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BDH CHEMICALS LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31st DECEMBER, 1981

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

1. RESULTS FOR THE YEAR

The Accounts show a profit of £1,535,840 before taxation, and a profit attributable to members of £1,949,736. The Directors propose that a year's dividend be paid on the 50,000 4% preference shares and 15p per share be paid on the 650,000 ordinary shares.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is the manufacture and sale of chemicals.

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 (appointed 31st January, 1981)  
H. H. Clarke (resigned 30th January, 1981)  
A. C. Hutchison (resigned 28th February, 1981)

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. No Directors had during the year or at the end of the year any material interest in any contract or arrangement entered into by the Company during the year.

4. DISABLED PERSONS

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



BDH CHEMICALS LIMITED

5. POLITICAL AND CHARITABLE DONATIONS

No contributions to political organisations were made during the year. Charitable donations totalled £1,553.

6. 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


17th February, 1982

BDH CHEMICALS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of BDH Chemicals Limited set out on pages 4 - 12. 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, 1981 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.

  
Ernst & Whinney  
Chartered Accountants  
London

17th February, 1982

BDH CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 1981

	<u>Note</u>	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
TURNOVER	2	<u>21,160</u>	<u>20,883</u>
TRADING PROFIT	3	2,780	2,677
FINANCE CHARGES	5	1,244	1,462
PROFIT BEFORE TAXATION		<u>1,536</u>	<u>1,215</u>
TAXATION (CREDIT)	6	(413)	412
PROFIT ATTRIBUTABLE TO MEMBERS		<u>1,949</u>	<u>803</u>
PROPOSED DIVIDENDS:			
Preference - 4p per share		2	2
Ordinary - 15p per share		97	97
PROFIT RETAINED		<u>1,850</u>	<u>704</u>

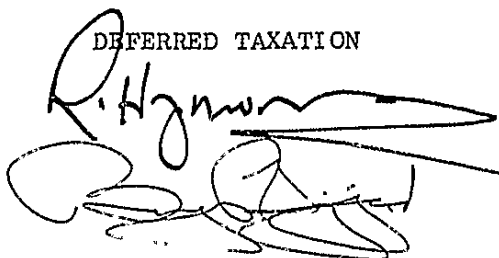
STATEMENT OF RETAINED PROFITS

Balance at beginning of year			
As previously reported		8,655	2,612
Prior year adjustment	7	(178)	(116)
		<u>8,477</u>	<u>2,496</u>
Retained profit for year		1,850	704
Surplus arising from revaluation of freehold land and buildings		-	5,277
Balance at end of year		<u>10,327</u>	<u>8,477</u>

BDH CHEMICALS LIMITED

BALANCE SHEET AT 31st DECEMBER, 1981

	<u>Note</u>	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
<u>ASSETS EMPLOYED</u>			
FIXED ASSETS	8	12,881	13,024
SUBSIDIARY COMPANIES	9	-	-
INVESTMENT IN ASSOCIATED COMPANY		-	11
CURRENT ASSETS			
Stocks	10	7,483	6,402
Debtors		3,568	4,078
Fellow Subsidiaries	11	201	939
Cash		1	1
		<u>11,253</u>	<u>11,420</u>
CURRENT LIABILITIES			
Taxation		64	64
Amount overdrawn from group bank account		275	351
Bank overdrafts, short term loans and acceptance credits		3,560	4,982
Creditors	12	3,766	3,216
Dividends proposed		99	99
		<u>7,764</u>	<u>8,712</u>
NET CURRENT ASSETS		3,489	2,708
		<u>16,370</u>	<u>15,743</u>
<u>FUNDS EMPLOYED</u>			
SHARE CAPITAL AND RESERVES			
Share Capital	13	700	700
Reserves	14	10,327	8,477
		<u>11,027</u>	<u>9,177</u>
BORROWED MONIES			
Holding Company		343	546
Long Term Loans	15	5,000	5,000
		5,343	5,546
DEFERRED TAXATION	16	-	1,020
		<u>16,370</u>	<u>15,743</u>


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 ) Directors  
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BDH CHEMICALS LTD

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31st DECEMBER, 1981

	<u>1981</u> £'000	<u>1980</u> £'000
<u>SOURCE OF FUNDS</u>		
Profit before taxation	1,536	1,215
Adjustment for items not involving the movement of funds:-		
Depreciation	709	602
Group relief	(606)	(440)
Group relief prior year	-	(17)
	<hr/>	<hr/>
<u>TOTAL GENERATED FROM OPERATIONS</u>	1,639	1,360
 <u>FUNDS FROM OTHER SOURCES</u>		
Fixed asset disposals	8	90
Increase in loans from Holding Company	-	347
Sale of Investment in associated company	11	-
	<hr/>	<hr/>
	1,658	1,797
	<hr/>	<hr/>
 <u>APPLICATION OF FUNDS</u>		
Taxation paid	-	720
Fixed assets purchased and inter company transfers	575	644
Decrease in loans from Holding Company	203	-
Dividends paid	99	99
	<hr/>	<hr/>
	877	1,463
	<hr/>	<hr/>
	781	-
	<hr/>	<hr/>
 <u>INCREASE (DECREASE) IN WORKING CAPITAL</u>		
Stocks	1,081	484
Debtors	(510)	(524)
Creditors	(550)	(194)
Inter-company balances	(738)	800
	<hr/>	<hr/>
	(717)	566
Liquid funds	1,498	(232)
	<hr/>	<hr/>
	781	334
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## BDH CHEMICALS LIMITED

### NOTES TO THE ACCOUNTS

#### 1. ACCOUNTING POLICIES

##### (a) Accounting Convention

Except as stated in Note 8, as in previous years the accounts have been prepared under the historical cost convention.

##### (b) Translation of Overseas Currencies into Sterling

Foreign currency balances are translated into sterling at the exchange rates ruling at 31st December, 1981. The total of translation differences is taken to Profit and Loss Account.

##### (c) Depreciation

Land is not depreciated. Other fixed assets held at the beginning of the year are 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 short term timing differences and all other material timing differences which are not expected to continue in the future.

#### 2. TURNOVER

Turnover represents the invoice value of goods and services supplied by the Company exclusive of V.A.T.

BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

3.	<u>TRADING PROFIT</u>	<u>1981</u> £'000	<u>1980</u> £'000
	The trading profit has been arrived at after charging the following:-		
	Depreciation of fixed assets	709.3	602.5
	Hire of plant and machinery	118.2	115.9
	Auditors' remuneration	22.0	27.8
	Provision for depot closure costs	87.5	-
	Directors' emoluments (Note 4)	91.2	97.6
	and after crediting:-		
	Interest receivable	57.2	2.1
4.	<u>EMOLUMENTS OF DIRECTORS</u>	<u>1981</u>	<u>1980</u>
	Remuneration including pension contributions	<u>£91,237</u>	<u>£97,624</u>
	The emoluments, excluding pension contributions, of the Directors are detailed as follows:-		
	Chairman	Nil	Nil
	Highest paid Director	£19,958	£19,899
	Other Directors'		
	Up to £5,000	2	1
	£ 5,001 to £10,000	1	-
	£10,001 to £15,000	1	1
	£15,001 to £20,000	2	3
5.	<u>FINANCE CHARGES</u>	<u>1981</u> £'000	<u>1980</u> £'000
	Bank loans, overdrafts and acceptance charges	611	827
	Other loans repayable within 5 years	133	134
	Loans not repayable within 5 years	500	501
		<u>1,244</u>	<u>1,462</u>
6.	<u>TAXATION</u>	<u>1981</u> £'000	<u>1980</u> £'000
	Taxation comprises:-		
	U.K. Corporation Tax @ 52%	607	440
	Release of Deferred Taxation	(1,020)	-
	Over provision in previous years	-	(28)
		<u>(413)</u>	<u>412</u>

No taxation is payable because of losses surrendered by other group companies.



BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

7. PRIOR YEAR ADJUSTMENT

The adjustment is in respect of retained profits in the associated company which became a subsidiary of the holding company as from 1st January, 1981. Figures for 1980 have been restated accordingly.

8. FIXED ASSETS

	<u>Freehold Properties</u> £'000	<u>Short Leaseholds</u> £'000	<u>Plant and Equipment</u> £'000	<u>Total</u> £'000
<u>Cost or Valuation</u>				
At 31st December, 1980	10,395	58	5,420	15,873
Additions during year	26	-	536	562
Disposals during year	-	-	(124)	(124)
Inter-company transfers (net)	-	-	75	75
At 31st December, 1981	<u>10,421</u>	<u>58</u>	<u>5,907</u>	<u>16,386</u>
Cost	101	58	5,907	6,066
Valuation 1980	10,320	-	-	10,320
	<u>10,421</u>	<u>58</u>	<u>5,907</u>	<u>16,386</u>
<u>Accumulated Depreciation</u>				
At 31st December, 1980	-	40	2,809	2,849
Provided in year	192	1	516	709
On disposals during year	-	-	(115)	(115)
On Inter-company transfers (net)	-	-	62	62
At 31st December, 1981	<u>192</u>	<u>41</u>	<u>3,272</u>	<u>3,505</u>
<u>Net Book Values</u>				
At 31st December, 1980	<u>10,395</u>	<u>18</u>	<u>2,611</u>	<u>13,024</u>
At 31st December, 1981	<u>10,229</u>	<u>17</u>	<u>2,635</u>	<u>12,881</u>

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

	<u>1981</u> £'000	<u>1980</u> £'000
Contracted for	139	182
Authorised but not contracted for	80	84
	<u>219</u>	<u>266</u>

# BDH CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

9. <u>SUBSIDIARY COMPANIES</u>	<u>1981</u> <u>£</u>	<u>1980</u> <u>£</u>
Shares at cost	00	200
Amounts owing to subsidiaries	(104)	(104)
	<u>£ 96</u>	<u>£ 96</u>

The undermentioned subsidiaries have been wholly-owned throughout the year:-

### Country of Incorporation

The British Drug Houses Limited  
(non-trading)

England

BDH Pension Trustees Limited  
(non-trading)

England

Group Accounts have not been prepared because the company is a wholly-owned subsidiary of Emitra Limited, a company incorporated in England.

10. <u>STOCKS</u>	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
Finished goods	3,146	2,731
Work in progress	484	462
Raw Materials	3,671	3,039
Sundry	182	170
	<u>7,483</u>	<u>6,402</u>

11. <u>FELLOW SUBSIDIARIES</u>	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
Amounts owing by fellow subsidiaries	1,356	1,570
Amounts owing to fellow subsidiaries	(1,155)	(631)
	<u>201</u>	<u>939</u>

These amounts only include subsidiaries of Merck AG.  
Other balances with subsidiaries of the general partnership of E. Merck have been included in debtors and creditors.

## 12. CREDITORS

Creditors include an amount of £49,474 in respect of Assignment of Trademark which is not payable until 1985.

BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

13. SHARE CAPITAL

	<u>Authorised, Issued and Fully Paid</u>	
	<u>1981</u> £'000	<u>1980</u> £'000
4% non-cumulative Preference shares of £1 each	50	50
Ordinary shares of £1 each	650	650
	<u>700</u>	<u>700</u>

14. RESERVES

	<u>Non-Distributable Revaluation Surplus</u> £'000	<u>Distributable Profits</u> £'000	<u>Total</u> £'000
At 31st December, 1980	5,277	3,200	8,477
Retained Profit for year	-	1,850	1,850
At 31st December, 1981	<u>5,277</u>	<u>5,050</u>	<u>10,327</u>

15. BORROWED MONIES

	<u>1981</u> £'000	<u>1980</u> £'000
Long term loans - Repayable in 1987 and carrying interest at the rate of 10% per annum.	5,000	5,000

16. DEFERRED TAXATION

No provision for deferred taxation at 31st December, 1981 is required. Potential tax liabilities which are not expected to crystallise in the future, exist in respect of:-

	<u>1981</u> £'000	<u>1980</u> £'000
Accelerated capital allowances	1,533	1,556
Other short term timing differences	(558)	(536)
Valuation of freehold land and buildings	1,400	1,400
	<u>2,375</u>	<u>2,420</u>

BDH CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

17. COMMITMENT TO PENSION FUND

There were no pension commitments at the date of the Balance Sheet.

The next actuarial valuation of the Pension Fund will take place as at 31st March, 1982.

18. CONTINGENT LIABILITIES

The Company is party to a joint and several guarantee in respect of a Group bank overdraft which at 31st December, 1981 amounted to £122,148.

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

19. 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.