

ISSB Limited

Financial Statements

for the year ended

30 June 2002



(Company Number 1453049)

ISSB Limited

Financial Statements for the year ended 30 June 2002

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ISSB Limited

Directors and Advisors

Executive Director

Mr D M Rea

Non-Executive Directors

Mr P R Siddall (Chairman)
Mr M Howell
Mr A J Bagshawe
Mr D Fletcher
Mr A Kirkcaldy
Mr A P Pedder

Secretary and Registered Office

Mr D M Rea
1 Carlton House Terrace
London
SW1Y 5DB

Registered Auditors

PricewaterhouseCoopers
Melrose House
42 Dingwall Road
Croydon
CR0 2NE

Bankers

National Westminster Bank plc

ISSB Limited

Directors' Report for the year ended 30 June 2002

The directors present their report and the audited financial statements for the year 1 July 2001 to 30 June 2002.

1. Principal activities

The Company carries on the business of supplying statistical services, primarily to the steel industry.

2. Review of business and future developments

The Company traded satisfactorily throughout the year and the results are shown in the profit and loss account on page 5. The directors expect that the present level of activity will be sustained, although they expect the lower cost base achieved by the office move completed during the year and arising from the changes to the charges to UK Steel will be reflected in lower charges to major customers.

3. Dividends

The directors do not recommend the payment of a dividend for the year ended 30 June 2002. (2001 : £nil).

4. Directors

The following directors served during the year:

Mr D M Rea	-	Chief Executive
Mr P R Siddall	-	Chairman
Mr A J Bagshawe		
Mr R P F Barber		(resigned 30.04.02)
Mr D Fletcher		
Mr M Howell		(appointed 01.05.02)
Mr A Kirkcaldy		
Mr A P Pedder		

5. Directors' interests in shares of the Company

The directors had no interest, as defined by the Companies Act 1985, in the shares of the Company during the year ended 30 June 2002.

ISSB Limited

6. Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year 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 and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

7. Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors, will be proposed at the Annual General Meeting.

By Order of the Board



Mr D M Rea
Company Secretary

5 November 2002

Independent auditors' report to the members of ISSB Limited

We have audited the financial statements on pages 5 to 13 and the accounting policies set out on page 7.

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 on page 3.

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.

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.

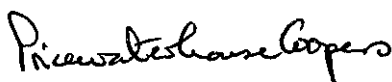
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants & Registered Auditors
Croydon

7 November 2002

ISSB Limited

Profit and Loss Account for the year ended 30 June 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
Turnover	2	1,120,919	1,156,886
Cost of Sales		(1,018,346)	(1,088,805)
Operating Profit		<u>102,573</u>	<u>68,081</u>
Interest Receivable		8,784	12,136
Profit on ordinary activities before taxation	6	<u>111,357</u>	<u>80,217</u>
Taxation on ordinary activities	7	(22,167)	(9,097)
Retained Profit for the financial year	8	<u>89,190</u> =====	<u>71,120</u> =====

All of the transactions above represented continuing operations.

The Company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

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

ISSB Limited

Balance Sheet at 30 June 2002

	Notes	2002 £	2001 £
Fixed Assets			
Tangible assets	9	447,353	583,759
Current Assets			
Debtors	10	184,103	62,709
Cash at bank and in hand		288,284	309,283
		<u>472,387</u>	<u>371,992</u>
Creditors: amounts falling due Within one year	11	(284,737)	(244,090)
Net Current Assets		<u>187,650</u>	<u>127,902</u>
Total Assets less Current Liabilities		<u>635,003</u>	<u>711,661</u>
Creditors: amounts falling due in More than one year	12	(200,000)	(375,000)
Provisions for liabilities and charges	13	(38,946)	(29,794)
Net Assets		<u>396,057</u> =====	<u>306,867</u> =====
Capital and Reserves			
Called up Share Capital	14	1,000	1,000
Profit and Loss Account	8	395,057	305,867
Equity Shareholders' funds	15	<u>396,057</u> =====	<u>306,867</u> =====

The financial statements on pages 5 to 13 were approved by the Board on 5 November 2002 and were signed on its behalf by:

P R Siddall
Chairman



D M Rea
Chief Executive



ISSB Limited

Notes to the financial statements for the year ended 30 June 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.

Turnover

Turnover, which excludes value-added tax and trade discounts, represents the invoiced value of goods and services supplied.

Fixed Assets

- (a) individual items of capital expenditure not exceeding a cost of £1,000 are written off in the profit and loss account of the company in the financial year in which the relevant capital expenditure is incurred; and
- (b) capital expenditure with a cost exceeding £1,000 is capitalised in the financial statements and is depreciated so as to write off the cost of the tangible fixed assets, on a straight-line basis over the expected useful economic lives of the assets concerned.

The principal annual rates used for this purpose are:

	%
- computer equipment	25
- bespoke software	15
- fixtures and fittings	10

Finance and operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. There are no assets held under finance leases.

ISSB Limited

Notes to the financial statements for the year ended 30 June 2002

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction is entered into. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Pension costs

Pension costs are accounted for on the basis of charging the expected costs of providing pensions over the period during which the Company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

The company provides no other post retirement benefits to its employees.

FRS 17 'Retirement Benefits' has been adopted in this year's financial statements.

Deferred taxation

FRS 19 "Deferred Tax" has been implemented in the period. Deferred tax is recognised in respect of all timing differences arising from the difference treatment for accounts and tax purposes of transactions or events recognised in the financial statements of the current and previous financial years. Deferred taxation is calculated at the rates at which it is estimated that tax will arise,

Cash Flow

The Company qualifies as a small company under the provisions of Section 247 of the Companies Act 1985.

As a consequence it is exempt from the requirement to publish a cash flow statement.

2. *Turnover*

Geographical Analysis of Turnover by Destination

	<u>2002</u> £	<u>2001</u> £
United Kingdom	1,034,393	1,070,410
Rest of the World	86,526	86,476
	<u>1,120,919</u>	<u>1,156,886</u>
	=====	=====

3. *Directors' Emoluments*

Aggregate Emoluments, being consideration paid to UK Steel Association for making available the services of directors (see note 20)	30,000	30,000
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No directors (2001:0) were members of the defined benefit pension scheme.

ISSB Limited

Notes to the financial statements for the year ended 30 June 2002

4. *Employee information*

The average number of persons (including executive directors) employed by the Company during the year was: 14 (2001:17)

	<u>2002</u> £	<u>2001</u> £
<u>Staff costs</u>		
Wages and salaries	407,999	460,232
Social security costs	34,111	38,197
Other pension costs (see note 5)	6,867	7,669
	<u>448,977</u> =====	<u>506,098</u> =====

5. *Pension Costs*

The Company participates in the British Steel Pension Scheme (1990) (the 'Scheme'). This is a defined benefit scheme providing benefits based on final pay and service at retirement. The Scheme is operated under trust and its assets are invested independently.

The total pension costs of the Company for 2001/2002 were £6,867 (2000/01: £7,669). The costs of the Scheme were assessed in accordance with the advice of independent qualified actuaries and have been based on an actuarial valuation of the Scheme as at 31 March 1999. For this valuation, the actuarial method adopted was the projected unit method and the main actuarial assumptions used were that wages and salaries would increase on average by 4.25% per annum, that the return on investments would be 6.5% per annum and the pension increase would be 2.5% per annum.

The valuation showed the actuarial value of the assets to be sufficient to cover 115% of the actuarial value of the accrued benefits after allowing for expected future increases in pay and pensions. The market value of the Scheme's assets at 31 March 1999 was £8,765m. The next formal valuation is being carried out as at 31 March 2002.

The last formal valuation of the Scheme was made as at 31 March 1999 and the results were set out in the Actuary's Report, dated 28 January 2000. Following submission of membership data of the Scheme as at 31 March 2002, the Actuary has advised that he considers that the assets of the Scheme are adequate to match the Minimum Funding Requirement and there is no need to review the contribution rates set following the formal valuation.

ISSB Limited is unable to identify its share of the underlying assets and liabilities of the scheme and is therefore unable to provide the additional disclosure required by FRS 17.

ISSB Limited

Notes to the financial statements for the year ended 30 June 2002

	<u>2002</u> £	<u>2001</u> £
6. Profit on ordinary activities before taxation		
The profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	6,150	6,000
Hire of other assets -		
Operating leases:		
- Plant and equipment	13,720	5,304
Office Accommodation	114,666	135,000
Depreciation charge for the year:	143,500	153,892
Tangible owned fixed assets		

7. Taxation on profit on ordinary activities

Current tax

UK Corporation tax on the profits of the year	13,015	2,427
Adjustments in respect of previous periods	-	(797)
	<u>13,015</u>	<u>1,630</u>

Deferred tax

Origination and reversal of timing differences	9,557	13,745
Adjustments in respect of previous periods	<u>(405)</u>	<u>(6,278)</u>
	9,152	7,467

Tax on profit on ordinary activities	22,167	9,097
	=====	=====

The tax assessed for the year is lower than the standard rate of corporation tax at 20%

Profit on ordinary activities before tax	111,357	80,217
	=====	=====
Profit before tax multiplied by the standard rate of corporation Tax at 20%	22,271	16,043
Utilisation of tax losses	(12,534)	(19,041)
Expenses not deductible for tax purposes	301	129
Depreciation for the period in excess of capital allowances	2,977	5,296
Adjustments to tax in respect of previous periods	-	(797)
Current tax charge for year	<u>13,015</u>	<u>1,630</u>
	=====	=====

8. Profit and Loss Account

At 1 July 2001	305,867
Retained profit for year	89,190
At 30 June 2002	<u>395,097</u>
	=====

ISSB Limited

Notes to the financial statements for the year ended 30 June 2002

9. Fixed Assets

	<u>Computer Systems</u> £	<u>Fixtures & Fittings</u> £	<u>TOTAL</u> £
Cost			
At 1 July 2001	904,320	24,560	928,880
Additions	-	7,094	7,094
Disposals	(44,405)	-	(44,405)
At 30 June 2002	859,915	31,654	891,569
Depreciation			
At 1 July 2001	328,378	16,743	345,121
Charges for year	140,335	3,165	143,500
Disposals	(44,405)	-	(44,405)
At 30 June 2002	424,308	19,908	444,216
Net Book Value			
30 June 2001	575,942	7,817	583,759
30 June 2002	435,607	11,746	447,353

	<u>2002</u> £	<u>2001</u> £
10. Debtors: amounts falling due within one year		
Trade debtors	15,658	45,806
Amounts owed by Corus	9,606	7,383
Amounts owed by UK Steel Association	154,201	2,863
Staff loans	4,638	5,564
Other debtors	-	1,093
	184,103	62,709

11. Creditors: amounts falling due within one year

Loans from Shareholders	175,000	175,000
Amounts owed to Corus	33,228	34,443
Amounts owed to UK Steel Association	10,363	-
Corporation Tax	13,015	1,630
Other Creditors	20,168	12,892
Accruals and deferred income	32,963	20,125
	284,737	224,090

ISSB Limited

Notes to the financial statements for the year ended 30 June 2002

12. Creditors: amounts falling due after more than one year

	<u>2002</u> £	<u>2001</u> £
Loans from Shareholders	200,000 =====	375,000 =====

The balance is repayable as follows:

In one to two years	200,000	175,000
In two to five years	-	200,000
	<u>200,000</u> =====	<u>375,000</u> =====

13. Provisions for liabilities and charges

Opening deferred tax position	29,794	22,327
Increase/(Decrease) in provision during the year	9,152	7,467
Closing deferred tax provision	<u>38,946</u> =====	<u>29,794</u> =====

The deferred tax balance is made up as follows:

Tax effect of timing differences due to accelerated capital allowances	38,946	42,328
Tax losses carried forward	-	(12,534)
	<u>38,946</u> =====	<u>29,794</u> =====

ISSB Limited

Notes to the financial statements for the year ended 30 June 2002

	<u>2002</u> £	<u>2001</u> £
14. Called up Share Capital		
Authorised 1,000 Ordinary shares at £1	1,000 =====	1,000 =====
Allotted called up and fully paid 1,000 ordinary shares at £1	1,000 =====	1,000 =====
15. Reconciliation of movements in Shareholders' funds		
Opening Shareholders' funds	306,867	235,747
Profit for the financial year	89,190	71,120
Closing Shareholders' funds	<u>396,057</u> =====	<u>306,867</u> =====
16. Financial commitments		
At 30 June 2002, the company had annual commitments under non-cancellable operating leases as follows:		
	Other Assets	Other Assets
Expiring within one year	13,720	11,721
Expiring between two and five years inclusive	—	—
	<u>13,720</u> =====	<u>11,721</u> =====

17. Capital Commitments

The company has no capital commitments at end June 2002 (2001 : nil).

ISSB Limited

Notes to the financial statements for the year ended 30 June 2002

18. *Controlling Parties*

The company is owned jointly by BISPA Ltd, on behalf of the UK Steel Association, and Corus UK Ltd each holding 50% of the shares.

19. *Related Parties Transactions*

The following amounts are disclosed under the terms of FRS8, Related Party Transactions.

The total value of transactions with UK Steel Association, the company's joint controlling party were:

	<u>2002</u> £	<u>2001</u> £
Sales (of reports, publications goods and services)	478,884	465,702
Purchases (of Director's services & office accommodation)	152,840	184,154

The total value of transactions with Corus, also the company's joint controlling party were:

Sales (of reports, publications and services)	487,175	490,984
Purchases (of payroll service, & health insurance & storage space)	-	4,197

The Company repaid to Corus £448,977 (2001 : £506,098) for reimbursement of salary costs paid on its behalf under the terms of the payroll service contract.

Debtor and creditor positions at 30 June 2002 with these related parties are set out in notes 10, 11 and 12.