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BDH CHEMICALS LIMITED

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31st DECEMBER, 1982

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. On 1st January, 1982 chemical activities were transferred to the company from fellow subsidiary companies, Baird & Tatlock (London) Ltd, Ferris & Co. Ltd and M.W. Scientific Ltd. During the year the company established its subsidiary company Hopkin & Williams Limited to market industrial chemicals on its behalf. Satisfactory progress has been achieved during the year and the company is well placed to take advantage of any improvement in the prevailing difficult trading conditions in both domestic and overseas markets.

2. PROFITS AND DIVIDENDS

The profit for the year after tax amounted to £1,908,000. The Directors propose that a year's dividend be paid on the 50,000 4% preference shares and 17 pence per share be paid on the 650,000 ordinary shares and the amount of £1,796,000 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 £3,481.

7. 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 reappointment will be submitted at the Annual General Meeting.

By order of the board



Secretary

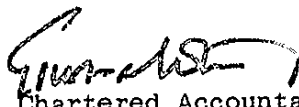
21st February, 1983

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, 1982 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

21st February, 1983

BDH CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31st DECEMBER, 1982

	<u>Note</u>	<u>1982</u> <u>£'000</u>	<u>1981</u> <u>£'000</u>
TURNOVER	2	<u>27,694</u>	<u>21,160</u>
OPERATING PROFIT	2	3,478	2,780
FINANCE CHARGES	5	1,281	1,244
PROFIT ON ORDINARY ACTIVITIES		<u>2,197</u>	<u>1,536</u>
TAXATION (CREDIT)	6	289	(413)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		<u>1,908</u>	<u>1,949</u>
PROPOSED DIVIDEND			
Preference - 4p per share		2	2
Ordinary - 17p per share		110	97
PROFIT RETAINED		<u>1,796</u>	<u>1,850</u>

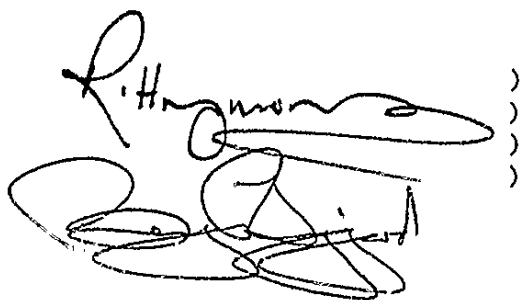
STATEMENT OF RESERVES

Balance at beginning of year			
As previously reported		10,327	8,655
Prior year adjustment		-	(178)
		<u>10,327</u>	<u>8,477</u>
Retained profit for year		1,796	1,850
Balance at end of year	15	<u>12,123</u>	<u>10,327</u>

BDH CHEMICALS LIMITED

BALANCE SHEET AT 31st DECEMBER, 1982

	<u>Note</u>	<u>1982</u> £'000	<u>1981</u> £'000
FIXED ASSETS			
Tangible assets	7	<u>13,590</u>	<u>12,881</u>
CURRENT ASSETS			
Stocks	10	9,062	7,483
Debtors	11	7,622	5,136
Cash in hand		2	1
		<u>16,686</u>	<u>12,620</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	12	11,696	8,806
NET CURRENT ASSETS			
		<u>4,990</u>	<u>3,814</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		18,580	16,695
CREDITORS: amounts falling due after more than one year			
	12	5,757	5,604
PROVISIONS FOR LIABILITIES AND CHARGES			
		-	64
		<u>12,823</u>	<u>11,027</u>
CAPITAL AND RESERVES			
Share capital	14	700	700
Revaluation reserve	15	5,095	5,186
Profit and loss account	15	7,028	5,141



) Directors  
)

12,823

11,027

BDH CHEMICALS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31st DECEMBER, 1982

	<u>1982</u> £'000	<u>1981</u> £'000
<u>SOURCE OF FUNDS</u>		
Profit before taxation	2,197	1,536
Items not involving the movement of funds:		
Depreciation of tangible assets	862	709
Group relief	(387)	(606)
Taxation adjustments relating to prior years	98	-
	<hr/>	<hr/>
<u>Total generated from operations</u>	2,770	1,639
<u>Funds from other sources</u>		
Tangible fixed asset disposals	12	8
Sale of investment in associated company	-	11
Increase in loans from group companies	153	-
	<hr/>	<hr/>
<u>Total source of funds</u>	2,935	1,658
<u>Application of funds</u>		
Tangible fixed assets purchased and inter company transfers	1,584	575
Decrease in loans from holding company	4	203
Dividends paid	99	99
	<hr/>	<hr/>
	1,687	877
	<hr/>	<hr/>
<u>INCREASE IN WORKING CAPITAL</u>	<u>1,248</u>	<u>781</u>
Arising from movements in:		
Stocks	1,579	1,081
Debtors	2,820	(510)
Creditors	(833)	(550)
Inter company balances	(562)	(738)
	<hr/>	<hr/>
	3,004	(717)
	<hr/>	<hr/>
Liquid funds	(1,756)	1,498
	<hr/>	<hr/>
	<u>1,248</u>	<u>781</u>

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 31st December, 1982. 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		2½%
Plant and machinery	between	5% and 20%
Commercial vehicles		25%
Other vehicles		33½%

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>1982</u> £'000	<u>1981</u> £'000
Geographical market:		
United Kingdom	18,487	12,791
Other countries	9,207	8,369
Turnover	<u>27,694</u>	<u>21,160</u>
Less: Changes in stock of finished goods and work in progress	11	(123)
Own work capitalised	( 61)	( 32)
Other operating income	(326)	(449)
Raw materials and consumables	11,439	8,810
Staff costs (including Directors - Note 3)		
Salaries and Wages	7,320	5,658
Social security costs	673	568
Other pension costs	722	603
	<u>8,715</u>	<u>6,829</u>
Depreciation	862	709
Auditors' remuneration	28	22
Hire of plant and machinery	107	118
Other operating charges	3,452	2,553
	<u>24,227</u>	<u>18,437</u>
Add: Other income		
Interest receivable	11	57
Operating profit	<u><u>3,478</u></u>	<u><u>2,780</u></u>



BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

3.	EMOLUMENTS OF DIRECTORS	<u>1982</u>	<u>1981</u>
	Remuneration including pension Contributions	<u>£94,695</u>	<u>£91,237</u>
	The emoluments, excluding pension contributions, of the Directors are detailed as follows:		
	Chairman	Nil	Nil
	Highest paid Director	£25,545	£19,958
	Other Directors in scale:		
	Not more than £5,000	1	2
	£ 5,001 to £10,000	-	1
	£10,001 to £15,000	-	1
	£15,001 to £20,000	2	2
	£20,001 to £25,000	1	-
4.	NUMBERS OF EMPLOYEES	<u>1982</u>	<u>1981</u>
	The average number of persons employed by the company was:	<u>1,099</u>	<u>1,104</u>
5.	FINANCE CHARGES	<u>1982</u> <u>£'000</u>	<u>1981</u> <u>£'000</u>
	Interest payable:		
	on Loans repayable within 5 years		
	Bank loans, overdrafts and acceptances	548	611
	Other loans	733	133
		<u>1,281</u>	<u>744</u>
	on Loans not repayable within 5 years		
	Other loans	-	500
		<u>1,281</u>	<u>1,244</u>
6.	TAXATION	<u>1982</u> <u>£'000</u>	<u>1981</u> <u>£'000</u>
	The charge based on the profit for the year on ordinary activities comprises:		
	U.K. Corporation tax	387	607
	Release of deferred taxation	-	(1,020)
	Adjustments relating to prior years	(98)	-
		<u>289</u>	<u>(413)</u>

BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

7. FIXED ASSETS TANGIBLE ASSETS	Freehold Properties £'000	Short Leaseholds £'000	Plant and Equipment £'000	Total £'000
Cost or valuation				
At 31st December, 1981	10,421	58	5,907	16,386
Additions	377	-	845	1,222
Disposals	-	-	(194)	(194)
Inter-company transfers (net)	-	-	671	671
At 31st December, 1982	<u>10,798</u>	<u>58</u>	<u>7,229</u>	<u>18,085</u>
Cost	478	58	7,229	7,765
Valuation 1980	10,320	-	-	10,320
	<u>10,798</u>	<u>58</u>	<u>7,229</u>	<u>18,085</u>
Accumulated depreciation				
At 31st December, 1981	192	41	3,272	3,505
Provided in year	195	17	650	862
On disposals during year	-	-	(182)	(182)
On Inter-company transfers (net)	-	-	310	310
At 31st December, 1982	<u>387</u>	<u>58</u>	<u>4,050</u>	<u>4,495</u>
Net book value				
At 31st December, 1981	<u>10,229</u>	<u>17</u>	<u>2,635</u>	<u>12,881</u>
At 31st December, 1982	<u>10,411</u>	<u>-</u>	<u>3,179</u>	<u>13,590</u>
INVESTMENTS				
	1982	1981		
	£	£		
Ordinary shares at cost	300	200		
Amounts owing to subsidiaries	(204)	(104)		
	<u>£ 96</u>	<u>£ 96</u>		

Interests in subsidiaries are more fully detailed in Note 9.

BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

8. GROUP ACCOUNTS

The company owns the entire share capital of the following subsidiaries (all incorporated in Great Britain) none of which has traded during the year:

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

For this reason and because 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>1982</u> £'000	<u>1981</u> £'000
Contracted for	297	139
Authorised but not contracted for	1,644	80
	<hr/> 1,941	<hr/> 219

10. STOCKS

	<u>1982</u> £'000	<u>1981</u> £'000
Finished goods	4,305	3,146
Work in progress	264	484
Raw materials	4,309	3,671
Sundry stocks	184	182
	<hr/> 9,062	<hr/> 7,483

The replacement cost of stocks is greater than the balance sheet value of stocks by £737,000 (1981 - £600,000).

11. DEBTORS

	<u>1982</u> £'000	<u>1981</u> £'000
Due within one year		
Trade debtors	5,876	3,276
Amounts owed by group companies	1,238	1,572
Other debtors	24	22
Prepayments and accrued income	484	264
	<hr/> 7,622	<hr/> 5,134
Due in more than one year		
Other debtors	-	2
	<hr/> 7,622	<hr/> 5,136

BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

12. CREDITORS	<u>1982</u> £'000	<u>1981</u> £'000
Due within one year		
Bank loans and overdrafts	5,590	3,835
Trade creditors	2,024	1,474
Amounts owed to group companies	1,380	1,155
Taxation and social security	168	152
Other creditors	286	122
Accruals and deferred income	2,136	1,969
Dividends payable (proposed)	112	99
	<u>11,696</u>	<u>8,806</u>
Due in more than one year		
Long term loans	5,000	5,000
Holding and inter-group loans	708	555
Other creditors	49	49
	<u>5,757</u>	<u>5,604</u>
Total creditors	<u>17,453</u>	<u>14,410</u>
Creditors due in more than one year include:-		
Long term loans - repayable in 1987 and carrying interest at the rate of 10% per annum.	5,000	5,000
Other creditors - an amount of £49,474 which is payable in 1985	49	49

13. DEFERRED TAXATION

No provision for deferred taxation at 31st December, 1982 is required. Potential tax liabilities which are not expected to crystallise in the future, exist in respect of:-

	<u>1982</u> £'000	<u>1981</u> £'000
Accelerated capital allowances	1,874	1,533
Other short term timing differences	(527)	(558)
Valuation of freehold land and buildings	1,400	1,400
	<u>2,747</u>	<u>2,375</u>

BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

14. SHARE CAPITAL

Authorised, Issued and Fully Paid	
<u>1982</u>	<u>1981</u>
£'000	£'000
4% non-cumulative preference shares of £1 each	50
Ordinary shares of £1 each	650
<u>700</u>	<u>700</u>

15. RESERVES

	<u>Revaluation Reserve</u>	<u>Profit and Loss Account</u>	<u>Total</u>
	£'000	£'000	£'000
at 31st December, 1981	5,186	5,141	10,327
Retained profit for year	-	1,796	1,796
Depreciation on revaluation of buildings	(91)	91	-
at 31st December, 1982	<u>5,095</u>	<u>7,028</u>	<u>12,123</u>

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, 1982 was not utilised.

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

18. 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.



BDH

BDH Chemicals Ltd  
Broom Road  
Poole BH12 4NW England

Telephone: National (0202) 745620  
International +44 202 745620  
Telex: 41886 or 418126 TETRA G  
Cables: TETRAODME POOL EN