

Bayer CropScience Holdings Limited  
Annual report  
for the year ended 31 December 2005

Registered Number 4421656



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for the year ended 31 December 2005  
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# **Bayer CropScience Holdings Limited**

## **Directors and advisors for the year ended 31 December 2005**

### **Directors**

L Courth  
J DuPuy

### **Secretary and registered office**

M R A Hargraves  
230 Cambridge Science Park  
Milton Road  
Cambridge  
CB4 0WB

### **Registered auditors**

PricewaterhouseCoopers LLP  
9 Greyfriars Road  
Reading  
Berkshire  
RG1 1JG

# **Bayer CropScience Holdings Limited**

## **Directors' report for the year ended 31 December 2005**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2005.

### **Principal activities**

The principal activity of the company is the holding of investments in subsidiary companies.

### **Review of business and future developments**

The operating subsidiaries during the period were Bayer CropScience Limited, Bayer CropScience Nufarm Limited, Bayer Agriculture Limited and Pbi Home & Garden Limited. These companies are engaged in the research, development, manufacture, marketing and selling of crop protection chemicals, environmental and public health products, and home and garden products.

The company has received confirmation from its parent that it will provide full support as is necessary for the company to continue to trade and meet its liabilities as they fall due for at least 12 months from the approval of the financial statements.

### **Dividends**

The directors do not recommend the payment of a dividend (2004: £nil).

### **Directors and directors' interests**

The directors who held office during the period are listed on page 1.

The directors had no interests required to be notified under s324 of the Companies Act 1985 in the shares or options of the company, of any subsidiaries, or its immediate parent undertaking.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained under Note 1 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been used in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

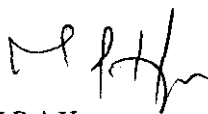
# **Bayer CropScience Holdings Limited**

## **Directors' report for the year ended 31 December 2005 (continued)**

### **Auditors**

The company has passed the necessary Elective Resolution in accordance with Section 379A of the Companies Act 1985 to dispense with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP will continue to hold office as provided by Section 386 of the Companies Act 1985.

### **By order of the board**

A handwritten signature in black ink, appearing to read 'M R A Hargraves', written over a horizontal line.

M R A Hargraves  
Company secretary

# Bayer CropScience Holdings Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAYER CROPSCIENCE HOLDINGS LIMITED COMPANY

We have audited the financial statements of Bayer CropScience Holdings Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Reading

21 August 2006

# Bayer CropScience Holdings Limited

## Profit and loss account for the year ended 31 December 2005

	Notes	2005 £'000	2004 Restated £'000
Income from shares in group undertakings		14,000	-
Interest receivable from group companies		417	1
Interest payable to group companies		(10,218)	(9,095)
<b>Profit/(Loss) on ordinary activities before taxation</b>	4	<b>4,199</b>	<b>(9,094)</b>
Tax credit on profit / (loss) on ordinary activities	5	2,944	2,728
<b>Retained profit/(Loss) for the financial year</b>	10	<b>7,143</b>	<b>(6,366)</b>

All the current year operations are continuing.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the financial years stated above and their historical cost equivalents.

## Statement of total recognised gains and losses for the year ended 31 December 2005

	2005 £'000	2004 Restated £'000
Profit / (loss) and total recognised gains and losses for the financial year	7,143	(6,366)
Prior year adjustment – FRS 21	(14,000)	
<b>Total gains and losses recognised since the last annual report</b>	<b>(6,857)</b>	

# Bayer CropScience Holdings Limited

## Balance sheet as at 31 December 2005

	Notes	2005 £'000	2004 Restated £'000
<b>Fixed assets</b>			
Investments	6	183,660	183,660
<b>Current assets</b>			
Debtors	7	21,992	5,550
Cash at bank and in hand		-	17
		21,992	5,567
<b>Creditors: amounts falling due within one year</b>	8	(211,459)	(202,177)
<b>Net current liabilities</b>		(189,467)	(196,610)
<b>Total assets less current liabilities</b>		(5,807)	(12,950)
<b>Net Liabilities</b>		(5,807)	(12,950)
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account deficit	10	(5,807)	(12,950)
<b>Equity shareholders' deficit</b>	11	(5,807)	(12,950)

The financial statements on pages 5 to 11 were approved by the board of directors on 21 August 2006 and were signed on its behalf by:

  
Jean Puy  
Director



# **Bayer CropScience Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2005**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below. These have been reviewed by the directors in accordance with the requirements of Financial Reporting Standard ("FRS") 18, 'Accounting Policies', and have been applied consistently.

#### **Changes in accounting policy**

The company has adopted FRS 21 'Post balance sheet events' in these financial statements. The adoption of this standard represents a change in accounting policy, and the comparative figures have been restated accordingly. The effect of the change in accounting policy to adopt FRS 21 was to recognise dividend income in the period it was received, and consequently to increase the profit for the year by £14,000,000 (2004: reduce by £14,000,000).

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention. The directors consider it appropriate to prepare the accounts on the going concern basis as they have received confirmation from the ultimate parent company, Bayer AG, that it is its present intention to support the continued operations of the company for the foreseeable future.

#### **Cashflow statement**

Under FRS 1 (Revised), 'Cash flow statements', the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of Bayer AG, the ultimate parent company, whose consolidated financial statements are publicly available (see also note 13).

#### **Group financial statements**

The financial statements contain information about Bayer CropScience Holdings Limited as an individual company and do not contain consolidated financial information.

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the ultimate parent company, Bayer AG, a company incorporated in Germany.

#### **Deferred taxation**

Provision is made for deferred tax liabilities and assets, using full provision accounting, otherwise known as the incremental liability method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future in accordance with FRS 19, 'Deferred tax'. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Investments**

Fixed assets investments are stated at cost less any provision for impairment.

### **2 Employees**

The company has no employees. (2004: nil)

# Bayer CropScience Holdings Limited

## 3 Directors' emoluments

The emoluments of the directors during the current and previous year were paid by other group companies for services to the group as a whole and the directors received no separate emoluments for their services to this company.

No recharge for any of their services was made to the company and no apportionment of their total remuneration for these services is practicable. Where required by local legislation their remuneration is disclosed in the accounts of their employer.

## 4 Profit / (loss) on ordinary activities before taxation

The services of the auditors have been provided by Bayer CropScience Limited with no specific recharge to Bayer CropScience Holdings Limited.

## 5 Taxation on the profit / (loss) for the year

	2005 £'000	2004 £'000
<b>Current tax:</b>		
UK corporation tax on losses of the year	(2,944)	(2,728)

The tax credit represents amounts due from other group companies for the surrender of tax losses.

The company does not have any deferred tax.

The tax assessed for the period is at the standard rate of corporation tax in the UK of 30% as explained below:

	2005 £'000	2004 Restated £'000
Profit / (loss) on ordinary activities before taxation	4,199	(9,094)
Profit / (loss) on ordinary activities multiplied by the standard rate in the UK of 30% (2004: 30%)	1,260	(2,728)
Non-taxable income	(4,204)	-
Current tax credit for the year	(2,944)	(2,728)

# Bayer CropScience Holdings Limited

## 6 Fixed asset investments

	Investments in subsidiaries £'000
<b>Cost and net book value</b>	
<b>At 1 January 2005 and at 31 December 2005</b>	<b>183,660</b>

Details of the subsidiary companies are as follows:

Name of undertaking (all registered in England and Wales)	Principal activity	Description of shares	Proportion of shares held
Bayer AGCO Limited	Investment company	Ordinary	100%
Bayer Agriculture Limited	Agrochemicals	Ordinary	100%*
Bayer CropScience Limited	Agrochemicals	Ordinary	100%*
Bayer CropScience Nufarm Limited	Agrochemicals	Ordinary	75%*
Reldy Limited	Dormant	Ordinary	100%*
FBC Industrial Chemicals Limited	Dormant	Ordinary	100%*
Pbi Home & Garden Limited	Agrochemicals	Ordinary	100%*
Twinagro Limited	Non trading	Ordinary	100%*
Trustee of the CropScience Pension Fund Limited	Non trading	Ordinary	100%*

\* indirectly held

The value of the investment in subsidiaries is shown at cost. In the opinion of the directors, the expected future profit streams of the subsidiary company supports the value shown in the balance sheet and will lead to dividend payments to Bayer CropScience Holdings Limited in the future.

# Bayer CropScience Holdings Limited

## 7 Debtors

	2005 £'000	2004 Restated £'000
<b>Amounts falling due within one year:</b>		
Amounts due from subsidiary undertakings in relation to group relief	2,944	5,550
Amounts owed by group undertakings	19,048	-
	<b>21,992</b>	<b>5,550</b>

Amounts owed by group undertakings are secured by the holding company.

## 8 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Bank loans and overdrafts	4,231	-
Amounts owed to fellow subsidiary undertakings	207,228	202,177
	<b>211,459</b>	<b>202,177</b>

Amounts owed to group undertakings are secured by the holding company.

## 9 Called up share capital

	2005 £	2004 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1, fully paid	1	1

## 10 Reserves

	Profit and loss account £'000
At 1 January 2005 as previously reported	1,050
Prior year adjustment – FRS 21	(14,000)
At 1 January 2005 restated	(12,950)
Profit for the financial year	7,143
<b>At 31 December 2005</b>	<b>(5,807)</b>

# Bayer CropScience Holdings Limited

## 11 Reconciliation of movements in equity shareholders' deficit

	2005 £'000	Restated 2004 £'000
Opening equity shareholders' funds / deficit as previously reported	1,050	(6,584)
Prior year adjustment – FRS 21	(14,000)	-
Opening shareholders' deficit restated	(12,950)	(6,584)
Profit / (loss) for the financial year	7,143	(6,366)
<b>Closing equity shareholders' deficit</b>	<b>(5,807)</b>	<b>(12,950)</b>

## 12 Related party transactions

The company has taken advantage of the exemption available to 90% subsidiaries under FRS 8, 'Related Party Disclosures', not to disclose transactions with other group companies and investors in the group. Consolidated financial statements have been drawn up at 31 December 2005 for Bayer AG, the ultimate parent company, which include the audited results of the company and on which the above exemption is based (see also note 13).

## 13 Ultimate and immediate parent undertaking

At 31 December 2005 the company's immediate parent undertaking is considered by the directors to be Bayer CropScience AG, which is incorporated in Germany. The company's ultimate parent undertaking is Bayer AG, which is incorporated in Germany, and is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the financial statements of Bayer AG may be obtained from:

The Company Secretary  
Bayer AG  
Kaiser-Wilhelm Allee  
51368 Leverkusen  
Germany