

**Hydro Aluminium Deeside Limited**

**Strategic report, Directors' report  
and financial statements**

**Registered number 01786117**

**For the year ended 31 December 2022**

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# **Hydro Aluminium Deeside Limited**

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

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## **Hydro Aluminium Deeside Limited**

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### **Officers and professional advisors**

#### **Directors**

J W Clifton  
O C Enger  
H Bjerkaas  
D J Morear (*appointed 22 August 2022*)  
I H Guddal (*appointed 14 April 2023*)

#### **Secretary**

D J Morear

#### **Registered office**

Bridge Road  
Wrexham Industrial Estate  
Wrexham  
Clwyd  
LL13 9PS

#### **Banker**

JP Morgan Chase Bank NA  
25 Bank Street  
Canary Wharf  
London  
E14 5JP

#### **Auditor**

Crowe U.K. LLP  
Chartered Accountants  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

# Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

## Strategic report

### Principal activities

The principal activity of the company during the year was toll conversion and manufacturing of aluminium extrusion billet from scrap and virgin metal. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the forthcoming year.

### Business review

2022 saw the company achieve plant records in multiple areas culminating in an outstanding financial result, far eclipsing any previous financial result for the company. Whilst this result was in part driven by the excellent ongoing improvement work internally, the single biggest driver of the record profits for the year was the high extrusion ingot billet premiums in 2022. The very high margins this delivered meant that whilst volume in 2022 was lower than in 2021, profits were much improved.

The key operational metrics for the year were as follows:

- The plant remained TRI free for the whole year (same in 2021) and in so doing passed the milestone of 5 years TRI
- Operating profit of £21,614,304 (2021: £6,698,099)
- Production volume of 53,391mt (2021: 57,061mt).

The long-term key drivers of the company's financial performance are active margin management, a continued market demand for recycled and "green" aluminium products and a strong safety record. However, it is also relevant to note that as the company is part of the Norsk Hydro Group ("the Group") it is not dependent on the local market as its key external performance driver.

The company is part of the Norsk Hydro Group and Norsk Hydro ASA is the ultimate controlling party. The Group manages its aluminium business on a sector basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance, or position of the business. The performance of the Aluminium Metal Business Unit, which includes this company, is discussed in the publicly available Group's annual report (Norsk Hydro ASA), which does not form part of this report.

### Principal risks and uncertainties

The last few years have seen considerable movement in the prices of aluminium for both raw materials and for the finished products that the company sells. As a result, it is important to retain flexibility as a company and active margin management is a key part of the company's approach to mitigate these risks. The company continues to invest to reduce its cost base and improve its operational efficiency.

The company is a large consumer of gas and electric. However, as the company remelts cold metal (a remelter) compared to smelting aluminium (a smelter) it is a lot less exposed to energy prices than its smelter competitors. The company uses hedging to lock in future volumes and so is not fully exposed to the current spot prices. As such the company continued to generate a profit despite the record energy prices seen in the UK last year. More generally the current high levels of inflation does give some cost pressure on our fixed cost base, however as this is relatively a small amount of our total cost position (relative to cold metal purchases which are not affected by general inflation in the same way) then the overall impact on the company is minimal.

Looking further forward, long term government energy policies and prices, and the ability to source raw materials, on time, correctly presented, free from contaminants and of the correct specifications are common challenges for the UK aluminium industry in the medium to long term.

## **Hydro Aluminium Deeside Limited**

Strategic report, Directors' report and financial statements  
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### **Strategic report (continued)**

The Covid-19 pandemic did not have any material long term impact on the company and the possible repeat of such a pandemic is not considered a material long term risk for the company

### **Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated short-term impact of another health pandemic (or similar) on the operations and its financial resources, the company will have sufficient funds, to meet its liabilities as they fall due for that period through the group's cash pool arrangement.

The events of 2020, when faced with the worst of Covid and lockdowns have shown that the company can remain both profitable and cash positive even when volumes are significantly reduced. Recent capital projects have reduced the company's cost base and increased its flexibility such that it has been able to adopt different operating models to suit the volumes requested by its customers. This has enabled the company to remain profitable and cash generative despite operating considerably below capacity.

As part of its going concern review, the directors have considered a severe but plausible downside scenario, including a more severe decrease in demand than that experienced during the spring of 2020, due to the wave of the Covid-19 pandemic, and lasting through a six-month period. The directors are of the opinion that the company could withstand such a scenario.

As a relatively high user of gas and electric the company monitors the energy prices of gas and electric and the recent turbulence in energy prices. Modelling has been done based on the highs of the energy pricing seen in 2022 and the company is able to maintain profitability even at these levels. Active use of hedging and investing in best available technology on new projects is the main tool used by the company to mitigate its exposure to energy price risks.

Sales volumes can be influenced by the wider Norsk Hydro Group ("Group") activity, and in a soft market can be liable to substantial, but generally short-term, reductions to balance the overall Group supply chains. During such a scenario the company would look to minimise its cost base, whilst retaining flexibility to ramp back up at short notice in response to any positive change in market conditions. The company may suffer short-term losses in such a scenario and so maintains adequate cash resources as a contingency. During a longer period of reduced activity, the directors would look to minimise the cost base further to match a more prolonged period of reduced volumes and would aim for a break-even position.

The company has no internal or external debt and has access to a positive bank balance, which at 31 December 2022 was in excess of £34 million and whilst this is held by Group and shown as an intercompany debtor in the balance sheet, the company has unrestricted access to the funds when required. Whilst these funds are held by Group on behalf of the company, the Group are restricted from using these funds.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities, through the use of the group cash pooling facility shown within "amounts due from group undertakings" as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### **Future Outlook**

The company has prepared a budget for 2023 which has been approved by the Group. This includes a considerable amount for capital investment including land acquisition for future growth. Initial results in 2023 are positive and above our business plan. The current future outlook is therefore very positive for the Company.

## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### Strategic report (continued)

#### Statement by the directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006

The Board of directors consider that both individually and together they have acted in good faith and in a manner that would be most likely to promote the success of the company for the benefit of its stakeholders.

In particular the delivery of our approved 5-year plan (2022 to 2026) will deliver a long-term beneficial impact to the company and specific stakeholders as follows:

- To our employees - we aim to be a responsible employer in providing ongoing training and development opportunities which support the business needs as well as offering a complete remuneration package. We will further develop our safety systems to maintain a safe working environment.
- To our customers – we aim to build on our existing relationships to offer greener products in higher volumes through ongoing collaboration, quality improvements and process efficiencies.
- To our suppliers – we aim to ensure you receive prompt payment for your invoices, foster good working relationships and work together on areas of mutual interest.
- To our local community and the environment – we aim to further increase our volume of Circal, a product containing a minimum of 75% recycled aluminium and having a reduced Carbon footprint.
- To members of our community – The Hydro values which underpin the day-to-day working environment in which the company operates, including "Care", "Collaboration" and "Courage". There is an expectation that all employees, at all levels in the Group, "live" these values.

By delivering on these aims the directors believe they will contribute to enhancing the Norsk Hydro's Groups Global reputation in a positive way and deliver an improved financial return to our shareholders. Being a 100% owned subsidiary of the Norsk Hydro Group, the decisions the directors make will have due regard to the needs of the Group as well as this company. At all times the Directors will strive to make informed decisions, in a responsible way, with due regard to various stakeholder interests in a fair and reasonable way.

By order of the board,



**J W Clifton**  
Director

31<sup>st</sup> July.....2023

Hydro Aluminium Deeside Limited  
Bridge Road  
Wrexham Industrial Estate  
Wrexham  
Clwyd  
LL13 9PS

## **Hydro Aluminium Deeside Limited**

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### **Directors' report**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

#### **Research and development**

Norsk Hydro has two research and development centres for aluminium in Norway and Germany, which serve all of its subsidiaries in Europe. This, together with extensive use of internal Hydro benchmark results, is expected to have a major positive impact on the company.

#### **Environment**

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment and ensures compliance with its operating permit as issued by Natural Resources Wales.

The number one priority for the company will always be to maintain a safe working environment for employees and stakeholders. This is an area in which the company has established a strong reputation, which the directors are keen to maintain as HES (Health, Environment and Safety) is a prerequisite for a successful cast house.

#### **Proposed dividends**

The directors do not recommend the payment of a dividend in the year (2021: £nil).

#### **Directors**

The directors who held office during the year to the date of signing these financial statements were as follows:

O C Enger  
H Bjerkaas  
T O Christophersen (resigned 17<sup>th</sup> November 2022)  
J W Clifton  
D J Morear (appointed 22<sup>nd</sup> August 2022)  
I H Guddal (appointed 14 April 2023)

#### **Employees**

The directors would like to thank all employees for their hard work during the year. Details of the number of employees and related costs can be found in the notes to these financial statements. The company recognises the need to foster its relationships with suppliers, customers and other stakeholders and it seeks to do this by following the key Hydro Values of Care, Courage and Collaboration in all its business activities.

#### **Political donations**

There were no political donations in the year (2021: nil).

#### **Financial Risk Management**

Financial risk is mitigated in accordance with the Group's policies through the active use of hedging in relation to metal purchases and sales and energy contracts. The management of the company's financing, credit, liquidity and cash flow risks and requirements are managed via the Group's Corporate Finance division. The Company also follows the Group's policies for managing its price exposure to customers and suppliers.

## Hydro Aluminium Deeside Limited

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### Directors' report (continued)

#### Streamlined Energy and Carbon reporting

##### Introduction

As Hydro Aluminium Deeside Limited is classified as a large unquoted company under the definitions set in Section 465 and 466, Chapter 15 of Companies Act 2006, it needs to comply with the government legislation implemented by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") on Streamlined Energy and Carbon Reporting (SECR).

To fulfil this, we have measured our UK energy and greenhouse gas emissions as classified within Scope 1 and 2 of Streamlined Energy and Carbon Reporting (SECR) which are presented in tables 1, 2 & 3. This statement excludes mandatory (business travel) and non-mandatory elements of Scope 3 emissions as these are not material to our organisation's activities.

##### Organisational and operational boundaries of the company

Hydro Aluminium Deeside Limited structural and operational boundaries are the same. The company is operating from one site:

- Business Unit Recycling, Hydro Aluminium Metal, Hydro Aluminium Deeside Limited, Bridge Road, Wrexham Industrial Estate, Wrexham.

##### Environmental Performance

Hydro Aluminium Deeside Limited decided to follow and adapt, for SECR reporting, a widely recognised Greenhouse Gas Reporting Protocol – Corporate Standard methodology. As at 31st December 2022 the company's energy usage and associated carbon emissions for the year, January to December 2022 were as follows:

**Table 1: Total energy consumption and associated greenhouse gas emissions from Scope 1 and for SECR Year 1 reporting period**

Energy Type:		Energy Use (kWh)	% Split (kWh)	Emissions (tCO <sub>2</sub> e/yr.)	% Split (tCO <sub>2</sub> e)
Combustion of Gas	(Scope 1)	57,919,061	87.9%	10,650	86%
Electricity	(Scope 2)	7,429,658	11.3%	1,732	14%
Transport	(Scope 1)	536,905	0.8%	0	0.0%
<b>Total</b>	<b>(Scope 1 &amp; 2)</b>	<b>65,885,624</b>	<b>100%</b>	<b>12,382</b>	<b>100%</b>

##### Intensity ratio

Intensity ratios compare emissions data with an appropriate business metric or financial indicator. This allows a comparison of energy efficiency performance over time and with other similar types of organisations. We have chosen to compare our overall emissions with our annual production volume (tonne) for the 2021 financial year.



## Hydro Aluminium Deeside Limited

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### Directors' report (continued)

**Table 2: Intensity Ratio - Energy consumption and associated greenhouse gas emissions per £100,000 of annual turnover**

Year	Total energy consumption	Total GHG emissions	Total annual production volume	Intensity ratio	Intensity ratio
	(kWh)	(tCO <sub>2</sub> e)	(tonne)	(kWh / tonne)	(tCO <sub>2</sub> e / tonne)
2022	65,885,624	12,382	53,391	1,234.0	0.232
2021	74,164,348	13,880	57,061	1,299.7	0.243

### Energy Efficiency Actions

Hydro Aluminium Deeside Limited is actively looking to reduce its energy consumption and associated emissions. We are proactively minimising our environmental impact by striving to become more energy conscious by reducing carbon emissions and being committed to our energy efficiency actions.

The company has undertaken the following actions:

- Completed commissioning of an Electric Magnetic Stirrer to enable quicker furnace cycle time and improved efficiency.
- Completed Growth Project to support increased plant capacity and further reduce furnace cycle time and production efficiency.
- Increased sourcing of Post Consumed Scrap which helps reduce the CO<sub>2</sub> footprint of our product.

### Methodology

The methodology used for determining energy and carbon emissions originates from a number of sources of greenhouse emissions:

- Natural gas used for industrial processes (furnaces) and building heating (Scope 1);
- Electricity used for industrial processes, lighting, heating, ventilation and air conditioning (HVAC), and the operation of office equipment (Scope 2); and
- On-site transport activities, consumption use by plant machinery (part of the industrial processes).

The electricity and gas consumption uses accurate and verifiable monthly invoice data presented from automated meter readings in the form of excel spreadsheet.

Transport emissions were determined from the quantity of diesel fuel used in the on-site plant machinery.

Emissions from the use of personal vehicles (grey fleet) on business travel was determined to not be material as their energy consumption is less than 0.01% of overall company energy consumption.

Greenhouse gas emissions have been calculated using the UK Government approved and published conversion factors for company reporting.

## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
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### Directors' report (continued)

Table 3: Energy and Carbon Conversion Factors, gas, electricity and company vans

Activity	Fuel	Unit	2022 (kgCO2e)	2021 (kgCO2e)
Combustion of Gas	Natural Gas	kWh	0.18387	0.18387
Transport	Red Diesel	kWh	0.23314	0.23314
Grid supplied electricity	Electricity: UK	kWh	0.24523	0.24523

#### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Crowe U.K. LLP will therefore continue in office.

On behalf of the board,



**J W Clifton**  
Director

31<sup>st</sup> July ..... 2023

Hydro Aluminium Deeside Limited  
Bridge Road  
Wrexham Industrial Estate  
Wrexham  
Clwyd  
LL13 9PS

## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYDRO ALUMINIUM DEESIDE LIMITED

### Opinion

We have audited the financial statements of Hydro Aluminium Deeside Limited for the year ended 31 December 2022 which comprise Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYDRO ALUMINIUM DEESIDE LIMITED (continued)**

**Other information**

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYDRO ALUMINIUM DEESIDE LIMITED (continued)**

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation.

We identified the greater risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and recognition of income. Our audit procedures to respond to these risks included enquiries about their own identification and assessment of the risks of irregularities, testing a sample of income to supporting documents through to the financial statements, sample testing on the posting of journals, reviewing accounting estimates for biases and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there, is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Hydro Aluminium Deeside Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYDRO ALUMINIUM DEESIDE LIMITED (continued)

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



**Michael Jayson (Senior Statutory Auditor)**  
for and on behalf of Crowe U.K. LLP,  
Statutory Auditor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date: 1 August 2023

## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements

For the year ended 31 December 2022

### Profit and loss account and other comprehensive income

For the year ended 31 December 2022

	Note	2022 £	2021 £
<b>Turnover</b>	3	133,778,055	98,032,153
Cost of sales		(108,010,418)	(87,750,098)
<b>Gross profit</b>		25,767,637	10,282,055
Distribution costs		(1,101,160)	(990,346)
Administrative expenses		(3,052,173)	(2,593,610)
<b>Operating profit</b>	4	21,614,304	6,698,099
Interest receivable and similar charges	7	373,615	653
Interest payable	8	-	(15,000)
<b>Profit before taxation</b>		21,987,919	6,683,752
Tax on profit	9	(4,226,145)	(1,651,547)
<b>Profit for the financial year</b>		17,761,774	5,032,205

### Other comprehensive income/(loss)

	Note	2022 £	2021 £
Profit for the financial year		17,761,774	5,032,205
Actuarial return less interest income on pension plan's assets	18	(4,461,000)	1,154,000
Experience gains on plan liabilities	18	(410,000)	(12,000)
Change in assumptions underlying the present value of plan	18	4,749,000	426,000
Deferred tax credit on pension plan	15	30,500	(392,000)
<b>Other comprehensive income/(loss) for the year</b>		(91,500)	1,176,000
<b>Total comprehensive income for the year</b>		17,670,274	6,208,205

All activities are derived from continuing operations.

The notes on pages 17 to 32 form part of these financial statements



## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### Balance sheet

As at 31 December 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	10	9,887,737	8,915,141
<b>Current assets</b>			
Stocks	11	16,400,747	8,457,605
Debtors	12	43,705,974	34,341,896
		60,106,721	42,799,501
<b>Creditors: amounts falling due within one year</b>	13	(15,391,068)	(15,119,646)
<b>Net current assets</b>		44,715,653	27,679,855
<b>Total assets less current liabilities</b>		54,603,390	36,594,996
<b>Creditors: amounts falling due after more than one year</b>	14	(90,643)	(98,663)
<b>Provisions for liabilities</b>			
Deferred tax liabilities	15	(1,589,851)	(1,356,711)
<b>Net assets excluding pension asset/(liability)</b>		52,922,896	35,139,622
Pension asset/(liability)	18	408,000	521,000
<b>Net assets including pension asset/(liability)</b>		53,330,896	35,660,622
<b>Capital and reserves</b>			
Called up share capital	16	19,956,400	19,956,400
Share premium account	17	34,800	34,800
Capital redemption reserve	17	180,000	180,000
Profit and loss account	17	33,159,696	15,489,422
<b>Shareholders' funds</b>		53,330,896	35,660,622

The notes on pages 17 to 33 form part of these financial statements.

These financial statements were approved by the board of directors on 31<sup>st</sup> July 2023 and were signed on its behalf by:

J W Clifton  
Director



Company registered number: 01786117

## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### Statement of changes in equity

As at 31 December 2022

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
Balance at 1 January 2021	19,956,400	34,800	180,000	9,281,217	29,452,417
<b>Total comprehensive income for the period</b>					
Profit for the year	-	-	-	5,032,205	5,032,205
Other comprehensive loss	-	-	-	1,176,000	1,176,000
Total comprehensive income for the period	-	-	-	6,208,205	6,208,205
<b>Balance at 31 December 2021</b>	<b>19,956,400</b>	<b>34,800</b>	<b>180,000</b>	<b>15,489,422</b>	<b>35,660,622</b>

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
Balance at 1 January 2022	19,956,400	34,800	180,000	15,489,422	35,660,622
<b>Total comprehensive income for the period</b>					
Profit for the year	-	-	-	17,761,774	17,761,774
Other comprehensive income	-	-	-	(91,500)	(91,500)
Total comprehensive income for the period	-	-	-	17,670,274	17,670,274
<b>Balance at 31 December 2022</b>	<b>19,956,400</b>	<b>34,800</b>	<b>180,000</b>	<b>33,159,696</b>	<b>53,330,896</b>

The notes on pages 17 to 33 form part of these financial statements.

# Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Hydro Aluminium Deeside Limited (the "company") is a private company limited by shares that is incorporated, domiciled and registered in the UK. The registered number is 01786117 and the registered address is bridge road, Wrexham industrial estate, Wrexham, Clwyd, LL13 9PS.

These financial statements were prepared in accordance with financial reporting standard 102 *The Financial Reporting Standard* applicable in the UK and republic of Ireland ("*FRS 102*") and the requirements of the companies act 2006. The financial statements are prepared in sterling ('£'), which is also the currency of the primary economic environment in which the company operates (its 'functional currency'). Monetary amounts in these financial statements are rounded to the nearest £.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### Reduced disclosures

The company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel and transactions between members of a group providing the subsidiary is a wholly owned member of the group.

The company's ultimate parent undertaking, Norsk Hydro ASA, includes the company in its consolidated financial statements. The consolidated financial statements of Norsk Hydro ASA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Drammensveien 260, Vækerø, N-0283, Oslo, Norway.

#### Measurement convention

The financial statements are prepared on the historical cost basis.

#### Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated short-term impact of another health pandemic (or similar) on the operations and its financial resources, the company will have sufficient funds, to meet its liabilities as they fall due for that period through the group's cash pool arrangement.

The events of 2020, when faced with the worst of Covid and lockdowns have shown that the company can remain both profitable and cash positive even when volumes are significantly reduced. Recent capital projects have reduced the company's cost base and increased its flexibility such that it has been able to adopt different operating models to suit the volumes requested by its customers. This has enabled the company to remain profitable and cash generative despite operating considerably below capacity.

# Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

## Notes (continued)

### 1 Accounting policies (continued)

#### Going concern (continued)

As part of its going concern review, the directors have considered a severe but plausible downside scenario, including a more severe decrease in demand than that experienced during the spring of 2020, due to the wave of the Covid-19 pandemic, and lasting through a six-month period. The directors are of the opinion that the company could withstand such a scenario.

As a relatively high user of gas and electric the company monitors the energy prices of gas and electric and the recent turbulence in energy prices. Modelling has been done based on the highs of the energy pricing seen in 2022 and the company is able to maintain profitability even at these levels. Active use of hedging and investing in best available technology on new projects is the main tool used by the company to mitigate its exposure to energy price risks.

Sales volumes can be influenced by the wider Norsk Hydro Group ("Group") activity, and in a soft market can be liable to substantial, but generally short-term, reductions to balance the overall Group supply chains. During such a scenario the company would look to minimise its cost base, whilst retaining flexibility to ramp back up at short notice in response to any positive change in market conditions. The company may suffer short-term losses in such a scenario and so maintains adequate cash resources as a contingency. During a longer period of reduced activity, the directors would look to minimise the cost base further to match a more prolonged period of reduced volumes and would aim for a break-even position.

The company has no internal or external debt and has access to a positive bank balance, which at 31 December 2022 was in excess of £34 million and whilst this is held by Group and shown as an intercompany debtor in the balance sheet, the company has unrestricted access to the funds when required. Whilst these funds are held by Group on behalf of the company, the Group are restricted from using these funds.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities, through the use of the group cash pooling facility shown within "amounts due from group undertakings" as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **Related party transactions**

The company has taken advantage of the exemption conferred by FRS102.33.1A and has not disclosed related party transactions with other wholly owned Group companies.

#### **Tangible fixed assets**

Fixed assets are stated at cost or valuation less accumulated depreciation. Cost includes an appropriate amount of labour and attributable overheads incurred in the construction of fixed assets.

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or revaluation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings	-	over 30 years
Plant and machinery	-	between 2 and 20 years
Motor vehicles	-	over 5 years
Fixtures and fittings	-	over 10 years

A provision is made for any impairment if required. Currently there are no impaired assets.

Depreciation is not provided on freehold land nor on assets in the course of construction until they are brought into use.

Interest incurred on borrowings to finance the construction and development of freehold buildings and plant is capitalised gross of any tax relief, up to the date each asset is brought into use.

## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### Notes (continued)

#### 1 Accounting policies (continued)

##### *Tangible fixed assets (continued)*

Assets disposed of in the year are removed from the balance sheet, with any remaining net book value, along with related proceeds recognised in the profit and loss account and recorded as profit or loss on disposal.

##### *Government grants*

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability and is included within accruals and deferred income in the balance sheet.

Grants (received in previous financial years) relating to fixed assets are released to the profit or loss in accordance with fixed asset depreciation.

##### *Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

##### *Turnover*

Revenue is recognised at the point at which the company fulfils all requirements under the sales contract. Turnover, which is stated net of value added tax and trade discounts, represents the amounts derived from the provision of goods which fall within the company's ordinary activities. Revenue is recognised at the point of delivery to customers.

##### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

# Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation (continued)*

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### *Foreign currencies*

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### *Leasing*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### *Pension costs*

##### *Defined contribution plans and other long-term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

# Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pension costs (continued)*

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit asset is recognised in other comprehensive income in the period in which it occurs.

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### *Critical judgements*

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### *Defined benefit scheme*

The entity operates a defined benefit pension scheme. The principal assumptions underlying the carrying value of the defined benefit pension liability are based on advice from an independent actuary and are disclosed in Note 20.

A pension surplus was recognised within the balance sheet in line with the conditions specified under FRS102, section 28.22.

## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### Notes (continued)

#### 3 Turnover

Turnover, which is stated net of value added tax and trade discounts, represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities. Revenue is recognised at the point of delivery to customers.

An analysis of turnover by geographical market is given below:

	2022 £	2021 £
United Kingdom	4,231,837	3,458,861
Other	129,546,217	94,573,292
	<u>133,778,055</u>	<u>98,032,153</u>

#### 4 Operating profit

	2022 £	2021 £
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation of tangible fixed assets	955,411	893,844
Amortisation of government grant	(8,020)	(8,157)
Loss on disposal of fixed assets	303,987	15,394
Operating lease rentals – plant and machinery	190,394	208,621
Foreign exchange gain/ (loss)	(53,920)	123,120
Fees payable to the company's auditor for the audit of the company's annual accounts	25,000	27,540
	<u>1,337,852</u>	<u>1,250,362</u>

#### 5 Director's remuneration

Included in profit are the following:

	2022 £	2021 £
Wages and salaries	191,987	129,412
Company pension contributions	20,796	14,847
	<u>212,783</u>	<u>144,259</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £169,273 (2021: £144,259).

The number of directors accruing benefits under a defined benefit pension plan was 2 (2021: 1).



## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### Notes (continued)

#### 6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Office and management	12	8
Manufacturing	45	38
	<hr/>	<hr/>
	57	46
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£	£
Wages and salaries	2,223,738	1,840,101
Social security costs	255,308	196,094
Pension costs (see note 20)	-	-
Defined contribution pension scheme	333,506	287,448
	<hr/>	<hr/>
	2,812,552	2,323,643
	<hr/>	<hr/>

#### 7 Interest receivable and similar income

	2022	2021
	£	£
Net interest relating to pension asset (see note 20)	9,000	-
Interest receivable from group undertakings	364,615	653
	<hr/>	<hr/>
Total interest receivable and similar income	373,615	653

#### 8 Interest payable

	2022	2021
	£	£
Net interest relating to pension asset (see note 20)	-	15,000
	<hr/>	<hr/>

# Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

## Notes (continued)

### 9 Taxation

Total tax expense recognised in the profit and loss account and other comprehensive income

	2022 £	2021 £
Current tax		
Current tax on income for the period	3,898,950	1,012,743
Adjustments in respect of prior periods	63,555	(13,171)
Total current tax	3,962,505	999,572
Deferred tax (see note 15)		
Origination and reversal of timing differences	233,140	1,043,975
Total deferred tax	233,140	1,043,975
Total tax	4,195,645	2,043,547

	2022 £	2022 £	2022 £	2021 £	2021 £	2021 £
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	3,962,505	263,640	4,226,145	999,572	651,975	1,651,547
Recognised in other comprehensive income	-	(30,500)	(30,500)	-	392,000	392,000
Total tax	3,960,689	233,140	4,195,645	999,572	1,043,975	2,043,547

Analysis of current tax recognised in profit and loss

	2022 £	2021 £
UK corporation tax	3,962,505	999,572
Total current tax recognised in profit and loss	3,962,505	999,572

## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### Notes (continued)

#### 9 Taxation (continued)

##### Reconciliation of effective tax rate

	2022 £	2021 £
Profit for the year	17,761,774	5,032,205
Total tax expense	4,226,145	1,651,547
	<hr/>	<hr/>
Profit excluding taxation	21,987,919	6,683,752
<i>Tax using the UK corporation tax rate of 19% (2021:19%)</i>	4,177,705	1,269,913
Temporary timing differences	(77,729)	296,046
Impact of change in tax rates	62,614	98,759
Under / (over) provided in prior years	63,555	(13,171)
	<hr/>	<hr/>
Total tax expense included in profit or loss	4,226,145	1,651,547
	<hr/>	<hr/>

##### Factors affecting taxation in future years

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will have a consequential effect on the company's future tax charge. This has been reflected in the deferred tax amounts included in the balance sheet.

# Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

## Notes (continued)

### 10 Tangible fixed assets

	Land and buildings £	Plant and equipment £	Assets Under Construction £	Total £
<b>Cost</b>				
Balance at 1 January 2022	5,823,791	11,136,647	572,855	17,533,293
Additions	351,618	1,858,251	22,125	2,231,994
Disposals	(232,721)	(540,221)	-	(772,942)
Reallocated	79,963	492,892	(572,855)	-
	<u>6,022,651</u>	<u>12,947,569</u>	<u>22,125</u>	<u>18,992,345</u>
<b>Depreciation</b>				
Balance at 1 January 2022	2,801,775	5,816,377	-	8,618,152
Depreciation charge for the year	213,121	742,290	-	955,411
Disposals	(232,721)	(236,234)	-	(468,955)
	<u>2,782,175</u>	<u>6,322,433</u>	<u>-</u>	<u>9,104,608</u>
<b>Net book value</b>				
At 1 January 2022	3,022,016	5,320,270	572,855	8,915,141
	<u>3,240,476</u>	<u>6,625,136</u>	<u>22,155</u>	<u>9,887,737</u>

#### Land and Buildings

Included in freehold land and buildings is land at a cost of £800,000 (2021: £800,000) which is not depreciated.

### 11 Stocks

	2022 £	2021 £
Consumables and spare parts	1,029,059	908,954
Raw materials	7,043,462	3,593,148
Work in progress	-	313,939
Finished goods	8,328,226	3,641,564
	<u>16,400,747</u>	<u>8,457,605</u>

Raw Materials, consumables and changes in finished goods and work in progress are recognised as cost of sales in the year amounted to £100,485,762 (2021: £81,710,324). There was no impairment of stocks in the year (2021: £ nil).

In the opinion of the directors there is no material difference between the carrying value of stocks and their replacement cost.

## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

### Notes (continued)

#### 12 Debtors

	2022 £	2021 £
VAT	1,653,369	-
Trade debtors	368,475	632,140
Amounts owed by group undertakings	41,265,336	33,680,466
Prepayments and accrued income	418,794	29,290
	<u>43,705,974</u>	<u>34,341,896</u>

Amounts owed by group undertakings includes the company's cash balance held within the company's cash pooling treasury system amounting to £34.8m (2021: £16.4m.). The remaining balance relates to transactions which occur at an arm's length basis.

#### 13 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	8,884,007	11,963,090
Accruals	2,470,717	1,917,455
VAT	-	188,805
Amounts owed to group undertakings	4,036,344	1,050,296
	<u>15,391,068</u>	<u>15,119,646</u>

Amounts owed to group undertakings are transactions which occur at an arm's length basis.

#### 14 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Deferred government grants	90,643	98,663

The amount released in the year amounted to £8,020 (2021: £8,157). There were no new grants within the year

# Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

## Notes (continued)

### 15 Deferred tax

Deferred tax liabilities are attributable to the following:

	<b>Provided 2022 £</b>	<b>Provided 2021 £</b>
Accelerated capital allowances	(1,510,512)	(1,251,126)
Other timing differences	22,661	24,666
	<hr/>	<hr/>
Tax liabilities	(1,487,851)	(1,226,461)
	<hr/>	<hr/>
Pension plan (see note 20)	(102,000)	(130,250)
	<hr/>	<hr/>
Total deferred tax liabilities	(1,589,851)	(1,356,711)
	<hr/>	<hr/>
	<b>Pension 2022 £</b>	<b>Other 2022 £</b>
Assets/(Liabilities) at 1 January	(130,250)	(1,226,461)
Amount recognised in profit and loss account	(2,250)	(261,390)
Amount recognised in other comprehensive income	30,500	-
	<hr/>	<hr/>
<b>Liabilities at 31 December</b>	<b>(102,000)</b>	<b>(1,487,851)</b>
	<hr/>	<hr/>

### 16 Share capital

	<b>2022 £</b>	<b>2021 £</b>
<b><i>Allotted, called up and fully paid</i></b>		
199,564,000 Ordinary shares of £0.10 each	19,956,400	19,956,400
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

## Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements

For the year ended 31 December 2022

### Notes (continued)

#### 17 Reserves

##### Profit and loss reserves

Profit and loss reserves reflect cumulative profits and losses net of distributions to owners.

##### Share premium account

The share premium account reflects consideration received for shares issued above their nominal value net of transaction costs.

##### Capital redemption reserve

The capital redemption reserve reflects non-distributable reserves into which amounts are transferred following the redemption or purchase of the company's own shares.

#### 18 Retirement benefit schemes

##### Defined contribution schemes

	2022	2021
	£	£
Charge to profit or loss in respect of defined contribution schemes	333,506	287,448

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. All amounts were paid within the year. The contributions were paid after the year end in accordance with the agreed timetables.

##### Defined benefit schemes

The company operates a pension plan with three defined benefit levels, which is funded by the payment of contributions to a separately administered trust fund. The contributions to this plan are determined with the advice of independent qualified actuaries. On 5 April 2016 the scheme was closed to future accrual and replaced with a defined contribution scheme.

The plan commenced on 5 April 1988 and the latest draft triennial actuarial valuation of the plan was carried out as at 5 April 2021, at which date the assets of the plan were valued at £9,966,000. The result of this valuation has been used for the purpose of the accounts. The funding level to the date of valuation was 98%. The valuation was performed using the Projected Unit Method.

Total pension costs for the 12 months to 31 December 2022 were £nil (2021: £ nil)

The last formal valuation was carried out at 5 April 2022 by a qualified independent actuary. The major assumptions used by the actuary in updating this valuation were:

	2022	2021
Rate of increase in pension in payment	2.0%-2.85%	2.1%-3.05%
Discount rate	4.95%	1.8%
Inflation assumption	3.05%	3.15%
Rate of increase in deferred pension revaluation	3.05%	3.15%

# Hydro Aluminium Deeside Limited

Strategic report, Directors' report and financial statements  
For the year ended 31 December 2022

## Notes (continued)

### 18 Retirement benefit schemes (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

- Current pensioner age 65: 86.2 years (male), 88.0 years (female)
- Future retiree upon reaching 65: 87.5 years (male), 89.5 years (female)

While Covid-19 has had an impact on mortality in FY21, the impact on future mortality trends is currently unknown and consequently no adjustment has been made to mortality assumptions in this regard. An increase of 1 year in life expectancy would increase the defined benefit obligation by £434k.

#### Defined benefit schemes

The plan's net pension asset is analysed as follows:

	2022 Fair value £	2021 Fair value £	2020 Fair value £
Equities	3,420,000	7,453,000	6,327,000
Bonds	5,586,000	9,306,000	8,401,000
Other	(2,261,000)	(5,504,000)	(4,356,000)
	<hr/>	<hr/>	<hr/>
Fair value of plan assets	6,745,000	11,255,000	10,372,000
Present value of plan liabilities	6,337,000	(10,734,000)	(11,404,000)
	<hr/>	<hr/>	<hr/>
<b>Net pension asset / (liability)</b>	<b>408,000</b>	<b>521,000</b>	<b>(1,032,000)</b>
	<hr/>	<hr/>	<hr/>

Movements in the present value of the defined benefit obligations:

	2022 £	2021 £
Opening defined benefit obligation	10,734,000	11,404,000
Interest cost	191,000	157,000
Actuarial gains	(4,339,000)	(414,000)
Benefits paid	(249,000)	(413,000)
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Closing defined benefit obligation	6,337,000	10,734,000
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## Hydro Aluminium Deeside Limited

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### Notes (continued)

#### 18 Retirement benefit schemes (continued)

Movements in the fair value of plan assets:

	2022 £	2021 £
Opening fair value of plan assets	11,255,000	10,372,000
Interest income	200,000	142,000
Actuarial (loss) / gain	(4,461,000)	1,154,000
Benefits earned / (paid)	249,000	(413,000)
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Closing fair value of plan's assets	6,745,000	11,255,000
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#### Defined benefit schemes

Analysis of the amount charged to interest payable:

	2022 £	2021 £
Interest income on pension plan's assets	200,000	142,000
Interest on pension plan liability	(191,000)	(157,000)
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Interest income /(expense)	9,000	(15,000)
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Analysis of the amount recognised in other comprehensive income:

	2022 £	2021 £
Actuarial gain on plan assets	(4,461,000)	1,154,000
Experience gains arising on the plan liabilities	(410,000)	(12,000)
Changes in assumptions underlying the present value of the plan liabilities	(4,749,000)	426,000
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Gain/(loss) recognised in other comprehensive income before adjustment for tax	(122,000)	1,568,000
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## Hydro Aluminium Deeside Limited

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### Notes (continued)

#### 19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2022 £	2021 £
Operating leases which expire:		
Within one year	44,385	20,145
Between one and five years	93,067	16,516
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	137,452	36,661
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#### 20 Capital commitments

The company's contractual commitments to purchase tangible fixed assets at the year-end were £2,792,891 (2021: £ nil).

#### 21 Ultimate parent company and parent company of larger group

The companies immediate parent company is Hydro Aluminium A.S. The companies ultimate parent undertaking and, in the directors' opinion, the controlling party, is Norsk Hydro ASA, a company incorporated in Norway. Norsk Hydro ASA is the largest, and smallest, undertaking for which group accounts are prepared. A copy of the accounts of Norsk Hydro ASA can be obtained from their registered offices Drammensveien 260, Vaekero, N-0283, Oslo, Norway.