

# Norsk Hydro Overseas Limited

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Registered No. 2665899

## **DIRECTORS**

J G Speirs  
B J Adkins

## **SECRETARY**

B J Adkins

## **AUDITORS**

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

## **BANKERS**

National Westminster Bank PLC  
48 The Centre  
Feltham  
Middlesex TW14 0BD

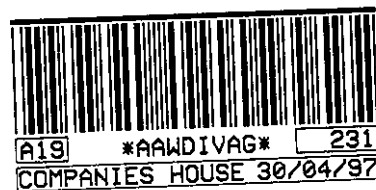
## **SOLICITORS**

Norton Rose  
Kempson House  
Camomile Street  
London EC3A 7AN

## **REGISTERED OFFICE**

Bridge House  
69 London Road  
Twickenham  
Middlesex TW1 3RH

ERNST & YOUNG



# Norsk Hydro Overseas Limited

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## DIRECTORS' REPORT

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

### RESULTS AND DIVIDENDS

The profit for the year amounted to £880,819 (1995 - £230,333). The directors recommend a final dividend of £880,819 (1995 - £230,287).

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity is to act as a holding company for certain interests of the Norsk Hydro (UK) Limited group of undertakings which are based outside of the UK.

### FIXED ASSETS

Changes in fixed assets are shown in note 6 on page 8.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

J G Speirs  
B J Adkins

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.

### AUDITORS

A resolution in accordance with section 386 of the Companies Act 1985 to dispense with the obligations to appoint auditors annually was passed on 4 January 1994 and accordingly Ernst & Young shall be deemed reappointed as auditors.

By order of the board

*Bernard Adams*

Secretary

*1<sup>st</sup> April 1997*

## Norsk Hydro Overseas Limited

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### 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; 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.

**REPORT OF THE AUDITORS**  
to the members of Norsk Hydro Overseas Limited

We have audited the accounts on pages 5 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3 the company'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.

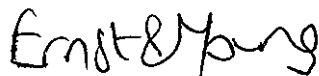
**Basis of opinion**

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 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 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 as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

7 April 1997

# Norsk Hydro Overseas Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	Notes	1996 £	1995 £
Administrative expenses		(9,288)	(5,658)
Dividends from subsidiary undertakings		988,784	236,219
<b>OPERATING PROFIT</b>	2	979,496	230,561
Loss on disposal of fixed asset investments	3	(61,457)	—
Interest receivable from parent undertaking		20,149	14,583
Interest payable to parent undertaking and similar charges		(930)	—
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		937,258	245,144
Tax on profit on ordinary activities	4	56,439	14,811
<b>PROFIT FOR THE FINANCIAL YEAR</b>		880,819	230,333
Dividends proposed		880,819	230,287
<b>PROFIT/(LOSS) RETAINED FOR THE FINANCIAL YEAR</b>	10	—	46

There are no recognised gains or losses other than the profit for the year of £880,819 (1995 – £230,333).

# Norsk Hydro Overseas Limited

## BALANCE SHEET at 31 December 1996

	Notes	1996 £	1995 £
<b>FIXED ASSETS</b>			
Investments	6	11,994	61,458
<b>CURRENT ASSETS</b>			
Debtors	7	1,084,233	384,637
<b>CREDITORS: amounts falling due within one year</b>	8	887,819	237,687
<b>NET CURRENT ASSETS</b>		196,414	146,950
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		208,408	208,408
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	208,408	208,408
Retained earnings	10	-	-
<b>SHAREHOLDERS' FUNDS</b>		208,408	208,408

*[Signature]* Director

1<sup>st</sup> April 1997

# Norsk Hydro Overseas Limited

## NOTES TO THE ACCOUNTS at 31 December 1996

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Investments*

Investments are stated at cost, although provision is made where, in the opinion of the directors, a permanent impairment in value has occurred.

### 2. OPERATING PROFIT

This is stated after charging/(crediting):

	1996 £	1995 £
Exchange loss	11,455	—
Auditors' remuneration	(2,167)	5,614
	<u>          </u>	<u>          </u>

The auditors' remuneration was borne by the parent undertaking in 1996 together with a proportion of their 1995 remuneration.

### 3. EXCEPTIONAL ITEMS

	1996 £	1995 £
Loss on disposal of fixed assets investments	(61,457)	—
	<u>          </u>	<u>          </u>

In December 1996 the company disposed of its investment in O/A Portabulk Packaging System East. There is no tax effect attributable to this disposal.

### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Tax credits attributable to dividends received	49,439	11,811
Group relief payable	7,000	3,000
	<u>          </u>	<u>          </u>
	56,439	14,811

### 5. DIRECTORS' EMOLUMENTS AND STAFF COSTS

None of the directors received remuneration in respect of services as a director of the company or its subsidiary undertaking. The company has no employees.

# Norsk Hydro Overseas Limited

## NOTES TO THE ACCOUNTS

at 31 December 1996

### 6. FIXED ASSET INVESTMENTS

	1996 £	1995 £
Subsidiary undertakings at 1 January	61,458	61,458
Additions	11,993	—
Disposals	(61,457)	—
	<u>11,994</u>	<u>61,458</u>

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Country of registration and operation</i>
Norsk Hydro Zimbabwe (Private) Limited	Zimbabwe
Norsk Hydro RSA (Pty) Limited	South Africa
Norsk Hydro Malawi (Private) Limited (99%)	Malawi
Norsk Hydro East Africa Limited (99.99%)	Kenya
Norsk Hydro Egypt Limited	Egypt

Investments held by Norsk Hydro Zimbabwe (Private) Limited, all incorporated in Zimbabwe:

AFF Holdings Limited	(55.18%)
Windmill (Private) Limited	(20.07%)
Fertilizer Holdings Limited	(27.59%)
ZFC Limited	(27.59%)
Technical & Industrial Investment PVT Limited	(27.59%)
Chemical & Gas Holdings Limited	(20.42%)
Sable Chemicals	(11.62%)

Investment held by Norsk Hydro Egypt Limited, incorporated in Egypt:

Hydro Agri Trade Egypt Limited	(51%)
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All of the above investments represent 100% interests in the ordinary share capital, unless otherwise stated. In the opinion of the directors the value of the company's investments in its subsidiary undertakings is not less than the amount stated above.

### 7. DEBTORS

	1996 £	1995 £
Amounts due from parent undertaking	<u>1,084,233</u>	<u>384,637</u>

Included in debtors are amounts of £315,607 which are due after more than one year (1995 – £nil). All other amounts shown as receivable from the parent undertaking are due on demand.



# Norsk Hydro Overseas Limited

## NOTES TO THE ACCOUNTS at 31 December 1996

### 8. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Group relief	7,000	3,000
Accruals	—	4,400
Proposed final dividend	880,819	230,287
	<u>887,819</u>	<u>237,687</u>

### 9. SHARE CAPITAL

	1996 £	1995 £
Authorised, allotted, called up and fully paid: 208,408 ordinary shares of £1 each	<u>208,408</u>	<u>208,408</u>

### 10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 1995	208,408	(46)	208,362
Profit for the year	—	46	46
	<u>208,408</u>	<u>—</u>	<u>208,408</u>
At 1 January 1996	—	—	—
Profit for the year	—	—	—
	<u>208,408</u>	<u>—</u>	<u>208,408</u>

### 11. GROUP ACCOUNTS

Groups accounts have not been prepared since the company is a wholly owned subsidiary of a company registered in Great Britain.

### 12. CASH FLOW STATEMENT

The company is a small company under the provisions of sections 246 to 247 of the Companies Act 1985 and accordingly, under the provisions of FRS1 is exempt from preparing a cash flow statement.

### 13. PARENT UNDERTAKING

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 ASA, incorporated in Norway and the parent undertaking of the smallest group is Norsk Hydro (UK) Limited, registered in England. Copies of the Norsk Hydro ASA and Norsk Hydro (UK) Limited accounts can be obtained from the registered office of this company.

# Hydro Aluminium Metals Limited

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

	Notes	1996 £	1995 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	4(b)	(122,256)	163,297
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		31,064	28,885
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		31,064	28,885
TAXATION			
Group relief received		17,000	7,000
TAX RECEIVED		17,000	7,000
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(68,653)	(121,446)
Receipts from sales of tangible fixed assets		9,000	13,288
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(59,653)	(108,158)
NET CASH INFLOW BEFORE FINANCING		£(133,845)	£91,024
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	14	£(133,845)	£91,024

# Hydro Aluminium Metals Limited

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## NOTES TO THE ACCOUNTS

at 31 December 1996

### 1 FUNDAMENTAL ACCOUNTING CONCEPT

As the company has ceased to trade, these accounts have not been prepared under the going concern concept. Instead all assets have been valued at the lower of cost or their net realisable value. Full provision has been made for all known liabilities.

### 2. ACCOUNTING POLICIES

#### *Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Depreciation*

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

Buildings	15 to 25 years
Plant and equipment and motor vehicles	3 to 7 years
Office furniture	5 to 10 years

#### *Stocks and work in progress*

For prior years, finished goods, stock and work in progress have been valued at the lower of cost and net realisable value. Cost includes actual cost of materials, manufacturing labour and appropriate production overheads.

#### *Deferred taxation*

Provision is made for deferred taxation, using the liability method on short term timing differences and all other material timing differences.

#### *Foreign currencies*

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at year end rates of exchange. All exchange differences thus arising are reported as part of the profit for the year.

#### *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.

#### *Leased assets*

Rental payments in respect of operating leases are charged to the profit and loss account as incurred.

#### *Deferred income*

Capital based grants deferred income is credited to the profit and loss account by equal annual instalments over the expected useful lives of the assets to which it relates.

#### *Tangible assets*

Tangible assets are stated within current assets at their estimate net realisable value.

# Hydro Aluminium Metals Limited

## NOTES TO THE ACCOUNTS

at 31 December 1996

### 2. ACCOUNTING POLICIES (continued)

#### Closure costs

Full provision has been made for all costs associated with the closure of the company.

### 3. TURNOVER

Turnover comprises the invoiced value of goods and services supplied exclusive of VAT. An analysis of turnover by geographical market is given below:-

	1996 £	1995 £
United Kingdom	1,754,493	2,833,646
Europe	-	11,007
	<u>£1,754,493</u>	<u>£2,844,653</u>

It is the opinion of the directors, disclosure of turnover and profits attributable to each business segment would be of commercial value due to the company's imminent closure.

### 4. OPERATING LOSS

#### a) This is stated after charging:

	1996 £	1995 £
Depreciation (see c) below	249,717	89,040
Hire of plant and machinery	6,760	30,030
Auditors' remuneration - audit services	9,300	9,300
- non audit services	4,040	15,987
Directors' emoluments:		
Remuneration of executives	<u>68,564</u>	<u>67,887</u>

#### b) Reconciliation of operating loss to net cash (outflow)/inflow from operations

	1996 £	1995 £
Operating loss	(63,703)	(146,509)
Provision for closure costs	(606,268)	-
Depreciation (see c) below	249,717	89,040
(Increase)/decrease in debtors	(254,884)	504,726
Decrease/(increase) in stocks	258,631	(75,669)
Increase/(decrease) in creditors	294,251	(208,291)
Net cash (outflow)/inflow from operations	<u>£(122,256)</u>	<u>£163,297</u>

#### c) The depreciation charge of £249,717 includes £159,428 as the extra depreciation required to show tangible assets at the estimated net realisable value.

# Hydro Aluminium Metals Limited

## NOTES TO THE ACCOUNTS

at 31 December 1996

### 5. CLOSURE COSTS

Full provision has been made for all costs associated with the closure of the plant. This includes £159,428 in respect of the additional depreciation charged in order to show tangible assets at their estimated net realisable value.

### 6. EMOLUMENTS OF DIRECTORS

The emoluments, excluding pension contributions, of directors of the company are detailed as follows:

	1996 £	1995 £
Chairman	-	-
Highest paid director	<u>£62,775</u>	<u>£62,650</u>

In both 1996 and 1995 none of the other directors received any remuneration from the company.

### 7. STAFF COSTS

	1996 £	1995 £
Wages and salaries	359,927	580,616
Social security costs	28,082	47,760
Other pension costs	18,120	32,904
	<u>£406,129</u>	<u>£661,280</u>

### 8. STAFF NUMBERS

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

	1996	1995
Management	3	4
Administration	2	3
Production	21	29
	<u>26</u>	<u>36</u>

### 9. OTHER INCOME

	1996 £	1995 £
Interest received from group undertakings	<u>£31,064</u>	<u>£28,885</u>

# Hydro Aluminium Metals Limited

## NOTES TO THE ACCOUNTS

at 31 December 1996

### 10. TAXATION

The credit based on the loss for the year comprises:

	1996 £	1995 £
Deferred tax	-	10,000
Group relief from a fellow subsidiary undertaking at 33%	104,000	17,000
	<u>£104,000</u>	<u>£27,000</u>

### 11. TANGIBLE ASSETS

	Freehold land and buildings £	Plant, machinery and motor vehicles £	Office furniture £	Total £
Cost:				
At 1 January 1996	607,565	1,485,663	28,442	2,121,670
Additions	-	67,547	1,106	68,653
Disposals	-	(16,000)	-	(16,000)
At 31 December 1996	<u>607,565</u>	<u>1,537,210</u>	<u>29,548</u>	<u>2,174,323</u>
Depreciation:				
At 1 January 1996	400,782	1,231,362	16,941	1,649,085
Charge for year	20,658	67,380	2,251	90,289
Disposals	-	(5,508)	-	(5,508)
Additional depreciation charge	-	149,722	9,706	159,428
At 31 December 1996	<u>421,440</u>	<u>1,442,956</u>	<u>28,898</u>	<u>1,893,294</u>
Net book values:				
At 31 December 1996	<u>£186,125</u>	<u>£94,254</u>	<u>£650</u>	<u>281,029</u>
At 31 December 1995	<u>£206,783</u>	<u>£254,301</u>	<u>£11,501</u>	<u>£472,585</u>

Following the decision to close the company and cease trading, tangible assets as at 31 December 1996 are included in current assets section of the balance sheet. As at 31 December 1995, they were included within fixed assets.

The additional depreciation charge represents the extra depreciation required to show tangible assets at their estimated net realisable value.

# Hydro Aluminium Metals Limited

## NOTES TO THE ACCOUNTS

at 31 December 1996

### 12. STOCKS

	1996	1995
	£	£
Raw materials and consumables	2,760	226,661
Work in progress	-	8,096
Finished goods	-	26,634
	<u>£2,760</u>	<u>£261,391</u>

### 13. DEBTORS

	1996	1995
	£	£
Trade debtors	261,247	218,769
Amounts due from group undertakings	1,001,343	688,190
Prepayments	-	13,747
	<u>£1,262,590</u>	<u>£920,706</u>

### 14. ANALYSIS OF CASH AND CASH EQUIVALENTS

	1996	1995	Movement in year
	£	£	£
Cash at bank and in hand	180	71,393	(71,213)
Bank overdraft	(62,632)	-	(62,632)
	<u>£(62,452)</u>	<u>£71,393</u>	<u>(133,845)</u>

	1995	1994	Movement in year
	£	£	£
Cash at bank and in hand	71,393	12,833	58,560
Bank overdraft	-	(32,464)	(32,464)
	<u>£71,393</u>	<u>£(19,631)</u>	<u>£91,024</u>

# Hydro Aluminium Metals Limited

## NOTES TO THE ACCOUNTS

at 31 December 1996

### 15. CREDITORS - amounts falling due within one year

	1996	1995
	£	£
Bank overdraft	62,632	-
Trade creditors	92,352	148,028
Amounts due to group undertakings	31,115	102,184
Social security and taxation	54,944	33,555
Accruals	50,553	85,874
Provision for plant closure	434,928	-
	<u>£726,524</u>	<u>£369,641</u>

### 16. FINANCIAL COMMITMENTS

At 31 December 1996 (1995 £nil) the directors had not authorised any future capital expenditure.

The annual commitment under non-cancellable operating leases in respect of plant and machinery was as follows:

	1996	1995
	£	£
Operating leases which expire:		
within two to five years	-	6,344
thereafter	-	2,200
	<u>£-</u>	<u>£8,544</u>

Following the decision to cease trading, full provision has been made for all operating lease payments.

### 17. PROVISIONS FOR LIABILITIES AND CHARGES

#### Deferred taxation

There are no unprovided amounts of deferred tax.

Deferred tax provided in the accounts is in respect of:-

	1996	1995
	£	£
Capital allowances in advance of depreciation	-	2,000
Other	-	(2,000)
	<u>£-</u>	<u>£-</u>



# Hydro Aluminium Metals Limited

## NOTES TO THE ACCOUNTS

at 31 December 1996

### 18. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised, allotted and fully paid ordinary shares of £ each	<u>£350,000</u>	<u>£350,000</u>

### 19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 1995	350,000	1,096,392	1,446,392
Loss for the year		(89,958)	(89,958)
At 1 January 1996	350,000	1,006,434	1,356,434
Loss for the year	-	(536,399)	(536,399)
At 31 December 1996	<u>£350,000</u>	<u>£470,035</u>	<u>£820,035</u>

### 20. ULTIMATE PARENT UNDERTAKING

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 ASA, the ultimate parent company, incorporated in Norway. The parent undertaking of the smallest group is Norsk Hydro (UK) Limited, incorporated in England and Wales. Copies of the Norsk Hydro ASA and the Norsk Hydro (UK) Limited accounts can be obtained from the Registered Office of the company.

### 21. 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. The notes which follow are in respect of that scheme.

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 of all scheme members.

# Hydro Aluminium Metals Limited

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## NOTES TO THE ACCOUNTS

at 31 December 1996

### 21. PENSION SCHEME (continued)

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 £18,120 (1995: £32,904). A provision of £15,981 (1995: £13,981) is included in the balance sheet at the year end, representing the shortfall of the accumulated pension cost over the contributions paid.

### 21 RELATED PARTY DISCLOSURES

As the company is a subsidiary undertaking, it has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 "Related Party Disclosures" and not disclosed details of transactions with other group undertakings.

# Hydro Aluminium Metals Limited

## THREE YEAR SUMMARY

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
<b>PROFIT FOR THE YEAR</b>		
(Loss)/profit under US GAAP (Form A1)	(547)	(88)
Difference in deferred tax charge	11	2
Loss per UK statutory accounts	<u>(536)</u>	<u>(90)</u>
<b>SHARECAPITAL AND RESERVES</b>		
Shareholder's equity under USGAAP (Form A2)	<u>811</u>	<u>1,358</u>
Net US GAAP deferred tax liability/(asset)	9	(2)
UK Statutory Accounts deferred tax liability	-	-
Difference	<u>9</u>	<u>(2)</u>
Shareholders equity per UK statutory accounts	<u>820</u>	<u>1,356</u>