

Hydro Seafood GSP Limited

Report and Accounts

31 December 1996

Company Registration Number 958001



DIRECTORS

A Eide
G W Mace
M Arnisson-Newgass
A Flem
D Rackham
J G Speirs CBE
M Solberg

SECRETARY

G K Fraser

AUDITORS

Ernst & Young
George House
50 George Square
Glasgow
G2 1RR

BANKERS

National Westminster Bank PLC
Feltham Branch
48 The Centre
Middlesex
TW13 4BD

SOLICITORS

McClure Naismith
192 St Vincent Street
Glasgow
G2 5TQ

REGISTERED OFFICE

Bridge House
69 London Road
Twickenham
Middlesex

COMPANY REGISTRATION NUMBER

958001

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1996.

ACCOUNTS AND DIVIDENDS

The directors submit the audited accounts of the group for the year ended 31 December 1996. The profit for the period amounts to £1,904,766 and is dealt with as shown in the consolidated profit and loss account. A final dividend of £36,500 is proposed.

PRINCIPAL ACTIVITY

During the year the activities of the group consisted of the farming of salmon.

FIXED ASSETS

The changes in tangible fixed assets during the year are detailed in note 10 to the accounts. Freehold and leasehold houses have not been depreciated as required by SSAP 12 as it is the opinion of the directors that the residual value of these properties as a whole will be at least equal to their cost.

DIRECTORS

The directors during the year were those listed on page 1.

DIRECTORS' INTERESTS

No directors had any interest in the share capital of the company or its subsidiaries throughout the year.

AUDITORS

In accordance with Section 386 of the Companies Act 1985, an elective resolution has been passed to dispense with the obligation to appoint auditors annually.

By order of the board



G K FRASER

Secretary

14 May 1997

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 group and of the profit or loss of the group 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;
- 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of Hydro Seafood GSP Limited

We have audited the accounts on pages 5 to 20, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3 the group's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

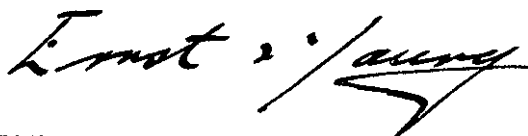
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG

Chartered Accountants
Registered Auditor
Glasgow

14 May 1997

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1996

	Notes	1996 £	1995 £
TURNOVER	2	41,782,703	24,422,471
Cost of sales		35,951,799	17,748,575
GROSS PROFIT		5,830,904	6,673,896
Distribution costs		1,481,447	996,180
Administrative expenses		963,180	640,855
		2,444,627	1,637,035
GROUP OPERATING PROFIT	3	3,386,277	5,036,861
Interest receivable	6	51,245	26,539
Interest payable	7	(1,525,756)	(827,896)
		(1,474,511)	(801,357)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,911,766	4,235,504
Tax on profit on ordinary activities	8	(7,000)	(303,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,904,766	3,932,504
Dividends	9	36,500	1,450,500
PROFIT RETAINED FOR THE FINANCIAL YEAR	20 & 21	1,868,266	2,482,004

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses attributable to shareholders of the group other than the profit of £1,904,766 in the year ended 31 December 1996 and of £3,932,504 in the year ended 31 December 1995.

Hydro Seafood GSP Limited

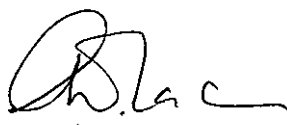
GROUP BALANCE SHEET

at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	10	<u>9,317,468</u>	<u>7,004,365</u>
CURRENT ASSETS			
Stocks	12	32,201,727	17,394,500
Debtors	13	11,214,119	4,663,528
Cash at bank and in hand	14	<u>8,878</u>	<u>37,804</u>
		<u>43,424,724</u>	<u>22,095,832</u>
CREDITORS - amounts falling due within one year			
Ship mortgage finance	15	-	72,900
Amounts owed to parent and fellow subsidiary undertakings		32,937,619	14,229,879
Proposed final dividend		1,487,000	1,450,500
Group relief creditor		-	303,000
Trade and other creditors	16	<u>4,774,668</u>	<u>3,635,899</u>
		<u>39,199,287</u>	<u>19,692,178</u>
NET CURRENT ASSETS		<u>4,225,437</u>	<u>2,403,654</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,542,905	9,408,019
CREDITORS - amounts falling due after more than one year			
	17	4,259,262	2,218,642
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	18	<u>226,000</u>	-
		<u>9,057,643</u>	<u>7,189,377</u>
CAPITAL AND RESERVES			
Called up share capital	19 & 21	3,500,000	3,500,000
Profit and loss account	20 & 21	<u>5,557,643</u>	<u>3,689,377</u>
		<u>9,057,643</u>	<u>7,189,377</u>
ALLOCATED AS REQUIRED BY FRS4			
Equity shares - ordinary share capital		<u>9,057,643</u>	<u>7,189,377</u>

GUY W MACE

Director



14 May 1997

Hydro Seafood GSP Limited

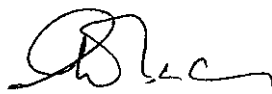
BALANCE SHEET

at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	10	7,605,766	5,065,768
Investments	11	<u>1,581,002</u>	<u>1,580,902</u>
		<u>9,186,768</u>	<u>6,646,670</u>
CURRENT ASSETS			
Stocks	12	23,205,913	13,244,789
Debtors	13	17,114,692	6,401,100
Cash at bank and in hand		<u>4,381</u>	<u>2,317,705</u>
		<u>40,324,986</u>	<u>21,963,594</u>
CREDITORS - amounts falling due within one year			
Ship mortgage finance	15	-	72,900
Amounts owed to parent and fellow subsidiary undertakings		32,533,622	14,215,233
Proposed final dividend		1,487,000	1,450,500
Group relief creditor		-	303,000
Trade and other creditors	16	<u>3,454,242</u>	<u>2,724,822</u>
		<u>37,474,864</u>	<u>18,766,455</u>
NET CURRENT ASSETS		<u>2,850,122</u>	<u>3,197,139</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,036,890	9,843,809
CREDITORS - amounts falling due after more than one year			
	17	4,227,140	2,165,112
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	18	<u>226,000</u>	-
		<u>7,583,750</u>	<u>7,678,697</u>
CAPITAL AND RESERVES			
Called up share capital	19 & 21	3,500,000	3,500,000
Profit and loss account	20 & 21	<u>4,083,750</u>	<u>4,178,697</u>
		<u>7,583,750</u>	<u>7,678,697</u>
ALLOCATED AS REQUIRED BY FRS4			
Equity shares - ordinary share capital		<u>7,583,750</u>	<u>7,678,697</u>

GUY W MACE

Director



14 May 1997

GROUP STATEMENT OF CASH FLOWS
for the year ended 31 December 1996

	<i>Notes</i>	<i>1996</i> £	<i>1995</i> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(a)	4,059,183	4,123,224
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		51,245	26,539
Interest paid		(1,525,756)	(827,896)
Dividends paid		-	(365,000)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(1,474,511)	(1,166,357)
TAXATION			
Corporation tax - group relief (given)/received		(303,000)	215,000
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(4,262,742)	(3,179,782)
Receipts from sale of tangible fixed assets		25,044	21,222
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(4,237,698)	(3,158,560)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(1,956,026)	13,307
FINANCING			
Repayment of long term loans		72,900	72,900
Receipt of long term loan		(2,000,000)	-
NET CASH (INFLOW)/OUTFLOW FROM FINANCING		(1,927,100)	72,900
DECREASE IN CASH AND CASH EQUIVALENTS	14	(28,926)	(59,593)
		(1,956,026)	13,307

NOTES ON THE ACCOUNTS

at 31 December 1996

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings and machinery and equipment.

The accounts are prepared in accordance with applicable accounting standards.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiary undertakings for the year ended 31 December 1996.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and houses, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold property	- 10 years or over the period of the lease if shorter
Machinery and equipment	- 2.5 - 15 years
Motor vehicles	- 3 - 4 years
Wellboat	- 20 years

Stocks

Stocks are valued at the lower of cost and net realisable value. In the case of ongrown fish, costs include direct labour, feed and direct overheads attributable to fish production.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

Government grants

Grants are credited to reserves and released to the profit and loss account over the useful life of the assets by equal annual instalments.

Grants of a revenue nature are credited to income in the period to which they relate.

Leased assets

Assets held on finance leases are shown as part of the company's fixed assets.

NOTES ON THE ACCOUNTS

at 31 December 1996

1 ACCOUNTING POLICIES (continued)

Pensions

The expected cost of pensions in respect of the group's defined benefit pension scheme in which the company's employees participate 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 scheme. Contributions made by each subsidiary are based on pension cost across the scheme as a whole.

2 TURNOVER

Turnover comprises the invoice value of goods and services supplied by the group exclusive of VAT and intra-group transactions.

Turnover is attributable to one continuing activity, the farming of salmon.

A geographical analysis is as follows:

	1996 £	1995 £
United Kingdom	26,727,369	17,239,395
Other European countries	14,573,813	6,915,629
United States of America	117,859	53,598
Japan	194,591	178,236
Hong Kong	-	6,112
South America	81,897	29,501
Canada	32,127	-
Taiwan	55,047	-
	<u>41,782,703</u>	<u>24,422,471</u>

3 GROUP OPERATING PROFIT

(a) Reconciliation of operating profit to net cash inflow from operating activities:-

	1996 £	1995 £
Operating profit	3,386,277	5,036,861
Depreciation	1,945,861	1,332,402
Deferred government grants released	40,620	(33,636)
Gain on sales of tangible fixed assets	(21,266)	(11,642)
Increase in debtors	(6,331,591)	(1,910,794)
Increase in stocks	(14,807,227)	(4,278,734)
Increase in creditors	19,846,509	3,988,767
	<u>4,059,183</u>	<u>4,123,224</u>

NOTES ON THE ACCOUNTS

at 31 December 1996

3 GROUP OPERATING PROFIT (continued)

(b) This is stated after charging/(crediting):

	1996 £	1995 £
Auditors' remuneration		
- audit services	20,759	20,350
- non audit services	16,547	24,773
Depreciation of owned assets	1,945,861	1,332,402
Depreciation of assets held under finance leases	-	-
Hire of plant and equipment	3,106,708	1,567,163
Government grants released	(80,952)	(33,636)
	<u> </u>	<u> </u>

4 DIRECTORS' REMUNERATION

	1996 £	1995 £
Fees	-	2,000
Other emoluments (including pension contributions)	202,543	180,262
	<u> </u>	<u> </u>
	202,543	182,262
	<u> </u>	<u> </u>
	1996 £	1995 £

Emoluments (excluding pension contributions) of the Chairmen - 2,000

Emoluments (excluding pension contributions) of the highest paid director 101,865 94,992

Directors' emoluments, (excluding pension contributions), fell within the following ranges:

	1996 No	1995 No
Not more than £5,000	5	6
£65,001 - £70,000	-	1
£75,001 - £80,000	1	-
£90,001 - £95,000	-	1
£100,001 - £105,000	1	-

NOTES ON THE ACCOUNTS
at 31 December 1996

5 STAFF COSTS

	<i>1996</i> £	<i>1995</i> £
Wages and salaries	4,624,822	2,869,899
Social security costs	371,671	236,825
Other pension costs	196,801	119,362
	<u>5,193,294</u>	<u>3,226,086</u>

The average number of persons employed by the group, including directors, during the year was as follows:

	<i>1996</i> No	<i>1995</i> No
Management	47	27
Administration	22	13
Fish farming and ancillary activities	207	159
	<u>276</u>	<u>199</u>

6 INTEREST RECEIVABLE AND OTHER INCOME

	<i>1996</i> £	<i>1995</i> £
Interest from group companies	49,504	25,437
Other interest	1,741	1,102
	<u>51,245</u>	<u>26,539</u>

7 INTEREST PAYABLE

	<i>1996</i> £	<i>1995</i> £
Group loans	195,434	120,013
FELOS account	1,318,914	701,016
Ship mortgage finance	1,408	6,867
	<u>1,525,756</u>	<u>827,896</u>

NOTES ON THE ACCOUNTS
at 31 December 1996

8 TAXATION

	<i>1996</i> £	<i>1995</i> £
Taxation based on the results for the year comprises:		
UK corporation tax:		
Group relief receivable/(given)	219,000	(303,000)
Deferred taxation	(221,000)	-
Adjustments in respect of prior periods:		
Deferred taxation	(5,000)	-
	<u>(7,000)</u>	<u>(303,000)</u>
	<u><u>(7,000)</u></u>	<u><u>(303,000)</u></u>

Tax losses available for carry forward amount to approximately £2,451,000 (1995 - £4,868,000).

9 DIVIDENDS

	<i>1996</i> £	<i>1995</i> £
Ordinary - final proposed	36,500	1,450,500
	<u><u>36,500</u></u>	<u><u>1,450,500</u></u>

NOTES ON THE ACCOUNTS

at 31 December 1996

10 TANGIBLE ASSETS

	<i>At 1 January 1996 £</i>	<i>Additions and reclassifications £</i>	<i>Disposals and transfers £</i>	<i>At 31 December 1996 £</i>
<i>Group</i>				
Non leased assets				
At cost or valuation:				
Freehold land and buildings	645,278	385,986	-	1,031,264
Buildings on leasehold land	910,704	83,360	-	994,064
Machinery and equipment	14,556,545	3,763,156	-	18,319,701
Motor vehicles	162,003	30,240	64,756	127,487
	<u>16,274,530</u>	<u>4,262,742</u>	<u>64,756</u>	<u>20,472,516</u>
Depreciation:				
Freehold land and buildings	304,782	52,102	-	356,884
Buildings on leasehold land	532,312	42,625	-	574,937
Machinery and equipment	8,287,480	1,830,010	-	10,117,490
Motor vehicles	145,591	21,124	60,978	105,737
	<u>9,270,165</u>	<u>1,945,861</u>	<u>60,978</u>	<u>11,155,048</u>
Net book value:				
At 31 December 1996				<u>9,317,468</u>
Leased assets				
At cost or valuation:				
Machinery and equipment	226,415	-	-	226,415
	<u>226,415</u>	<u>-</u>	<u>-</u>	<u>226,415</u>
Depreciation:				
Machinery and equipment	226,415	-	-	226,415
	<u>226,415</u>	<u>-</u>	<u>-</u>	<u>226,415</u>
Net book value:				
At 31 December 1996				<u>-</u>
TOTAL ASSETS				
Net book value:				
At 31 December 1996				<u>9,317,468</u>
At 31 December 1995				<u>7,004,365</u>

NOTES ON THE ACCOUNTS
at 31 December 1996

10 TANGIBLE ASSETS (continued)

<i>Company</i>	<i>At 1 January 1996 £</i>	<i>Additions and reclassifications £</i>	<i>Disposals and transfers £</i>	<i>At 31 December 1996 £</i>
Non leased assets				
At cost or valuation:				
Freehold land and buildings	562,278	385,825	-	948,103
Buildings on leasehold land	910,704	83,360	-	994,064
Machinery and equipment	11,460,161	3,333,249	-	14,793,410
Motor vehicles	155,390	30,240	64,756	120,874
	<u>13,088,533</u>	<u>3,832,674</u>	<u>64,756</u>	<u>16,856,451</u>
Depreciation:				
Freehold land and buildings	292,008	50,085	-	342,093
Buildings on leasehold land	532,312	42,625	-	574,937
Machinery and equipment	7,059,467	1,175,064	-	8,234,531
Motor vehicles	138,978	21,124	60,978	99,124
	<u>8,022,765</u>	<u>1,288,898</u>	<u>60,978</u>	<u>9,250,685</u>
Net book value: At 31 December 1996				<u>7,605,766</u>
Leased assets				
At cost or valuation:				
Machinery and equipment	226,415	-	-	226,415
Depreciation:				
Machinery and equipment	226,415	-	-	226,415
Net book value: At 31 December 1996				<u>-</u>
TOTAL ASSETS				
Net book value: At 31 December 1996				<u>7,605,766</u>
At 31 December 1995				<u>5,065,768</u>

NOTES ON THE ACCOUNTS

at 31 December 1996

11 INVESTMENTS

	1996 £	1995 £
At 1 January	1,580,902	1,580,902
Additions	100	-
At 31 December	1,581,002	1,580,902

During the year the company acquired the whole issued share capital of Hydro Seafood Sales Limited, a company registered in Scotland.

Subsidiary undertakings

	Class of shares	Country of incorporation	Proportion held
Kerrera Fisheries Limited	Ordinary £1	Scotland	100%
Scottish Sea Farms Limited	Ordinary £1	Scotland	100%
Seafresh Farms Limited	Ordinary £1	Scotland	100%
Seafresh Salmon Limited	Ordinary £1	Scotland	100%
Lismore Salmon Limited	Ordinary £1	Scotland	100%
Hydro Seafood Sales Limited	Ordinary £1	Scotland	100%

12 STOCKS

	1996 £	Group 1995 £	1996 £	Company 1995 £
Materials and feed	1,443,013	710,267	1,102,191	485,302
Ongrowing fish	30,758,714	16,684,233	22,103,722	12,759,487
	32,201,727	17,394,500	23,205,913	13,244,789

13 DEBTORS

	1996 £	Group 1995 £	1996 £	Company 1995 £
Trade debtors	9,517,433	3,704,729	25,689	3,703,831
Prepayments and accrued income	879,753	411,709	840,545	317,721
Amounts owed by subsidiary undertakings	-	-	15,460,753	1,900,924
Other debtors	597,933	547,090	568,705	478,624
Group relief debtor	219,000	-	219,000	-
	11,214,119	4,663,528	17,114,692	6,401,100

NOTES ON THE ACCOUNTS
at 31 December 1996

14 CASH AND CASH EQUIVALENTS

	1996 £	Change in year £	1995 £	Change in year £	1994 £
Cash at bank and in hand	8,878	(28,926)	37,804	(59,593)	97,397
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 SHIP MORTGAGE FINANCE

Group and Company

	1996 £	1995 £
Due within one year	-	72,900
	<u> </u>	<u> </u>

16 TRADE AND OTHER CREDITORS

	1996 £	Group 1995 £	1996 £	Company 1995 £
Trade creditors	2,856,006	2,904,998	1,877,511	2,125,445
Social security	141,341	79,331	133,160	74,704
Accruals and deferred income	1,777,321	651,570	1,443,571	524,673
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	4,774,668	3,635,899	3,454,242	2,724,822
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17 CREDITORS: amounts falling due after more than one year

	1996 £	Group 1995 £	1996 £	Company 1995 £
Deferred grants	259,262	218,642	227,140	165,112
Group loan	4,000,000	2,000,000	4,000,000	2,000,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	4,259,262	2,218,642	4,227,140	2,165,112
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES ON THE ACCOUNTS

at 31 December 1996

18 DEFERRED TAXATION

Deferred taxation fully provided in the accounts is as follows:

	1996 £	1995 £
<i>Group and Company</i>		
Capital allowances in advance of depreciation	341,000	128,000
Other timing differences	(115,000)	(128,000)
	<u>226,000</u>	<u>-</u>

19 CALLED UP SHARE CAPITAL

	1996 No	Authorised 1995 No	1996 £	Allotted, called up and fully paid 1995 £
Ordinary shares of £1 each	3,500,000	3,500,000	3,500,000	3,500,000
	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>

20 PROFIT AND LOSS ACCOUNT

	Group £	Company £	Subsidiaries £
As at 31 December 1995	3,689,377	4,178,697	(489,320)
Profit/(loss) for the year	1,868,266	(94,947)	1,963,213
	<u>5,557,643</u>	<u>4,083,750</u>	<u>1,473,893</u>
As at 31 December 1996	5,557,643	4,083,750	1,473,893

The company has not presented its own profit and loss account for the year ended 31 December 1996. Of the group profit for the financial year, a loss of £94,947 has been dealt with in the accounts of the company.

NOTES ON THE ACCOUNTS
at 31 December 1996

21 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

<i>Group</i>	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 1995	3,500,000	1,207,373	4,707,373
Profit for the year	-	3,932,504	3,932,504
Dividend	-	(1,450,000)	(1,450,000)
At 31 December 1995	3,500,000	3,689,377	7,189,377
Profit for the year	-	1,904,766	1,904,766
Dividend	-	(36,500)	(36,500)
At 31 December 1996	3,500,000	5,557,643	9,057,643
<i>Company</i>			
At 1 January 1995	3,500,000	1,286,587	4,786,587
Profit for the year	-	4,342,610	4,342,610
Dividend	-	(1,450,500)	(1,450,500)
At 31 December 1995	3,500,000	4,178,697	7,678,697
Loss for the year	-	(58,447)	(58,447)
Dividend	-	(36,500)	(36,500)
At 31 December 1996	3,500,000	4,083,750	7,583,750

22 FINANCIAL COMMITMENTS

At 31 December authorised future capital expenditure before deduction of available government grants amounted to:-

	<i>Group and company</i>	
	<i>1996</i>	<i>1995</i>
	<i>£</i>	<i>£</i>
Contracted	166,885	179,877
Not contracted	627,756	102,700

NOTES ON THE ACCOUNTS
at 31 December 1996

23 **HOLDING COMPANY**

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Norsk Hydro a.s., the ultimate parent company, incorporated in Norway, and the parent undertaking of the smallest group is Norsk Hydro (UK) Limited, incorporated in England. Copies of the Norsk Hydro a.s. and the Norsk Hydro (UK) Limited accounts can be obtained from the Registered Office of the company.

24 **PENSION SCHEME**

The company's employees participate in the Norsk Hydro UK 1988 Pension Scheme, which is a funded scheme of the defined benefit type with assets held in trust separately from the company.

Contributions to the scheme are made on the advice of the Scheme's consulting actuaries, Bacon & Woodrow. The aim is for benefits to be fully funded during the Scheme members' working lives. The regular pension cost is assessed under the Projected Unit Method. The latest actuarial valuation was as at 31 March 1996 and the most significant assumptions were:

Investment return	- 9% per annum
Increases in pensionable pay	- 7.5% per annum
Pension increases	- 4.8% per annum
Dividend growth	- 4.5% per annum

The variation from regular cost, which recognises the excess of assets over liabilities in the scheme, has been spread over 15 years, being the average remaining working life.

At the most recent actuarial valuation as at 31 March 1996, the scheme had assets with a total market value of about £13.1 million. After allowing for the impact of the benefit changes introduced with effect from 1 November 1996 the actuarial value as at 31 March 1996 of the assets represented 114% of the benefits that had accrued to members after allowing for expected future increases in pensionable pay.

The pension cost for the year was £196,801 (1995 - £119,362). A provision of £72,000 (1995 - £51,000) is included in the balance sheet at the year end, representing the shortfall of the accumulated pension cost over the contributions paid.