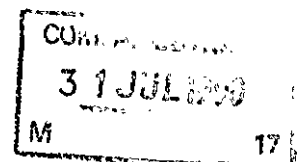


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BAYER UK LIMITED
REPORT AND ACCOUNTS 1989



BAYER UK LIMITED AND SUBSIDIARY
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

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BAYER UK LIMITED

DIRECTORS

Dr M Schneider (Chairman)
Mr J V Webb (Managing)
Mr R Korn
The Lord Walston

BANKERS

Barclays Bank PLC
Hambros Bank Limited

AUDITORS

Kingston Smith
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 Twenty Second Annual General Meeting of the Members of the Company will be held at Bayer House, Strawberry Hill, Newbury, Berkshire, on 26th June at 9.45 am 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 1989.
2. To appoint Auditors for the Company for the ensuing year and authorise the Directors to fix their remuneration.
3. To transact any other business of an Annual General Meeting.

By Order of the Board

M D Newson
Secretary

16th February 1990

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 1989.

ACTIVITIES

The Group'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 United Kingdom continues to be the principal market for the Group's products. Turnover including indent sales has decreased by £6 million to £414 million in the year. Progress was made in all sections of the Company's activities.

Profit on Ordinary Activities was £3,863,000 after a provision for taxation of £3,565,000.

DIVIDENDS AND TRANSFERS TO RESERVES

The dividend recommended by the Directors is £750,000. It is proposed that the remaining profit be transferred to Reserves.

FIXED ASSETS

The Net Book Value of £5,015,000 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 £11,000,000.

RESEARCH AND DEVELOPMENT

The Group 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. Considerable other research is carried out worldwide.

CHARITABLE DONATIONS

During the financial year, the sum of £9,222 was donated to United Kingdom charitable organisations. No payments were made for political purposes.

EMPLOYEES

Employment of Disabled Persons

It is the company's policy to give full and fair consideration to applications for employment made by disabled persons, to continue wherever possible the employment of staff who become disabled and to provide equal opportunities for the training and career development of disabled employees.

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

The following Directors served throughout the year:

- . Dr M Schneider
- Mr J V Webb
- The Lord Walston
- . Mr R Korn

No Director has any interest in Shares, Debentures or Unsecured Loan Stock, as defined by the Companies Act 1985, in any Group Company.

FUTURE PROSPECTS

It is anticipated that the Sales Growth of the Company will 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

16th February 1990

REPORT OF THE AUDITORS
TO THE MEMBERS OF BAYER UK LIMITED

We have audited the financial statements on pages 7 to 26 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and the Group at 31st December 1989, and of the Profit and Source and Application of Funds of the Group for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Kingston Smith', is positioned above the printed name and title.

Devonshire House
146 Bishopsgate
LONDON
EC2M 4JX

KINGSTON SMITH
Chartered Accountants

16th February 1990

BAYER UK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1989

	<u>Note</u>	<u>1989</u>	<u>1988</u>
		<u>£'000</u>	<u>£'000</u>
Turnover	2A	351,201	352,808
Change in Stocks of Finished Goods and Work in Progress		1,715	(132)
Other Operating Income		159	2,926
		<hr/>	<hr/>
		353,075	355,602
Raw Materials and Consumables		281,495	275,822
Other External Charges		7,330	7,970
		<hr/>	<hr/>
		288,825	283,792
Staff Costs	2E	23,070	20,428
		<hr/>	<hr/>
		311,895	304,220
Depreciation & Other Amounts written off Tangible Assets		1,590	1,372
		<hr/>	<hr/>
		313,485	305,592
Other Operating Charges		30,990	39,121
		<hr/>	<hr/>
		344,475	344,715
		<hr/>	<hr/>
Interest Receivable and Similar Income	2D	8,600	10,887
		1,413	993
		<hr/>	<hr/>
		10,013	11,880
Interest Payable and Similar Charges	2E	2,585	2,241
		<hr/>	<hr/>
Profit on Ordinary Activities before Taxation	2F	7,428	9,639

BAYER UK LIMITED AND SUBSIDIARY
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1989

	<u>Note</u>	<u>£'000</u>	<u>1989</u> <u>£'000</u>	<u>£'000</u>	<u>1988</u> <u>£'000</u>
Profit on Ordinary Activities before Taxation			7,428		9,639
Tax on Profit on Ordinary Activities	2G		3,565		4,020
Profit on Ordinary Activities after Taxation for the year	2H		3,863		5,619
Final Dividend Proposed			750		-
Transfer to Reserves			3,113		5,619
Retained Profit brought forward		11,088		9,573	
Prior Year Adjustment resulting from capitalisation of finance leases		-		(104)	
Retained Profit as restated			11,088		9,469
Capitalisation Issue			-		(4,000)
Retained Profit carried forward			14,201		11,088
Retained in Bayer UK Limited			11,544		8,762
Retained in Subsidiary			2,657		2,326
			14,201		11,088

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 1989

Dr M Schneider

John T. Smith

Directors

Page 9

BAYER UK LIMITED

PARENT COMPANY BALANCE SHEET
AS AT 31ST DECEMBER 1989

	Note	1987	1988	1989	1990
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	3		10,110		9,602
Investments	4		17		17
CURRENT ASSETS			10,127		9,619
Stocks	5	30,818		28,243	
Debtors	6	53,372		54,182	
Cash at Bank and in Hand		109		448	
		84,299		82,873	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	70,405		70,741	
· NET CURRENT ASSETS			13,894		12,132
· TOTAL ASSETS LESS CURRENT LIABILITIES			24,021		21,751
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		1,505		2,181
PROVISIONS FOR LIABILITIES AND CHARGES	9		554		790
NET ASSETS			21,562		18,780
CAPITAL AND RESERVES					
Called up Share Capital	10		10,000		10,000
Reserves	11		11,562		8,780
			21,562		18,780

Dr M Schneider

Dr M Schneider

John E. H. H.

Directors

John V Webb

Approved by the Directors on 16th February 1990

BAYER UK LIMITED AND SUBSIDIARY

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1989

	£'000	<u>1989</u> £'000	£'000	<u>1988</u> £'000
<u>SOURCE OF FUNDS</u>				
Profit on ordinary activities before Taxation		7,428		9,639
Depreciation		1,590		1,328
Special Depreciation		-		43
Loss on Sale of Fixed Assets		15		105
		<hr/>		<hr/>
<u>TOTAL GENERATED FROM OPERATIONS</u>		9,033		11,115
<u>OTHER SOURCES</u>				
Proceeds from Disposal of Fixed Assets		63		43
		<hr/>		<hr/>
		9,096		11,158
<u>APPLICATION OF FUNDS</u>				
Purchase of Fixed Assets	2,739		1,535	
Tax Paid	2,773		2,191	
Dividend Paid	-		600	
Increase in Working Capital (See Below)	7,653		11,182	
	<hr/>	13,165	<hr/>	15,508
		<hr/>		<hr/>
<u>DECREASE IN NET LIQUID RESOURCES</u>		4,069		4,350
		=====		=====
<u>MOVEMENT IN WORKING CAPITAL</u>				
	<u>Source</u>	<u>Application</u>	<u>Source</u>	<u>Application</u>
Stock	-	2,393	-	183
Debtors	656	-	-	745
Creditors	-	5,916	-	10,254
	<hr/>	<hr/>	<hr/>	<hr/>
	656	8,309	-	11,182
	===		===	
		656		-
		<hr/>		<hr/>
		7,653		11,182
		=====		=====

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

1. ACCOUNTING POLICIES

NOTE 1A Basis of Accounting and Consolidation

The Consolidated Accounts have been prepared under the historical cost convention, and in accordance with the Companies Act 1985. They incorporate the Accounts for the Year Ended 31st December 1989 of Bayer UK Limited and Haarmann & Reimer Limited.

NOTE 1B Depreciation

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 land is not depreciated	
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	
Improvements to Rented Premises	20 years
Improvements to Leasehold Premises	Term of Lease
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

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

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.

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

ACCOUNTING POLICIES - Continued

NOTE 1E Deferred Taxation

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.

NOTE 1F Foreign Currencies

Assets and liabilities are translated into Sterling at the rates of exchange ruling at the Group Balance Sheet date with the exception of those liabilities covered by forward exchange contracts. Where forward exchange contracts exist the liability is translated at the rate of forward cover.

NOTE 1G Leases

Assets held under finance leases are included within tangible fixed assets and depreciated over the shorter of the lease term and the expected useful life of the asset. Rentals under operating leases other than motor vehicles are charged to profit and loss account as incurred. Rentals under motor vehicles are charged to profit and loss account on a straight line basis.

NOTE 1H Research and Development

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

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 11 Pension Costs

The expected cost of pensions in respect of the groups defined benefit scheme is charged so as to spread the cost of pensions over the average expected service lives of employees in the scheme. Variation from the regular cost arising from periodic actuarial valuations are spread over the expected remaining service lives of current employees in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries. This policy complies with Statement of Standard Accounting Practice No. 24.

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 Group.

The geographical analysis of turnover is given below:

	<u>1989</u> £'000	<u>1988</u> £'000
United Kingdom	341,924	342,990
Europe	8,374	9,034
Other	903	784
	<hr/>	<hr/>
	351,201	352,808
	=====	=====

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 2B Staff Costs

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£'000	£'000	£'000	£'000
Wages and Salaries	19,792	17,481	18,971	16,813
Social Security Costs	1,540	1,318	1,485	1,274
Other Pension Costs	1,738	1,629	1,679	1,575
	<hr/>	<hr/>	<hr/>	<hr/>
	23,070	20,428	22,135	19,662
	=====	=====	=====	=====

The figure of staff costs includes £181,000 (1988 £145,000) in respect of the Directors of Bayer UK Limited.

<u>Directors Emoluments</u>	<u>1989</u>	<u>1988</u>
	£'000	£'000
In respect of duties wholly or mainly discharged in the United Kingdom		
As Directors	7	7
As Executives	162	129
Contribution under a Pension Scheme	9	6
In respect of duties wholly or mainly discharged outside the United Kingdom		
As Directors	7	7
	<hr/>	<hr/>
	185	149
Paid by Subsidiary Company	2	2
	<hr/>	<hr/>
	183	147
	===	===
Emoluments of: Chairman	1	1
: Highest Paid Director	164	131
	===	===

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 2B STAFF COSTS Continued

	<u>1989</u>	<u>1988</u>
Other Directors whose total remuneration was in the bracket: up to £5,000	2 —	2 —

	<u>1989</u>	<u>1988</u>
Remuneration of senior employees which fall within the following range:		
£30,001 to £35,000	37	9
£35,001 to £40,000	11	4
£40,001 to £45,000	4	9
£45,001 to £50,000	8	6
£50,001 to £55,000	5	—
£55,001 to £60,000	3	5
£60,001 to £65,000	2	2
£65,001 to £70,000	2	1
£70,001 to £75,000	1 —	— —

The average weekly number of employees during the year was as follows:

Production	106	100
Technical	110	107
Commercial	924	878
Senior Staff	67	73
	—	—
	1,207	1,158
	=====	=====

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 2C PENSION SCHEME

The pensions cost relating to the Bayer UK scheme is assessed in accordance with the advice of a qualified actuary using the Defined Accrued Benefits Method. The latest actuarial valuation was at 30th June 1986. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 2.5% per annum. At 30th June 1986 the market value of the funds was £20,764,000 and the actuarial value of the funds represented 144% of the benefits that had accrued to members after allowing for expected future increase in earnings. The surplus is being amortised over the average remaining service lives of employees. The employers contribution rate is 11% of pensionable earnings.

NOTE 2D Interest Receivable and Similar Income

	<u>1989</u> £'000	<u>1988</u> £'000
Discount receivable from Group Companies	334	656
Interest receivable from Banks	1,079	337
	<u>1,413</u>	<u>993</u>
	=====	=====

NOTE 2E Interest Payable and Similar Charges

	<u>1989</u> £'000	<u>1988</u> £'000
Bank loans, overdrafts and other loans repayable within five years		
Group Companies	-	533
Bank	2,406	1,471
Finance charges payable under finance leases	179	237
	<u>2,585</u>	<u>2,241</u>
	=====	=====

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 2F Profit on Ordinary Activities before Taxation

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£'000	£'000	£'000	£'000
as stated after charging:				
Loss on Sale of				
Fixed Assets	15	105	15	104
Depreciation of Fixed Assets				
- Owned Assets	857	507	793	448
- Held Under				
Finance Leases	733	822	721	801
Special Depreciation	-	43	-	43
Operating Leases				
- Plant and Machinery	38	48	38	48
- Other Assets	5,811	4,656	5,599	4,577
Auditor's Remuneration	137	123	128	115
	=====	=====	=====	=====

NOTE 2G Taxation

	<u>The Group</u>			
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£'000	£'000	£'000	£'000
Corporation Tax based on Current Profit for the year at 35% (1988 35%)		3,251		3,776
Deferred Taxation:				
Accelerated Capital Allowances	256	-		
Short Term Timing Differences	58	314	244	244
	=====	=====	=====	=====
		3,565		4,020

The taxation charge has been increased by expenses incurred which are not allowable for taxation purposes.

The group has capital losses estimated at £993,000 available for offset against future capital gains.

NOTE 2H Profit for the Financial Year

The parent company has taken advantage of Section 228 (7) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. £2,782,000 (1988 - £5,153,000) of the group profit for the financial year is dealt with in the accounts of the parent company.

NOTE 3

DAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1989

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
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COSTS									
1st January 1989	75	6,607	274	180	294	5,969	5,556	271	19,226
Additions	196	35	-	-	-	668	1,137	103	2,739
Transfers	-	-	-	-	-	26	(26)	-	-
	871	6,642	274	180	294	6,663	6,667	374	21,965
Disposals	-	-	-	-	-	(221)	(103)	(15)	(339)
	871	6,642	274	180	294	6,442	6,564	359	21,626

DEPRECIATION

1st January 1989	-	(1,731)	(158)	(48)	(262)	(3,955)	(3,017)	(181)	(9,352)
Provision for the year	-	(135)	-	(9)	(3)	(651)	(744)	(48)	(1,590)
Transfers	-	-	-	-	-	21	(21)	-	-
	-	(1,866)	(158)	(57)	(265)	(4,585)	(3,782)	(229)	(10,942)
Elimination on Disposals	-	-	-	-	-	121	125	15	261
	-	(1,866)	(158)	(57)	(265)	(4,464)	(3,657)	(214)	(10,681)
Net Book Value 31.12.89	871	4,776	116	123	29	1,978	2,907	145	10,945
Net Book Value 31.12.88	75	4,876	116	132	32	2,014	2,539	90	9,874

The net book value of fixed assets of £10,945,000 (1988 - £9,874,000) includes an amount of £2,602,000 (1988 - £3,413,000) in respect of assets held under finance leases. The cost of land which is not depreciated amounts to £1,155,000 and is included in the cost of Freehold Properties.

NOTE 3 - Continued

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1989

FIXED ASSETS - Summary of Movements for the 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
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COSTS									
1st January 1989	63	6,607	7	180	294	5,664	5,246	268	18,329
Additions	229	35	-	-	-	660	1,072	103	2,099
Transfers	-	-	-	-	-	26	(26)	-	-
	292	6,642	7	180	294	6,350	6,292	371	20,428
Disposals	-	-	-	-	-	(211)	(85)	(15)	(311)
	292	6,642	7	180	294	6,139	6,207	356	20,117
DEPRECIATION									
1st January 1989	-	(1,731)	(2)	(48)	(262)	(3,733)	(2,771)	(180)	(8,727)
Provision for the year	-	(122)	-	(9)	(3)	(618)	(714)	(48)	(1,514)
Transfers	-	-	-	-	-	21	(21)	-	-
	-	(1,853)	(2)	(57)	(265)	(4,330)	(3,506)	(228)	(10,241)
Elimination on Disposals	-	-	-	-	-	111	108	15	234
	-	(1,853)	(2)	(57)	(265)	(4,219)	(3,398)	(213)	(10,007)
Net Book Value 31.12.89	292	4,789	5	123	29	1,920	2,809	143	10,110
Net Book Value 31.12.88	63	4,876	5	132	32	1,931	2,475	88	9,602

The net book value of fixed assets of £10,110,000 (1988 - £9,602,000) includes an amount of £2,593,000 (1988 - £3,371,000) in respect of assets held under finance leases. The cost of land which is not depreciated amounted to £1,155,000 and is included in the cost of Freehold Properties.

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 4

INVESTMENTS

The wholly owned Subsidiary Company is Haarmann & Reimer Limited incorporated in England whose principal activity is the marketing of own manufactured or compound chemicals, flavours, fragrances and essential oils.

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

Investments Held as Fixed Assets

	<u>Bayer UK Limited</u>	
	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>
Shares in Group Company - Subsidiary	17	17
	==	==

NOTE 5

STOCKS

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
The main categories of stocks are:				
Raw Materials	2,338	1,660	1,837	1,094
Work-in-Progress	66	146	66	146
Finished Goods	1,148	1,367	1,036	906
Goods for Resale	28,111	26,097	27,879	26,097
	-----	-----	-----	-----
	31,663	29,270	30,818	28,243
	=====	=====	=====	=====

BAYER UK LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 6

DEBTORS

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£'000	£'000	£'000	£'000
Trade Debtors	49,025	53,085	47,265	51,445
Other Debtors	1,264	806	1,248	794
Prepayments	1,873	1,509	1,819	1,488
Due from Ultimate Holding Company	2,670	348	2,670	348
Due from Other Group Companies	366	65	366	62
Bills Receivable	4	45	4	45
	<hr/>	<hr/>	<hr/>	<hr/>
	55,202	55,858	53,372	54,182
	=====	=====	=====	=====

NOTE 7

CREDITORS

AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£'000	£'000	£'000	£'000
Bank Loans and Overdrafts	3,674	-	3,674	-
Trade Creditors	15,435	12,138	15,092	12,030
Due to Parent and Ultimate Holding Companies	35,884	43,108	35,884	43,108
Due to Other Group Companies	5,405	5,556	5,321	5,497
Current Corporation Tax	5,437	4,709	5,231	4,385
Other Taxes and Social Security Costs	1,697	2,159	1,607	2,016
Other Creditors	331	1,327	302	1,303
Finance Lease Obligations	649	815	641	802
Accruals	1,977	1,607	1,903	1,600
Proposed Dividend	750	-	750	-
	<hr/>	<hr/>	<hr/>	<hr/>
	71,239	71,419	70,405	70,741
	=====	=====	=====	=====

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 8

CREDITORS

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Finance Lease Obligations				
Amounts Payable - 2 to 5 years	1,030	1,605	1,028	1,595
- over 5 years	477	586	477	586
	<hr/>	<hr/>	<hr/>	<hr/>
	1,507	2,191	1,505	2,181
	=====	=====	=====	=====

NOTE 9

PROVISIONS FOR LIABILITIES AND CHARGES

	<u>The Group</u>	
	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>
<u>DEFERRED TAXATION</u>		
Accelerated Capital Allowances	876	620
Advance Corporation Tax	(250)	-
Short Term Timing Differences	76	18
	<hr/>	<hr/>
	702	638
 <u>OTHER PROVISIONS</u>	 252	 152
	<hr/>	<hr/>
	954	790
	===	===

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 9

PROVISIONS FOR LIABILITIES AND CHARGES - Continued

	<u>Bayer UK Limited</u>	
	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>
<u>DEFERRED TAXATION</u>		
Accelerated Capital Allowances	820	584
Advance Corporation Tax	(250)	-
Short Term Timing Differences	132	54
	—	—
	702	638
<u>OTHER PROVISIONS</u>	252	152
	—	—
	954	790
	===	===

NOTE 10

CALLED UP SHARE CAPITAL OF BAYER UK LIMITED

	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>
<u>Authorised</u>		
10,000,000 Ordinary Shares of £1 each	10,000	10,000
	=====	=====
<u>Allotted, Issued and Fully Paid</u>		
10,000,000 Ordinary Shares of £1 each	10,000	10,000
	=====	=====

The whole of the Issued Share Capital is held by Bayer Foreign Investments Limited (Incorporated in Canada). 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
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 11

RESERVES

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£'000	£'000	£'000	£'000
At Commencement of the Year	11,191	9,676	8,780	7,725
Prior Year Adjustment resulting from the capitalisation of Finance Leases	-	(104)	-	(98)
Capitalisation Issue	-	(4,000)	-	(4,000)
Retained Profit for the Year	3,113	5,619	782	5,153
	<u>14,304</u>	<u>11,191</u>	<u>11,562</u>	<u>8,780</u>
	=====	=====	=====	=====
Represented by:				
Profit and Loss Account	14,201	11,088	11,544	8,762
Capital Reserve	87	87	2	2
General Reserve	16	16	16	16
	<u>14,304</u>	<u>11,191</u>	<u>11,562</u>	<u>8,780</u>
	=====	=====	=====	=====

NOTE 12

FUTURE CAPITAL EXPENDITURE

	<u>The Group</u>		<u>Bayer UK Limited</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£'000	£'000	£'000	£'000
(i) Contracted but not provided	446	906	237	213
	===	===	===	===
(ii) Authorised but not contracted	389	145	336	110
	===	===	===	===

BAYER UK LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1989

NOTE 13

CONTINGENT LIABILITIES

There were no contingent liabilities of the Parent Company or Group.

NOTE 14

COMMITMENTS UNDER OPERATING LEASES

At 31st December 1989 the Group and Bayer UK Limited had annual commitments under operating leases as set out below:

	<u>The Group</u>			
	<u>1989</u>		<u>1988</u>	
	<u>Land and</u>	<u>Other</u>	<u>Land and</u>	<u>Other</u>
	<u>Buildings</u>		<u>Buildings</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Operating Leases which expire:				
Within one year	-	329	-	320
In the second to fifth years	294	1,157	19	1,168
Over five years	2,353	-	2,217	1
	<u>2,647</u>	<u>1,486</u>	<u>2,236</u>	<u>1,489</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

	<u>Bayer UK Limited</u>			
	<u>1989</u>		<u>1988</u>	
	<u>Land and</u>	<u>Other</u>	<u>Land and</u>	<u>Other</u>
	<u>Buildings</u>		<u>Buildings</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Operating Leases which expire:				
Within one year	-	305	-	200
In the second to fifth years	294	1,116	19	1,141
Over five years	2,237	-	2,101	-
	<u>2,531</u>	<u>1,421</u>	<u>2,120</u>	<u>1,447</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The Group's total future financial commitments under operating leases are £63,071,000 (1988 - £59,645,000)

OTHER COMMITMENTS

The company is committed in forward contracts to buy DM 37,727,000 which are not hedging transactions and give rise to an unrealised profit of £285,000 at 31st December 1989 which has not been included in these accounts.