

841421

NORSK HYDRO (UK) LIMITED

Report and Accounts

31 December 2000

Ernst & Young



Norsk Hydro (UK) Limited

Registered No. 841421

DIRECTORS

O I Biller Chairman
P Fergusson Managing Director
J G Speirs
T Bjørsvik

SECRETARY

B J Adkins

AUDITORS

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Barclays Bank PLC
4th Floor Crown House
Crown Street
Ipswich
IP1 3HQ

National Westminster Bank PLC
48 The Centre
Feltham
Middlesex
TW13 4DB

SOLICITORS

Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

REGISTERED OFFICE

Bridge House
69 London Road
Twickenham
Middlesex
TW1 3RH

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2000.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,312,000 (1999 – profit of £14,894,000). The directors do not recommend the payment of a dividend. During the year it has been decided to withdraw proposed dividends of £19,000,000 declared in a prior year.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are gas trading, acting as an investment holding company and providing management services to other group undertakings. The company also acts as selling agent for Caustic Soda, Aluminium and Aluminium based products.

Turnover has increased by 395%, which is mainly due to the increase in sales volume of the gas trading activity. The loss on ordinary activities before taxation amounted to £12,442,000 (1999 – profit of £14,673,000). The decrease in the result for the year was mainly due to the exceptional provision for impairment of tangible fixed assets of £29,925,000 relating to the Immingham site used by the agricultural division, of which the company was the lessor. The 2000 result includes a net write-back on other investments of £6,400,000.

The total of capital and reserves increased to £270,588,000 (1999 – £253,900,000), which was mainly the result of the decision to withdraw proposed dividends of £19,000,000 declared in a prior year.

FUTURE DEVELOPMENTS

It is the present intention of the directors to continue the current activities.

HEALTH AND SAFETY AT WORK ACT 1974

The requirements of the Health and Safety at Work Act 1974 have been drawn to the attention of all employees in the company and close management attention is given to the health and safety of all workers. The declared objective of the Norsk Hydro ASA Group is to continue to reduce its accident rate, so that Norsk Hydro ASA is clearly ranked among the leading companies in Europe in this field.

FIXED ASSETS

Changes in fixed assets are shown in notes 10 to 11 of the accounts

EVENTS SINCE THE BALANCE SHEET DATE

Events since the balance sheet date have been detailed in note 22 to the accounts.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year were as follows:

E Myklebust	(resigned 19 March 2001)
L L Nergaard	(resigned 19 March 2001)
J G Speirs	
Sir John Caines	(resigned 31 December 2000)
I L Schmiegelow	(resigned 31 December 2000)

In addition, T Bjørsvik, O I Biller and P Fergusson were appointed directors on 1 October 2001. B J Adkins was appointed director on 19 March 2001 and resigned on 1 October 2001.

No director had any interest in the shares of the company or any of the subsidiaries during the year. No contract or arrangement entered into by the company in which any director is interested has subsisted during the year.

According to the register maintained as required under Schedule 7, Companies Act 1985, the directors held no declarable shares or other interests in the company or any other group undertaking.

EMPLOYEE INVOLVEMENT AND CONSULTATIVE ARRANGEMENTS

The Norsk Hydro ASA Group continues to encourage actively the policy of communication and consultation with its employees. Considerable use continues to be made of magazines, newsletters and information bulletins to keep employees informed of developments.

The group's subsidiaries in the different countries are also encouraged to operate this policy in accordance with local good practice and with their own needs. Since the size of the subsidiaries varies considerably in the UK, the arrangements for employee involvement and consultation vary. For example, in some cases the General Manager is able to communicate and consult directly with his employees, while in larger companies it is the practice to use briefing groups.

During the year a further invitation was made to employees to apply for options to acquire shares in Norsk Hydro ASA under the terms of the Norsk Hydro UK Employees' Share Option Scheme 1998. Under the terms of the Scheme, employees with one year or more of service with the company or its subsidiaries are offered options to buy a number of shares in Norsk Hydro ASA between three and ten years from the date of offer at a stock market price which is fixed at the time of the offer. The Scheme is approved by the Inland Revenue under Paragraph 1, Schedule 9 of the Income and Corporation Taxes Act 1988. The Scheme includes a custodian share register service, which provides a facility for Scheme members, when they exercise their options, to have their shares in Norsk Hydro ASA held on their behalf, or sold for them, by the Scheme's trust company.

DISABLED PERSONS

It is the company's policy to give full consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees of the company who become disabled to continue in their employment or to be trained for other positions in the company's employment.

CHARITABLE DONATIONS

The company made gifts during the year for charitable purposes of £8,511 (1999 – £16,750).

DIRECTORS' REPORT

CREDITOR PAYMENT POLICY AND PRACTICE

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2000, the company had an average of 19 days (1999 – 22 days) purchases outstanding in trade creditors.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board

Beverly Atkins

Secretary

11 February 2002

Norsk Hydro (UK) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

INDEPENDENT AUDITORS' REPORT
to the members of Norsk Hydro (UK) Limited

We have audited the company's accounts for the year ended 31 December 2000 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 24. These accounts have been prepared on the basis of 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 accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirement and the United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 transactions with the company 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.

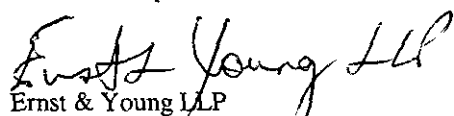
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements 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 accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
London

Date: 11 February 2002

Norsk Hydro (UK) Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	Notes	2000 £000	1999 £000
TURNOVER	2	113,849	28,847
Cost of sales		110,447	25,275
Gross profit		3,402	3,572
Distribution costs		17	120
Administrative expenses		13,145	17,461
Exceptional provision for impairment of tangible fixed assets		29,925	-
		43,087	17,581
Other operating income		3,735	2,629
OPERATING LOSS	3	(35,950)	(11,380)
Profit/(loss) on disposal of tangible fixed assets		1,250	(280)
Profit on disposal of fixed asset investments		-	17,300
		1,250	17,020
Other interest receivable and similar income	6	8,171	7,070
Amounts written off/back on investments	7	6,400	-
Interest payable and similar charges	8	(2,570)	(2,306)
Dividends from subsidiary undertakings		8,852	1,474
Dividends from other participating interest		1,405	2,795
		22,258	9,033
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(12,442)	14,673
Tax on (loss)/profit on ordinary activities	9	10,130	221
		(2,312)	14,894
RETAINED (LOSS)/PROFIT		(2,312)	14,894

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses attributable to shareholders other than the (loss)/profit for the year as shown in the above profit and loss account.

Norsk Hydro (UK) Limited

BALANCE SHEET at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	10	10,042	41,925
Investments	11	198,089	176,673
		<u>208,131</u>	<u>218,598</u>
CURRENT ASSETS			
Stocks	12	5	448
Debtors	13	216,051	154,079
Cash at bank and in hand		19,196	18
		<u>235,252</u>	<u>154,545</u>
CREDITORS: amounts falling due within one year			
Trade and other creditors	14	132,798	77,155
		<u>102,454</u>	<u>77,390</u>
NET CURRENT ASSETS			
TOTAL CURRENT ASSETS LESS CURRENT LIABILITIES		<u>310,585</u>	<u>295,988</u>
CREDITORS: amounts falling due after more than one year	15	39,997	39,997
PROVISIONS FOR LIABILITIES AND CHARGES	16	—	2,091
		<u>39,997</u>	<u>42,088</u>
		<u>270,588</u>	<u>253,900</u>
CAPITAL AND RESERVES			
Called up share capital	17	247,667	247,667
Profit and loss account	18	22,921	6,233
		<u>270,588</u>	<u>253,900</u>

P. Fergusson

Director

11th February 2002

NOTES TO THE ACCOUNTS

at 31 December 2000

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The results of the company are included in the group accounts of Norsk Hydro ASA. The company is consequently exempt from the obligation to prepare and deliver group accounts under section 228 of the Companies Act 1985, following the adoption of the 7th Directive of the European Union by the Norwegian Government. As a result these accounts present information about the company as an individual undertaking and not about its group.

The decision to make use of the consolidation exemption under section 228 of the Companies Act 1985 was made by the directors of the company on the 11 July 2001. Some of the company's subsidiaries have prepared and signed their accounts prior to this date. These accounts may still refer to the group accounts for the company as a basis for their consolidation exemption, and may refer to the company as the head of the smallest group for which group accounts are prepared. For both cases this reference now relates to Norsk Hydro ASA, as either a basis for the consolidation exemption or as smallest group for which group accounts are prepared.

As the ultimate parent undertaking has published a group cash flow statement in compliance with Finance Reporting Standard No.1 (revised), a cash flow statement is not presented in these accounts.

Impairment of fixed assets

The carrying value of fixed assets are reviewed for impairment in periods if events change or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

Debtors

Provision is made against all debts where there is doubt as to their recoverability.

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 foreseeable future.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date. All differences are taken to the profit and loss account.

NOTES TO THE ACCOUNTS
at 31 December 2000

1. ACCOUNTING POLICIES (continued)

Depreciation and amortisation

Freehold land is not depreciated. The cost of other fixed assets is written off by equal instalments over their expected useful lives as follows:

Industrial buildings	–	25-50 years
Leasehold property	–	over the term of the lease
Office equipment, furniture and fittings	–	5-15 years
Plant and machinery	–	6-15 years
Motor vehicles	–	3-14 years

Depreciation is calculated from the month of purchase of the asset, with the exemption of plant, machinery and buildings under construction when the effective date is the month in which the asset is brought into use.

Operating leases

Lease payments are written off to the profit and loss account as they are incurred.

Pension benefits

The expected cost of pensions in respect of the group's defined benefit pension schemes, is charged to the profit and loss account, so as to spread the cost of pensions over the service lives of employees in the scheme. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes.

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

2. TURNOVER AND SEGMENTAL ANALYSIS

Turnover comprises the invoiced value, exclusive of VAT, of goods and services supplied from the United Kingdom, relating to the company's continued gas trading activities.

The company mainly operates in two areas of activity, that of gas trading and as investment holding company and corporate services. Geographically the activities of the company mainly take place in the United Kingdom. For the operating profit segmentation the origin of the profit has been taken as the basis.

Turnover

The geographical analysis of turnover by destination is as follows:

	<i>United Kingdom</i>		<i>Other European countries</i>		<i>Total</i>	<i>Total</i>
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Sales to third parties	47,886	18,433	—	—	47,886	18,433
Sales to internal parties	—	—	65,963	10,414	65,963	10,414
	<u>47,886</u>	<u>18,433</u>	<u>65,963</u>	<u>10,414</u>	<u>113,849</u>	<u>28,847</u>

The geographical analysis of turnover by origin is as follows:

	<i>United Kingdom</i>		<i>Other European countries</i>		<i>Total</i>	<i>Total</i>
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Sales to third parties	47,886	18,433	—	—	47,886	18,433
Sales to internal parties	65,963	10,414	—	—	65,963	10,414
	<u>113,849</u>	<u>28,847</u>	<u>—</u>	<u>—</u>	<u>113,849</u>	<u>28,847</u>

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 2000

2. TURNOVER AND SEGMENTAL ANALYSIS (continued)

Area of activity

Profit

	Gas trading		Investment and corporate activity		Total	Total
	2000	1999	2000	1999	2000	1999
	£000	£000	£000	£000	£000	£000
Segment profit:						
Operating profit	463	(1,216)	(36,413)	(10,164)	(35,950)	(11,380)
Non-operating						
Exceptional items	8	8	1,242	17,012	1,250	17,020
Net interest and income from investments	(608)	(247)	22,866	9,280	22,258	9,033
Profit on ordinary Activities before taxation	(137)	(1,455)	(12,305)	16,128	(12,442)	14,673

Net assets

	Gas trading		Investment and corporate activity		Total	Total
	2000	1999	2000	1999	2000	1999
	£000	£000	£000	£000	£000	£000
Net assets	(4,878)	(4,746)	270,679	262,416	265,801	257,670
Unallocated assets (tax assets and liabilities)	-	-	-	-	4,787	(3,770)
	(4,878)	(4,746)	270,679	262,416	270,588	253,900

Geographical area

Profit

	United Kingdom			Africa	Total	Total
	2000	1999	2000	1999	2000	1999
	£000	£000	£000	£000	£000	£000
Operating profit	(35,950)	(11,380)	-	-	(35,950)	(11,380)
Non-operating exceptional Items	1,250	17,020	-	-	1,250	17,020
Net interest and income from investments	21,907	8,859	351	174	22,258	9,033
Profit on ordinary activities before taxation	(12,793)	14,499	351	174	(12,442)	14,673

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

2. TURNOVER AND SEGEMENTAL ANALYSIS (continued)

Net assets

	United Kingdom		Africa		Total	Total
	2000	1999	2000	1999	2000	1999
	£000	£000	£000	£000	£000	£000
Net assets	270,380	253,692	208	208	270,588	253,900

3. OPERATING LOSS

This is stated after charging:

	2000 £000	1999 £000
Operating lease rentals – plant and machinery	–	–
– land and buildings	1,167	840
Auditors' remuneration – as auditors	44	38
– other services	383	312
Depreciation on tangible fixed assets	3,095	7,511
Exceptional items:		
Recognised in operating profit:		
Provision for impairment of tangible fixed assets	29,925	–
Recognised below operating profit:		
Profit/(loss) and disposal of tangible fixed assets	1,250	(280)
Profit on disposal of fixed asset investments	–	17,300
	1,250	17,020
	31,175	17,020
Tax credit related to items recognised in operating profit	8,977	–
Tax credit related to items recognised below operating profit	–	–
	8,977	–

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

4. DIRECTORS' EMOLUMENTS

	2000 £000	1999 £000
Emoluments	132	140
Pension costs	25	19
	<u>157</u>	<u>159</u>
	2000 No.	1999 No.
Number of directors who are members of defined benefit pension scheme	<u>1</u>	<u>1</u>

5. STAFF COSTS

	2000 £000	1999 £000
Wages and salaries	1,564	4,074
Social security costs	207	346
Other pension costs	138	243
	<u>1,909</u>	<u>4,663</u>
	2000 No.	1999 No.
The average number of monthly employees during the year	<u>60</u>	<u>73</u>

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £000	1999 £000
Interest receivable from undertakings with Norsk Hydro ASA Group	8,165	6,867
Other interest received	6	203
	<u>8,171</u>	<u>7,070</u>

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 2000

7. AMOUNTS WRITTEN (OFF)/BACK ON INVESTMENTS

	2000 £000	1999 £000
Impairment provisions	(5,100)	-
Impairment provision write back	11,500	-
	<u>6,400</u>	<u>-</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £000	1999 £000
Interest paid to undertakings within Norsk Hydro ASA	2,017	2,269
Bank loans and overdrafts	543	37
Exchange loss	10	-
	<u>2,570</u>	<u>2,306</u>

9. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The charge based on the profit for the year comprises:

	2000 £000	1999 £000
United Kingdom corporation tax at 30% (1999 - 30.25%)	-	-
Tax on franked investment income	140	280
Deferred taxation	(9,857)	1,122
Adjustment in respect of prior periods:		
Group relief	(413)	(1,623)
	<u>(10,130)</u>	<u>(221)</u>

There are no tax losses available to be carried forward against future profits assessable to corporation tax (1999 - £nil).

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 2000

10. TANGIBLE FIXED ASSETS

	<i>Freehold property £000</i>	<i>Short leasehold property £000</i>	<i>Long leasehold property £000</i>	<i>Plant and machinery £000</i>	<i>Plant and buildings under construction £000</i>	<i>Total £000</i>
Cost:						
At 1 January 2000	606	151	24,873	94,318	91	120,039
Additions and reclassification	–	–	–	3,056	7	3,063
Disposal and transfers	(320)	–	(81)	(2,927)	(87)	(3,415)
At 31 December 2000	286	151	24,792	94,447	11	119,687
Depreciation:						
At 1 January 2000	91	77	15,915	62,031	–	78,114
Provided during the year	8	7	3,654	29,351	–	33,020
Disposal and transfers	(51)	–	(34)	(1,404)	–	(1,489)
At 31 December 2000	48	84	19,535	89,978	–	109,645
Net book value:						
At 31 December 2000	238	67	5,257	4,469	11	10,042
At 1 January 2000	515	74	8,958	32,287	91	41,925

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 2000

11. FIXED ASSET INVESTMENTS

	<i>Subsidiary undertakings</i>	<i>Joint ventures and associated undertakings</i>	<i>Unlisted investments</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:				
At 1 January 2000	188,979	508	415	189,902
Additions	11,598	3,418	—	15,016
Disposals	—	—	—	—
At 31 December 2000	200,577	3,926	415	204,918
Provision:				
At 1 January 2000	12,829	400	—	13,229
Additions	5,100	—	—	5,100
Writebacks	(11,500)	—	—	(11,500)
At 31 December 2000	6,429	400	—	6,829
Net book value:				
At 31 December 2000	194,148	3,526	415	198,089
At 1 January 2000	176,150	108	415	176,673

The company's principal subsidiary undertakings at 31 December 2000 were:

<i>Company</i>	<i>Country of registration</i>	<i>Nature of business</i>	<i>Percentage of ordinary shares held</i>
Maxicrop (UK) Ltd (formerly Algea (UK) Ltd)	England	Manufacture and distribution of horticultural products	100%
Hydro Agri (UK) Ltd	England	Manufacture and distribution of chemical fertilisers	100%
Hydro Polymers Limited	England	Production compounding and marketing of PVC	100%

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 2000

11. FIXED ASSETS INVESTMENTS

<i>Company</i>	<i>Country of registration</i>	<i>Nature of business</i>	<i>Percentage of ordinary shares held</i>
Hydro Gas and Chemicals Limited (formerly Hydrogas Ltd)	England	Manufacture and distribution of industrial gases	100%
Norsk Hydro Overseas Limited	England	Holding company for overseas interests	100%
Hydro Aluminium Extrusion Limited (formerly Alupres Limited)	England	Manufacture and processing of aluminium extrusions	100%
Hydro Aluminium Profiler UK Limited	England	Manufacture and processing of aluminium extrusions	100%
Nordisk Aviation Products Limited	England	Repairs and maintenance of air cargo equipment	100%
Hydro Seafood GSP Limited	England	Farming of marine species	100%
Hydro Aluminium Rolled Products Limited	England	Aluminium stockholders	100%
Hydro Aluminium Futuretools Limited	England	Die manufacturing	100%
Hydro Ellay Enfield Limited	England	Non-ferrous tubing	100%
Hydro Automotive Structures UK Ltd (formerly Hydro Raufoss Automotive UK Limited)	England	Manufacture of aluminium components	100%
Norsk Hydro Zimbabwe (Private) Limited*	Zimbabwe	Investment holding company	100%
Hydro Aluminium Deeside Limited	England	Aluminium remelt	100%
Norsk Hydro East Africa Limited	Kenya	Manufacture and distribution of chemical fertilisers	99.9%

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 2000

11. FIXED ASSETS INVESTMENTS (continued)

The company's interests in joint ventures and associated undertakings at 31 December 2000 were:

<i>Company</i>	<i>Country of registration</i>	<i>Nature of business</i>	<i>Percentage of shares held</i>
Fertiliser Holdings (Private) Limited*	Zimbabwe	Manufacture and distribution of chemical fertilisers	28%
ZFC Limited*	Zimbabwe	Manufacture and distribution of chemical fertilisers	28%
Technical and Industrial Investment PVT Limited*	Zimbabwe	Manufacture and distribution of chemical fertilisers	28%
Windmill (Private) Limited*	Zimbabwe	Manufacture and distribution of chemical fertilisers	20%
Chemical & Gas Holdings Ltd	Zimbabwe	Manufacture and distribution of chemical fertilisers	20%
Thameside Energy Park Ltd	England	Development of a combined heat and power station	50%

*Interest held by subsidiary undertaking.

12. STOCKS

	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>
Finished goods	5	448

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 2000

13. DEBTORS

	2000	1999
	£000	£000
Due within one year:		
Trade debtors	2,148	1,782
Loans to employees	37	8
Amounts owed by group undertakings	111,074	89,673
Taxation – group relief	–	1,640
Deferred tax (note 16)	1,500	–
Other debtors	7,129	3,469
Prepayments and accrued income	19,913	12,700
	<u>141,801</u>	<u>109,272</u>
Due after more than one year:		
Loans to employees	–	37
Amounts owed by group undertakings	71,303	44,770
Deferred tax (note 16)	2,947	–
	<u>216,051</u>	<u>154,079</u>

14. TRADE AND OTHER CREDITORS

	2000	1999
	£000	£000
Bank overdraft	66,414	1,920
Trade creditors	2,936	104
Amounts owed to group undertakings	43,671	38,119
Advance corporation tax	–	3,319
Taxation – group relief	792	–
Taxation and social security	66	93
Other creditors	5,826	3,405
Accruals and deferred income	13,093	11,195
Proposed dividend	–	19,000
	<u>132,798</u>	<u>77,155</u>

15. CREDITORS: amounts falling due after more than one year

	2000	1999
	£000	£000
Amounts owed to group undertakings	<u>39,997</u>	<u>39,997</u>

Norsk Hydro (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 2000

16. DEFERRED TAXATION

	<i>At 1 January</i>	<i>Arising</i>	<i>Released</i>	
	<i>2000</i>	<i>during</i>	<i>during year</i>	<i>2000</i>
	<i>£000</i>	<i>the year</i>	<i>during year</i>	<i>£000</i>
		<i>£000</i>	<i>£000</i>	
Deferred taxation	2,091	—	(6,538)	(4,447)

The deferred taxation account at 31 December 2000 comprises:

	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>
Capital allowances in advance of depreciation	(4,447)	5,410
Recoverable advance corporation tax	—	(3,319)
	<u>(4,447)</u>	<u>2,091</u>

For the purposes of calculating the deferred tax provision it is assumed that the company's adjusted loss for tax purposes will be surrendered under the group relief provisions, for which payment will be made at the corporation tax rate of 30%. There is no unprovided deferred tax liability.

17. SHARE CAPITAL

	<i>2000</i>	<i>Authorised</i>	<i>Allotted, called up</i>	
	<i>2000</i>	<i>1999</i>	<i>and fully paid</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	72,667	72,667	49,334	49,334
Redeemable shares of £1 each	198,333	198,333	198,333	198,333
	<u>271,000</u>	<u>271,000</u>	<u>247,667</u>	<u>247,667</u>

The company has the right to redeem all or any of the redeemable shares at any time at par value. There is no premium payable on redemption.

NOTES TO THE ACCOUNTS
at 31 December 2000

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 1999	247,667	(8,661)	239,006
Profit for the year	—	14,894	14,894
At 1 January 2000	247,667	6,233	253,900
Loss for the year	—	(2,312)	(2,312)
Proposed dividend declared in a prior year written back	—	19,000	19,000
	<u>247,667</u>	<u>22,921</u>	<u>270,588</u>

19. LEASING COMMITMENTS

At 31 December 2000 the company had annual commitments under operating leases as set out below:

	<i>2000 £000</i>	<i>1999 £000</i>
Expiring within one year	227	—
Expiring within two to five years	—	302
Expiring after five years	1,800	559
	<u>2,027</u>	<u>861</u>

20. PENSION SCHEMES

The company participates in the Norsk Hydro UK 1988 Pension Scheme which provides members with defined benefits related to salary and service. The Scheme's assets are held in a separate trustee administered pension fund.

The scheme is valued at least every three years by professionally qualified independent consulting actuaries, Bacon & Woodrow. The last actuarial review of the Scheme was carried out as at 31 March 1999, using the projected unit method. The most significant assumptions adopted for accounting purposes were as follows:

Rate of return in investments	7.5%
Rate of increase in pension earnings	5.5%
Rate of pension increases	3.6%
Rate of "net" dividend growth	4.5% (this results in assets being recognised at about 81% of market value as at 31 March 1999)

The market value of the Scheme's assets as at 31 March 1999 amounted to about £23.0m. The actuarial value of those assets represented 107% of the value of benefits that had accrued to members based on service to that date allowing for assumed future pay increases. Company contributions have been paid to the Scheme during the year in accordance with advice from actuaries.

NOTES TO THE ACCOUNTS
at 31 December 2000

20. PENSION SCHEMES (CONTINUED)

In accordance with the requirements of Statement of Standard Accounting Practice 24, the company has charged, in the profit and loss account, in the year to 31 December 2000 a pension cost of £138,000 (1999 – £243,000). In assessing pension cost, surplus is spread as a variation over 13 years, being the members average future working lifetime, using the straight-line method.

A liability of £170,000 as at 31 December 2000 (1999 – £306,000) is included in the balance sheet, representing a shortfall in the amount of contributions paid over the accumulated pension cost.

21. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2000.

22. POST BALANCE SHEET EVENTS

In May 2001 £75,000,000 redeemable £1 shares were redeemed at par for cash.

In August 2001 the sale of Hydro Seafood GSP Limited and its subsidiaries was completed. The sale resulted in a profit before tax on disposal of fixed asset investments of £6,900,000.

During 2001 following further restructuring of the agricultural division, the company incurred a loss before tax due to a provision for impairment of tangible fixed assets, of which the company was the lessor, of £6,600,000.

In December 2001, the company's 50% shareholding in Thameside Energy Park Limited was sold. The loss before taxation on this transaction amounts to £1,800,000.

23. RELATED PARTY TRANSACTIONS

Under the provision of FRS 8 the company is exempt from disclosing related party transactions.

24. PARENT UNDERTAKING

The company's immediate parent undertaking is Norsk Hydro Produksjon a.s., incorporated in Norway.

The parent undertaking of the smallest and largest group of undertakings for which group accounts are prepared and of which the company is a member is the company's ultimate parent undertakings Norsk Hydro ASA, incorporated in Norway. Copies of the Norsk Hydro ASA accounts can be obtained from PO Box 2594, N-0240 Oslo 2, Norway.