

REGISTERED NUMBER: 841421 (England and Wales)

**REPORT OF THE DIRECTORS AND AUDITED FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003**

**FOR**

**NORSK HYDRO (UK) LIMITED**

**EY ERNST & YOUNG**



**NORSK HYDRO (UK) LIMITED**

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**COMPANY YEAR INFORMATION  
FOR THE ENDED 31 DECEMBER 2003**

**DIRECTORS:** Mr P Fergusson  
Mr O I Biller  
Mr T Bjorsvik

**SECRETARY:** Mrs J Wong

**REGISTERED OFFICE:** 3rd Floor, Bridge House,  
69 London Road  
Twickenham  
Middlesex  
TW1 3RH

**REGISTERED NUMBER:** 841421 (England and Wales)

**AUDITORS:** Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**BANKERS:** Barclays Bank Plc  
7th Floor  
5 The North Colonnade  
Canary Wharf  
London  
E14 4BB

**SOLICITORS:** Norton Rose  
Kempson House  
Camomile Street  
London  
EC3A 7AN

## **NORSK HYDRO (UK) LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2003**

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company are to act as an investment holding company and provide management services to other group undertakings. The company also acts as selling agents for Caustic Soda, Aluminium and Aluminium based products. The gas trading activities ceased on 30 November 2002, but the company continues to honour its obligations under the remaining open contracts, committed at that date. The gas under these contracts is to be delivered in years 2003 and 2004.

#### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2003.

#### **FIXED ASSETS**

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

#### **FUTURE DEVELOPMENTS**

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

#### **DIRECTORS**

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

T Bjorsvik  
O I Billar  
P Fergusson

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 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 any other interests in the company or any other group undertaking.

#### **COMPANY'S POLICY ON PAYMENT OF CREDITORS**

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.

#### **CHARITABLE DONATIONS**

The company made gifts during the year for charitable purposes of £2,505 (2002 - £4,850)

#### **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.

## **NORSK HYDRO (UK) LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2003**

#### **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.

#### **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.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to

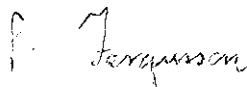
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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 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.

#### **AUDITORS**

Ernst & Young LLP will be resigning as the company's auditors when the accounts for year 2003 are finalised and signed by the directors of the company and the present auditors. Deloitte & Touche LLP will be appointed as the company's auditors in place of Ernst & Young LLP.

#### **ON BEHALF OF THE BOARD:**



By order of the Board  
Mr P Fergusson – Director

Date: 21 January 2005

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORSK HYDRO (UK) LIMITED**

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **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 United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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.

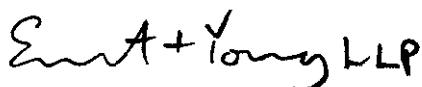
### **Basis of audit opinion**

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 financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

Date: 21.1.05

**NORSK HYDRO (UK) LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 £'000	2002 £'000
<b>TURNOVER</b>	2	13,014	61,816
Cost of sales		<u>(10,636)</u>	<u>(56,687)</u>
<b>GROSS PROFIT</b>		2,378	5,129
Distribution costs		(447)	(36)
Administrative expenses		<u>(5,063)</u>	<u>(10,175)</u>
		(3,132)	(5,082)
Other operating income		<u>2,452</u>	<u>3,342</u>
<b>OPERATING LOSS</b>	3	(680)	(1,740)
Loss on sale of fixed assets	6	(11)	(1,585)
Profit on sale of investments	6	<u>7,749</u>	<u>593</u>
		7,058	(2,732)
Income from shares in group undertakings		13,623	2,002
Income from participating interests		3,191	2,229
Interest receivable and similar income	7	<u>5,846</u>	<u>5,973</u>
		29,718	7,472
Amounts written off investments	8	<u>(15,500)</u>	<u>-</u>
		14,218	7,472
Interest payable and similar charges	9	<u>(1,729)</u>	<u>(4,474)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		12,489	2,998
Tax on profit on ordinary activities	10	<u>4,047</u>	<u>(393)</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>16,536</u>	<u>2,605</u>
<b>RETAINED PROFIT FOR THE YEAR</b>		<u>16,536</u>	<u>2,605</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

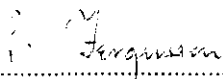
The company has no recognised gains or losses other than the profits for the current and previous years.

# NORSK HYDRO (UK) LIMITED

## BALANCE SHEET 31 DECEMBER 2003

	Notes	2003 £'000	2002 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	615	712
Investments	12	<u>66,639</u>	<u>86,656</u>
		<u>67,254</u>	<u>87,368</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts due within one year	13	190,384	233,191
Debtors: amounts due after one year	13	14,333	65,986
Cash in hand		<u>2</u>	<u>246</u>
		204,719	299,423
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(67,798)</u>	<u>(198,536)</u>
<b>NET CURRENT ASSETS</b>		<u>136,921</u>	<u>100,887</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		204,175	188,255
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	17	<u>(397)</u>	<u>(1,013)</u>
		<u>203,778</u>	<u>187,242</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	172,667	172,667
Profit and loss account	19	<u>31,111</u>	<u>14,575</u>
<b>SHAREHOLDERS' FUNDS</b>	24	<u>203,778</u>	<u>187,242</u>

### ON BEHALF OF THE BOARD:

  
 .....  
 Mr P Fergusson  
 Director

Date: 21 January 2005

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

**1. ACCOUNTING POLICIES**

**Group exemption**

The results of the company are included in the group financial statements of Norsk Hydro ASA. The company is consequently exempt from the obligation to prepare and deliver group financial statements 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 financial statements present information about the company as an individual undertaking and not about its group.

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

**Accounting convention**

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

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**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
Plant and machinery	- 6-15 years
Office equipment, furniture and fittings	- 5-15 years
Motor vehicles	- 3-4 years

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

**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.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**1. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

provision is made for tax on gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**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.

**Operating leases**

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

**Pensions**

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.

**Provisions for liabilities and charges**

Provisions are charged against profits where the liability has been incurred, but the expected value of the liability is not known with certainty, and must be estimated. The effect of the time value of money is not material and therefore the provisions are not discounted.

**Debtors**

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

**Investments**

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

**NORSK HYDRO (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2003****2. TURNOVER**

Turnover comprises of invoiced value, exclusive of VAT, of goods and services supplied from the United Kingdom.

The company mainly operates in two areas of activity, as an investment holding company & providing management services. The gas trading activities ceased on 30 November 2002, but the company continues to honour its obligations under the remaining open contracts, committed at that date. The gas under these contracts is to be delivered in years 2003 and 2004 and any turnover relating to these contracts is included in turnover.

Segmental reporting is not provided for turnover as the destination is the UK and does not relate to overseas markets.

**3. OPERATING LOSS**

The operating loss is stated after charging:

	2003 £'000	2002 £'000
Other operating leases	306	1,439
Depreciation - owned assets	90	453
Auditors remuneration	38	56
Auditors' remuneration for non audit work	<u>155</u>	<u>216</u>

**4. DIRECTORS' EMOLUMENTS**

	2003 £'000	2002 £'000
Directors' emoluments	159	233
Pension costs	<u>13</u>	<u>20</u>
	<u>172</u>	<u>253</u>

**5. STAFF COSTS**

	2003 £'000	2002 £'000
Wages and salaries	1,750	1,525
Social security costs	127	178
Other pension costs	<u>225</u>	<u>245</u>
	<u>2,102</u>	<u>1,948</u>

The average monthly number of employees during the year was as follows:

Administrative staff	<u>36</u>	<u>43</u>
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NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2003

## 6. EXCEPTIONAL ITEMS

	2003 £'000	2002 £'000
Recognised in operating profit:		
Demolition costs	<u>-</u>	<u>1,567</u>
	<u>-</u>	<u>1,567</u>
Recognised below operating profit:		
Loss on disposal of tangible fixed assets	11	1,585
(Profit) on disposal of fixed asset investments	(7,749)	(593)
Lease surrender costs	<u>-</u>	<u>1,302</u>
	<u>(7,738)</u>	<u>2,294</u>
	<u>(7,738)</u>	<u>3,861</u>
Tax charge related to exceptional items recognised in operating loss	-	(470)
Tax charge/(credit) related to exceptional items recognised below operating profit	<u>2,471</u>	<u>(668)</u>
	<u>2,471</u>	<u>(1,158)</u>

## 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £'000	2002 £'000
External interest receivable	141	1
Internal interest received	<u>5,705</u>	<u>5,972</u>
	<u>5,846</u>	<u>5,973</u>

## 8. AMOUNTS WRITTEN OFF INVESTMENTS

	2003 £'000	2002 £'000
Impairment provisions	16,000	-
Impairment provision written back	<u>(500)</u>	<u>-</u>
	<u>15,500</u>	<u>-</u>

## 9. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £'000	2002 £'000
Bank interest	44	302
Interest payable to subs.	1,685	2,794
Lease surrender costs	-	1,302
Exchange loss	<u>-</u>	<u>76</u>
	<u>1,729</u>	<u>4,474</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2003

## 10. TAXATION

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	2003 £'000	2002 £'000
Current tax:		
Group relief	-	(2,379)
Deferred tax:		
Originating and reversal of timing differences	(4,042)	2,576
Prior year deferred tax adjustment	(5)	196
Total deferred tax	(4,047)	2,772
Tax on profit on ordinary activities	(4,047)	393

UK corporation tax has been charged at 30%

**Factors affecting the tax (credit)/charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	<u>12,489</u>	<u>2,998</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	3,747	899
Effects of:		
Expenses not deductible for tax purposes	2,369	567
UK dividend income not taxable	(5,044)	(1,269)
Other timing differences	(45)	303
Accelerated / (decelerated) capital allowances	(694)	(2,879)
Group relief received for nil payment	(753)	-
Utilisation of brought forward tax losses	(12)	-
Capital gains	<u>432</u>	<u>-</u>
Current tax (credit)/charge	<u>-</u>	<u>(2,379)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**10. TAXATION - continued**

**Factors that may affect future tax charges**

Factors that may affect future tax charges

The company expects to continue to claim capital allowances in excess of depreciation in future years. Consequently the deferred tax asset on capital allowances and other timing differences of £2,038,000 has been recognised at 31 December 2003. This should be available to reduce further taxable profits on its reversal.

**Deferred tax asset**

	At 1 January 2003 £000	Arising During the year £000	Prior Year adjustment £000	At 31 December 2003 £000
Deferred Taxation	<u>2,786</u>	<u>4,042</u>	<u>5</u>	<u>6,833</u>

The deferred taxation account at 31 December 2003 comprises:

	2003 £000	2002 £000
Capital allowances in advance of depreciation	1,978	2,879
Recoverable advance corporation tax	60	(107)
Tax credit on losses	4,795	-
	<u>6,833</u>	<u>2,772</u>

For the purposes of calculating the deferred tax provision it is assumed that the company's adjusted [profit/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. Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2003

## 11. TANGIBLE FIXED ASSETS

	Short leasehold £'000	Long leasehold £'000	Plant and machinery £'000	Totals £'000
<b>COST</b>				
At 1 January 2003	140	428	899	1,467
Additions	-	-	19	19
Disposals	-	-	(309)	(309)
At 31 December 2003	<u>140</u>	<u>428</u>	<u>609</u>	<u>1,177</u>
<b>DEPRECIATION</b>				
At 1 January 2003	94	28	633	755
Charge for year	7	3	80	90
Eliminated on disposal	-	-	(283)	(283)
At 31 December 2003	<u>101</u>	<u>31</u>	<u>430</u>	<u>562</u>
<b>NET BOOK VALUE</b>				
At 31 December 2003	<u>39</u>	<u>397</u>	<u>179</u>	<u>615</u>
At 31 December 2002	<u>46</u>	<u>400</u>	<u>266</u>	<u>712</u>

## 12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000	Interest in joint venture £'000	Unlisted investments £'000	Totals £'000
<b>COST</b>				
At 1 January 2003	103,960	1,875	415	106,250
Additions	16,838	-	-	16,838
Disposals	(21,247)	(108)	-	(21,355)
Reclassification/transfer	-	415	(415)	-
At 31 December 2003	<u>99,551</u>	<u>2,182</u>	<u>-</u>	<u>101,733</u>
<b>PROVISIONS</b>				
At 1 January 2003	17,827	1,767	-	19,594
Provision written back	(500)	-	-	(500)
Impairments	16,000	-	-	16,000
At 31 December 2003	<u>33,327</u>	<u>1,767</u>	<u>-</u>	<u>35,094</u>
<b>NET BOOK VALUE</b>				
At 31 December 2003	<u>66,224</u>	<u>415</u>	<u>-</u>	<u>66,639</u>
At 31 December 2002	<u>86,133</u>	<u>108</u>	<u>415</u>	<u>86,656</u>

# NORSK HYDRO (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2003

### 12. FIXED ASSET INVESTMENTS - continued

The company's principal subsidiary undertakings at 31 December 2003 were:

Company	Country of Registration	Nature of Business	Percentage of ordinary shares held
Hydro Polymers Limited	England	Production compounding and marketing of PVC	100%
Hydro Aluminium Extrusion Limited	England	Manufacture and processing of aluminium extrusions	100%
Hydro Aluminium Profiler UK Limited	England	Manufacture and processing of aluminium extrusions	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 Aluminium Deeside Limited	England	Aluminium remelt	100%
Hydro Automotive Structures UK Ltd	England	Manufacture of aluminium components	100%
Hydro Energy (UK) Limited	England	Energy	100%

### 13. DEBTORS

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Trade debtors	7,207	7,515
Amounts owed by group undertakings	168,736	118,247
Other Debtors	182	759
Tax	2,008	2,379
Group Relief	2,605	-
Prepayments and accrued income	9,646	104,291
	<u>190,384</u>	<u>233,191</u>

**NORSK HYDRO (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2003**

**13. DEBTORS - continued**

	2003 £'000	2002 £'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	7,500	63,200
Deferred Tax	<u>6,833</u>	<u>2,786</u>
	<u>14,333</u>	<u>65,986</u>
Aggregate amounts	<u>204,717</u>	<u>299,177</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003 £'000	2002 £'000
Bank loans and overdrafts (see note 15)	2,532	1,027
Trade creditors	4,892	5,136
Amounts owed to group undertakings	49,889	89,459
Social security and other taxes	37	50
Other creditors	1,073	737
Accruals and deferred income	<u>9,375</u>	<u>102,127</u>
	<u>67,798</u>	<u>198,536</u>

**15. LOANS**

An analysis of the maturity of loans is given below:

	2003 £'000	2002 £'000
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>2,532</u>	<u>1,027</u>

**16. OBLIGATIONS UNDER LEASING AGREEMENTS**

The following payments are committed to be paid within one year:

	2003 £'000	Land and buildings operating leases 2002 £'000
Expiring:		
In more than five years	<u>300</u>	<u>300</u>



# NORSK HYDRO (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2003

### 17. PROVISION FOR LIABILITIES AND CHARGES

	Onerous Contracts £000	Remediation £000	Other £000	Total £000
At 1 January 2003	517	336	160	1,013
Arising during the year	-	-	-	-
Utilised	(517)	(99)	-	(616)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	<hr/> -	<hr/> 237	<hr/> 160	<hr/> 397

### 18. CALLED UP SHARE CAPITAL

	Authorised		Allotted, called-up and fully paid	
	2003	2002	2003	2002
	£000	£000	£000	£000
Ordinary shares of £1 each	72,667	72,667	49,334	49,334
Redeemable shares of £1 each	<hr/> 198,333	<hr/> 198,333	<hr/> 123,333	<hr/> 123,333
	<hr/> 271,000	<hr/> 271,000	<hr/> 172,667	<hr/> 172,667

### 19. RESERVES

	Profit and loss account £'000
At 1 January 2003	14,575
Retained profit for the year	<hr/> 16,536
At 31 December 2003	<hr/> 31,111

**20. PENSION COMMITMENTS**

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 2002, using the projected unit method. The most significant assumptions adopted for accounting purposes were as follows:

Rate of return in investments 7.2%

Rate of increase in pay 4.3%

Rate of pension increases 3.6%

The market value of the Scheme's assets as at 31 March 2002 amounted to about £36.9m. The actuarial value of those assets represented 92% 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.

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 2002 a pension cost of £212,000 (2001 £245,000). In assessing pension cost, surplus is spread as a variation over 12 years, being the members average future working lifetime, using the straight-line method.

A prepayment of £36,000 as at 31 December 2003 (2002 - provision of £15,000) is included in the balance sheet, representing a surplus in the amount of contributions paid over the accumulated pension cost.

Therefore no additional disclosure is required other than the information disclosed above.

**21. ULTIMATE PARENT COMPANY**

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

The directors consider the company's ultimate controlling party to be Norsk Hydro ASA. Norsk Hydro ASA is registered in Norway, and its financial statements in which the company's results are included are available from Norsk Hydro ASA, Drammensveien 264, N-0240 Oslo, Norway.

**22. CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 December 2003.

**23. RELATED PARTY DISCLOSURES**

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

**24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2003 £'000	2002 £'000
Profit for the financial year	<u>16,536</u>	<u>2,605</u>
<b>Net addition to shareholders' funds</b>	16,536	2,605
Opening shareholders' funds	<u>187,242</u>	<u>184,637</u>
<b>Closing shareholders' funds</b>	<u>203,778</u>	<u>187,242</u>
Equity interests	<u>203,778</u>	<u>187,242</u>