

**JOTUL (UK) LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2003**

Ormerod Rutter Limited  
Registered Auditor  
The Oakley  
Kidderminster Road  
Droitwich  
Worcestershire  
WR9 9AY



**JOTUL (UK) LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2 to 3</b>
<b>Report of the Independent Auditors</b>	<b>4</b>
<b>Profit and Loss Account</b>	<b>5</b>
<b>Statement of Total Recognised Gains and Losses</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7</b>
<b>Notes to the Financial Statements</b>	<b>8 to 13</b>
<b>Trading and Profit and Loss Account</b>	<b>14</b>

**JOTUL (UK) LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST DECEMBER 2003**

<b>DIRECTORS:</b>	Mr H J Heidenstrom Mr E Moe Mr N S Sloane Mr G C Hjortaas
<b>SECRETARY:</b>	Gray's Inn Secretaries Limited
<b>REGISTERED OFFICE:</b>	Five Chancery Lane Cliffords Inn London EC4A 1BU
<b>REGISTERED NUMBER:</b>	3879828 (England and Wales)
<b>AUDITORS:</b>	Ormerod Rutter Limited Registered Auditor The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY
<b>BANKERS:</b>	Den Norske Bank 20 St Dunstan's Hill London EC3R 8HY

# **JOTUL (UK) LIMITED**

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

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

### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the import and distribution of heating appliances.

### **REVIEW OF BUSINESS**

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

The directors consider the profit achieved on ordinary activities before taxation to be particularly satisfactory given the current economic climate.

### **DIVIDENDS**

The directors do not recommend a dividend.

### **FIXED ASSETS**

Changes in fixed assets during the year are set out in the notes to the financial statements.

### **FUTURE DEVELOPMENTS**

The directors are looking forward to another profitable year.

### **DIRECTORS**

The directors during the year under review were:

Mr H J Heidenstrom  
Mr E Moe  
Mr N S Sloane  
Mr G C Hjortaas

The directors holding office at 31st December 2003 did not hold any beneficial interest in the issued share capital of the company at 1st January 2003 or 31st December 2003.

The directors interest in the parent company are as disclosed within that company's financial statements.

### **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.

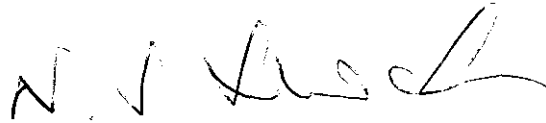
**JOTUL (UK) LIMITED**

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

**AUDITORS**

The auditors, Ormerod Rutter Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'N. S. Sloane', written in a cursive style.

Mr N S Sloane - Director

18th May 2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
JOTUL (UK) LIMITED**

We have audited the financial statements of Jotul (UK) Limited for the year ended 31st December 2003 on pages five to thirteen. These financial statements have been prepared under the historical cost convention and 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

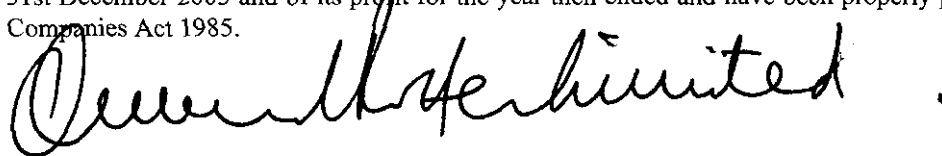
**Basis of audit opinion**

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 the company's affairs as at 31st December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ormerod Rutter Limited  
Registered Auditor  
The Oakley  
Kidderminster Road  
Droitwich  
Worcestershire  
WR9 9AY

28th May 2004

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

	Notes	2003 £	2002 £
<b>TURNOVER</b>	2	2,247,537	1,703,523
Cost of sales		1,237,685	955,545
<b>GROSS PROFIT</b>		1,009,852	747,978
Administrative expenses		786,659	645,923
<b>OPERATING PROFIT</b>	4	223,193	102,055
Interest receivable and similar income		800	768
		223,993	102,823
Interest payable and similar charges	5	13,690	16,771
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		210,303	86,052
Tax on profit on ordinary activities	6	84,242	25,683
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		126,061	60,369
<b>RETAINED PROFIT FOR THE YEAR</b>		126,061	60,369

**CONTINUING OPERATIONS**

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

The notes form part of these financial statements

**JOTUL (UK) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	2003 £	2002 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	126,061	60,369
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	126,061	60,369
	<hr/>	
Prior year adjustment		(2,622)
		<hr/>
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>		57,747
		<hr/>

The notes form part of these financial statements



**JOTUL (UK) LIMITED**

**BALANCE SHEET  
31ST DECEMBER 2003**

	Notes	2003 £	2002 £
<b>FIXED ASSETS</b>			
Intangible assets	7	4,860	-
Tangible assets	8	92,178	84,482
		<u>97,038</u>	<u>84,482</u>
<b>CURRENT ASSETS</b>			
Stocks	9	209,595	159,226
Debtors	10	661,570	579,574
Cash at bank and in hand		123,098	5,041
		<u>994,263</u>	<u>743,841</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>679,449</u>	<u>562,610</u>
<b>NET CURRENT ASSETS</b>			
		<u>314,814</u>	<u>181,231</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		411,852	265,713
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(9,653)	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
	16	(15,169)	(4,744)
		<u>387,030</u>	<u>260,969</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	200,000	200,000
Profit and loss account	18	187,030	60,969
<b>SHAREHOLDERS' FUNDS</b>			
	21	<u>387,030</u>	<u>260,969</u>

**ON BEHALF OF THE BOARD:**



Mr N S Sloane - Director

Approved by the Board on 18th May 2004

The notes form part of these financial statements

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

1. ACCOUNTING POLICIES

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Cash Flow Statement**

Advantage has been taken of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 Paragraph 12(b) on the grounds that consolidated financial statements in which the company and group are publicly available.

**Turnover**

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

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- Nil
Plant and machinery	- 10% on cost
Fixtures and fittings	- 10% on cost
Exhibition costs	- 33% on cost

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Research and development**

Expenditure on research and development is capitalised at cost.

**Foreign exchange**

Although the parent company is based in Norway, all transactions for the year have been conducted in pounds sterling.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

**JOTUL (UK) LIMITED**

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

**3. STAFF COSTS**

	2003	2002
	£	£
Wages and salaries	340,825	248,736
Social security costs	40,370	29,593
	<u>381,195</u>	<u>278,329</u>

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

	2003	2002
Administration	4	4
Works	4	4
	<u>8</u>	<u>8</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Hire of plant and machinery	2,584	3,954
Depreciation - owned assets	12,775	10,981
Depreciation - assets on hire purchase contracts	1,053	-
Profit on disposal of fixed assets	-	(15)
Auditors remuneration	3,500	3,000
	<u>126,642</u>	<u>96,121</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2003	2002
	£	£
Bank interest	13,047	15,838
Interest payable	-	933
Hire purchase interest	643	-
	<u>13,690</u>	<u>16,771</u>

# JOTUL (UK) LIMITED

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

### 6. TAXATION

#### Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
Current tax:		
UK corporation tax	73,817	22,760
Under/over provision	-	801
Total current tax	73,817	23,561
Deferred tax	10,425	2,122
Tax on profit on ordinary activities	84,242	25,683

UK corporation tax has been charged at 30% (2002 - 30%).

#### Factors affecting the tax charge

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

	2003 £	2002 £
Profit on ordinary activities before tax	210,303	86,052
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	63,091	25,816
Effects of:		
Expenses not deductible for tax purposes	11,526	1,393
Capital allowances for period in excess of depreciation	(701)	(1,035)
Marginal relief	(99)	(3,414)
Under/over provision	-	801
Current tax charge	73,817	23,561

### 7. INTANGIBLE FIXED ASSETS

	Research and development £
<b>COST</b>	
Additions	4,860
At 31st December 2003	4,860
<b>NET BOOK VALUE</b>	
At 31st December 2003	4,860

**JOTUL (UK) LIMITED**

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

**8. TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Exhibition costs £	Totals £
<b>COST</b>					
At 1st January 2003	21,166	50,477	16,487	17,450	105,580
Additions	117	14,996	6,411	-	21,524
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2003	21,283	65,473	22,898	17,450	127,104
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>					
At 1st January 2003	-	12,945	3,868	4,285	21,098
Charge for year	-	6,116	1,953	5,759	13,828
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2003	-	19,061	5,821	10,044	34,926
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>					
At 31st December 2003	21,283	46,412	17,077	7,406	92,178
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2002	21,166	37,532	12,619	13,165	84,482
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
<b>COST</b>	
Additions	14,046
	<hr/>
At 31st December 2003	14,046
	<hr/>
<b>DEPRECIATION</b>	
Charge for year	1,053
	<hr/>
At 31st December 2003	1,053
	<hr/>
<b>NET BOOK VALUE</b>	
At 31st December 2003	12,993
	<hr/>

**9. STOCKS**

	2003 £	2002 £
Stocks	209,595	159,226
	<hr/>	<hr/>

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003 £	2002 £
Trade debtors	618,102	525,797
Other debtors	2,192	2,192
Tax	9,854	14,687
Prepayments and accrued income	31,422	36,898
	<hr/>	<hr/>
	661,570	579,574
	<hr/>	<hr/>

**JOTUL (UK) LIMITED**

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

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

	2003	2002
	£	£
Bank loans and overdrafts (see note 13)	260,263	352,759
Hire purchase contracts (see note 14)	2,579	-
Trade creditors	228,231	150,786
Tax	73,817	22,760
Accruals and deferred income	114,559	36,305
	<u>679,449</u>	<u>562,610</u>

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2003	2002
	£	£
Hire purchase contracts (see note 14)	<u>9,653</u>	<u>-</u>

**13. LOANS**

An analysis of the maturity of loans is given below:

	2003	2002
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>260,263</u>	<u>352,759</u>

**14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

	2003	2002
	£	£
Net obligations repayable:		
Within one year	2,579	-
Between one and five years	9,653	-
	<u>12,232</u>	<u>-</u>

**15. SECURED DEBTS**

The following secured debts are included within creditors:

	2003	2002
	£	£
Bank overdraft	<u>260,263</u>	<u>352,759</u>

**16. PROVISION FOR LIABILITIES AND CHARGES**

	2003	2002
	£	£
Deferred tax	<u>15,169</u>	<u>4,744</u>

**JOTUL (UK) LIMITED**

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

**16. PROVISION FOR LIABILITIES AND CHARGES - continued**

	Deferred tax £
Balance at 1st January 2003	4,744
Charge for the year	10,425
	<hr/>
Balance at 31st December 2003	15,169
	<hr/>

**17. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2003	2002
		£1	£	£
200,000	Ordinary		200,000	200,000
			<hr/>	<hr/>

**18. RESERVES**

	Profit and loss account £
At 1st January 2003	60,969
Retained profit for the year	126,061
	<hr/>
At 31st December 2003	187,030
	<hr/>

**19. ULTIMATE PARENT COMPANY**

The directors consider that the holding company is Jotul ASA, a company registered in Norway.

**20. RELATED PARTY DISCLOSURES**

During the year the company traded with its parent company, Jotul ASA, which is a company registered in Norway.

Purchases of stock items amounted to £1,159,017 (2002 - £901,286) and there was a closing purchases ledger balance of £150,842 (2002 - £84,729).

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

	2003 £	2002 £
Profit for the financial year	126,061	60,369
	<hr/>	<hr/>
<b>Net addition to shareholders' funds</b>	126,061	60,369
Opening shareholders' funds	260,969	200,600
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	387,030	260,969
	<hr/>	<hr/>
Equity interests	387,030	260,969
	<hr/>	<hr/>

**JOTUL (UK) LIMITED**

**TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	2003		2002
	£	£	£
<b>Sales</b>		2,247,537	1,703,523
<b>Cost of sales</b>			
Purchases	1,162,855		898,019
Haulage	74,830		57,526
	<hr/>	1,237,685	<hr/>
			955,545
<b>GROSS PROFIT</b>		1,009,852	747,978
<b>Other income</b>			
Bank interest receivable		800	768
		<hr/>	<hr/>
		1,010,652	748,746
<b>Expenditure</b>			
Directors' salaries	126,642		96,121
Directors' pensions paid	7,206		6,510
Wages and salaries	214,183		152,615
Social security	40,370		29,593
Rent and rates	75,350		75,808
Light and heat	1,804		2,345
Hire of plant and machinery	2,584		3,954
Telephone and postage	10,720		10,520
Printing and stationery	11,534		9,742
Advertising	102,033		75,886
Motor and travel expenses	46,250		49,937
Insurance	7,527		7,649
Computer costs	11,128		15,187
Repairs and renewals	6,808		4,179
Sundry expenses	5,729		6,971
Management fees	62,052		55,584
Legal and professional fees	24,071		20,647
Auditors remuneration	3,500		3,000
Entertainment	6,865		4,773
Bad debts	3,506		1,200
Depreciation of tangible fixed assets	13,828		10,981
Profit/loss on sale of tangible fixed assets	-		(15)
	<hr/>	783,690	<hr/>
		226,962	643,187
			<hr/>
			105,559
<b>Finance costs</b>			
Bank charges	2,969		2,736
Bank interest	13,047		15,838
Interest payable	-		933
Hire purchase interest	643		-
	<hr/>	16,659	<hr/>
			19,507
<b>NET PROFIT</b>		210,303	86,052
		<hr/>	<hr/>

This page does not form part of the statutory financial statements