

UK STEEL ENTERPRISE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2012

Registered number 535960



UK STEEL ENTERPRISE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2012

1 Financial Statements

The directors submit herewith the audited financial statements of the Company for the 52 week period ended 31 March 2012. The Company is a subsidiary of Tata Steel Limited.

2 Principal Activities

The principal objective of the Company is to assist in the regeneration of those areas of the United Kingdom which have been affected by changes in the steel industry. The Company seeks to achieve this by encouraging the creation and growth of small and medium sized businesses which can provide new employment opportunities in these areas.

The principal activities of the Company are the provision of risk finance and premises to businesses which can demonstrate growth potential. The Company also provides support to selected business support agencies and initiatives.

3 Business Review

During the year, the extension to the Hartlepool property was completed creating an additional 19,000 square feet of let-able space. With the increase in space and a small increase in occupancy rates, turnover has increased by £22,680 from the previous period. The Company's properties had an average occupancy for the period of 81% (2 April 2011: 79%) which is a creditable performance in the challenging economic environment.

The property known as Coatbank Business Units in Coatbridge was sold in February 2012 generating an exceptional profit of £543,296.

Performance from the investment business has seen a reduction of over £0.5m compared with the previous period. Income was £233,515 lower due to the loss of dividends from those investments that were realised in the previous period and the previous period was boosted by the settlement of significant preference share dividend arrears. The increase in the fair values of the equity investments was £252,633 lower than the previous period which had benefited from two realisations whilst the charge for impairments of loans and receivables was £69,288 higher than in the previous period. The Company has funds invested in financial assets totalling £5,210,744 (2 April 2011: £4,963,672) following an increase in the level of funds invested in the period.

During the period, Tata Steel Europe Limited announced a restructuring programme of its Long Products Europe steelmaking hub putting at risk 1200 jobs in the Scunthorpe area. As a consequence the Company has implemented a number of support programmes during the period. These were in addition to the programmes that were already running following the job losses announced by Tata Steel Europe Limited in the previous few years and in total nearly £400,000 of support has been provided through these schemes in the year.

The level of business and the period end financial position are considered to be satisfactory.

4 Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

5 Results and Dividends

The Company recorded a loss of £769,301 (2 April 2011: £141,749) as set out in the profit and loss account on page 6. Because of the nature of the Company's activities it is the Board's policy not to make distributions to shareholders. Accordingly the directors do not recommend the payment of a dividend (2 April 2011: £nil). During the year the company made charitable donations of £86,938 (2 April 2011: £75,686) to various local charities.

UK STEEL ENTERPRISE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2012

6 **Fixed Assets**

In the opinion of the directors, the market value of land and buildings is not significantly different from the book value at which these properties are included in the balance sheet. None of these properties are held for their investment potential.

7 **Directors**

The following directors all served throughout the period and subsequently except where indicated:

Mr A J Johnston
Mr S R Green
Mr V J Smith (deceased 7 June 2011)
Lord Brookman
Mr A V L Williams
Mr M J Leahy
Mr C L Harvey
Mr P R Martin (appointed 23 February 2012)

8 **Risk Management**

The company's financial risk management policy is detailed in note 20 to the financial statements.

9 **Supplier Payment Policy**

The Company's policy is to settle terms of payment with suppliers when agreeing terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 31 March 2012 were equivalent to 12 (2 April 2011: 17) days' purchases, based on the average daily amount invoiced by suppliers during the period.

10 **Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

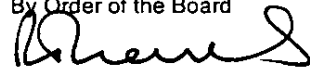
UK STEEL ENTERPRISE LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2012**

11 **Auditor**

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Relevant information is defined as information needed by the company's auditor in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditor and any other steps required by the directors' duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By Order of the Board



R Thomas

Secretary

24 July 2012

The Innovation Centre
217 Portobello
Sheffield S1 4DP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UK STEEL ENTERPRISE LIMITED

We have audited the financial statements of UK Steel Enterprise Limited for the period ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the period then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Christopher Powell FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds

24 July 2012

UK STEEL ENTERPRISE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2012

		Period ended 31 Mar 2012	Period ended 2 Apr 2011
	Notes	£	£
Turnover	1(i)	2,621,915	2,599,235
Other operating income	2	1,556,662	737,599
Staff costs	5	(1,331,133)	(1,228,722)
Depreciation	8	(673,441)	(615,520)
Impairment loss	8	(1,028,296)	-
Other operating charges		(2,191,612)	(2,297,538)
Movement in valuations of loans and receivables	10	(436,679)	(367,391)
Revaluations of equity investments	10	169,987	422,620
Operating loss	3	(1,312,597)	(749,717)
Profit on disposal of fixed assets	8	543,296	601,494
Other interest receivable and similar income	4	-	6,474
Loss on ordinary activities before taxation		(769,301)	(141,749)
Taxation	6	-	-
Loss ordinary activities after taxation	17/18	(769,301)	(141,749)

All items dealt with above relate to continuing operations

The company has no recognised gains and losses other than the gains shown above and therefore no separate statement of total recognised gains and losses has been presented

UK STEEL ENTERPRISE LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2012**

		31 Mar 2012	2 Apr 2011
	Notes	£	£
FIXED ASSETS			
Tangible assets	8	11,872,905	11,913,225
Financial assets			
- Unquoted equity investments	10	1,290,997	985,950
- Loans and receivables	10	3,919,747	3,977,722
Investment in subsidiary undertaking	9	35,000	35,000
		17,118,649	16,911,897
CURRENT ASSETS			
Debtors	11	11,606,404	12,516,031
Cash at bank and in hand		1,606,442	1,674,818
		13,212,846	14,190,849
CREDITORS amounts falling due within 1 year	12	(1,378,456)	(1,333,075)
NET CURRENT ASSETS		11,834,390	12,857,774
TOTAL ASSETS LESS CURRENT LIABILITIES		28,953,039	29,769,671
ACCRUALS AND DEFERRED INCOME	13	(903,675)	(951,006)
NET ASSETS		28,049,364	28,818,665
CAPITAL AND RESERVES			
Called up share capital	15	10,000,100	10,000,100
Capital Contribution	16	10,000,000	10,000,000
Profit and loss account	17	8,049,264	8,818,565
SHAREHOLDERS' FUNDS	18	28,049,364	28,818,665

The financial statements of the company, registered number 535960, on pages 6 to 18 were approved by the board of directors on 24 July 2012 and were signed on its behalf by -



S R Green
Director

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

1 STATEMENT OF ACCOUNTING POLICIES

A summary of the more important accounting policies which have been applied consistently is set out below -

(a) **Basis of Preparation of the Financial Statements**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and financial instruments and in accordance with applicable Accounting Standards in the United Kingdom

The financial statements contain information about UK Steel Enterprise Limited as an individual company and do not contain consolidated financial information as parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Tata Steel Europe Limited, a company registered in England and Wales

(b) **Financial Period**

These financial statements have been prepared for the 52 weeks from 3 April 2011 to 31 March 2012

(c) **Going Concern**

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2

The company meets its day to day working capital requirements through the reserves held under a group banking facility managed by its intermediate parent company, Tata Steel UK Limited. The directors have reviewed forecasts and projections for the following 12 month period which reflect the uncertain current economic environment. The company's forecasts and projections show that they should be able to operate within the current facilities

After making enquiries, the directors have a reasonable expectation that the company has adequate reserves to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

(d) **Tangible Fixed Assets**

All fixed assets are recorded at cost less accumulated depreciation and any impairment loss. Cost is purchase cost together with any incidental expenses of acquisition

(e) **Depreciation**

Depreciation is provided so as to write off the cost of tangible fixed assets on a straight line basis, over their estimated remaining useful lives

The principal annual rates used for this purpose are

	%
Freehold land	-
Freehold buildings	4
Leasehold property	4
Assets under construction	-
Equipment	10 - 33

STATEMENT OF ACCOUNTING POLICIES (continued)

(f) Government and European Grants

In accordance with SSAP 4 (Revised) government grants and other capital grants received and receivable are credited to deferred income and are released to the profit and loss account over the estimated useful lives of the assets to which they relate. In the exceptional circumstances where grant funding is made available, usually from European Union funds, to enable the construction of a building which has a lower net realisable value than purchase price or production cost, the release of the grant to the profit and loss account is accelerated up to a maximum of any impairment loss.

(g) Financial Assets

In accordance with FRS 26 "Financial Instruments: recognition and measurement" all equity investments are designated to be assets at fair value through profit or loss and subsequently carried in the balance sheet at fair value. Investments in fixed income preference shares and loans are classified as loans and receivables and are carried at amortised cost less impairment. All investments are initially recognised at the fair value of the consideration given and held at this value until it is appropriate to measure fair value on a different basis. Investments in subsidiaries are accounted for at cost less any provision for impairment.

Income from loans and receivables is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts the future cash flows through the expected life of the financial asset to that asset's carrying value. Dividends from equity investments are recognised when they are received.

(h) Pensions

The Company contributes to a group pension scheme operated by Tata Steel UK Limited. Since the Company is unable to identify its share of the assets and liabilities of the scheme on a consistent and reasonable basis, pension obligations are accounted for on a defined contribution basis as a multi-employer scheme in accordance with FRS 17.

(i) Turnover

Turnover is stated net of VAT and comprises amounts due from workshop tenants for property rentals, licence fees and services provided (gas, electricity, rates etc) and is recognised as it arises. Turnover is wholly attributable to trading in the United Kingdom.

(j) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet dates. Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(k) Operating Leases

Rentals paid in respect of operating leases are charged to the profit and loss account as incurred. The Company does not have any finance leases.

(l) Cash Flow Statement

A cash flow statement has not been prepared on the grounds that the Company is a wholly owned subsidiary of Tata Steel Europe Limited, which presents a consolidated cash flow statement in its financial statements in accordance with Financial Reporting Standard Number 1.

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

STATEMENT OF ACCOUNTING POLICIES (continued)

(m) Related Party Transactions

In accordance with the exemption allowed by FRS 8 "Related Party Transactions", transactions with Tata Steel Limited and fellow subsidiary undertakings are not disclosed

2 OTHER OPERATING INCOME

	Period ended 31 Mar 2012	Period ended 2 Apr 2011
	£	£
Dividends received from equity investments	108,121	283,033
Income from loans and receivables	312,362	391,527
Software license fees	-	1,196
Monitoring and arrangement fees	31,000	10,438
Group management charges	-	3,750
Amortisation of grant income (note 13)	1,105,179	47,655
	1,556,662	737,599

3 OPERATING LOSS

	Period ended 31 Mar 2012	Period ended 2 Apr 2011
	£	£
Operating loss is stated after charging		
Depreciation of tangible fixed assets		
- owned assets	673,441	615,520
Auditor's remuneration for		
- fees payable to the Company's auditor for the audit of the Company's financial statements	6,500	6,500
- other services	5,482	6,534
Hire of motor vehicles - operating leases	39,217	40,325
Redundancy costs	50,000	-
Impairment loss (see note 8)	1,028,296	-

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 Mar 2012	Period ended 2 Apr 2011
	£	£
Other interest	-	6,474

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

5 EMPLOYEE INFORMATION

	Period ended 31 Mar 2012	Period ended 2 Apr 2011
	£	£
Wages and salaries	1,107,637	1,018,094
Social security costs	103,212	94,679
Other pension costs	120,284	115,949
	<u>1,331,133</u>	<u>1,228,722</u>

The average monthly number of persons (including executive directors) employed by the company during the period was as follows

	Period ended 31 Mar 2012	Period ended 2 Apr 2011
	Number	Number
Administration	<u>26</u>	<u>26</u>

6 TAXATION

	Period ended 31 Mar 2012	Period ended 2 Apr 2011
	£	£
Current tax	<u>-</u>	<u>-</u>
The current tax reconciles with the standard rate of corporation tax as follows		
Loss on ordinary activities before tax	<u>(769,301)</u>	<u>(141,749)</u>
Loss on ordinary activities multiplied by standard rate in the UK at 26% (2011 28%)	<u>(200,018)</u>	<u>(39,690)</u>
Temporary timing differences between taxable and accounting profit		
Accelerated capital allowances	(39,765)	(15,904)
Other timing differences	(28,233)	20,816
Losses brought forward and utilised	-	(37,214)
Unrecognised tax losses carried forward	256,749	-
Permanent differences	<u>11,267</u>	<u>71,992</u>
	<u>-</u>	<u>-</u>

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

7 DIRECTORS' EMOLUMENTS

	Period ended 31 Mar 2012	Period ended 2 Apr 2011
	£	£
Aggregate emoluments	151,650	147,081

Retirement benefits are accruing to 1 (2 April 2011 1) director under the British Steel Pension Scheme defined benefit scheme

The emoluments of Mr Harvey and Mr Martin are paid by an intermediate parent company. Their services to UK Steel Enterprise Limited are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no emoluments in respect of Mr Harvey and Mr Martin.

8 TANGIBLE FIXED ASSETS

	Long Leasehold Buildings	Freehold Land and Buildings	Assets under Construction	Equipment	Total
	£	£	£	£	£
<u>COST</u>					
At 3 April 2011	8,565,601	11,541,417	2,041,504	345,490	22,494,012
Additions	9,595	48,146	1,642,975	1,291	1,702,007
Disposals	-	(598,214)	-	(590)	(598,804)
Transfers	3,684,479	-	(3,684,479)	-	-
At 31 March 2012	12,259,675	10,991,349	-	346,191	23,597,215
<u>DEPRECIATION</u>					
At 3 April 2011	(4,109,583)	(6,197,775)	-	(273,429)	(10,580,787)
Charge for period	(348,456)	(290,086)	-	(34,899)	(673,441)
Disposals	-	558,214	-	-	558,214
Impairment loss	(1,028,296)	-	-	-	(1,028,296)
At 31 March 2012	(5,486,335)	(5,929,647)	-	(308,328)	(11,724,310)
<u>NET BOOK VALUE</u>					
At 31 March 2012	6,773,340	5,061,702	-	37,863	11,872,905
At 2 April 2011	4,456,018	5,343,642	2,041,504	72,061	11,913,225

During the period the Company sold the Coatbank Business Units in Coatbridge generating a profit of £543,296. There was no tax impact from the disposal of this property.

During the year, the construction of an extension to the property situated at Hartlepool was completed increasing the net book value to £5,028,296. An independent professional valuation of the extended site was undertaken by Danderson Weatherall LLP on 20 July 2011 which estimated the open market value to be £4,000,000. In accordance with FRS11, an impairment loss of £1,028,296 has been recognised, writing the carrying value of the property down to its estimated net realisable value, being the open market value. The related grant income has been accelerated in the profit and loss account to match the write down of the asset in accordance with the company's accounting policy.

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

9 INVESTMENT IN SUBSIDIARY UNDERTAKING

	£
Cost and net book value at 3 April 2011 and 31 March 2012	35,000

The Company has the following subsidiary undertakings, all of which are registered in England and Wales

	Profit for the period ended 31 Mar 2012 £	Net Assets as at 31 Mar 2012 £
UKSE Fund Managers Limited (wholly owned)	-	45,955
UKSE Fund Managers (General Partner) Limited (wholly owned by UKSE Fund Managers Limited)	-	1

UKSE Fund Managers Limited provides fund management services
UKSE Fund Managers (General Partner) Limited is dormant

10 FINANCIAL ASSETS

	Unquoted equity investments £	Loans and receivables £	Total £
At 3 April 2011	985,950	3,977,722	4,963,672
Additions	261,653	2,595,503	2,857,156
Disposals, repayments and recoveries	(126,593)	(2,216,799)	(2,343,392)
Revaluations of equity investments	169,987	-	169,987
Movement in the fair values of loans and receivables	-	(436,679)	(436,679)
At 31 March 2012	1,290,997	3,919,747	5,210,744

Those investments in which the company holds 20% or more of the nominal value of any class of share are detailed below. All of these investments are in companies that are incorporated in the United Kingdom.

Company Name	Class of share held	Proportion of nominal value of class held
ACM Bearings Ltd	Ordinary	31.1%
Airframe Components Europe Ltd	Preferred ordinary	50.0%
Airframe Components Europe Ltd	Preference	50.0%
Anotek Ltd	Preferred ordinary	100.0%
Bolton Surgical Ltd	Preferred ordinary	100.0%
Camal Enterprises Ltd	Preferred ordinary	100.0%
Cygnat Solutions Ltd	Preferred ordinary	100.0%
Duraflex Ltd	Preferred ordinary	100.0%
Energy Maintenance Company Ltd	Preferred ordinary	100.0%
Fame Solutions Ltd	Preferred ordinary	100.0%
Global Integrated Solutions Ltd	Preferred ordinary	50.0%
Global Integrated Solutions Ltd	Preference	50.0%
Hardmetal Products Ltd	Preferred ordinary	100.0%
Hartlepool Investments Ltd	Preferred ordinary	100.0%
Hydra Technologies Ltd	Preferred ordinary	100.0%
JFS Associates Ltd	Preferred ordinary	100.0%
Link Cable Assemblies Ltd	Preferred ordinary	100.0%
Martin Aerospace Ltd	Preferred ordinary	100.0%
McCalls Special Products Ltd	Preferred ordinary	100.0%
Pathol Ltd	Preferred ordinary	100.0%

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

10 FINANCIAL ASSETS (continued)

Pinnacle Re-Tec Ltd	Preferred ordinary	100 0%
Profile Analysis Ltd	Preferred ordinary A shares	86 7%
Profile Analysis Ltd	Preferred ordinary B shares	22 2%
Safehinge Ltd	Preferred ordinary	100 0%
Safehinge Ltd	Preference	100 0%
Sayu Ltd	Preferred ordinary	100 0%
Sirus Automotive Ltd	Preferred ordinary	100 0%
Sutherland Trading Company Ltd	Preferred ordinary	100 0%

11 DEBTORS

	31 Mar 2012	2 Apr 2011
	£	£
Amounts owed by group undertakings	11,299,782	12,218,132
Prepayments and accrued income	74,290	66,280
Other debtors	232,332	231,619
	11,606,404	12,516,031

Amounts owed by group undertakings are unsecured, earn interest at Bank of England base rates minus 1%, have no fixed date of repayment and are repayable upon demand

12 CREDITORS - Amounts falling due within one year

	31 Mar 2012	2 Apr 2011
	£	£
Trade creditors	97,395	96,132
Amounts owed to group undertakings	1	1
Deposits held	402,516	392,417
Other taxation and social security	13,981	-
Other creditors	864,563	844,525
	1,378,456	1,333,075

13 ACCRUALS AND DEFERRED INCOME

	31 Mar 2012	2 Apr 2011
	£	£
Government, European Union and other capital grants		
Opening deferred income	951,006	910,849
Additions	1,057,848	87,812
Transfer to profit and loss account (note 2)	(76,883)	(47,655)
Transfer to profit and loss account upon impairment (note 2)	(1,028,296)	-
Closing deferred income	903,675	951,006

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

14 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

Deferred taxation is provided in the financial statements in accordance with the Company's accounting policy described in note 1(j)

	Accelerated tax depreciation	Losses	Other	Total
	£	£	£	£
2012				
At 3 April 2011	9,989	44,410	(54,399)	-
(Charge)/credit to profit and loss account	(37,475)	59,352	(21,877)	-
At 31 March 2012	(27,486)	103,762	(76,276)	-
2011				
At 4 April 2010	23,738	55,661	(79,399)	-
(Charge)/credit to profit and loss account	(13,749)	(11,251)	25,000	-
At 2 April 2011	9,989	44,410	(54,399)	-

A deferred tax asset is not recognised in respect of tax losses of £3,781,223 (2 April 2011 £3,033,063) due to the uncertainty of utilisation

15 SHARE CAPITAL

	31 Mar 2012	2 Apr 2011
	£	£
Authorised Ordinary shares of £1 each	12,000,000	12,000,000
Allotted, called up and fully paid Ordinary shares of £1 each	10,000,100	10,000,100

16 CAPITAL CONTRIBUTION

	31 Mar 2012	2 Apr 2011
	£	£
Capital Contribution	10,000,000	10,000,000

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

17 RESERVES

	Profit & Loss Account
	£
At 3 April 2011	8,818,565
Retained loss for the financial period	(769,301)
At 31 March 2012	8,049,264

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	period ended 31 Mar 2012	period ended 2 Apr 2011
	£	£
Loss for the financial period	(769,301)	(141,749)
Net decrease in shareholders' funds	(769,301)	(141,749)
Opening shareholders' funds	28,818,665	28,960,414
Closing shareholders' funds	28,049,364	28,818,665

19 PENSIONS

The Company participates in the British Steel Pension Scheme, a group pension scheme operated by Tata Steel UK Limited. 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 of the group.

The pension costs to the Company for the period ended 31 March 2012 amounted to £120,284 (2 April 2011 £115,949). Since the company is unable to identify its share of the underlying assets and liabilities in the British Steel Pension Scheme on a consistent and reasonable basis, pension obligations are accounted for as multi-employer under FRS17. Full disclosures are provided in the financial statements of Tata Steel UK Limited.

Throughout the period UK Steel Enterprise Limited, along with other participating employers, contributed 12% of pensionable salary into the scheme.

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

20 FINANCIAL RISK MANAGEMENT

Credit risk The Company's financial assets are predominantly unsecured investments in unquoted small and medium sized companies, in which the Directors consider the maximum credit risk to be the carrying value of the asset. The portfolio is well diversified and so the credit risk is managed on an individual asset basis.

Liquidity risk During the financial period the Company incurred a cash deficit before administration costs of £91,000 (2011 Surplus of £1,478,000) from its investing activities and at the end of the period it had resources, via a facility with its parent company, of £11m (2011 £12m). The Directors' currently view liquidity risk as low.

Price risk The valuation of unquoted investments depends upon a combination of market factors and the performance of the underlying asset. The Company does not hedge the market risk inherent in the portfolio but manages asset performance on an asset specific basis.

Currency risk The Company invests in UK based companies and deals solely in sterling. Consequently there is no currency risk.

Interest rate risk The Company invests almost entirely in fixed rate assets being funded solely from shareholders' funds. The Company does not actively manage its interest rate risk.

All loans and receivables held by the Company earn fixed interest rates and are being serviced by regular periodic interest and capital payments. The table below provides a breakdown of these assets by interest rate and the year in which the final repayment is scheduled to be made.

At 31 Mar 2012						
	1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Interest rate	£'000	£'000	£'000	£'000	£'000	£'000
0.00%	29	15	-	-	-	44
3.00%	4	87	8	-	-	99
5.00%	2	11	23	-	-	36
6.00%	28	76	93	420	-	617
7.00%	3	88	63	-	297	451
7.50%	-	9	-	-	-	9
8.00%	161	452	564	803	461	2,441
8.25%	3	-	-	-	-	3
8.30%	1	-	-	-	-	1
8.40%	-	112	-	-	-	112
8.50%	2	-	-	-	-	2
10.00%	82	23	-	-	-	105
	315	873	751	1,223	758	3,920

At 2 Apr 2011						
	1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Interest rate	£'000	£'000	£'000	£'000	£'000	£'000
0.00%	-	27	-	-	-	27
3.00%	-	11	200	-	-	211
6.00%	19	69	348	99	-	535
7.00%	-	64	124	50	123	361
7.50%	67	-	10	-	-	77
8.00%	87	485	748	347	321	1,988
8.25%	14	2	-	-	-	16
8.30%	-	19	-	-	-	19
8.40%	-	-	177	-	-	177
8.50%	44	52	24	-	-	120
10.00%	1	32	39	-	375	447
	232	761	1,670	496	819	3,978

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

21 COMMITMENTS

	31 Mar 2012	2 Apr 2011
	£	£
(a) Loans and investments in share capital committed but not paid	100,000	502,623
(b) Leasing commitments		
The annual commitments under operating leases are analysed according to the period in which each lease expires, as follows		
Motor vehicles, leases expiring within 1 year	2,034	2,738
Motor vehicles, leases expiring within 2-5 years	43,523	33,174
	45,557	35,912
(c) Third party loans guaranteed	30,000	30,000
(d) Capital commitments contracted but not provided for	-	1,300,423

22 RING-FENCED FUNDS

Within current assets there are European Regional Development Fund grant assisted investment funds which have been set up for investments in specific areas of the United Kingdom. Under the terms of the different schemes these funds are ring fenced for investment in accordance with the scheme rules. The totals of these funds as at the period end are as shown below

	31 Mar 2012	2 Apr 2011
	£	£
Yorkshire and Humberside Enterprise Fund	1,001,303	950,480
South Wales Technology and Enterprise Fund	1,272,448	1,294,572
North of England Venture Capital Fund	81,269	144,659
	2,355,020	2,389,711

23 ULTIMATE PARENT COMPANY

The immediate parent company is Tata Steel UK Limited

The ultimate parent company is Tata Steel Limited, a company incorporated in India

Tata Steel Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Tata Steel Limited are available from Bombay House, 24, Horn Mody Street, Mumbai - 400 001, India

Tata Steel Europe Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements