

Corus Trading Limited

Annual Reports and Accounts

For the 12 months ended 28 December 2002

Registered Number 2755939



Corus Trading Limited

Annual Report

For the 12 months ended 28 December 2002

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Corus Trading Limited

Directors and advisers

Directors

Mr R W Triffitt	resigned	16/05/2002
Mr C D Gardner	appointed	16/05/2002
Mr K Wilkinson		
Mr S W Lindsay (Chairman)		

Secretary

Mrs A L Scandrett

Registered Office

30 Millbank
London
SW1P 4WY

Registered Number

2755939

Auditors

PricewaterhouseCoopers LLP
Birmingham
B4 6JT

Corus Trading Limited

Directors' report for the 12 months ended 28 December 2002

The directors present herewith their report and audited financial statements for the period ended 28 December 2002.

Principal activities

The principal activity of the business is the performance of world-wide trade in steel.

Review of business and main activities

The profit and loss account for the period is set out on page 7.

The directors do not recommend the payment of a dividend (12 months to 29 December 2001 - £Nil). The loss of £338,081 (2001 loss: £30,936) will be transferred to reserves.

The level of business was satisfactory, however the period end financial position was adversely effected by a number of bad debts during the course of the period. It is anticipated that this situation will recover over the course of the next 12 month period.

Directors

The directors of the company at 28 December 2002 are listed on page 1.

Corus Trading Limited

Directors' report

for the 12 months ended 28 December 2002 (continued)

Directors' interests in shares

The interests of the directors at 28 December 2002 in the ordinary shares of Corus Group plc, the company's ultimate holding company at that date, were as follows:

	<u>Ordinary Shares</u>	
	28 Dec 2002	29 Dec 2001
	Number	Number
Mr C Gardner	3,339	441
Mr K Wilkinson	1,496	336
Mr S W Lindsay	267	267
Mr R W Triffitt	13,676	10,778

The directors had no interest, as defined by the Companies Act 1985, in the shares of any other members of the group during the period covered by these financial statements.

Directors' interests in share options

The Corus Executive Share Option Scheme is for senior executives of Corus Group plc and the share options are exercisable between the third and tenth anniversary of the grant. Prices at which options are granted are the average of the market value of an ordinary share on the London Stock Exchange on the three business days immediately preceding the date of grant.

The interests of the directors in these share options schemes were as follows:-

Executive Scheme	No. of options at start of year	During the year		No. of options at end of year
		Granted	Exercised	
Mr C Gardner	230,701	-	-	230,701
Mr R W Triffitt	328,627	-	-	328,627
Mr K Wilkinson	412,454	-	-	412,454
Mr S W Lindsay	137,912	-	-	137,912

Sharesave Scheme	No. of options at start of year	During the year				No. of options at end of year
		Granted	Cancelled	Exercised	Lapsed	
Mr C Gardner	22,674	-	-	-	-	22,674
MR R W Triffitt	22,674	-	-	-	-	22,674
Mr K Wilkinson	10,458	-	-	-	-	10,458
Mr S W Lindsay	13,016	-	-	-	-	13,016

Corus Trading Limited

Directors' report for the year ended 28 December 2002 (continued)

Payment to Creditors

It is the policy of the company to establish terms of payment with suppliers when agreeing the terms of business transactions. The aim is to deliver funds to suppliers when due, either by cheque or other means of payment.

Trade creditors days as at the period end are 33 days (2001:200 days).
This reduction compared to last year reflects the reduction in credit terms offered by suppliers.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 11 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

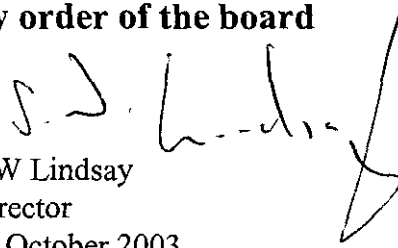
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the 12 months ended 28 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

By order of the board


S W Lindsay
Director
30 October 2003

Corus Trading Limited

Independent auditors' report to the members of Corus Trading Limited

We have audited the financial statements which comprise the profit and loss accounts, the balance sheet and the related notes which have been prepared under the historic cost convention and the accounting policies set out on pages 9 to 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 directors' report 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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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.

Corus Trading Limited

Independent auditors' report to the members of Corus Trading Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group at 28 December 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

30 October 2003

Corus Trading Limited

Profit and loss account for the 12 months ended 28 December 2002

	Notes	Group 12 months to 28 Dec 2002 £	Group 12 months to 29 Dec 2001 £
Turnover	2	144,853,927	65,718,809
Operating costs	3	<u>(145,025,358)</u>	<u>(65,586,063)</u>
(Loss)/Profit on ordinary activities before interest		(171,431)	132,746
Interest receivable	4	20,062	94,573
Interest payable	5	<u>(204,807)</u>	<u>(218,483)</u>
(Loss)/Profit on ordinary activities Before taxation		(356,176)	8,836
Taxation	6	18,095	(39,772)
Loss for the period		<u><u>(338,081)</u></u>	<u><u>(30,936)</u></u>

The above results relate wholly to continuing operations.

The company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation or the loss for the period stated above, and their historical cost equivalents.

Reconciliation of movement in equity shareholders' funds for the financial year ended 28 December 2002

	Group 28 Dec 2002 £	Group 29 Dec 2001 £
Opening equity shareholders' funds	4,530,681	4,561,617
Loss for the period	<u>(338,081)</u>	<u>(30,936)</u>
Closing equity shareholders' funds	<u><u>4,192,600</u></u>	<u><u>4,530,681</u></u>

Corus Trading Limited

Balance sheet as at 28 December 2002

	Notes	Group 28 Dec 2002 £	Company 28 Dec 2002 £	Group 29 Dec 2001 £	Company 29 Dec 2001 £
Fixed Assets					
Investments	18	-	2	-	2
Current Assets					
Stocks	10	6,659,475	5,289,501	-	-
Debtors: amounts falling due within one year	11	28,061,983	22,880,187	36,510,785	23,197,598
Debtors: amounts falling due after more than one year	11	150,055	150,055	131,960	131,960
Cash at bank and in hand		700	700	250	250
		<u>34,872,213</u>	<u>28,320,443</u>	<u>36,642,995</u>	<u>23,329,810</u>
Creditors:					
amounts falling due within one year	12	(30,679,613)	(24,164,545)	(32,112,314)	(18,836,271)
		<u>4,192,600</u>	<u>4,155,898</u>	<u>4,530,681</u>	<u>4,493,539</u>
Total assets less current liabilities					
Capital & Reserves					
Called up share capital	13	1,657,666	1,657,666	1,657,666	1,657,666
Profit & loss account	14	2,534,934	2,498,232	2,873,015	2,835,873
		<u>4,192,600</u>	<u>4,155,898</u>	<u>4,530,681</u>	<u>4,493,539</u>

The financial statements were approved by the Board on 30 October 2003 and signed on its behalf.


S W Lindsay
Director

30 October 2003

The notes on pages 9 to 17 form part of these financial statements.

Corus Trading Limited
Notes to the financial statements
for the 12 months ended 28 December 2002

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the company and its subsidiary. This has been accounted for under the gross equity method of consolidation. The profits or losses of subsidiaries are included from the date of acquisition or up to the date of their disposal.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover, which excludes value added tax, represents the sales value of all goods despatched during the period. The point of recognition of sale is recognised as the date of shipment.

Corus Trading Limited
Notes to the financial statements
for the 12 months ended 28 December 2002 (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts. The deferred tax assets and liabilities recognized have been discounted.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the year end, or where appropriate at forward contract rates. Exchange rate differences are taken to the profit and loss account.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The expected cost of providing pension benefits is charged to the profit and loss account so as to spread the cost over the expected average remaining service lives of employees. Further details are given in note 15.

Cashflow

The financial statements do not include a cash flow statement because the company, as a wholly owned subsidiary, is exempt from the requirements to prepare such a statement under Financial Reporting Standard Number 1 (Revised) "Cash Flow Statements".

Software costs

Software costs are expensed as incurred.

Fixed asset investments

Investments are stated at cost less provision for diminution in value where appropriate.

Corus Trading Limited
Notes to the financial statements
for the 12 months ended 28 December 2002 (continued)

2 Turnover

Geographical market analysis of turnover by destination is set out below:

	Group 12 months to 28 Dec 2002 £	Group 12 months to 29 Dec 2001 £
United Kingdom	80,721,514	3,786,240
European Union (excluding UK)	19,554,075	9,773,821
Europe (excluding EU)	12,365,300	10,458,220
North America	12,865,155	12,885,180
Central/South America	1,761,372	13,162,629
Africa	6,219,565	7,654,690
Asia	11,366,946	7,998,029
	<u>144,853,927</u>	<u>65,718,809</u>

Included in the above:

Sales to group companies	96,013,854	12,713,055
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3 Operating costs

	Group 12 months to 28 Dec 2002 £	Group 12 months to 29 Dec 2001 £
Changes in stocks of finished goods	(6,659,475)	1,813,422
Raw materials and consumables	144,646,494	56,895,183
Other external charges	2,857,022	1,909,622
Employment costs	1,229,816	821,188
Other operating charges	2,951,501	4,146,648
	<u>145,025,358</u>	<u>65,586,063</u>

The above costs are stated after charging:

Operating leases - land and buildings	66,492	64,729
Auditors remuneration	16,745	16,000

Corus Trading Limited
Notes to the financial statements
for the 12 months ended 28 December 2002 (continued)

4 Interest receivable

	Group 12 months to 28 Dec 2002 £	Group 12 months to 29 Dec 2001 £
Other interest receivable	20,062	94,573
	<u>20,062</u>	<u>94,573</u>

5 Interest payable

	Group 12 months to 28 Dec 2002 £	Group 12 months to 29 Dec 2001 £
Interest owed to group companies	(204,807)	(218,483)
	<u>(204,807)</u>	<u>(218,483)</u>

6 Taxation

	Group 12 months to 28 Dec 2002 £	Group 12 months to 29 Dec 2001 £
United Kingdom Corporation Tax at 30%	-	7,789
Prior Year	-	30,861
Current Tax	-	38,650
Origination and reversal of timing differences	446	(5,060)
Increase/Decrease in discount	(18,541)	6,182
Deferred Tax	(18,095)	1,122
	<u>(18,095)</u>	<u>39,772</u>

The current tax charge reconciles with the standard rate of Corporation tax as follows:

Tax on result at standard rate of 30%	(106,853)	2,651
Accelerated timing differences	(446)	(595)
Other	-	-
Prior year tax charge	-	30,861
Permanent differences	107,299	5,733
	<u>-</u>	<u>38,650</u>

Corus Trading Limited
Notes to the financial statements
for the 12 months ended 28 December 2002 (continued)

7 Result of the company

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the financial year was £338,081

8 Employees

	Group 12 months to 28 Dec 2002 £	Group 12 months to 29 Dec 2001 £
Total costs of all employees in the company were:		
Wages and salaries	1,162,965	750,013
Social security costs	54,302	60,310
Other pension costs	12,549	10,865
	<u>1,229,816</u>	<u>821,188</u>

The average weekly number of employees of the company during the period were:

	Group 28 Dec 2002 Number	Group 29 Dec 2001 Number
Management	5	6
Staff	15	12
	<u>20</u>	<u>18</u>

9 Emoluments of directors

No director received or waived any remuneration during the 12 month period (12 months to 29 Dec 2001: £Nil) in respect of his services.

The emoluments of the directors are borne by the ultimate parent company and are deemed to be wholly attributable to services to that company. No recharge is made to this company.

10 Stocks

	Group 28 Dec 2002 £	Company 28 Dec 2002 £	Group 29 Dec 2001 £	Company 29 Dec 2001 £
Finished goods and goods for resale	6,659,475	5,289,501	-	-

There is no material difference between the cost of stock as stated and its replacement cost.

The stock value of £6,659,475 at the 28 December 2002 relates entirely to goods in transit as at that date.

Corus Trading Limited
Notes to the financial statements
for the 12 months ended 28 December 2002 (continued)

11 Debtors

	Group	Company	Group	Company
	28 Dec 2002	28 Dec 2002	29 Dec 2001	29 Dec 2001
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	13,392,110	10,364,865	24,843,709	13,283,206
Amounts owed by group companies	14,550,292	12,368,812	11,599,327	9,846,645
Other debtors	119,581	146,510	67,749	67,749
	<u>28,061,983</u>	<u>22,880,187</u>	<u>36,510,785</u>	<u>23,197,600</u>
Amounts falling due after one year:				
Deferred tax asset	150,055	150,055	131,960	131,960
Other debtors	-	-	-	-
Total Debtors	<u>28,212,038</u>	<u>23,030,242</u>	<u>36,642,745</u>	<u>23,329,560</u>

Deferred tax

The movement on the deferred tax assets is as follows:

	Group	Company	Group	Company
	28 Dec 2002	28 Dec 2002	29 Dec 2001	29 Dec 2001
	£	£	£	£
At the beginning of the period	131,960	131,960	133,082	133,082
Profit & loss account	18,095	18,095	(1,122)	(1,122)
At end of period	<u>150,055</u>	<u>150,055</u>	<u>131,960</u>	<u>131,960</u>
ACA	1,339	1,339	1,785	1,785
Losses	162,900	162,900	162,900	162,900
	<u>164,239</u>	<u>164,239</u>	<u>164,685</u>	<u>164,685</u>
Discount	(14,184)	(14,184)	(32,725)	(32,725)
	<u>150,055</u>	<u>150,055</u>	<u>131,960</u>	<u>131,960</u>

A deferred tax asset is not recognised in respect of tax losses of £430,000 due to the uncertainty of utilisation.

Corus Trading Limited
Notes to the financial statements
for the 12 months ended 28 December 2002 (continued)

12 Creditors: Amounts falling due within one year:

	Group	Company	Group	Company
	28 Dec 2002	28 Dec 2002	29 Dec 2001	29 Dec 2001
	£	£	£	£
Trade creditors	14,264,288	11,276,541	18,266,688	5,386,144
Amounts owed to group companies	15,793,007	12,483,646	13,391,585	13,196,643
Corporation Tax	39,175	23,443	38,650	22,731
Other creditors	583,143	380,915	415,391	230,753
	<u>30,679,613</u>	<u>24,164,545</u>	<u>32,112,314</u>	<u>18,836,271</u>

13 Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	Group	Company	Group	Company
	29 Dec 2001 & 28 Dec 2002	29 Dec 2001 & 28 Dec 2002	29 Dec 2001 & 28 Dec 2002	29 Dec 2001 & 28 Dec 2002
	£	£	£	£
The share capital of the company is shown below:				
Ordinary shares of £1 each	<u>1,657,666</u>	<u>1,657,666</u>	<u>1,657,666</u>	<u>1,657,666</u>

14 Reserves

	Group profit & loss account £	Company profit & loss account £
At 30 December 2001	2,873,015	2,835,873
Loss for the period	(338,081)	(337,641)
At 28 December 2002	<u>2,534,934</u>	<u>2,498,232</u>

Corus Trading Limited

Notes to the financial statements

for the 12 months ended 28 December 2002 (continued)

15 Pension and similar obligations

Certain employees of the company participated in a group pension scheme operated by Corus Group plc at 28 December 2002. This is a funded, defined benefit scheme providing benefits based on final pay and service at retirement. The scheme is operated under trust and its assets invested independently of the group.

This scheme was established on 1 October 1990 and members of the previous scheme transferred their benefits into the scheme. The fund is valued every three years by a professionally qualified independent actuary. The latest assessment of the scheme was at 31 March 1999. Details of this assessment are disclosed in the accounts of Corus Group plc, the ultimate holding company at 2 October 1999. Pensions are accounted for following the principles of SSAP 24. The measurement criteria of FRS 17 have not been adopted early. The pension costs of Corus Trading Limited for the 12 month period ended 28 December 2002 were £12,549 (12 months ended 29 December 2001 £10,865).

16 Financial commitments

At 28 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	28 Dec 2002	29 Dec 2001
	Land and buildings	Land and buildings
	£	£
Expiring:		
In less than 1 year	48,576	-
Between one and two years		48,576

17 Ultimate holding company

At 28 December 2002, the directors regarded Corus Group plc, a company registered and incorporated in Great Britain, as the ultimate holding company and controlling party. The registered office of Corus Group plc was 30 Millbank, London SW1P 4WY. Copies of the financial statements of this company and the group may be obtained from this address.

18 Principal subsidiary undertakings and joint ventures

Corus Trading Limited holds 100% of the equity and shares of Industrial Steels Limited, which is incorporated in England and Wales. Industrial Steels Limited principal activity is the performance of world-wide trade in steel, with the majority of sales operations in North America.

Corus Trading Limited
Notes to the financial statements
for the 12 months ended 28 December 2002 (continued)

19 Related Party Transactions

Corus Trading Limited is a wholly owned subsidiary of Corus Group Plc, the consolidated accounts of which are publicly available. All intercompany transactions are eliminated on consolidation and therefore an FRS 8 exemption has been taken with regard to Related Party Transactions.