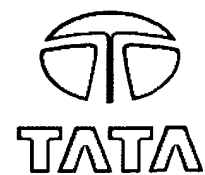


TATA STEEL



Corus International Limited  
Annual Report 2020

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## Contents

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	Page
<b>A. Directors and advisors</b>	2
<b>B. Strategic report</b>	
Principal activities	3
Business review	3
Principal risks and uncertainties	4
Future developments and subsequent events	4
<b>C. Directors' report</b>	5
<b>D. Directors' responsibilities statement</b>	6
<b>E. Independent auditors' report to the members of     Corus International Limited</b>	7
<b>F. Financial statements</b>	
F1. Income statement	10
F2. Balance sheet	11
F3. Statement of changes in equity	12
F4. Presentation of financial statements and accounting policies	13
F5. Notes to the financial statements	16

## **A. Directors and advisors**

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### **Directors**

CL Harvey

SV Gidwani

### **Company secretary**

L Rupani (resigned 18 December 2019)

### **Registered office**

30 Millbank

London

SW1P 4WY

### **Company number**

00747010

### **Independent auditors**

PricewaterhouseCoopers LLP

Statutory auditors

One Kingsway

Cardiff

CF10 3PW

## B. Strategic report

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### Introduction

The directors present the Strategic report, together with the audited financial statements, of Corus International Limited (the 'Company') for the year ended 31 March 2020. These financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 '*Reduced Disclosure Framework*', a framework for entities that apply the presentation, recognition and measurement requirements of EU-adopted IFRS but with reduced disclosure and also ensures compliance with any relevant legal requirements applicable to it.

### Principal activities

The Company is a wholly owned subsidiary of Tata Steel UK Limited ('TSUK'), which is a subsidiary within the Tata Steel Europe Limited ('TSE') group. Group financial statements have not been prepared as the Company is a subsidiary within the TSE group which has prepared consolidated financial statements for the year to 31 March 2020. The Company is exempt from the obligation to prepare and deliver group financial statements under section 400 of the Companies Act 2006.

The principal activity of the Company is that of an investment holding company. Further details of the investments are shown in note 5 and note 12.

There have been no significant changes to the principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the Company's activities in the next year.

On 25 November 2008, as part of a group restructuring exercise, the Company lent the ordinary shares held in its wholly owned subsidiary, Corus International (Overseas Holdings) Limited ('CIOH'), to Tata Steel UK Holdings Limited ('TSUKH') by means of a stock lending transaction. The terms of the stock loan are such that TSUKH is required to return the shares to the Company on demand. In the meantime, whenever CIOH pays a dividend to TSUKH (or other distribution), TSUKH will be obliged to pay a manufactured dividend to the Company of the same value. TSUKH does not provide any collateral to the Company but will make a regular payment of a stock lending fee as consideration for the risk of default borne by the Company.

The fee is calculated at 0.25% of the market value of the shares loaned.

Across the wider TSE group there is a focus on simplifying the corporate structure by reducing the number of separate legal entities. This is intended to reduce costs, reduce complexity, aid in transparency and improve corporate governance. The Company has fully engaged in this corporate simplification exercise and 2 of its direct and indirect subsidiaries were placed into voluntary liquidation. For further details of companies involved please see the full subsidiary listing in note 12 of the accounts.

### Business review

The Company is managed as an integral part of the TSE Group. The business issues impacting TSE have been disclosed in the business review section of the Strategic report in its Annual Report.

The Company's directors do not believe that key performance indicators (or discussion thereof) are appropriate for an understanding of the development, performance or position of the Company. The performance of TSE which includes the Company, is discussed in its Annual Report, which does not form part of this report.

### Results

The profit (including exceptional items) for the year after taxation amounted to £1,093k (2019: £1,093k). This includes an exceptional cost of £20,466k, and dividends received of £20,466k relating to corporate simplification transactions. The net assets as at 31 March 2020 amount to £304,751k (2019: £303,658k).

### Employees

The Company has no employees, in either the current or prior year, as shown in note 2 of the financial statements.

### Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Company's activities. The Company operates in accordance with TSE Group policies. Activities designed to minimise the Company's impact on the environment include improving its

## B. Strategic report

### Business review (continued)

energy use efficiency and reducing the production of waste (both hazardous and non-hazardous).

In April 2019, the UK Government introduced legislation called Streamlined Energy and Carbon Reporting (SECR), which mandates that defined companies include energy and carbon emissions in their annual reports. The company is exempt from reporting under SECR due to its size.

### Principal risks and uncertainties

#### *Investments in subsidiary undertakings*

The Company holds investments in subsidiary and associated undertakings. Although the directors are satisfied that the recoverable amount of the investments is not less than their book value, there is a risk that in future years the book value may become impaired.

### Going concern

The directors have assessed the future funding requirements of the Company and have compared these funding requirements to the level of borrowing facilities which are assumed to be available, including working capital facilities. The Company is part of the Tata Steel Europe Limited ('TSE') group which is financed in part through working capital support provided by T S Global Procurement Pte Limited ('Proco'), a subsidiary of TSL, under arrangements which have been authorised, and are supported, by TSL. TSL has approved the continued provision of working capital support to the TSE group and the operations of the TSE group's subsidiaries, including the Company's parent company Tata Steel UK Limited ('TSUK'), by way of a non-binding letter of parental support.

In previous years, TSUK has benefitted from the financial support provided by Proco and the TSE group, including, in 2019/20, the conversion of a significant amount of debt to equity, further equity injections, and continued access to working capital facilities.

In March 2020, TSUK first started to experience the negative effects of the global COVID-19 pandemic on the demand for its steel products. TSUK has taken steps to respond to the financial consequences of the reduced steel demand by utilising available government support measures, taking short term actions to conserve cash, and reducing or

deferring spend including on capital expenditure projects. In addition, TSUK is currently engaged in constructive discussions with the UK government around a bespoke support package for TSUK.

However, the severity and length of the downturn in steel demand in Europe remains unpredictable due to the unprecedented nature of the COVID-19 pandemic. Therefore the financial projections of TSUK, and the effect on TSUK's liquidity, are difficult to predict with a high level of certainty.

For these reasons, while the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that there exists a material uncertainty caused by the impact of the COVID-19 pandemic on the future funding requirements of TSUK which may cast significant doubt on TSUK's ability to continue as a going concern. If TSUK were not a going concern, adjustments might be required to the Company's financial statements, in particular to write down the carrying value of inter-company receivables with TSUK.

However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company were unable to continue as a going concern.

### Future developments and subsequent events

The Company has no significant future developments to report under this section.

#### *Non-adjusting post balance sheet event*

The Company has no non-adjusting post balance sheet events to report under this section.

Approved by the Board of Directors and signed on behalf of the Board



CL Harvey  
Director  
Registered Office:  
30 Millbank,  
London,  
SW1P 4WY  
16 March 2021

## C. Directors' report

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### The Board

The directors of the Company are listed on page 2.

### Dividends

No dividends were paid or proposed in the year (2019: £nil). The directors do not recommend that a final dividend be paid.

### Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, that the Company may indemnify any director of the Company in respect of any losses or liabilities he or she may incur in connection with any proven or alleged negligence, default, breach of duty or breach of trust in relation to the Company (including by funding any expenditure incurred or to be incurred by him or her). In addition, directors and officers of the Company and its subsidiaries are covered by Directors' & Officers liability insurance.

### Information disclosed in the Strategic report

In accordance with section 414C (11) of the Companies Act 2006 the directors have chosen to disclose the following information in the Company's Strategic report:

- Principal risks and uncertainties;
- Factors likely to affect the Company's future development and position;
- Particulars of any events affecting the Company which have occurred since the end of the financial year;
- The Company's employees; and
- Going concern disclosure

### Statement as to disclosure of information to the Company's auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the relevant steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### Independent Auditors

PricewaterhouseCoopers LLP were appointed as auditors of the Company for the year ended 31 March 2020. PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

The financial statements on pages 10 to 19 were approved by the Board of Directors on 16 March 2021 and signed on its behalf by:



CL Harvey

Director

Registered Office:

30 Millbank,

London,

SW1P 4WY

16 March 2021

## D. Directors' responsibilities statement

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

The directors are responsible for the maintenance and integrity of the company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors and signed on behalf of the Board

*Colin Harvey*

CL Harvey  
Director

Type text here

Registered Office:  
30 Millbank,  
London,  
SW1P 4WY  
16 March 2021

## E. Independent auditors' report to the members of Corus International Limited

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### Report on the audit of the financial statements

#### Opinion

In our opinion, Corus International Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report 2020 (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2020; the Income statement, the Statement of changes in equity for the year then ended; the Presentation of financial statements and accounting policies, and the notes to the financial statements..

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Basis of preparation section included within the "Presentation of financial statements and accounting policies" to the financial statements concerning the company's ability to continue as a going concern. The impact of the COVID-19 global pandemic will require the company's subsidiaries to access parental company support in order to meet their obligations as they fall due in the absence of securing alternative financing. TS Global Procurement Company Pte Ltd has issued a letter to Tata Steel Europe Limited and its subsidiaries, including the company and its subsidiaries, undertaking to provide working capital and/or other cash support up to a specified amount which exceeds the amount forecast as being required by Tata Steel Europe Limited and its subsidiaries over the next twelve months. The letter states that it is non binding to the future conduct of TS Global Procurement Company Pte Ltd or Tata Steel Limited. Accordingly, there can be no certainty that the funds required by Tata Steel Europe Limited and its subsidiaries will in fact be made available. These conditions, along with the other matters explained in the Basis of preparation section included within the "Presentation of financial statements and accounting policies" to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.



## E. Independent auditors' report to the members of Corus International Limited

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In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with

the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

#### *Auditors' 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 auditors' 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.

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

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

## E. Independent auditors' report to the members of Corus International Limited

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### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

KE 

Katharine Finn (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff  
16 March 2021

## F1. Income statement

For the financial year  
ended 31 March

		Before exceptional items £'000	Exceptional items (Note 1,3) £'000	2020 Total after exceptional items £'000	Before exceptional items £'000	Exceptional items (Note 3) £'000	2019 Total after exceptional items £'000
	Note						
Operating income/ (expense)	1	1,093	(20,466)	(19,373)	1,093	-	1,093
<b>Operating profit/(loss)</b>		<b>1,093</b>	<b>(20,466)</b>	<b>(19,373)</b>	<b>1,093</b>	<b>-</b>	<b>1,093</b>
Income from subsidiaries	3	-	20,466	20,466	-	-	-
<b>Profit before taxation</b>		<b>1,093</b>	<b>-</b>	<b>1,093</b>	<b>1,093</b>	<b>-</b>	<b>1,093</b>
Tax on profit	4	-	-	-	-	-	-
<b>Profit for the financial year</b>		<b>1,093</b>	<b>-</b>	<b>1,093</b>	<b>1,093</b>	<b>-</b>	<b>1,093</b>

The profit before taxation in the current and prior year derives entirely from continuing activities.

All references to 2020 in the financial statements, the presentation of financial statements and accounting policies and the related notes 1 to 12 refer to the financial year ended 31 March 2020 or as at 31 March 2020 as appropriate (2019: the financial year ended 31 March 2019 or as at 31 March 2019).

The Company has no other gains and losses other than these included in the income statement above, and therefore no separate statement of comprehensive income has been presented.

Notes and related statements forming part of these financial statements appear on pages 16 to 19.

## F2. Balance sheet

As at 31 March

	Note	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Investments in and loans to subsidiary and fellow group undertakings	5	319,827	340,293
Investments in associated undertakings	5	23	23
Other non-current assets	6	-	105
		<b>319,850</b>	<b>340,421</b>
<b>Current assets</b>			
Other receivables	7	10,893	9,800
		<b>10,891</b>	<b>9,800</b>
<b>TOTAL ASSETS</b>		<b>330,743</b>	<b>350,221</b>
<b>Non-current liabilities</b>			
Inter-group borrowings	8	(25,992)	(46,458)
Other non-current liabilities	9	-	(105)
		<b>(25,992)</b>	<b>(46,563)</b>
<b>TOTAL LIABILITIES</b>		<b>(25,992)</b>	<b>(46,563)</b>
<b>NET ASSETS</b>		<b>304,751</b>	<b>303,658</b>
<b>Equity</b>			
Share capital	10	490,361	490,361
Share premium		24,000	24,000
Accumulated deficit		(209,610)	(210,703)
<b>TOTAL EQUITY</b>		<b>304,751</b>	<b>303,658</b>

The financial statements on pages 10 to 19 were approved by the Board of Directors and signed on its behalf by:

*Colin Harvey*

CL Harvey  
16 March 2021  
Corus International Limited  
Registered No: 00747010

Notes and related statements forming part of these financial statements appear on pages 16 to 19.

### F3. Statement of changes in equity

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	Share capital £'000	Share premium £'000	Accumulated deficit £'000	Total equity £'000
<b>Balance as at 1 April 2018</b>	<b>490,361</b>	<b>24,000</b>	<b>(211,796)</b>	<b>302,565</b>
Total comprehensive income for the year	-	-	1,093	<b>1,093</b>
<b>Balance as at 31 March 2019</b>	<b>490,361</b>	<b>24,000</b>	<b>(210,703)</b>	<b>303,658</b>
Total comprehensive income for the year	-	-	1,093	<b>1,093</b>
<b>Balance as at 31 March 2020</b>	<b>490,361</b>	<b>24,000</b>	<b>(209,610)</b>	<b>304,751</b>

Notes and related statements forming part of these financial statements appear on pages 16 to 19.

## F4. Presentation of financial statements and accounting policies

### I Basis of preparation

Corus International Limited is a private limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The functional and presentational currency of the Company is sterling.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

As permitted by FRS 101, the Company has taken advantage of the relevant disclosure exemptions available under that standard in relation to IAS 1, presentation of comparative information in respect of investments in subsidiaries; IAS 7, presentation of a cash flow statement; IAS 8, standards not yet effective; IFRS 7, Financial Instruments: disclosures and IAS 24, related party transactions with Tata Steel group companies.

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The principal accounting policies applied in the preparation of these financial statements are set out below. All accounting policies used in the preparation of the financial statements remained consistent with those applied in the preparation of the Annual Report in 2019.

Group financial statements have not been prepared as the Company is a wholly owned indirect subsidiary of TSE, which has prepared consolidated financial statements for the year ended 31 March 2020.

#### Going concern

The directors have assessed the future funding requirements of the Company and have compared these funding requirements to the level of borrowing facilities which are assumed to be available, including working capital facilities. The Company is part of the Tata Steel Europe Limited ('TSE') group which is financed in part through working capital support provided by T S Global Procurement Pte Limited ('Proco'), a subsidiary of TSL, under arrangements which have been authorised, and are supported, by TSL. TSL has approved the continued provision of working capital support to the TSE group and the operations of the TSE group's subsidiaries, including the Company's parent company Tata Steel UK Limited ('TSUK'), by way of a non-binding letter of parental support.

In previous years, TSUK has benefitted from the financial support provided by Proco and the TSE group, including, in 2019/20, the conversion of a significant amount of debt to equity, further equity injections, and continued access to working capital facilities.

In March 2020, TSUK first started to experience the negative effects of the global COVID-19 pandemic on the demand for its steel products. TSUK has taken steps to respond to the financial consequences of the reduced steel demand by utilising available government support measures, taking short term actions to conserve cash, and reducing or deferring spend including on capital expenditure projects. In addition, TSUK is currently engaged in constructive discussions with the UK government around a bespoke support package for TSUK.

However, the severity and length of the downturn in steel demand in Europe remains unpredictable due to the unprecedented nature of the COVID-19 pandemic. Therefore the financial projections of TSUK, and the effect on TSUK's liquidity, are difficult to predict with a high level of certainty.

For these reasons, while the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that there exists a material uncertainty caused by the impact of the COVID-19 pandemic on the future funding requirements of TSUK which may cast significant doubt on TSUK's ability to continue as a going concern. If TSUK were not a going concern, adjustments might be required to the Company's financial statements, in particular to write down the carrying value of inter-company receivables with TSUK.

However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company were unable to continue as a going concern.

### II New Standards and interpretations applied

The following new International Accounting Standards ('IAS') and new IFRSs have been adopted in the current year:

		Effective Date*
IFRS 16	Leases	1 Jan 2019
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 Jan 2019
IAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures	1 Jan 2019
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement	1 Jan 2019
IFRIC 23 (Revised Interpretation)	Uncertainty over Income Tax Treatments	1 Jan 2019
IFRS 3, IFRS 11, IAS 12 & IAS 23 (Amendments)	2015-2017 Annual Improvements cycle	1 Jan 2019

\* periods commencing on or after

The Amendments to the above Standards did not have a material impact on the Corus international financial statements.

## F4. Presentation of financial statements and accounting policies

### III Use of estimates and critical accounting judgements

The preparation of financial statements in accordance with FRS 101 requires management to make estimates and assumptions that affect the:

- (i) reported amounts of assets and liabilities;
- (ii) disclosure of contingent assets and liabilities at the date of the financial statements; and
- (iii) reported amounts of income and expenses during the year.

Actual results could differ from those estimates. The most significant techniques for estimation are described in the accounting policies below.

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 if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

#### *Critical judgements in applying the Company's accounting policies*

The critical judgement that the directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements is in relation to presentation of exceptional items.

Judgement has been exercised by the company when interpreting the requirement to present separately exceptional items. Items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users of the accounts to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance. Further information surrounding exceptional items can be found in notes 1 and 3.

A significant part of the Company's capital is invested in group undertakings. Determining whether these assets are impaired requires an estimation of enterprise value (EV). The EV calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts approved by the Board. Further details on the Company's impairment review and key assumptions are set out in note 5.

The detailed accounting policies are outlined in section IV below.

### IV Accounting policies

#### (a) Taxation

The tax (charge)/credit represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years ("temporary differences") and it further excludes items that are never taxable or deductible ("permanent differences").

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantively enacted by the end of the reporting year. Deferred tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, deferred tax is recognised in the income statement.

#### (b) Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. The detailed accounting treatment for such items can differ, as described in the following sections:

##### (i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

## F4. Presentation of financial statements and accounting policies

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### IV Accounting policies (continued)

declared up to the balance sheet date and, where relevant, is shown before deduction of overseas withholding taxes.

#### (ii) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease

receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables.

For all other financial instruments which includes intercompany receivables, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

#### (iii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss.

The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in financing items in profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

#### (iv) Inter-group borrowings

Interest-bearing inter-group borrowings are initially recorded at their fair value which is generally the proceeds received. These borrowings are subsequently stated at amortised cost.

#### (v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### (c) Investments in subsidiary and associated undertakings

Investments in fellow group undertakings are stated at cost, which includes transaction expenses. Impairment losses are made if events or circumstances indicate that the carrying amount may not be recoverable. Income from investments in subsidiary and associated undertakings comprises dividends



## F5. Notes to the financial statements

For the financial year ended 31 March 2020

### 1. Operating income/ (expense)

	2020 £'000	2019 £'000
Costs by type:		
Stock lending fee	1,093	1,093
Exceptional item - Impairment of investment in subsidiary (Note 5)	(20,466)	-
	(19,373)	1,093

The auditors' remuneration for the audit of the Company's financial statements was £1,400 (2019: £1,400). The auditors' remuneration was borne by its parent company TSUK in both the current and prior years. There were no non-audit fees in the current or prior year.

Exceptional costs of £20,466k relates to the impairment of investment in Stewart & Lloyds (Overseas) Limited.

Included in operating profit is a stock lending fee of £1,093k (2019: £1,093k) (calculated at 0.25% of the market value of the shares loaned) relating to the shares in CIOH that have been lent to TSUKH.

### 2. Employees

The Company has no employees in the current or prior year. No director received any remuneration during the year in respect of their services to the Company (2019: nil).

### 3. Income from subsidiaries

	2020 £'000	2019 £'000
Exceptional item - Dividends from subsidiaries (i)	20,466	-
	20,466	-

- (i) During 2020, dividend income of £20,466k has been recognised in relation to dividends declared by subsidiary undertakings, Stewart & Lloyds (Overseas) Limited, prior to their entry into voluntary liquidation.

### 4. Tax on profit

	2020 £'000	2019 £'000
Total tax charge	-	-
	-	-

The total income statement charge for the year can be reconciled to the accounting profit as follows:

	2020 £'000	2019 £'000
Profit before taxation	1,093	1,093
Profit before taxation multiplied by the standard UK corporation tax rate of 19% (2019: 19%)	208	208
Effects of:		
Non-taxable dividend income from subsidiary	(3,899)	-
Non-deductible impairment of investment	3,899	-
Other permanent differences	-	48
Group relief surrendered free of charge	(208)	(256)
	-	-

Corporation tax is calculated at 19% (2019: 19%) of the taxable profit for the year.

## F5. Notes to the financial statements

### 5. Investments in and loans to subsidiary and fellow group undertakings

	Shares in subsidiary undertakings £'000	Net loans to subsidiary and fellow group undertakings £'000	Interests in associates £'000	Total £'000
Cost as at 1 April 2019 and 31 March 2020	320,595	21,537	356	342,488
Impairment as at 1 April 2019	(1,839)	-	(333)	(2,172)
Impairment charge	(20,466)	-	-	(20,466)
Impairment as at 31 March 2020	(22,305)	-	(333)	(22,638)
<b>Net book value at 31 March 2020</b>	<b>298,290</b>	<b>21,537</b>	<b>23</b>	<b>319,850</b>
Net book value at 31 March 2019	318,756	21,537	23	340,316

The carrying values of the Company's investments are tested annually for impairment using an enterprise value ('EV') calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out into perpetuity. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, exchange rates, business disruption caused by the COVID-19 pandemic and a discount rate of 8.0% (2019: 8.2%). Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources. A nil growth rate is used to extrapolate the cash flow projections beyond the three-year period of the financial budgets to perpetuity. The pre-tax discount rate of 8.0% is derived from the Group's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors. The outcome of the test at 31 March 2020 resulted in no further permanent diminution in the value of the Company's equity investments (2019: £nil).

The impairment charge recognised during the year occurred as a result of Stewart & Lloyds (Overseas) Limited entering into voluntary liquidation, see notes 1 and 3.

On 25 November 2008, as part of a group restructuring exercise the Company lent the ordinary shares held in CIOH to TSUKH by means of a stock lending transaction. The Company retains the investment in CIOH due to the terms of the stock loan being such that:

- if CIOH makes a distribution, TSUKH are required to pay a 'manufactured' dividend to CI equivalent to the same value
- if CI were to cease to recognise its investment in CIOH it would be required to reclassify the investment in the stock loan as a loan receivable. CI is therefore still exposed to the same impairment risks whether it holds an investment or a stock loan receivable
- CI is compensated for the risk of default by the receipt of an annual stock lending fee
- TSUKH is required to return the shares to CI on demand.

Included in net loans to subsidiary and fellow group undertakings is a loan to the immediate parent TSUK of £21,506k (2019: £21,506k). No date has been fixed for repayment but it is not expected that the loan will be repaid during the next financial year.

A full list of the Company's interests is disclosed in note 12.

### 6. Other non-current assets

As at 31 March	2020 £'000	2019 £'000
Financial guarantees (Note 9)	-	105
	-	105

### 7. Other receivables

As at 31 March	2020 £'000	2019 £'000
Amounts owed by group companies	10,893	9,800
	10,893	9,800

### 8. Inter-group borrowings

As at 31 March	2020 £'000	2019 £'000
Amounts owed to subsidiary undertakings	25,992	46,458
	25,992	46,458

## F5. Notes to the financial statements

The amounts due to subsidiary undertakings are free of interest and no date has been fixed for the discharge of the debt. It is not expected that the loans will be repaid during the next financial year.

### 9. Other non-current liabilities

As at 31 March	2020 £'000	2019 £'000
Financial guarantees (Note 6)	-	105
	-	105

In October 2014 the Company gave a guarantee in respect of the borrowings of the TSE group's Senior Facilities Agreement ('SFA') with the guarantee valued at £105k as at 31 March 2019. The guarantee was indemnified by TSUKH (see Note 6). In February 2020 the TSE group completed the refinancing of the SFA at which time the Company's guarantee expired. Consequently there are no outstanding guarantees provided by the Company under the SFA as at 31 March 2020.

### 10. Share capital

The share capital of the Company is shown below:

Authorised	2020 £'000	2019 £'000
500,000,000 (2019: 500,000,000) ordinary shares of £1 each	500,000	500,000
Allotted, called up and fully paid	2020 £'000	2019 £'000
490,361,595 (2019: 490,361,595) ordinary shares of £1 each	490,361	490,361

The Company has one class of ordinary shares which carry no right to fixed income.

### 11. Ultimate and immediate parent company

The Company is a wholly owned subsidiary of TSUK, a company registered in England and Wales. TSE and TSUKH are intermediate holding companies, registered in England and Wales, with TSUKH being the smallest group to consolidate these financial statements.

Copies of the Annual Report for TSUKH may be obtained from the Company secretary, 30 Millbank, London, SW1P 4WY.

Tata Steel Limited (TSL), a company incorporated in India, is the ultimate parent company and controlling party and the largest group to consolidate these financial statements.

Copies of the Annual Report for TSL may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001.

### 12. Subsidiary and associate undertakings

The subsidiary undertakings and associates of the Company at 31 March 2020 and their registered addresses are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation.

<b>UK</b>	
Corus International (Overseas Holdings) Limited (ii)	30 Millbank, London SW1P 4WY
Corus Liaison Services (India) Limited (i) (iii)	30 Millbank, London SW1P 4WY
Stewarts and Lloyds (Overseas) Limited (vii)	15 Atholl Crescent, Edinburgh, EH3 8HA
Tata Steel UK Consulting Limited (i) (iii)	30 Millbank London SW1P 4WY
<b>Ireland (Republic of)</b>	
Stewarts and Lloyds of Ireland Limited (vii)	1 Stokes Place, St Stephens Green, Dublin 2
<b>Norway</b>	
Tata Steel Norway Byggsystemer AS (i) (iii)	Roraskogen 2, Skien, N 3739, Norway
<b>USA</b>	
Oremco, Inc. (30%) (iii)	60 E42 Street, New York, 10165, United States

#### Classification key:

(i) Directly owned by the Company

## F5. Notes to the financial statements

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- (ii) Indirectly owned by the Company
- (iii) Ordinary shares
- (iv) Ordinary A shares
- (v) Ordinary B shares
- (vi) Deferred shares
- (vii) Currently in liquidation via a Members Voluntary Liquidation

Unless otherwise indicated, all subsidiary undertakings have issued ordinary share capital and are wholly owned by the company.

**Corus International Limited**  
**30 Millbank**  
**London**  
**SW1P 4WY**

**Registered No: 00747010**