

**UK STEEL ENTERPRISE LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 28 MARCH 2009**

**Registered number: 535960**

WEDNESDAY



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16/12/2009  
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# UK STEEL ENTERPRISE LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 28 MARCH 2009

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### 1. Financial Statements

The directors submit herewith the audited financial statements of the Company for the 52 week period ended 28 March 2009. 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

The property portfolio performed well over the year with an average occupancy level through the year of 93% and an occupancy rate of 90% at the year end. Work commenced towards the end of the period on the construction of an extension to the existing Ebbw Vale site and this is expected to be completed during the final quarter of the 2009/10 year.

Lending and investment disbursement levels increased significantly from previous periods with over £3.9m being advanced in the year, with a resulting increase in the level of financial assets held at the period end.

With the falling bank base rates, the Company experienced a significant reduction in the interest earned on its deposits in the second half of the year. By the end of the financial period the rate of interest earned had dropped to zero.

The level of business and the period end financial position are considered to be satisfactory. The directors expect that there will be further reductions in the property occupancy levels in the short term as a consequence of the current economic downturn.

### 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 £144,645 (29 March 2008: Profit of £1,443,764) as set out in the profit and loss account on page 5. 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 (29 March 2008: £nil). During the year the company made charitable donations of £233,890 (2008: £23,185).

### 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.

# UK STEEL ENTERPRISE LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 28 MARCH 2009

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### 7. Directors

The following directors all served throughout the period:

Mr A J Johnston  
Mr S R Green  
Mr V J Smith  
Lord Brookman  
Mr A V L Williams  
Mr C D Gardner  
Mr M J Leahy

### 8. Risk Management

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

### 9. Directors' Responsibilities

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). The financial statements are required by law to 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:

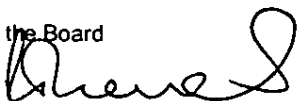
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's 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 auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

By Order of the Board



R Thomas  
Secretary

19 November 2009

The Innovation Centre  
217 Portobello  
Sheffield S1 4DP

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF UK STEEL ENTERPRISE LIMITED

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We have audited the financial statements of UK Steel Enterprise Limited for the period ended 28 March 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 March 2009 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte LLP*

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Leeds

30 November 2009

# UK STEEL ENTERPRISE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 28 MARCH 2009

|                                                               |       | 12 month<br>Period ended<br>28 Mar 2009 | 15 month<br>Period ended<br>29 Mar 2008 |
|---------------------------------------------------------------|-------|-----------------------------------------|-----------------------------------------|
|                                                               | Notes | £                                       | £                                       |
| Turnover                                                      | 1(i)  | 2,935,623                               | 3,471,724                               |
| Other operating income                                        | 2     | 620,363                                 | 614,231                                 |
| Staff costs                                                   | 5     | (1,186,206)                             | (1,599,591)                             |
| Depreciation                                                  | 8     | (535,545)                               | (669,183)                               |
| Other operating charges                                       |       | (1,954,675)                             | (2,038,127)                             |
| Movement in fair values of loans and receivables              | 10    | (407,457)                               | 12,863                                  |
| Movement in fair values of equity investments                 | 10    | (96,611)                                | 682,160                                 |
| <b>Operating (loss) / profit</b>                              | 3     | <b>(624,508)</b>                        | <b>474,077</b>                          |
| Other interest receivable and similar income                  | 4     | 479,863                                 | 969,687                                 |
| <b>(Loss) / Profit on ordinary activities before taxation</b> |       | <b>(144,645)</b>                        | <b>1,443,764</b>                        |
| Taxation                                                      | 6     | -                                       | -                                       |
| <b>(Loss) / Profit on ordinary activities after taxation</b>  | 17    | <b>(144,645)</b>                        | <b>1,443,764</b>                        |

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 28 MARCH 2009

|                                                     |       | 28 Mar 2009       | 29 Mar 2008<br>Restated |
|-----------------------------------------------------|-------|-------------------|-------------------------|
|                                                     | Notes | £                 | £                       |
| <b>FIXED ASSETS</b>                                 |       |                   |                         |
| Tangible assets                                     | 8     | 8,972,441         | 9,400,340               |
| Financial assets                                    |       |                   |                         |
| - Unquoted equity investments                       | 10    | 889,026           | 950,219                 |
| - Loans and receivables                             | 10    | 4,867,331         | 2,990,673               |
| Investment in subsidiary undertaking                | 9     | 35,000            | 35,000                  |
|                                                     |       | <b>14,763,798</b> | <b>13,376,232</b>       |
| <b>CURRENT ASSETS</b>                               |       |                   |                         |
| Debtors                                             | 11    | 15,903,271        | 17,408,846              |
| Cash at bank and in hand                            |       | 1,120,082         | 1,158,730               |
|                                                     |       | <b>17,023,353</b> | <b>18,567,576</b>       |
| <b>CREDITORS: amounts falling due within 1 year</b> | 12    | <b>(838,771)</b>  | <b>(796,543)</b>        |
| <b>NET CURRENT ASSETS</b>                           |       | <b>16,184,582</b> | <b>17,771,033</b>       |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>        |       | <b>30,948,380</b> | <b>31,147,265</b>       |
| <b>ACCRUALS AND DEFERRED INCOME</b>                 | 14    | <b>(958,504)</b>  | <b>(1,012,744)</b>      |
| <b>NET ASSETS</b>                                   |       | <b>29,989,876</b> | <b>30,134,521</b>       |
| <b>CAPITAL AND RESERVES</b>                         |       |                   |                         |
| Called up share capital                             | 16    | 10,000,100        | 10,000,100              |
| Capital Contribution                                | 13    | 10,000,000        | 10,000,000              |
| Profit and loss account                             | 17    | 9,989,776         | 10,134,421              |
| <b>SHAREHOLDERS' FUNDS</b>                          | 18    | <b>29,989,876</b> | <b>30,134,521</b>       |

The financial statements of the company, registered number 535960, on pages 5 to 17 were approved by the board of directors on 19 November 2009 and were signed on its behalf by:-



S R Green  
Director

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 28 MARCH 2009

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### 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 228 of the Companies Act 1985 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 30 March 2008 to 28 March 2009.

#### (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 directors' report on page 2 describes the financial position of the company.

The company meets its day to day working capital requirements through the reserves held under a group banking facility managed by intermediate parent company, Corus 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 bases 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 |

**(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 Corus 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 comprises amounts due from workshop tenants for property rentals, licence fees and services provided (gas, electricity, rates etc) and is recognised as it arises.

**(j) Deferred Taxation**

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.

**(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.

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 28 MARCH 2009

### 2. OTHER OPERATING INCOME

|                                            | 12 month<br>Period ended<br>28 Mar 2009 | 15 month<br>Period ended<br>29 Mar 2008 |
|--------------------------------------------|-----------------------------------------|-----------------------------------------|
|                                            | £                                       | £                                       |
| Dividends received from equity investments | 189,289                                 | 170,065                                 |
| Income from loans and receivables          | 339,065                                 | 351,639                                 |
| Software license fees                      | 1,154                                   | 2,172                                   |
| Monitoring and arrangement fees            | 35,230                                  | 16,500                                  |
| Group management charges                   | 1,385                                   | 1,750                                   |
| Amortisation of grant income (note 14)     | 54,240                                  | 72,105                                  |
|                                            | <b>620,363</b>                          | <b>614,231</b>                          |

### 3. OPERATING (LOSS) / PROFIT

|                                                                                              | 12 month<br>Period ended<br>28 Mar 2009 | 15 month<br>Period ended<br>29 Mar 2008 |
|----------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
|                                                                                              | £                                       | £                                       |
| Operating (loss) / profit is stated after charging:                                          |                                         |                                         |
| Depreciation of tangible fixed assets:                                                       |                                         |                                         |
| - owned assets                                                                               | 535,545                                 | 669,183                                 |
| Auditors' remuneration for:                                                                  |                                         |                                         |
| - fees payable to the Company's auditors for the audit of the Company's financial statements | 8,000                                   | 11,687                                  |
| - other services                                                                             | -                                       | 4,750                                   |
| Hire of machinery and equipment - operating leases                                           | 44,826                                  | 67,388                                  |
| (Profit) / Loss on disposals of fixed assets                                                 | (128)                                   | 1,310                                   |

### 4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

|                | 12 month<br>Period ended<br>28 Mar 2009 | 15 month<br>Period ended<br>29 Mar 2008 |
|----------------|-----------------------------------------|-----------------------------------------|
|                | £                                       | £                                       |
| Group interest | 446,821                                 | 908,560                                 |
| Bank interest  | 31,568                                  | 60,441                                  |
| Other interest | 1,474                                   | 686                                     |
|                | <b>479,863</b>                          | <b>969,687</b>                          |

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 28 MARCH 2009

### 5. EMPLOYEE INFORMATION

|                       | 12 month<br>Period ended<br>28 Mar 2009 | 15 month<br>Period ended<br>29 Mar 2008 |
|-----------------------|-----------------------------------------|-----------------------------------------|
|                       | £                                       | £                                       |
| Wages and salaries    | 989,198                                 | 1,328,978                               |
| Social security costs | 91,001                                  | 130,982                                 |
| Other pension costs   | 106,007                                 | 139,631                                 |
|                       | <u>1,186,206</u>                        | <u>1,599,591</u>                        |

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

|                | 12 month<br>Period ended<br>28 Mar 2009 | 15 month<br>Period ended<br>29 Mar 2008 |
|----------------|-----------------------------------------|-----------------------------------------|
|                | Number                                  | Number                                  |
| Administration | <u>26</u>                               | <u>28</u>                               |

### 6. TAXATION

|             | 12 month<br>Period ended<br>28 Mar 2009 | 15 month<br>Period ended<br>29 Mar 2008 |
|-------------|-----------------------------------------|-----------------------------------------|
|             | £                                       | £                                       |
| Current tax | <u>-</u>                                | <u>-</u>                                |

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

|                                                                                             |                  |                  |
|---------------------------------------------------------------------------------------------|------------------|------------------|
| (Loss) /Profit on ordinary activities before tax                                            | <u>(144,645)</u> | <u>1,443,764</u> |
| (Loss) /Profit on ordinary activities multiplied by standard rate in the UK 28% (2008: 30%) | <u>(40,501)</u>  | <u>433,129</u>   |
| Temporary timing differences between taxable and accounting profit:                         |                  |                  |
| Accelerated capital allowances                                                              | (5,459)          | 86,266           |
| Other timing differences                                                                    | (33)             | 13,601           |
| Losses brought forward and utilised                                                         | -                | (253,022)        |
| Unrecognised tax losses carried forward                                                     | 167,121          | -                |
| Permanent differences                                                                       | <u>(121,128)</u> | <u>(279,974)</u> |
|                                                                                             | <u>-</u>         | <u>-</u>         |

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 28 MARCH 2009

### 7. DIRECTORS' EMOLUMENTS

|                      | 12 month<br>Period ended<br>28 Mar 2009 | 15 month<br>Period ended<br>29 Mar 2008 |
|----------------------|-----------------------------------------|-----------------------------------------|
|                      | £                                       | £                                       |
| Aggregate emoluments | <b>137,570</b>                          | <b>169,018</b>                          |

Retirement benefits are accruing to 1 (29 March 2008: 1) director under the British Steel Pension Scheme defined benefit scheme.

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

### 8. TANGIBLE FIXED ASSETS

|                              | Long<br>Leasehold<br>Buildings | Freehold<br>Land and<br>Buildings | Assets under<br>Construction | Equipment        | Total              |
|------------------------------|--------------------------------|-----------------------------------|------------------------------|------------------|--------------------|
|                              | £                              | £                                 | £                            | £                | £                  |
| <b><u>COST</u></b>           |                                |                                   |                              |                  |                    |
| At 30 March 2008             | 8,443,039                      | 8,327,577                         | 114,193                      | 231,305          | <b>17,116,114</b>  |
| Additions                    | 39,412                         | -                                 | 67,583                       | 651              | <b>107,646</b>     |
| At 28 March 2009             | <b>8,482,451</b>               | <b>8,327,577</b>                  | <b>181,776</b>               | <b>231,956</b>   | <b>17,223,760</b>  |
| <b><u>DEPRECIATION</u></b>   |                                |                                   |                              |                  |                    |
| At 30 March 2008             | (3,277,795)                    | (4,255,868)                       | -                            | (182,111)        | <b>(7,715,774)</b> |
| Charge for period            | (276,176)                      | (232,247)                         | -                            | (27,122)         | <b>(535,545)</b>   |
| At 28 March 2009             | <b>(3,553,971)</b>             | <b>(4,488,115)</b>                | <b>-</b>                     | <b>(209,233)</b> | <b>(8,251,319)</b> |
| <b><u>NET BOOK VALUE</u></b> |                                |                                   |                              |                  |                    |
| At 28 March 2009             | <b>4,928,480</b>               | <b>3,839,462</b>                  | <b>181,776</b>               | <b>22,723</b>    | <b>8,972,441</b>   |
| At 29 March 2008             | <b>5,165,244</b>               | <b>4,071,709</b>                  | <b>114,193</b>               | <b>49,194</b>    | <b>9,400,340</b>   |

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 28 MARCH 2009

### 9. INVESTMENT IN SUBSIDIARY UNDERTAKING

|                                                            | £             |
|------------------------------------------------------------|---------------|
| Cost and net book value at 29 March 2008 and 28 March 2009 | <u>35,000</u> |

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

|                                                                                              | Profit for the<br>period ended<br>28 Mar 2009<br>£ | Net Assets<br>as at<br>28 Mar 2009<br>£ |
|----------------------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------|
| UKSE Fund Managers Limited (wholly owned)                                                    | 1,044                                              | 45,956                                  |
| UKSE Fund Managers (General Partner) Limited<br>(wholly owned by UKSE Fund Managers Limited) | -                                                  | 1                                       |

### 10. FINANCIAL ASSETS

|                                                      | Unquoted<br>equity<br>investments<br>£ | Loans<br>and<br>receivables<br>£ | Total<br>£       |
|------------------------------------------------------|----------------------------------------|----------------------------------|------------------|
| At 30 March 2008                                     | 950,219                                | 2,990,673                        | 3,940,892        |
| Additions                                            | 93,418                                 | 3,824,186                        | 3,917,604        |
| Disposals, repayments and recoveries                 | (58,000)                               | (1,545,235)                      | (1,603,235)      |
| Revaluations of equity investments                   | (96,611)                               | -                                | (96,611)         |
| Amortisation                                         | -                                      | 5,164                            | 5,164            |
| Movement in the fair values of loans and receivables | -                                      | (407,457)                        | (407,457)        |
| At 28 March 2009                                     | <u>889,026</u>                         | <u>4,867,331</u>                 | <u>5,756,357</u> |

The directors are of the opinion that the number of undertakings in respect of which the Company is required to disclose information under Schedule 5 of the Companies Act 1985 is such that compliance would result in information of excessive length being given. In accordance with section 231 of that Act all such information will be annexed to the Company's next annual return.

### 11. DEBTORS

|                                    | 28 Mar 2009<br>£  | 29 Mar 2008<br>£  |
|------------------------------------|-------------------|-------------------|
| Amounts owed by group undertakings | 15,672,253        | 17,299,825        |
| Prepayments and accrued income     | 65,004            | 62,573            |
| Other debtors                      | 166,014           | 46,448            |
|                                    | <u>15,903,271</u> | <u>17,408,846</u> |

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.

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 28 MARCH 2009

### 12. CREDITORS - Amounts falling due within one year

|                                    | 28 Mar 2009    | 29 Mar 2008    |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Trade creditors                    | 115,256        | 58,500         |
| Amounts owed to group undertakings | 1              | 1              |
| Other tax and social security      | 50,591         | 53,720         |
| Deposits held                      | 399,893        | 416,967        |
| Other creditors                    | 273,030        | 267,355        |
|                                    | <u>838,771</u> | <u>796,543</u> |

### 13. CAPITAL CONTRIBUTION

|                      | 28 Mar 2009       | Restated<br>29 Mar 2008 |
|----------------------|-------------------|-------------------------|
|                      | £                 | £                       |
| Capital Contribution | <u>10,000,000</u> | <u>10,000,000</u>       |

These amounts owed to Corus UK Limited have been reclassified in the year to be a capital contribution, having been previously classified as a creditor due after more than 1 year. Comparative figures have been reclassified accordingly. The directors consider that classification as a capital contribution more accurately reflects the nature of the balance. The amount is non interest bearing and only becomes repayable upon the sale, liquidation or winding up of the Company.

### 14. ACCRUALS AND DEFERRED INCOME

|                                                     | 28 Mar 2009    | 29 Mar 2008      |
|-----------------------------------------------------|----------------|------------------|
|                                                     | £              | £                |
| Government, European Union and other capital grants |                |                  |
| Opening deferred income                             | 1,012,744      | 1,084,849        |
| Transfer to profit and loss account (note 2)        | (54,240)       | (72,105)         |
| Closing deferred income                             | <u>958,504</u> | <u>1,012,744</u> |

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 28 MARCH 2009

### 15. 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(i).

|                                            | Accelerated<br>tax<br>depreciation | Pension | Other     | Total |
|--------------------------------------------|------------------------------------|---------|-----------|-------|
|                                            | £                                  | £       | £         | £     |
| <b>2009</b>                                |                                    |         |           |       |
| At beginning of period                     | 80,097                             | -       | (80,097)  | -     |
| (Charge)/credit to profit and loss account | (32,723)                           | -       | 32,723    | -     |
|                                            | 47,374                             | -       | (47,374)  | -     |
| <b>2008</b>                                |                                    |         |           |       |
| At beginning of period                     | 251,825                            | -       | (251,825) | -     |
| (Charge)/credit to profit and loss account | (171,728)                          | -       | 171,728   | -     |
|                                            | 80,097                             | -       | (80,097)  | -     |

A deferred tax asset is not recognised in respect of accelerated capital allowances of £nil (29 March 2008: £1,183,915), tax losses of £3,417,800 (29 March 2008: £2,607,356) and other timing differences of £23,413 (29 March 2008: £140,400) due to the uncertainty of utilisation.

### 16. SHARE CAPITAL

|                                     | 28 Mar 2009 | 29 Mar 2008 |
|-------------------------------------|-------------|-------------|
|                                     | £           | £           |
| 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  |

### 17. RESERVES

|                                          | Profit & Loss<br>Account |
|------------------------------------------|--------------------------|
|                                          | £                        |
| At 29 March 2008                         | 10,134,421               |
| Retained profit for the financial period | (144,645)                |
| At 28 March 2009                         | 9,989,776                |

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 28 MARCH 2009

### 18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|                                                  | 12 month<br>period ended<br>28 Mar 2009 | Restated<br>15 month<br>period ended<br>29 Mar 2008 |
|--------------------------------------------------|-----------------------------------------|-----------------------------------------------------|
|                                                  | £                                       | £                                                   |
| (Loss) / profit for the financial period         | (144,645)                               | 1,443,764                                           |
| Net (decrease) / increase in shareholders' funds | (144,645)                               | 1,443,764                                           |
| Opening shareholders' funds as previously stated | 30,134,521                              | 18,690,757                                          |
| Prior year adjustment                            | -                                       | 10,000,000                                          |
| Opening shareholders' funds as restated          | 30,134,521                              | 28,690,757                                          |
| Closing shareholders' funds                      | 29,989,876                              | 30,134,521                                          |

The shareholders funds have been restated as per note 13.

### 19. PENSIONS

The Company participates in the British Steel Pension Scheme, a group pension scheme operated by Corus 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 28 March 2009 amounted to £106,007 (29 March 2008: £139,631). 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 Corus UK Limited.

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

### 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 generated a cash deficit before administration costs of £1,638,000 (2008: Surplus of £1,314,000) from its investing activities and at the end of the period it had resources, via a facility with its parent company, of £15m (2008: £17m). 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.

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 28 MARCH 2009

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 in the final repayment is scheduled to be made.

| At 28 Mar 2009 |        |              |              |              |              |       |
|----------------|--------|--------------|--------------|--------------|--------------|-------|
|                | 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%          | -      | -            | -            | 47           | -            | 47    |
| 7.50%          | 48     | 77           | 130          | -            | -            | 255   |
| 8.00%          | 108    | 299          | 523          | 1,923        | 849          | 3,702 |
| 8.25%          | -      | -            | 45           | -            | -            | 45    |
| 8.30%          | -      | -            | 52           | -            | -            | 52    |
| 8.40%          | -      | -            | -            | 185          | -            | 185   |
| 8.50%          | -      | 139          | 249          | 114          | 49           | 551   |
| 16.00%         | 30     | -            | -            | -            | -            | 30    |
|                | 186    | 515          | 999          | 2,269        | 898          | 4,867 |

| At 29 Mar 2008 |        |              |              |              |              |       |
|----------------|--------|--------------|--------------|--------------|--------------|-------|
|                | 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 |
| 7.50%          | 105    | 304          | 202          | 172          | -            | 783   |
| 8.00%          | 124    | 314          | 642          | 604          | -            | 1,684 |
| 8.25%          | -      | -            | 83           | -            | -            | 83    |
| 8.50%          | -      | 39           | 296          | 45           | -            | 380   |
| 16.00%         | -      | 61           | -            | -            | -            | 61    |
|                | 229    | 718          | 1,223        | 821          | 0            | 2,991 |

## 21. COMMITMENTS

|                                                                                                                             | 28 Mar 2009 | 29 Mar 2008 |
|-----------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                                                             | £           | £           |
| (a) Loans and investments in share capital committed but not paid                                                           | 150,000     | 955,000     |
| (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                                                                               | 7,343       | 16,859      |
| Motor vehicles, leases expiring within 2-5 years                                                                            | 37,381      | 41,522      |
|                                                                                                                             | 44,724      | 58,381      |
| (c) Third party loans guaranteed                                                                                            | 30,000      | 30,000      |
| (d) Capital commitments contracted but not provided for                                                                     | 3,050,170   | -           |

## UK STEEL ENTERPRISE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 28 MARCH 2009

#### 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.

|                                            | 28 Mar 2009      | 29 Mar 2008      |
|--------------------------------------------|------------------|------------------|
|                                            | £                | £                |
| Yorkshire and Humberside Enterprise Fund   | 987,975          | 1,034,888        |
| South Wales Technology and Enterprise Fund | 447,137          | 243,143          |
| North of England Venture Capital Fund      | 195,837          | 265,351          |
|                                            | <u>1,630,949</u> | <u>1,543,382</u> |

#### 23. ULTIMATE PARENT COMPANY

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, Homi 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.