,400</u>	<u>£441,780</u>	<u>£11,400</u>
(ii) Authorised but not Contracted	<u>£82,540</u>	<u>£481,342</u>	<u>£82,540</u>	<u>£468,342</u>

NOTE 12

CONTINGENT LIABILITIES

At the 31st December 1982 the Group had Contingent Liabilities amounting to £57,179 (1981 - £20,500). Bayer UK Limited had Contingent Liabilities of £45,179 (1981 - £8,500).