

**JOTUL (UK) LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2004**

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 2004**

	<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>Balance Sheet</b>	<b>6</b>
<b>Notes to the Financial Statements</b>	<b>7 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 2004**

<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 2004**

The directors present their report with the financial statements of the company for the year ended 31st December 2004.

### **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 2004 did not hold any beneficial interest in the issued share capital of the company at 1st January 2004 or 31st December 2004.

The directors interest in the parent company and other group companies are as disclosed in those companies' 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 2004**

**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', with a long horizontal flourish extending to the right.

Mr N S Sloane - Director

19th January 2005

**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 2004 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 2004 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

19th January 2005

**JOTUL (UK) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2004**

	Notes	2004 £	2003 £
<b>TURNOVER</b>	2	2,502,518	2,247,537
Cost of sales		1,327,774	1,237,685
<b>GROSS PROFIT</b>		1,174,744	1,009,852
Administrative expenses		894,131	786,660
		280,613	223,192
Other operating income		227	-
<b>OPERATING PROFIT</b>	4	280,840	223,192
Interest receivable and similar income		1,773	800
		282,613	223,992
Interest payable and similar charges	5	4,983	13,690
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		277,630	210,302
Tax on profit on ordinary activities	6	77,451	84,242
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		200,179	126,060
<b>RETAINED PROFIT FOR THE YEAR</b>		200,179	126,060

**CONTINUING OPERATIONS**

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

**TOTAL RECOGNISED GAINS AND LOSSES**

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

The notes form part of these financial statements

**JOTUL (UK) LIMITED**

**BALANCE SHEET  
31ST DECEMBER 2004**

	Notes	2004 £	2003 £
<b>FIXED ASSETS</b>			
Intangible assets	7	20,618	4,860
Tangible assets	8	104,095	92,178
		<u>124,713</u>	<u>97,038</u>
<b>CURRENT ASSETS</b>			
Stocks	9	268,797	209,595
Debtors	10	776,683	661,569
Cash at bank and in hand		86,756	123,098
		<u>1,132,236</u>	<u>994,262</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	655,655	679,449
<b>NET CURRENT ASSETS</b>		<u>476,581</u>	<u>314,813</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>601,294</u>	<u>411,851</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(6,889)	(9,653)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	(7,197)	(15,169)
		<u>587,208</u>	<u>387,029</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	200,000	200,000
Profit and loss account	18	387,208	187,029
<b>SHAREHOLDERS' FUNDS</b>	22	<u>587,208</u>	<u>387,029</u>

**ON BEHALF OF THE BOARD:**



Mr N S Sloane - Director

Approved by the Board on 19th January 2005

The notes form part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2004**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and applicable accounting standards. There were no material departures from those standards.

**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 included 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	- 20% on cost and 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 incurred in bringing it to its present location.

**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 where it is expected to generate future economic benefits. Amortisation is charged over its expected useful life once the project is completed.

**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 2004**

**3. STAFF COSTS**

	2004	2003
	£	£
Wages and salaries	323,067	340,825
Social security costs	38,930	40,370
Other pension costs	6,797	7,206
	<u>368,794</u>	<u>388,401</u>

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

	2004	2003
Administration	4	4
Works	4	4
	<u>8</u>	<u>8</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2004	2003
	£	£
Hire of plant and machinery	1,662	2,584
Depreciation - owned assets	16,077	12,775
Depreciation - assets on hire purchase contracts	1,405	1,053
Auditors remuneration	3,650	3,500
	<u>22,794</u>	<u>19,812</u>
Directors' emoluments	<u>135,025</u>	<u>126,642</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2004	2003
	£	£
Bank interest	4,286	13,047
Hire purchase interest	697	643
	<u>4,983</u>	<u>13,690</u>

# JOTUL (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2004

### 6. TAXATION

#### Analysis of the tax charge

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

	2004 £	2003 £
Current tax:		
UK corporation tax	85,423	73,817
Deferred tax	(7,972)	10,425
Tax on profit on ordinary activities	<u>77,451</u>	<u>84,242</u>

UK corporation tax has been charged at 30% (2003 - 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:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>277,630</u>	<u>210,302</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	83,289	63,091
Effects of:		
Expenses not deductible for tax purposes	2,731	11,526
Capital allowances for period in excess of depreciation	(597)	(701)
Marginal relief	-	(99)
Current tax charge	<u>85,423</u>	<u>73,817</u>

### 7. INTANGIBLE FIXED ASSETS

	Research and development £
<b>COST</b>	
At 1st January 2004	4,860
Additions	15,758
At 31st December 2004	<u>20,618</u>
<b>NET BOOK VALUE</b>	
At 31st December 2004	<u>20,618</u>
At 31st December 2003	<u>4,860</u>

**JOTUL (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2004**

**8. TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Exhibition costs £	Totals £
<b>COST</b>					
At 1st January 2004	21,283	65,473	22,899	17,450	127,105
Additions	-	8,679	20,718	-	29,397
At 31st December 2004	21,283	74,152	43,617	17,450	156,502
<b>DEPRECIATION</b>					
At 1st January 2004	-	19,061	5,821	10,043	34,925
Charge for year	-	7,029	4,694	5,759	17,482
At 31st December 2004	-	26,090	10,515	15,802	52,407
<b>NET BOOK VALUE</b>					
At 31st December 2004	21,283	48,062	33,102	1,648	104,095
At 31st December 2003	21,283	46,412	17,078	7,407	92,180

The net book value of tangible fixed assets includes £11,588 (2003 - £12,993) in respect of assets held under hire purchase contracts.

**9. STOCKS**

	2004 £	2003 £
Stocks	268,797	209,595

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

	2004 £	2003 £
Trade debtors	749,581	618,101
Amounts owed by group undertakings	2,192	2,192
Other debtors	1,323	-
Tax	7,573	9,854
Prepayments and accrued income	16,014	31,422
	776,683	661,569

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

	2004 £	2003 £
Bank loans and overdrafts (see note 13)	184,578	260,263
Hire purchase contracts (see note 14)	2,763	2,579
Trade creditors	295,513	228,231
Tax	85,423	73,817
Social security and other taxes	9,362	-
Accruals and deferred income	78,016	114,559
	655,655	679,449

**JOTUL (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2004**

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

	2004	2003
	£	£
Hire purchase contracts (see note 14)	6,889	9,653
	<u>6,889</u>	<u>9,653</u>

**13. LOANS**

An analysis of the maturity of loans is given below:

	2004	2003
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	184,578	260,263
	<u>184,578</u>	<u>260,263</u>

**14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	2004	2003
	£	£
Net obligations repayable:		
Within one year	2,763	2,579
Between one and five years	6,889	9,653
	<u>9,652</u>	<u>12,232</u>

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

	Land and buildings		Other operating leases	
	2004	2003	2004	2003
	£	£	£	£
Expiring:				
Within one year	25,626	-	-	-
Between one and five years	-	51,252	14,726	14,726
	<u>25,626</u>	<u>51,252</u>	<u>14,726</u>	<u>14,726</u>

**15. SECURED DEBTS**

The following secured debts are included within creditors:

	2004	2003
	£	£
Bank overdrafts	184,578	260,263
	<u>184,578</u>	<u>260,263</u>

**JOTUL (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2004**

**16. PROVISION FOR LIABILITIES AND CHARGES**

	2004	2003
	£	£
Deferred tax	7,197	15,169
	<u>          </u>	<u>          </u>
		Deferred
		tax
		£
Balance at 1st January 2004		15,169
Charge for the year		(7,972)
		<u>          </u>
Balance at 31st December 2004		7,197
		<u>          </u>

**17. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2004	2003
			£	£
200,000	Ordinary	£1	200,000	200,000
			<u>          </u>	<u>          </u>

**18. RESERVES**

	Profit and loss account £
At 1st January 2004	187,029
Retained profit for the year	200,179
	<u>          </u>
At 31st December 2004	387,208
	<u>          </u>

**19. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. Assets of the scheme are held in an independently administered fund. Pension costs of £9,589 were charged to the profit and loss account in the year. At the year end there were £1,500 of outstanding pension contributions.

**20. ULTIMATE PARENT COMPANY**

During the year the issued share capital of the company was transferred from Jotul ASA to Jotul AS, both companies being registered in Norway.

**21. RELATED PARTY DISCLOSURES**

During the year the company traded with Jotul ASA, Jotul AS, Jotul France and Jotul North America.

Transactions during the year in aggregate amounted to purchases and freight of £1,253,968, management charges incurred of £69,684 and sales of £3,836.

Balances outstanding at the year end amounted to £202,277 (trade creditors), £3,257 (trade debtors), and £2,192 (amounts owed by group undertakings).

**JOTUL (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2004**

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

	2004	2003
	£	£
Profit for the financial year	200,179	126,060
<b>Net addition to shareholders' funds</b>	<u>200,179</u>	<u>126,060</u>
Opening shareholders' funds	387,029	260,969
<b>Closing shareholders' funds</b>	<u><u>587,208</u></u>	<u><u>387,029</u></u>
Equity interests	<u><u>587,208</u></u>	<u><u>387,029</u></u>

**JOTUL (UK) LIMITED**  
**TRADING AND PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2004**

	2004	2003
	£	£
<b>Sales</b>		2,247,537
<b>Cost of sales</b>		
Purchases	1,250,287	1,162,855
Haulage	77,487	74,830
	<u>1,327,774</u>	<u>1,237,685</u>
	1,174,744	1,009,852
<b>GROSS PROFIT</b>		
<b>Other income</b>		
Corporation tax interest received	227	800
Bank interest receivable	1,773	800
	<u>2,000</u>	<u>1,010,652</u>
	1,176,744	
<b>Expenditure</b>		
Directors' salaries	135,025	126,642
Directors' pension contributions	6,797	7,206
Wages and salaries	188,042	214,183
National insurance	38,930	40,370
Rent and rates	76,413	75,350
Light and heat	7,827	1,804
Hire of plant and machinery	1,662	2,584
Telephone and postage	9,685	10,720
Postage and stationery	9,761	11,534
Advertising	202,371	102,033
Motor and travel expenses	56,382	46,250
Insurance	10,211	7,527
Computer costs	7,966	11,128
Repairs and renewals	677	6,808
Sundry expenses	7,120	5,730
Management fees	69,684	62,052
Legal and professional fees	25,240	24,071
Auditors remuneration	3,650	3,500
Entertainment	5,410	6,865
Bad debts	10,718	3,506
Depreciation of tangible fixed assets	17,482	13,828
	<u>891,053</u>	<u>783,691</u>
	285,691	226,961
<b>Finance costs</b>		
Bank charges	3,078	2,969
Bank interest	4,286	13,047
Hire purchase interest	697	643
	<u>8,061</u>	<u>16,659</u>
	277,630	210,302

**NET PROFIT**