

**UK STEEL ENTERPRISE LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 3 APRIL 2010**

**Registered number 535960**

WEDNESDAY



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08/12/2010  
COMPANIES HOUSE

# UK STEEL ENTERPRISE LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 3 APRIL 2010

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### 1 Financial Statements

The directors submit herewith the audited financial statements of the Company for the 53 week period ended 3 April 2010. 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

In difficult trading conditions brought about by the recession, the property portfolio performed well with average occupancy rates at 88%, representing only a small reduction from the 93% recorded in the previous period. The extension to the property in Ebbw Vale was completed in February with the first tenants moving in almost immediately. Plans have also been put in place for the construction of an extension to the Hartlepool property, with work commencing on site in the first half of 2010/11.

The recession has seen increased difficulties with the investment portfolio which has resulted in an increased charge to the profit and loss account for the movements to fair values of loans and receivables. In contrast, the equity investments have performed well with growth reported.

The very low bank base rates throughout the year have resulted in no interest being earned on deposits held at the bank or with the group facility and hence there is a significant reduction in interest receivable reported in the profit and loss account.

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 £1,029,462 (28 March 2009: Loss of £144,645) 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 (28 March 2009: £nil). During the year the company made charitable donations of £139,879 (2009: £233,890) to various local charities.

### 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 3 APRIL 2010

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### 7 Directors

The following directors all served throughout the period and subsequently

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 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 these financial statements, the directors are required to

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.

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 s418 of the Companies Act 2006.

By Order of the Board



R Thomas

Secretary

23 November 2010

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 3 April 2010 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 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

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 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 (APB'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.

#### 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 3 April 2010 and of its loss for the year 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.

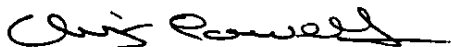
#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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 Auditors  
Leeds

22 November 2010

# UK STEEL ENTERPRISE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 3 APRIL 2010

		Period ended 3 Apr 2010	Period ended 28 Mar 2009
	Notes	£	£
Turnover	1(i)	2,707,088	2,935,623
Other operating income	2	2,140,067	620,363
Staff costs	5	(1,153,178)	(1,186,206)
Depreciation	8	(542,464)	(535,545)
Impairment loss	8	(1,473,557)	-
Other operating charges		(2,185,171)	(1,954,675)
Movement in fair values of loans and receivables	10	(599,868)	(407,457)
Movement in fair values of equity investments	10	77,582	(96,611)
<b>Operating loss</b>	3	<b>(1,029,501)</b>	<b>(624,508)</b>
Other interest receivable and similar income	4	39	479,863
<b>Loss on ordinary activities before taxation</b>		<b>(1,029,462)</b>	<b>(144,645)</b>
Taxation	6	-	-
<b>Loss ordinary activities after taxation</b>	17/18	<b>(1,029,462)</b>	<b>(144,645)</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 3 APRIL 2010

		3 Apr 2010	28 Mar 2009
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	10,639,787	8,972,441
Financial assets			
- Unquoted equity investments	10	1,016,629	889,026
- Loans and receivables	10	4,466,274	4,867,331
Investment in subsidiary undertaking	9	35,000	35,000
		<b>16,157,690</b>	<b>14,763,798</b>
<b>CURRENT ASSETS</b>			
Debtors	11	13,338,989	15,903,271
Cash at bank and in hand		1,181,589	1,120,082
		<b>14,520,578</b>	<b>17,023,353</b>
<b>CREDITORS amounts falling due within 1 year</b>	12	<b>(807,005)</b>	<b>(838,771)</b>
<b>NET CURRENT ASSETS</b>		<b>13,713,573</b>	<b>16,184,582</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>29,871,263</b>	<b>30,948,380</b>
<b>ACCRUALS AND DEFERRED INCOME</b>	14	<b>(910,849)</b>	<b>(958,504)</b>
<b>NET ASSETS</b>		<b>28,960,414</b>	<b>29,989,876</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	8,960,314	9,989,776
<b>SHAREHOLDERS' FUNDS</b>	18	<b>28,960,414</b>	<b>29,989,876</b>

The financial statements of the company, registered number 535960, on pages 5 to 17 were approved by the board of directors on 23 November 2010 and were signed on its behalf by -



S R Green  
Director

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 3 APRIL 2010

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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 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 53 weeks from 29 March 2009 to 3 April 2010

#### (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 intermediate parent company, Tata Steel UK Limited (formerly 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 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

## UK STEEL ENTERPRISE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 3 APRIL 2010

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(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 (formerly 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 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.

(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 - 3 APRIL 2010

### 2 OTHER OPERATING INCOME

	Period ended 3 Apr 2010	Period ended 28 Mar 2009
	£	£
Dividends received from equity investments	228,148	189,289
Income from loans and receivables	351,210	339,065
Software license fees	1,145	1,154
Monitoring and arrangement fees	33,425	35,230
Group management charges	5,563	1,385
Amortisation of grant income (note 14)	1,520,576	54,240
	<b>2,140,067</b>	<b>620,363</b>

### 3 OPERATING LOSS

	Period ended 3 Apr 2010	Period ended 28 Mar 2009
	£	£
Operating loss is stated after charging		
Depreciation of tangible fixed assets		
- owned assets	542,464	535,545
Auditors' remuneration for		
- fees payable to the Company's auditors for the audit of the Company's financial statements	6,500	8,000
- other services	4,810	-
Hire of motor vehicles - operating leases	41,878	44,826
Profit on disposals of fixed assets	-	(128)
Impairment loss	1,473,557	-

### 4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 3 Apr 2010	Period ended 28 Mar 2009
	£	£
Group interest	-	446,821
Bank interest	-	31,568
Other interest	39	1,474
	<b>39</b>	<b>479,863</b>

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 3 APRIL 2010

### 5 EMPLOYEE INFORMATION

	Period ended 3 Apr 2010	Period ended 28 Mar 2009
	£	£
Wages and salaries	964,689	989,198
Social security costs	88,677	91,001
Other pension costs	99,812	106,007
	<b>1,153,178</b>	<b>1,186,206</b>

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

	Period ended 3 Apr 2010	Period ended 28 Mar 2009
	Number	Number
Administration	<b>26</b>	<b>26</b>

### 6 TAXATION

	Period ended 3 Apr 2010	Period ended 28 Mar 2009
	£	£
Current tax	-	-
The current tax reconciles with the standard rate of corporation tax as follows		
Loss on ordinary activities before tax	<b>(1,029,462)</b>	<b>(144,645)</b>
Loss on ordinary activities multiplied by standard rate in the UK 28% (2009 28%)	<b>(288,251)</b>	<b>(40,501)</b>
Temporary timing differences between taxable and accounting profit	<b>(23,636)</b>	<b>(5,459)</b>
Accelerated capital allowances	<b>(38,581)</b>	<b>(33)</b>
Other timing differences	<b>55,661</b>	<b>-</b>
Losses	<b>110,364</b>	<b>167,121</b>
Unrecognised tax losses carried forward	<b>184,443</b>	<b>(121,128)</b>
Permanent differences	<b>-</b>	<b>-</b>

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 3 APRIL 2010

### 7 DIRECTORS' EMOLUMENTS

	Period ended 3 Apr 2010	Period ended 28 Mar 2009
	£	£
Aggregate emoluments	<b>136,310</b>	<b>137,570</b>

Retirement benefits are accruing to 1 (28 March 2009 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 Leasehold Buildings	Freehold Land and Buildings	Assets under Construction	Equipment	Total
	£	£	£	£	£
<b><u>COST</u></b>					
At 29 March 2009	8,482,451	8,327,577	181,776	231,956	<b>17,223,760</b>
Additions	2,652	-	3,608,942	71,773	<b>3,683,367</b>
Transfers	-	3,682,302	(3,682,302)	-	<b>-</b>
At 3 April 2010	<b>8,485,103</b>	<b>12,009,879</b>	<b>108,416</b>	<b>303,729</b>	<b>20,907,127</b>
<b><u>DEPRECIATION</u></b>					
At 29 March 2009	(3,553,971)	(4,488,115)	-	(209,233)	<b>(8,251,319)</b>
Charge for period	(277,753)	(232,247)	-	(32,464)	<b>(542,464)</b>
Impairment loss	-	(1,473,557)	-	-	<b>(1,473,557)</b>
At 3 April 2010	<b>(3,831,724)</b>	<b>(6,193,919)</b>	<b>-</b>	<b>(241,697)</b>	<b>(10,267,340)</b>
<b><u>NET BOOK VALUE</u></b>					
At 3 April 2010	<b>4,653,379</b>	<b>5,815,960</b>	<b>108,416</b>	<b>62,032</b>	<b>10,639,787</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>

During the year, the construction of an extension to the property situated at Ebbw Vale was completed at a total cost of £3,682,302. In accordance with FRS11, an impairment loss has been recognised, writing the carrying value of the entire property down to its estimated net realisable value, which has been estimated as £3,500,000, being the current open market value. The net realisable value is supported by an independent professional valuation undertaken by King Sturge LLP on 5 February 2010. 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 - 3 APRIL 2010

### 9 INVESTMENT IN SUBSIDIARY UNDERTAKING

	£
Cost and net book value at 28 March 2009 and 3 April 2010	35,000

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

	Profit for the period ended 3 Apr 2010 £	Net Assets as at 3 Apr 2010 £
UKSE Fund Managers Limited (wholly owned)	-	45,956
UKSE Fund Managers (General Partner) Limited (wholly owned by UKSE Fund Managers Limited)	-	1

### 10 FINANCIAL ASSETS

	Unquoted equity investments £	Loans and receivables £	Total £
At 29 March 2009	889,026	4,867,331	5,756,357
Additions	50,021	2,298,690	2,348,711
Disposals, repayments and recoveries	-	(2,102,452)	(2,102,452)
Revaluations of equity investments	77,582	-	77,582
Amortisation	-	2,573	2,573
Movement in the fair values of loans and receivables	-	(599,868)	(599,868)
At 3 April 2010	1,016,629	4,466,274	5,482,903

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	24.6%
Airframe Components Europe Ltd	Preferred ordinary	50.0%
Airframe Components Europe Ltd	Preference	50.0%
Anderson Precision Gears Ltd	Preferred ordinary	50.0%
Anotek Ltd	Preferred ordinary	100.0%
Anotek Ltd	Preference	100.0%
Bolton Surgical Ltd	Preferred ordinary	100.0%
Buffalo Systems Ltd	Preferred ordinary	100.0%
CDSM Interactive Solutions Ltd	Preferred ordinary	100.0%
Cygnat Solutions 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%
Heacham Ltd	Preferred ordinary	100.0%
Link Cable Assemblies Ltd	Preferred ordinary	100.0%
Link Cable Assemblies Ltd	Preference	87.5%
Martin Aerospace Ltd	Preferred ordinary	100.0%
McCalls Special Products Ltd	Preferred ordinary	100.0%
Newport Roof Truss Ltd	Preferred ordinary	20.0%
Pathol Ltd	Preferred ordinary	100.0%

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 3 APRIL 2010

### 10 FINANCIAL ASSETS (continued)

Pinnacle Re-Tec Ltd	Preferred ordinary	100 0%
Pinnacle Re-Tec Ltd	Preferred ordinary	86 2%
Premium Mobile Distribution Ltd	Preferred ordinary	50 0%
Premium Mobile Distribution Ltd	Preference	50 0%
Profile Analysis Ltd	Preferred ordinary	86 7%
Profile Analysis Ltd	Preferred ordinary	22 2%
Safehinge Ltd	Preferred ordinary	100 0%
Safehinge Ltd	Preference	100 0%
Super Rod Ltd	Preferred ordinary	100 0%
Sutherland Trading Company Ltd	Preferred ordinary	100 0%
Unit Engineers and Constructors Ltd	Preferred ordinary	100 0%

### 11 DEBTORS

	3 Apr 2010	28 Mar 2009
	£	£
Amounts owed by group undertakings	13,005,795	15,672,253
Prepayments and accrued income	72,631	65,004
Other debtors	260,563	166,014
	<u>13,338,989</u>	<u>15,903,271</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

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

	3 Apr 2010	28 Mar 2009
	£	£
Trade creditors	49,304	115,256
Amounts owed to group undertakings	1	1
Other tax and social security	-	50,591
Deposits held	399,624	399,893
Other creditors	358,076	273,030
	<u>807,005</u>	<u>838,771</u>

### 13 CAPITAL CONTRIBUTION

	3 Apr 2010	28 Mar 2009
	£	£
Capital Contribution	<u>10,000,000</u>	<u>10,000,000</u>

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 3 APRIL 2010

### 14 ACCRUALS AND DEFERRED INCOME

	3 Apr 2010	28 Mar 2009
	£	£
Government, European Union and other capital grants		
Opening deferred income	958,504	1,012,744
Additions	1,472,921	-
Transfer to profit and loss account (note 2)	(47,655)	(54,240)
Transfer to profit and loss account upon impairment (note 2)	(1,472,921)	-
Closing deferred income	910,849	958,504

### 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 tax depreciation	Losses	Other	Total
	£	£	£	£
<b>2010</b>				
At beginning of period	47,374	-	(47,374)	-
(Charge)/credit to profit and loss account	(23,636)	55,661	(32,025)	-
	23,738	55,661	(79,399)	-
<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)	-

A deferred tax asset is not recognised in respect of tax losses of £3,135,294 (28 March 2009 £3,417,800) and other timing differences of £Nil (28 March 2009 £23,413) due to the uncertainty of utilisation

# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 3 APRIL 2010

### 16 SHARE CAPITAL

	3 Apr 2010	28 Mar 2009
	£	£
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 Account
	£
At 28 March 2009	9,989,776
Retained loss for the financial period	(1,029,462)
At 3 April 2010	8,960,314

### 18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	period ended 3 Apr 2010	period ended 28 Mar 2009
	£	£
Loss for the financial period	(1,029,462)	(144,645)
Net decrease in shareholders' funds	(1,029,462)	(144,645)
Opening shareholders' funds	29,989,876	30,134,521
Closing shareholders' funds	28,960,414	29,989,876

### 19 PENSIONS

The Company participates in the British Steel Pension Scheme, a group pension scheme operated by Tata Steel UK Limited (formerly 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 3 April 2010 amounted to £99,812 (28 March 2009 £106,007). 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 (formerly Corus 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 - 3 APRIL 2010

### 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 surplus before administration costs of £266,000 (2009 Deficit of £1,638,000) from its investing activities and at the end of the period it had resources, via a facility with its parent company, of £13m (2009 £15m). 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 in the final repayment is scheduled to be made.

At 3 Apr 2010							
	1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 6 years	Total
Interest rate	£'000	£'000	£'000	£'000	£'000		£'000
0.00%	-	-	-	38	-	-	38
3.00%	-	-	19	-	-	-	19
6.00%	-	44	99	312	86	-	541
7.00%	-	-	30	-	-	-	30
7.50%	47	87	24	-	-	-	158
8.00%	85	325	1,067	833	245	-	2,555
8.25%	-	29	-	-	-	-	29
8.30%	-	36	-	-	-	-	36
8.40%	-	-	-	236	-	-	236
8.50%	48	99	79	75	-	-	301
10.00%	-	-	113	35	-	375	523
	180	620	1,431	1,529	331	375	4,466

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



# UK STEEL ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 3 APRIL 2010

### 21 COMMITMENTS

	3 Apr 2010	28 Mar 2009
	£	£
(a) Loans and investments in share capital committed but not paid	340,000	150,000
(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	17,860	7,343
Motor vehicles, leases expiring within 2-5 years	19,718	37,381
	37,578	44,724
(c) Third party loans guaranteed	30,000	30,000
(d) Capital commitments contracted but not provided for	-	3,050,170

### 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.

	3 Apr 2010	28 Mar 2009
	£	£
Yorkshire and Humberside Enterprise Fund	968,917	987,975
South Wales Technology and Enterprise Fund	657,316	447,137
North of England Venture Capital Fund	216,976	195,837
	1,843,209	1,630,949

### 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, Hornby Road, Mumbai - 400 001, India.

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