

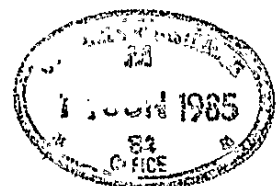
935048/
77

BAYER UK LIMITED AND SUBSIDIARIES

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31ST DECEMBER 1984



Bayer HK Ltd

935048

77

BAYER UK LIMITED AND SUBSIDIARIES

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31ST DECEMBER 1984

BAYER UK LIMITED AND SUBSIDIARIES
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

CONTENTS

DIRECTORS AND ADVISORS	2
NOTICE OF ANNUAL GENERAL MEETING	3
REPORT OF THE DIRECTORS	4-6
REPORT OF THE AUDITORS	7
CONSOLIDATED PROFIT AND LOSS ACCOUNT	8-9
CONSOLIDATED BALANCE SHEET	10
PARENT COMPANY BALANCE SHEET	11
CONSOLIDATED SOURCE AND APPLICATION OF FUNDS STATEMENT	12
NOTES TO THE CONSOLIDATED ACCOUNTS	13-28

BAYER UK LIMITED

DIRECTORS

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

BANKERS

Barclays Bank PLC
Chemical Bank
Hambros Bank Limited
Lloyds Bank PLC

AUDITORS

Kingston Smith & Co
Chartered Accountants

SOLICITORS

Turner Kenneth Brown

SECRETARY

M D Newson F.C.C.A.

REGISTERED OFFICE

Bayer House
Strawberry Hill
Newbury
Berkshire RG13 1JA

BAYER UK LIMITED

N O T I C E is hereby given that the Seventeenth Annual General Meeting of the Members of the Company will be held at Bayer House, Strawberry Hill, Newbury, Berkshire, on 22nd April 1985 at 10.00 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 1984.
2. To Declare a Dividend.
3. To re-elect The Lord Walston and Dr F-J Weitkemper as Directors.
4. To re-appoint Kingston Smith & Co 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 D Newson
Secretary

22nd February 1985

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 present their Annual Report and the audited Financial Statements for the year ended 31st December 1984.

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.

REVIEW OF BUSINESS

Group Results

The economic climate in the United Kingdom continued to show only modest improvement. The Company has experienced higher levels of real growth in many of its Divisions than the low levels of growth in most industrial and consumer sectors of the economy. The United Kingdom continues to be the principal market for the Company's products. Turnover including indent sales has increased by 22 per cent from £238 m to £290 m.

Profit on Ordinary Activities was £2,354,515 after a tax credit of £78,828, and before Extraordinary items of £238,431.

Extraordinary Items

1984 was the first full year of operations for the new Corporate Headquarters in Newbury, for which the removal costs in 1983 were treated as Extraordinary. Rationalisation has continued to take place following the acquisition of Plant, Machinery and Goodwill from C J Baines & Co Ltd and this has resulted in a further write off of goodwill of £40,000.

Due to the fundamental changes in taxation included in the Finance Act 1984 concerning capital allowances and stock relief, corporation tax will become payable by the Company and thus provision is now made for deferred taxation as set out in Note 2G to the Accounts.

DIVIDENDS AND TRANSFERS TO RESERVES

The dividend recommended by the Directors is £420,000. It is proposed that the remaining profit be transferred to Reserves.

FIXED ASSETS

Work commenced in 1983 on the construction of a new Central Warehouse on the Group's land at Bromsgrove. This project was completed in early 1984 and in line with existing Company policy, was financed by sale and leaseback. During the year, a contract was signed for the purchase of additional land adjacent to the Enamels and Ceramics production site in Stoke-on-Trent.

The Net Book Value of £3,625,640, of Freehold and Leasehold properties at the balance sheet date had, in the opinion of the Directors, at that date a market value of approximately £5,650,000.

RESEARCH AND DEVELOPMENT

The Company is committed to product improvement and does so through extensive research and development. Primarily, research in the United Kingdom is carried out by the Pharmaceutical and Agrochemical Divisions. Other considerable research is carried out worldwide.

CHARITABLE DONATIONS

During the financial year, the sum of £15,939 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.

EMPLOYEES

Employment of Disabled Persons

It is the Company's continued policy to make available employment opportunity on an equal basis to all.

Employee Communications

The Company continues its policy of employee consultation by way of a voluntary staff association elected by all employees on a democratic basis.

Meetings are held regularly at all sites where the views of staff members are sought and management has an opportunity to inform staff of developments within the Company and its financial standing and prospects. All staff are kept informed by way of published minutes of these meetings and also by way of the Company magazine containing articles on the Group's performance and plans.

DIRECTORS

Dr E-H Rohe resigned at the Annual General Meeting on 30th April 1984 and

Mr R Korn was appointed from that date in his place.

The following Directors served throughout the year:

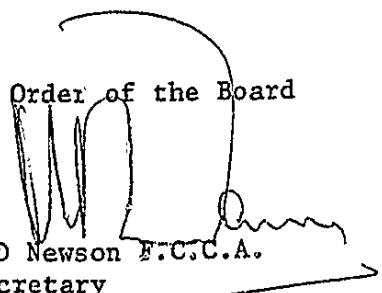
The Duke of Portland, Mr J V Webb, The Lord Walston, Dr F-J Weitkemper.

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

FUTURE PROSPECTS

It is anticipated that the sales growth of the Company will still continue at a healthy rate in excess of current levels of inflation.

By Order of the Board

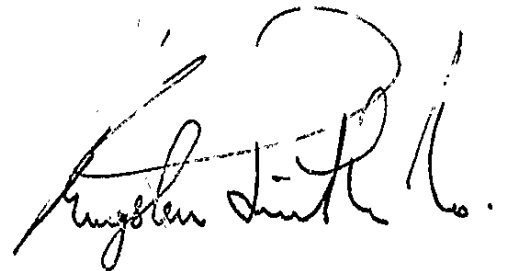

M D Newson F.C.C.A.
Secretary

REPORT OF THE AUDITORS
TO THE MEMBERS OF BAYER UK LIMITED

We have audited the financial statements on pages 8 to 28 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, give a true and fair view of the state of the affairs of the Company and the Group at 31st December 1984, 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.

A large, stylized handwritten signature in dark ink, likely belonging to a representative of Kingston Smith & Co. The signature is written in a cursive, flowing style.

Devonshire House
146 Bishopsgate
LONDON
EC2M 4JX

KINGSTON SMITH & CO
Chartered Accountants

BAYER UK LIMITED AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1984

	<u>Note</u>	<u>£</u>	<u>1984</u> <u>£</u>	<u>£</u>	<u>1983</u> <u>£</u>
Turnover	2A		246,791,482		206,431,718
Change in Stocks of Finished Goods and Work in Progress			3,595,433		4,202,258
Other Operating Income			836,934		593,810
			<hr/>		<hr/>
			251,223,849		211,227,786
Raw Materials and Consumables		199,225,670		167,087,275	
Other External Charges		8,255,129		7,144,001	
		<hr/>		<hr/>	
		207,480,799		174,231,276	
Staff Costs	2B	14,781,769		12,769,698	
		<hr/>		<hr/>	
		222,262,568		187,000,974	
Depreciation & Other Amounts written off Tangible Assets		720,771		619,425	
		<hr/>		<hr/>	
		222,983,339		187,620,399	
Other Operating Charges		23,805,406		18,568,975	
		<hr/>		<hr/>	
			246,788,745		206,189,374
			<hr/>		<hr/>
			4,435,104		5,038,412
Interest Receivable and Similar Income	2C		1,270,807		704,450
			<hr/>		<hr/>
			5,705,911		5,742,862
Interest Payable & Similar Charges	2D		3,430,224		2,573,221
			<hr/>		<hr/>
Profit on Ordinary Activities before Taxation	2E		2,275,687		3,169,641

BAYER UK LIMITED AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1984

	<u>Note</u>	£	<u>1984</u> £	£	<u>1983</u> £
Profit on Ordinary Activities before Taxation			2,275,687		3,169,641
Tax on Profit on Ordinary Activities	2F		(78,828)		233,288
Profit on Ordinary Activities after Taxation			2,354,515		2,936,353
Extraordinary Income	2G	-		(646,098)	
Extraordinary Charges	2G	238,431	238,431	2,213,137	1,567,039
Profit for the Financial Year	2H		2,116,084		1,369,314
Final Dividend Proposed			420,000		350,000
Transfer to Reserves			1,696,084		1,019,314
Retained Profit brought forward			6,166,430		5,147,116
Retained Profit carried forward			£7,862,514 =====		£6,166,430 =====
Retained in Bayer UK Limited			6,911,026		5,507,761
Retained in Subsidiaries			951,488		658,669
			£7,862,514 =====		£6,166,430 =====

BAYER UK LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 1984

	<u>Note</u>	£	<u>1984</u> £	£	<u>1983</u> £
FIXED ASSETS					
Tangible assets	3		5,358,854		5,563,955
CURRENT ASSETS					
Stocks	5	24,960,002		21,166,073	
Debtors	6	44,384,876		42,256,097	
Cash at Bank and in Hand		6,881,021		2,911,564	
		<hr/>		<hr/>	
		76,225,899		66,333,734	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	69,926,304		62,031,243	
		<hr/>		<hr/>	
NET CURRENT ASSETS			6,299,595		4,302,491
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,658,449		9,866,446
PROVISIONS FOR LIABILITIES AND CHARGES	8		95,919		-
			<hr/>		<hr/>
			£11,562,530		£9,866,446
			=====		=====
CAPITAL AND RESERVES					
Called up Share Capital	9		3,500,000		3,500,000
Reserves	10		8,062,530		6,366,446
			<hr/>		<hr/>
			£11,562,530		£9,866,446
			=====		=====

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

Approved by the Directors on 22nd February 1985

BAYER UK LIMITED
PARENT COMPANY BALANCE SHEET
AS AT 31ST DECEMBER 1984

	<u>Note</u>	£	<u>1984</u> £	£	<u>1983</u> £
FIXED ASSETS					
Tangible assets	3		4,907,562		5,112,391
Investments	4		984,838		1,184,838
			<u>5,892,400</u>		<u>6,297,229</u>
CURRENT ASSETS					
Stocks	5	24,172,141		20,395,696	
Debtors	6	43,272,049		41,260,335	
Cash at Bank and in Hand		6,358,646		2,546,067	
		<u>73,802,836</u>		<u>64,202,098</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	69,171,061		61,472,922	
NET CURRENT ASSETS			<u>4,631,775</u>		<u>2,729,176</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,524,175</u>		<u>9,026,405</u>
PROVISIONS FOR LIABILITIES AND CHARGES	8		94,505		-
			<u>£10,429,670</u>		<u>£9,026,405</u>
CAPITAL AND RESERVES			<u>=====</u>		<u>=====</u>
Called up Share Capital	9		3,500,000		3,500,000
Reserves	10		6,929,670		5,526,405
			<u>£10,429,670</u>		<u>£9,026,405</u>
			<u>=====</u>		<u>=====</u>

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

Approved by the Directors on 22nd February 1985

BAYER UK LIMITED AND SUBSIDIARIES
CONSOLIDATED SOURCE AND APPLICATION OF FUNDS STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1984

<u>SOURCE OF FUNDS</u>	£	1984 £	£	1983 £
Profit on ordinary activities before Taxation and after Extraordinary Items				
Depreciation		2,235,687		1,602,602
Special Depreciation		542,848		567,064
Profit on Sale of Fixed Assets		177,923		200,702
		(40,498)		(593,192)
<u>TOTAL GENERATED FROM OPERATIONS</u>		<u>2,915,960</u>		<u>1,777,176</u>
Proceeds from Disposal of Fixed Assets		82,310		1,247,836
		<u>2,998,270</u>		<u>3,025,012</u>
<u>APPLICATION OF FUNDS</u>				
Purchase of Fixed Assets	557,482		394,422	
Tax Paid	239,291		5,000	
Dividend Paid	350,000		175,000	
Increase in Working Capital (See below)	851,650		5,094,569	
	<u>1,998,423</u>		<u>6,138,991</u>	
<u>DECREASE/(INCREASE) IN NET OVERDRAFTS AND SHORT TERM BORROWINGS</u>		<u>£999,847</u>		<u>£(3,113,979)</u>
<u>MOVEMENT IN WORKING CAPITAL</u>				
	<u>Source</u>	<u>Application</u>	<u>Source</u>	<u>Application</u>
Stock	-	3,793,929	-	5,208,353
Debtors	-	1,827,898	-	8,298,523
Creditors	4,770,177	-	8,412,307	-
	<u>4,770,177</u>	<u>5,621,827</u>	<u>8,412,307</u>	<u>13,506,876</u>
		<u>4,770,177</u>		<u>8,412,307</u>
		<u>£851,650</u>		<u>£5,094,569</u>

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

1. ACCOUNTING POLICIES

NOTE 1A The Consolidated Accounts have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and in accordance with the Companies Acts 1948 to 1981. They incorporate the Accounts for the Year Ended 31st December 1984 of Bayer UK Limited, Haarmann & Reimer Limited and James Kent Limited.

NOTE 1B 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	20 - 40 years
Premises Held on Long Lease	20 - 40 years
Premises Held on Short Lease -	
Written off over the Period of the Lease	40 years
Improvements to Rented and Leasehold Premises	20 years
Furniture & Fixtures	10 years
Plant & Machinery	2 - 10 years
Office, Warehouse & Laboratory Equipment	5 years
Motor Vehicles & Farm Equipment	4 years

NOTE 1C 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.

NOTE 1D 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.

NOTE 1E Provision has only been made on the liability method for tax liabilities which are expected to become payable in the foreseeable future. Advance corporation tax is only carried forward if covered by deferred taxation or corporation tax provision.

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

ACCOUNTING POLICIES - Continued

NOTE 1F Foreign Currencies: Assets and Liabilities are translated into Sterling at the rates of exchange ruling at the Group Balance Sheet date. Profit and loss accounts in foreign currencies are translated into Sterling at the average rates applicable during the period.

NOTE 1G Leasing:
 Leased assets are not included in the balance sheet. Annual rentals are charged to profit and loss account as incurred.

NOTE 1H Expenditure on research, development and clinical trials is written off in the year in which it is incurred.

2. NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

NOTE 2A Turnover

Group Turnover represents sales to third parties, and includes Commissions receivable from indent sales less Returns but excludes Value Added Tax. The turnover and profit before taxation is attributable to the one principal activity of the Company:

The geographical analysis of turnover is given below:

	<u>1984</u> £	<u>1983</u> £
United Kingdom	239,744,536	198,599,477
Europe	5,934,878	6,610,660
Other	1,112,068	1,221,581
	<hr/>	<hr/>
	£246,791,482	£206,431,718
	=====	=====

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

NOTE 2B Staff Costs

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
	£	£	£	£
Wages and Salaries	12,527,459	10,772,940	11,487,844	9,786,352
Social Security Costs	929,722	803,489	828,257	707,719
Other Pension Costs	1,324,588	1,193,269	1,265,194	1,143,226
	<hr/>	<hr/>	<hr/>	<hr/>
	£14,781,769	£12,769,698	£13,581,295	£11,637,297
	=====	=====	=====	=====

The figure of salaries includes £62,957 (1983 - £58,006) in respect of remuneration of Bayer UK Limited Directors

	<u>1984</u>	<u>1983</u>
	£	£
In respect of duties wholly or mainly discharged in the United Kingdom		
As Directors	13,225	13,123
As Executives	40,210	35,693
Contribution under a Pension Scheme	4,522	4,190
In respect of duties wholly or mainly discharged outside the United Kingdom		
As Directors	5,000	5,000
	<hr/>	<hr/>
	62,957	58,006
Paid by Subsidiary Company	1,000	1,000
	<hr/>	<hr/>
	£61,957	£57,006
	=====	=====
Emoluments of: Chairman	£9,725	£9,623
: Highest Paid Director	£41,210	£36,693
	=====	=====

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

NOTE 2B Staff Costs - Continued

	<u>1984</u>	<u>1983</u>
Other Directors whose total remuneration was in the bracket: up to £5,000	4	3
Remuneration of senior employees which fall within the following range:		
£30,001 to £35,000	10	9
£35,001 to £40,000	2	-
The average weekly number of employees during the year was as follows:		
Production	253	255
Technical	315	302
Commercial	512	440
Senior Staff	189	188
	<u>1,269</u>	<u>1,185</u>
	=====	=====

NOTE 2C Interest Receivable and Similar Income

	<u>1984</u> £	<u>1983</u> £
Discount receivable from Group Companies	1,074,687	546,404
Interest receivable from Banks	196,120	158,046
	<u>£1,270,807</u>	<u>£704,450</u>
	=====	=====

NOTE 2D Interest Payable and Similar Charges

Bank loans, overdrafts and other loans repayable within five years		
Group Companies	43,486	49,000
Bankers	3,386,738	2,524,221
	<u>£3,430,224</u>	<u>£2,573,221</u>
	=====	=====

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

NOTE 2E Profit on Ordinary Activities before Taxation

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
	£	£	£	£
Is stated after charging:				
Net (Profit)/Loss on Sale of Fixed Assets	(43,969)	52,906	(43,329)	54,958
Depreciation of Fixed Assets	542,848	567,064	472,738	502,584
Special Depreciation	177,923	52,361	177,923	52,361
Property Rents Payable	1,283,227	890,254	1,282,227	889,254
Hire and Lease Rents Payable for Plant and Machinery	205,523	44,383	205,523	44,383
Hire and Lease Rents Payable for Other Equipment	2,398,688	1,723,962	2,333,111	1,680,296
Auditors Remuneration	123,547	113,144	102,938	95,856
	=====	=====	=====	=====

Special Depreciation of £148,341 for Bayer UK Limited was treated as an extraordinary item in 1983.

NOTE 2F Taxation

	<u>1984</u>	<u>1983</u>
	£	£
Corporation Tax based on Current Profit for the year at 46.25%	251,110	84,161
Adjustments in Respect of Previous Year	26,347	-
Deferred Taxation:		
Accelerated Capital Allowances	(65,809)	-
Short Term Timing Differences	(58,781)	(873)
Advance Corporation Tax Recoverable	(231,695)	150,000
	=====	=====
	£(78,828)	£233,288

The taxation charge has been reduced by £224,420 (1983 - £466,284) in respect of stock relief.

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

NOTE 2G Extraordinary Items

	<u>1984</u> £	<u>1983</u> £
Costs relating to the office relocation to Newbury in 1983 were:		
Costs of Removal	-	
Profit on Sale of Haywards Heath Premises	-	1,989,796 (646,098)

The manufacture of Novodur Plastic at the Production Plant at Bromsgrove, Worcestershire ceased on 30th June, 1983. The Plant and Machinery associated with this activity was written down to nil value in 1983.

- 126,479

With the transfer of the Enamels Production Unit from Bilston to Stoke-on-Trent in February, 1982, a rationalisation took place in Bayer UK Limited's Enamels & Ceramics strategy within the United Kingdom in 1983. The Company purchased plant, machinery and goodwill of C J Baines Limited, previously a major supplier of raw materials and converted products to this Division. In accordance with the Group's policy, a further cost of goodwill was written off in 1984.

Bilston Fixed Asset Costs Written Off	-	21,862
Goodwill Written Off	40,000	75,000

Deferred Taxation

Due to the provisions of the Finance Act 1984, Accelerated Capital Allowances will now reverse within the foreseeable future, thus giving rise to future tax liabilities against which previously irrecoverable Advance Corporation Tax can be utilised.

Accelerated Capital Allowance Not Provided in Previous Years	1,342,734		
Change in Rates of Corporation Tax	(424,016)		
	918,718		
Advance Corporation Tax Recoverable	(720,287)		
	198,431	198,431	-
	<u>£238,431</u>	<u>£1,567,039</u>	<u>=====</u>

BAYER UK LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

NOTE 2H Profit for the Financial Year

The parent company has taken advantage of Section 149(5) of the Companies Act 1948 and has not included its own profit and loss account in these financial statements. £1,403,265 (1983 - £860,675) of the group profit for the financial year is dealt with in the accounts of the parent company.

RAYR UK LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1984

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
	£	£	£	£	£	£	£	£	£
COST									
1st January 1984	165,791	4,308,401	143,357	179,600	262,026	3,834,111	886,646	184,695	9,965,197
Additions	100,080	43,510	-	-	639	295,547	80,608	37,098	557,182
Transfers	(100,745)	29,160	-	-	(23,098)	40,622	54,061	-	-
Disposals	165,126 (5,231)	4,381,071 -	143,357 (17,332)	179,600 -	239,567 (6,983)	4,170,850 (144,763)	1,021,315 (35,191)	221,793 (90,003)	10,522,679 (299,503)
	159,895	4,381,071	126,025	179,600	232,584	4,026,087	986,124	131,790	10,223,176
DEPRECIATION									
1st January 1984	21,328	893,406	52,261	2,993	100,093	2,561,385	539,040	160,736	4,401,242
Provisions for the Year	463	85,339	6,308	9,086	12,827	303,966	106,772	18,087	542,848
Special Depreciation	3,400	16,462	-	-	-	158,061	-	-	177,923
Transfers	(2,718)	-	-	-	(15,925)	893	17,750	-	-
Elimination on Disposals	92,473 (5,231)	995,207 -	58,569 (4,799)	12,079 -	96,995 (2,732)	3,024,305 (136,150)	663,562 (28,283)	178,823 (80,496)	5,122,013 (257,691)
	87,242	995,207	53,770	12,079	94,263	2,888,155	635,279	98,327	4,864,322
Net Book Value 31.12.84	£ 72,653	£ 3,385,864	£ 72,255	£ 167,521	£ 138,321	£ 1,137,932	£ 350,845	£ 33,463	£ 5,358,854
Net Book Value 31.12.83	£ 74,463	£ 3,414,995	£ 91,056	£ 176,607	£ 161,933	£ 1,273,296	£ 347,606	£ 23,922	£ 5,563,955

BAYER UK LIMITED

NOTE 3

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1984

FIXED ASSETS - Summary of Movements for 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 1984	155,320	4,196,252	24,488	179,600	114,312	3,421,649	697,725	174,287	8,963,633
Additions	81,541	42,141	-	-	639	281,807	54,421	24,485	485,034
Transfers	(90,274)	29,160	-	-	(23,098)	40,622	43,590	-	-
	146,587	4,267,553	24,488	179,600	91,853	3,744,078	795,736	198,772	9,448,667
	(5,231)	-	(17,332)	-	(6,583)	(138,396)	(35,054)	(79,595)	(282,591)
Disposals	141,356	4,267,553	7,156	179,600	84,870	3,605,682	760,682	119,177	9,166,076
DEPRECIATION									
1st January 1984	91,328	881,265	4,692	2,993	50,219	2,243,892	423,924	152,929	3,851,242
Provisions for the Year	-	83,285	358	9,086	7,063	276,560	81,451	14,935	472,738
Special Depreciation	3,400	16,462	-	-	-	158,061	-	-	177,923
Transfers	(2,718)	-	-	-	(15,925)	893	17,750	-	-
	92,010	981,012	5,050	12,079	41,357	2,679,406	523,125	167,864	4,501,903
	(5,231)	-	(4,799)	-	(2,732)	(129,789)	(28,149)	(72,689)	(243,389)
Elimination on Disposals	86,779	981,012	251	12,079	38,625	2,549,617	494,976	95,175	4,258,511
Net Book Value 31.12.84	£ 54,577	£ 3,286,541	£ 6,905	£ 167,521	£ 46,245	£ 1,056,065	£ 265,706	£ 24,002	£ 4,907,562
Net Book Value 31.12.83	£ 63,992	£ 3,314,987	£ 19,736	£ 176,607	£ 64,093	£ 1,177,757	£ 273,801	£ 21,358	£ 5,112,393

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

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. Trading conditions continue to steadily improve, but in the Directors opinion it is prudent to write down the investment in the parent Company's accounts by £200,000.

Investments Held as Fixed Assets

	<u>Bayer UK Limited</u>	
	<u>1984</u>	<u>1983</u>
	£	£
Shares in Group Companies - Subsidiaries	1,184,838	1,184,838
Less Amount written off in respect of James Kent Ltd	200,000	-
	<hr/>	<hr/>
	£984,838	£1,184,838
	=====	=====

NOTE 5

STOCKS

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
	£	£	£	£
Raw Materials	2,131,216	1,932,720	1,797,163	1,664,279
Work-in-Progress	299,531	230,125	216,241	129,716
Finished Goods	1,354,417	1,042,126	1,099,081	861,382
Goods for Resale	21,174,838	17,961,102	21,259,656	17,740,319
	<hr/>	<hr/>	<hr/>	<hr/>
	£24,960,002	£21,166,073	£24,172,141	£20,395,696
	=====	=====	=====	=====

The main categories of stocks are:

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

NOTE 6

DEBTORS

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
	£	£	£	£
Short Term Loan	500,000	500,000	500,000	500,000
Trade Debtors	36,530,815	35,385,236	35,319,376	34,361,869
Other Debtors	1,554,311	2,242,231	1,525,458	2,203,697
Prepayments	1,671,055	1,225,797	1,650,812	1,205,786
Due from Ultimate Holding Company	956,841	1,102,721	956,718	1,102,721
Due from Other Group Companies	2,791,593	1,612,521	2,910,161	1,724,671
Deferred Tax (see Note 8)	333,849	32,968	363,112	6,968
Bills Receivable	46,412	154,623	46,412	154,623
	<u>£44,384,876</u>	<u>£42,256,097</u>	<u>£43,272,049</u>	<u>£41,260,335</u>
	=====	=====	=====	=====

NOTE 7

CREDITORS

Amounts Falling Due Within One Year

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
	£	£	£	£
Bank Loans and Overdrafts	-	30,390	-	-
Trade Creditors	6,655,014	6,605,682	6,530,324	6,468,880
Bills Payable	28,000,000	25,000,000	28,000,000	25,000,000
Due to Parent and Ultimate Holding Companies	25,078,944	18,761,244	25,078,944	18,761,244
Due to Other Group Companies	2,815,740	3,305,977	2,523,787	3,264,245
Current Corporation Tax	319,435	234,161	249,344	150,000
Other Taxes and Social Security Costs	4,117,708	5,535,030	3,932,360	5,344,633
Other Creditors	2,073,934	1,774,964	2,030,944	1,722,163
Accruals	445,529	433,795	405,358	411,757
Proposed Dividend	420,000	350,000	420,000	350,000
	<u>£69,926,304</u>	<u>£62,031,243</u>	<u>£69,171,061</u>	<u>£61,472,922</u>
	=====	=====	=====	=====

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

NOTE 8

DEFERRED TAXATION

	<u>1984</u>	<u>1984</u>	<u>1983</u>	<u>1983</u>
	<u>Liability</u>	<u>Deferred Asset</u>	<u>Liability</u>	<u>Deferred Asset</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Accelerated Capital Allowances	852,909	-	-	-
Advance Corporation Tax	(665,241)	(333,849)	-	-
Short Term Timing Differences	(91,749)	-	-	(32,968)
	<u>£95,919</u>	<u>£(333,849)</u>	<u>-</u>	<u>£(32,968)</u>
	=====	=====	=====	=====

	<u>1984</u>	<u>1984</u>	<u>1983</u>	<u>1983</u>
	<u>Liability</u>	<u>Deferred Asset</u>	<u>Liability</u>	<u>Deferred Asset</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Accelerated Capital Allowances	791,294	-	-	-
Advance Corporation Tax	(635,978)	(363,112)	-	-
Short Term Timing Differences	(60,811)	-	-	(6,968)
	<u>£94,505</u>	<u>£(363,112)</u>	<u>-</u>	<u>£(6,968)</u>
	=====	=====	=====	=====

Freehold land and buildings were sold during 1983 resulting in a chargeable gain of £549,675 which gives rise to a potential liability of £153,232. It is proposed that the sale proceeds be reinvested and the gain held over. No provision has therefore been made as the liability will not occur in the foreseeable future.

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

NOTE 9

CALLED UP SHARE CAPITAL OF BAYER UK LIMITED

	<u>1984</u> £	<u>1983</u> £
<u>Authorised</u>		
3,500,000 Ordinary Shares of £1 each	£3,500,000 =====	£3,500,000 =====
 <u>Allotted, Issued and Fully Paid</u>		
3,500,000 Ordinary Shares of £1 each	£3,500,000 =====	£3,500,000 =====

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 1984

NOTE 10:

RESERVES

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
	£	£	£	£
At Commencement of the Year	6,366,446	5,347,132	5,526,405	4,665,730
Retained Profit for the Year	1,696,084	1,019,314	1,403,265	860,675
	<hr/>	<hr/>	<hr/>	<hr/>
	£8,062,530	£6,366,446	£6,929,670	£5,526,405
	=====	=====	=====	=====
Represented by:				
Profit and Loss Account	7,862,514	6,166,430	6,911,026	5,507,761
Capital Reserve	183,544	183,544	2,172	2,172
General Reserve	16,472	16,472	16,472	16,472
	<hr/>	<hr/>	<hr/>	<hr/>
	£8,062,530	£6,366,446	£6,929,670	£5,526,405
	=====	=====	=====	=====

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

NOTE 11

FUTURE CAPITAL EXPENDITURE

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
	£	£	£	£
(i) Contracted but not provided	£74,459 =====	£46,244 =====	£45,729 =====	£33,892 =====
(ii) Authorised but not contracted	£48,612 =====	£65,795 =====	£41,211 =====	£65,795 =====

NOTE 12

CONTINGENT LIABILITIES

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
	£	£	£	£
Bank Guarantees	6,550,460	30,160	6,250,260	29,160
Property & Other Contingencies	25,000	26,500	25,000	26,500
	-----	-----	-----	-----
	£6,575,460 =====	£56,660 =====	£6,275,260 =====	£55,660 =====

NOTE 13

FINANCIAL COMMITMENTS

The Group had minimum future annual commitments under Leases as set out below:

	<u>1984</u>		<u>1983</u>	
	<u>Land and Buildings</u>	<u>Other</u>	<u>Land and Buildings</u>	<u>Other</u>
	£	£	£	£
Finance and Operating Leases which expire:				
Within one year	12,500	430,897	-	388,439
In the second to fifth years inclusive	59,260	1,461,403	9,260	1,201,966
Over five years	1,604,104	282,968	1,391,370	226,447
	-----	-----	-----	-----
	£1,675,864 =====	£2,175,268 =====	£1,400,630 =====	£1,816,852 =====

The Group's total future financial commitments are £48,141,875 (1983 - £48,417,340) on Land and Buildings and £5,663,562 (1983 - £4,906,322) on other equipment.

BAYER UK LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

NOTE 14

PENSION COMMITMENTS

The Actuarial Valuation at 1st December 1983 indicates that the Group Pension Scheme is adequately funded. A supplementary Actuarial Valuation prepared on 15th April 1984 following a number of early retirements recommends additional contributions of £202,000 which had not been provided in these accounts. The Company has committed itself to these payments.