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**BDH**

Annual Report & Accounts  
31st December 1983

**BDH Chemicals Ltd**

BDH CHEMICALS LIMITEDREPORT OF THE DIRECTORSFOR THE YEAR ENDED 31ST DECEMBER 1983

The Directors herewith submit their Report together with the audited Accounts for the year.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the manufacture and sale of chemicals. Satisfactory progress has been achieved during the year and the company is well placed to take advantage of any improvement in domestic and overseas markets.

2. PROFITS AND DIVIDENDS

The profit for the year after tax amounted to £2,003,000. The Directors propose that a year's dividend be paid on the 50,000 4% preference shares and 18 pence per share be paid on the 650,000 ordinary shares and the amount of £1,884,000 be carried to reserves.

3. DIRECTORS

The Directors holding office during the year were as follows:-

H.J.Langmann  
K.D.Dohmann  
B.Sturgeon  
R.H.M.Symons  
G.Williams  
B.R.Tizzard

The Directors and their families had no beneficial interest in the shares of the company or of its holding or subsidiary companies at the end of the year.



BDH CHEMICALS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

4. RESEARCH AND DEVELOPMENT

The company has an active research and development programme covering a broad range of chemicals.

5. DISABLED PERSONS

It is the Company's policy to provide disabled persons, within the limitation of their abilities, with the same opportunities for employment, training, career development and promotion as are available to other employees.

6. POLITICAL AND CHARITABLE DONATIONS

No contributions to political organisations were made during the year. Charitable donations totalled £3,439.

7. EMPLOYEE INVOLVEMENT

The company regularly briefs employees and trade union representatives and consults with them on matters affecting them via a joint consultative committee structure. Detailed information on the company's financial position is provided twice a year at meetings attended by employees and trade union representatives.

8. AUDITORS

Ernst & Whinney have expressed their willingness to continue in office as auditors and in accordance with Section 14 of the Companies Act 1976 a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board



Secretary

15th February 1984

BDH CHEMICALS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of BDH Chemicals Limited set out on pages 4 - 13. These have been prepared under the historical cost convention including a revaluation of freehold land and buildings as explained in Note 1 (a). Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31st December 1983 and of the profit, change in retained profits and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

  
Chartered Accountants

London

17th February 1984.

BDH CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT

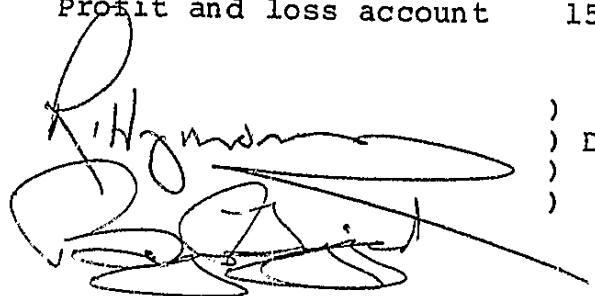
FOR THE YEAR ENDED 31ST DECEMBER 1983

	<u>Note</u>	<u>1983</u> <u>£'000s</u>	<u>1982</u> <u>£'000s</u>
TURNOVER	2	32,511 =====	27,694 =====
OPERATING PROFIT	2	3,926	3,478
FINANCE CHARGES	5	1,288	1,281
PROFIT ON ORDINARY ACTIVITIES		2,638	2,197
TAXATION	6	635	289
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,003	1,908
PROPOSED DIVIDEND			
Preference - 4p per share		2	2
Ordinary - 18p per share		117	110
PROFIT RETAINED		1,884 =====	1,796 =====
<u>STATEMENT OF RESERVES</u>			
Balance at beginning of year		12,123	10,327
Retained profit for year		1,884	1,796
Balance at end of year	15	14,007 =====	12,123 =====

BDH CHEMICALS LIMITED

BALANCE SHEET AT 31ST DECEMBER 1983

	<u>Note</u>	<u>1983</u> <u>£'000s</u>	<u>1982</u> <u>£'000s</u>
<b>FIXED ASSETS</b>			
Tangible assets	7	14,531	13,590
Investments	8	-	-
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Stocks	10	9,969	9,062
Debtors	11	8,073	7,622
Cash in hand		2	2
		<hr/>	<hr/>
		18,044	16,686
<b>CURRENT LIABILITIES</b>			
Creditors:			
amounts falling			
due within one year	12	12,100	11,696
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		5,944	4,990
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		20,475	18,580
<b>CREDITORS:</b>			
amounts falling due after			
more than one year	12	5,768	5,757
		<hr/>	<hr/>
		14,707	12,823
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Share capital	14	700	700
Revaluation reserve	15	5,005	5,095
Profit and loss account	15	9,002	7,028
		<hr/>	<hr/>
		14,707	12,823
		<hr/>	<hr/>
		=====	=====



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 ) Directors  
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14,707  
 =====

12,823  
 =====

BDH CHEMICALS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER 1983

	<u>1983</u> <u>£'000s</u>	<u>1982</u> <u>£'000s</u>
<u>SOURCE OF FUNDS</u>		
Profit before taxation	2,638	2,197
Items not involving the movement of funds		
Depreciation of tangible assets	932	862
Loss(Profit) on sale of fixed assets	11	(25)
Group relief	(453)	(387)
Taxation adjustments relating to prior years	-	98
	<hr/>	<hr/>
<u>Generated from operations</u>	3,128	2,745
<u>Funds from other sources</u>		
Tangible fixed asset disposals	37	37
Increase in loans from group companies	-	153
	<hr/>	<hr/>
<u>Total source of funds</u>	3,165	2,935
<u>Application of funds</u>		
Tangible fixed assets purchased and inter company transfers	1,921	1,584
Decrease in loans from holding company	33	4
Dividends paid	112	99
	<hr/>	<hr/>
	2,066	1,687
	<hr/>	<hr/>
<u>INCREASE IN WORKING CAPITAL</u>	1,099	1,248
	=====	=====
Arising from movements in:-		
Stocks	907	1,579
Debtors	373	2,820
Creditors	(479)	(833)
Inter company balances	(469)	(562)
	<hr/>	<hr/>
	332	3,004
	<hr/>	<hr/>
Liquid funds	767	(1,756)
	<hr/>	<hr/>
	1,099	1,248
	=====	=====

# BDH CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### a) Accounting Convention

As in previous years the accounts have been prepared under the historical cost convention except revalued freehold properties as stated in Note 7.

#### b) Translation of Overseas currencies into sterling

Foreign currency balances are translated into sterling at the exchange rates ruling at the Balance Sheet date. The total of translation differences is taken to profit and loss account.

#### c) Depreciation

Land is not depreciated. The cost of other fixed assets held at the beginning of the year is written off over their expected useful lives on a straight line basis the principal rates used being:-

	<u>Per Annum</u>
Freehold buildings	2.5%
Plant and machinery	between 5% and 20%
Commercial vehicles	25%
Other vehicles	33.33%

#### d) Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads. The allocation of manufacturing fixed overheads has regard to budgeted normal production.

#### e) Research and development

All revenue expenditure on research and development is written off against profits in the year in which it is incurred.

#### f) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences which are not expected to continue in the future.



BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

2. TURNOVER AND OPERATING PROFIT

Turnover represents the invoiced value of goods and services supplied by the company exclusive of V.A.T.

	<u>1983</u> £'000	<u>1982</u> £'000
Geographical market:		
United Kingdom	21,696	18,487
Other countries	10,815	9,207
	<hr/>	<hr/>
Turnover	32,511	27,694
	<hr/>	<hr/>
Less: Changes in stock of finished goods and work in progress	(947)	(939)
Own work capitalised	(58)	(61)
Other operating income	(495)	(326)
Raw materials & consumables	14,927	12,389
Staff costs (including Directors - Note 3)		
Salaries and Wages	8,008	7,320
Social security costs	680	673
Other pension costs	814	722
	<hr/>	<hr/>
	9,502	8,715
	<hr/>	<hr/>
Depreciation	932	862
Auditors' remuneration	21	28
Hire of plant and machinery	183	107
Other operating charges	4,539	3,452
	<hr/>	<hr/>
	28,604	24,227
	<hr/>	<hr/>
Add: Other income		
Interest receivable	19	11
	<hr/>	<hr/>
Operating profit	3,926	3,478
	=====	=====

BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

3. EMOLUMENTS OF DIRECTORS 1983 1982

Remuneration including Pension Contributions	£106,245 =====	£94,695 =====
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The emoluments, excluding pension contributions, of the Directors are detailed as follows:-

Chairman	Nil	Nil
Highest paid Director	£27,485	£25,545

Other Directors in scale:

Not more than £5,000	1	1
£15,001 to £20,000	-	2
£20,001 to £25,000	3	1

4. NUMBER OF EMPLOYEES 1983 1982

The average number of persons employed by the company was:	<u>1,193</u>	<u>1,179</u>
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5. FINANCE CHARGES 1983 1982  
£'000 £'000

Interest payable:

on Loans repayable within 5 years

Bank loans, overdrafts and acceptances	549	548
Other loans	<u>739</u>	<u>733</u>
	<u>1,288</u>	<u>1,281</u>

6. TAXATION 1983 1982  
£'000 £'000

The charge based on the profit for the year on ordinary activities comprises:

U.K. Corporation tax at 52%	635	387
Adjustments relating to prior years	<u>-</u>	<u>(98)</u>
	<u>635</u>	<u>289</u>

The charge for taxation for the year has been reduced by approximately £790,000 (1982 - £352,000) being the effect of accelerated capital allowances and stock appreciation relief for which no provision for deferred taxation is considered necessary.

# BDH CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

It is proposed to utilise the losses of a fellow subsidiary in a group relief claim, reducing taxation payable by approximately £453,000 (1982 - £387,000)

### 7. FIXED ASSETS

#### TANGIBLE ASSETS

	Freehold Properties £'000	Short Leaseholds £'000	Plant & Equipm't £'000	Total £'000
Cost or valuation				
At 31st December 1982	10,798	58	7,229	18,085
Additions	315	-	1,606	1,921
Disposals	-	-	(249)	(249)
At 31st December 1983	11,113	58	8,586	19,757
Cost	793	58	8,586	9,437
Valuation 1980	10,320	-	-	10,320
	11,113	58	8,586	19,757
Accumulated depreciation				
At 31st December 1982	387	58	4,050	4,495
Provided in year	197	-	735	932
On disposals during year	-	-	(201)	(201)
At 31st December 1983	584	58	4,584	5,226
Net book value				
At 31st December 1982	10,411	-	3,179	13,590
At 31st December 1983	10,529	-	4,002	14,531

### 8. INVESTMENTS

	1983 £	1982 £
Ordinary shares at cost	300	300
Amounts owing to subsidiaries	(204)	(204)
	£ 96	£ 96

BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

The company owns the entire share capital of the following subsidiaries incorporated in Great Britain:

The British Drug Houses Limited  
BDH Pension Trustees Limited  
Hopkin & Williams Limited

Because no subsidiary has traded during the year and the company is a wholly owned subsidiary of Merck Holding Limited (incorporated in Great Britain) group accounts are not presented.

9. CAPITAL COMMITMENTS

No provision has been made in these accounts for the following proposed capital expenditure by the company:-

	<u>1983</u> £'000	<u>1982</u> £'000
Contracted for	573	297
Authorised but not contracted for	<u>667</u>	<u>1,644</u>
	<u>1,240</u>	<u>1,941</u>

10. STOCKS

Finished goods	5,138	4,305
Work in progress	378	264
Raw materials	4,266	4,309
Sundry stocks	<u>187</u>	<u>184</u>
	<u>9,969</u>	<u>9,062</u>

The replacement cost of stocks is greater than the balance sheet value of stocks by £769,000 (1982 - £737,000)

11. DEBTORS

Due within one year

Trade debtors	6,002	5,821
Amounts owed by group companies	1,406	1,328
Other debtors	56	24
Prepayments and accrued income	<u>609</u>	<u>449</u>
	<u>8,073</u>	<u>7,622</u>
	=====	=====

# BDH CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

12. CREDITORS	<u>1983</u> £'000	<u>1982</u> £'000
Due within one year		
Bank loans and overdrafts	4,823	5,590
Trade creditors	1,958	1,410
Amounts owed to group companies	2,249	2,494
Taxation and social security	396	168
Other creditors	493	286
Accruals and deferred income	2,062	1,636
Dividends payable (proposed)	<u>119</u>	<u>112</u>
	<u>12,100</u>	<u>11,696</u>
Due in more than one year		
Loans	5,000	5,000
Holding and inter-group loans	708	708
Other creditors	<u>60</u>	<u>49</u>
	<u>5,768</u>	<u>5,757</u>
Total creditors	<u>17,868</u> =====	<u>17,453</u> =====
Creditors due in more than one year include:-		
Loans - repayable in 1987	5,000	5,000
Other creditors - an amount of £60,000 which is payable in 1985	60	49

## 13. DEFERRED TAXATION

No provision for deferred taxation at 31st December 1983 is required. Potential tax liabilities which are not expected to crystallise in the future, exist in respect of:-

	<u>1983</u> £'000	<u>1982</u> £'000
Accelerated capital allowances	2,460	1,874
Other short term timing differences	(568)	(527)
Valuation of freehold land and buildings	<u>1,400</u>	<u>1,400</u>
	<u>3,292</u>	<u>2,747</u>

# BDH CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 14. SHARE CAPITAL

	Authorised, Issued and fully paid	
	<u>1983</u>	<u>1982</u>
	<u>£'000</u>	<u>£'000</u>
4% non-cumulative preference shares of £1 each	50	50
Ordinary shares of £1 each	650	650
	<hr/>	<hr/>
	700	700
	<hr/>	<hr/>

### 15. RESERVES

	<u>Revaluation Reserve</u>	<u>Profit and Loss Account</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 31st December 1982	5,095	7,028	12,123
Retained profit for year	-	1,884	1,884
Depreciation on revaluation of buildings	(90)	90	-
	<hr/>	<hr/>	<hr/>
At 31st December 1983	5,005	9,002	14,007
	<hr/>	<hr/>	<hr/>

### 16. PENSION BENEFITS

Pension benefits are funded over the employees' period of service. Contributions by the Company are based on the most recent actuarial valuation of the Fund.

### 17. CONTINGENT LIABILITIES

The Company is party to a joint and several guarantee in respect of a group bank overdraft facility which at 31st December 1983 was £328,190.

The Company is jointly and severally liable together with certain of its fellow subsidiaries under group registration for V.A.T.

### 18. ULTIMATE HOLDING COMPANY

The ultimate holding company is Merck AG (incorporated in Switzerland), in which the general partnership of E.Merck (Federal Republic of Germany) has a 99.7% interest.