



Cogent Power Limited

Annual Report and Financial Statements for the year ended 31st March 2020



Registered number 2642030

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A. Directors and advisors

Directors

E Hoogenes
R L Hooper

Secretary and registered office

Lisa Griffiths

30 Millbank
London
SW1P 4WY

Company Number

2642030

Independent auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

B. Strategic report

Introduction

The directors have pleasure in presenting the strategic report of Cogent Power Limited ("Company") for the year ended 31st March 2020.

Principal activities

Cogent Power Limited is a wholly owned subsidiary within the Tata Steel Europe Limited ('TSE') Group and its activities are managed as an integral part of the parent's operations.

The principal activity is that of a holding company for the Cogent Power subsidiary group. There has not been any significant change in the Company's principal activity in the period under review.

Future developments and subsequent events

On 8 May 2018 Tata Steel UK Limited ('TSUK'), the parent of the Company, announced its intention to divest its Cogent Power business. A number of options were explored. No agreement was reached for the sale of the business as a whole; however, an offer was made and accepted for the sale of the Canadian business which was sold on 20th September 2019. As part of the restructuring the Orb business, a business unit of TSUK, ceased operations in December 2019 and the management team of Cogent Power Limited was disbanded by 31st Dec 2019 reducing both operational costs of the business & income arising from its holding activities. As of September 2019 the Swedish business is no longer for sale and will remain part of the TSE Group of companies for the foreseeable future and Cogent Power Limited will continue as a holding company and will no longer incur operating costs or generate revenue from services provided to its subsidiaries. During July 2020, the company injected equity of SEK 81 million (circa £7m) into its Swedish subsidiary to strengthen its balance sheet in line with local equity requirements, through the purchase of ordinary share capital. The funds were used to repay part of the the existing loans provided by Cogent Power Limited.

On the 25th Sept 2020 Cogent Power Limited provided a Parental Payment Guarantee for its Swedish subsidiary, which gives rise to payment obligations in limited circumstances. In February 2021 a guarantee was also provided in respect of the Swedish subsidiaries pension scheme.

The TSE Group is currently undertaking a Corporate Simplification Programme to rationalise the number of dormant entities within its corporate structure. As of April 2020, Orb Electrical Steels Limited ('Orb') has been included in the programme and the parent will seek to eliminate the entity in FY 2021. The parent company has provided an indemnity in respect of these activities.

Going Concern

The Company is currently the non-trading holding entity for the Swedish operation and owns 100% of the non-trading UK entity, Orb Electrical Steels Limited. Orb's Grain Oriented Steel Sales are reflected in the accounts of TSUK for FY2020 and ceased operation in January 2020.

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

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

The Company holds an inter-company loan receivable with TSUK of £37.8m as at 31 March 2020. The Company is reliant on the repayment of the loan receivable from TSUK in order to cover its own funding requirements which include expected

B. Strategic report (continued)

advances to its Swedish subsidiary, Surahammars Bruks AB (Surahammars), under an inter-company loan facility.

The directors have considered a number of possible financial scenarios ranging in severity depending on how quickly the general economy, and demand for steel, recovers from the effects of the Covid-19 pandemic. Under all scenarios, the directors believe that the Company has adequate liquidity given the support undertaking provided by Proco described above and a reasonable prospect of securing additional funding from the TSE group, including the repayment of the inter-company loan receivable from TSUK as required.

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

For these reasons, while the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that there exists a material uncertainty caused by the impact of the COVID-19 pandemic on the future funding requirements of the Company which may cast significant doubt on the Company's ability to continue as a going concern. However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company were unable to continue as a going concern.

Business review

The results of the Company show turnover for the year ended 31 March 2020 of £0.631m (2019: £1.029m) and a pre-tax profit of £14.128m (2019: pre-tax loss of £1.001m).

TSE manages its operations on a divisional and sector basis. For this reason the Company's directors do not believe that the key performance indicators of the Company (or discussion thereof) are necessary or appropriate for an understanding of the development, performance or position of the business. The performance of TSE, which includes the Company, is discussed in the TSE Annual Report, which does not form part of this report.

On 29 March 2018, the Company approved the proposed dissolution of Cogent Power Incorporated (USA) due to its dormant status. Preparation for the dissolution has been ongoing through FY 2020 and is expected to be completed by 31 March 2021.

The Company participates in the Personal Retirement Pension Scheme (PRPS), which is a defined contribution scheme.

At the year end the Company has net assets of £26.36m (2019: £12.232m).

Principal risks and uncertainties

The Company is financed by its immediate parent company and has no third party debt. It therefore has no third party debt exposure. However, the impact on TSUK and the Company's subsidiaries from Covid 19 and the severity and length of the downturn in steel demand in Europe remains unpredictable. Therefore the ability of TSUK to repay its loans to the Company is difficult to predict with a high level of certainty and remains a risk to the Company's liquidity.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements.

Section 172, Companies Act 2006

This report sets out how the directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duties under section 172 of the Companies Act 2006. This requires directors to act in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard (among other matters) to:

- (a) The likely consequences of any decision in the long term;
- (b) The interests of the company's employees;
- (c) The need to foster the company's business relationships with supplier, customers and others;
- (d) The impact of the company's operations on the community and the environment;
- (e) The desirability of the company in maintaining a reputation for high standards and business conduct; and
- (f) The need to act fairly between members of the company.

B. Strategic report (continued)

Cogent Power Limited (CPL) is a holding company and the parent Company for the Cogent Power Group. It is a wholly owned direct subsidiary of Tata Steel's principal operating company in the UK, Tata Steel UK Limited (TSUK) and an indirect subsidiary of the Tata Steel Europe (TSE) and Tata Steel Limited (TSL) Groups.

As is usual with large companies the TSE Board has delegated day to day management of the TSE Group to the TSE Executive Committee, led by the Chief Executive Officer, who set, approve and manage the execution of business strategy.

The day to day management of the Cogent Group was delegated to the Cogent Power Management team who, until December 2019, were responsible for setting the strategic priorities in alignment with those of the TSE Group; and for stakeholder engagement including customers, suppliers, the local community, communication with the immediate parent and regulatory bodies.

Following the closure of Orb Works Electrical Steels business in December 2019, which formed part of the Cogent group's management responsibility, the Cogent Management team was disbanded at the date of closure in December 2019. Three of the Company's directors being the Managing Director, the Cogent Power Finance Controller and the Director Product and Process Development were also members of the Cogent Power Management Team. Following the disbandment of the Cogent Power Management team in 2019, day to day management of CPL now resides with the directors. There are currently two directors being the Finance Controller and representation from the TSE Executive Committee, through the Chief Technical Officer, Tata Steel Europe.

The CPL board also has representation on its subsidiary boards to ensure governance and appropriate oversight. The Cogent Power board holds meetings at least 3 times per year but will meet more regularly to consider proposals that require the board's attention. New Directors inducted to the board are made aware of their Section 172 duties including S172(1) of the Companies Act 2006.

The Cogent Power board is aware of the impact its decisions have on stakeholders, the local community, the environment

and society at large. The board also recognises that being part of the large TSE Group and given the complexity in nature of that Group that not all decisions taken will align with all stakeholder interests. Accordingly the board have taken decisions in the year that it believes best supports the Company's strategic objectives.

(a) The likely consequences of any decision in the long term

The Directors have had regard to the likely consequences of decisions made in the long term. They have considered the long term impact of the sale of the Canadian subsidiary in September 2019 and its wider impact on the Company, the Cogent group including its other subsidiaries, its employees, its reputation and branding in the markets and the impact on other stakeholders. In addition, in the year the board has considered and approved the capital restructure and equity injection, and continued funding support for its Swedish operations to ensure sustainability of the future operations.

(b) The interests of the company's employees

The company's only employees during the year were the Cogent Management Team comprising of 6 staff members. The impacts of decisions made with regards to employees are considered through board discussions. Decisions in the year which have impacted staff were the sale of the Canadian business and the proposed closure of TSUK's Orb Works Electrical Steels business by TSUK, which formed part of the Cogent Management Team's management responsibilities; consultations were held with staff members with respect to the closure plans and proposals for staff re-deployment and redundancy options. Whilst the board recognised that there may not be suitable opportunities for redeployment for all staff, no compulsory redundancies were made.

(c) The need to foster the company's business relationships with supplier, customers and others

Given that the company is a holding company for the Cogent Group, CPL has limited stakeholders compared to its parent company TSUK and its operating subsidiary Surahammars. As part of the TSE Group, CPL is subject to and applies the groups policies, which include procurement, sales, employment, and compliance in conjunction with the TSE Group's policy framework. Further disclosures with regard to direct stakeholder impact of the TSE Group is included in the

B. Strategic report (continued)

TSE annual report and accounts and the TSUK annual report and accounts for the year ended 31 March 2020.

- (d) The impact of the company's operations on the community and the environment;

The directors are conscious of the societal impact that the company's operations have on the community and the environment, although given that CPL is a holding company these impacts are limited. CPL has adopted and complies with TSE group's environmental policies, more details of which can be found in the TSE annual report and accounts and the TSUK annual report and accounts for the year ended 31 March 2020.

- (e) The desirability of the company in maintaining a reputation for high standards and business conduct

The TSE Board promotes high standards of corporate governance throughout the TSE Group, which are upheld by the company and its directors. CPL has also formally adopted the TSE Group's Policy framework as has its operating subsidiary companies. For the year ended 31 March 2020, TSE has applied the Wates Corporate Governance Principles for large Private Companies, and a corporate governance statement can be found in the TSE Annual report and Accounts.

- (f) The need to act fairly between members of the company
CPL is a wholly owned subsidiary of TSUK and an indirect subsidiary of TSE and TSL. The Cogent Power Management team and subsequently the directors align CPL's strategic aims to those of the TSE Group. CPL has representation from its sole parent company on the board in the form of the Chief Technical Officer for Tata Steel Europe.

Approved by the board of directors and signed on behalf of the board.



R L Hooper

Director

5th March 2021

Registered Office:

30 Millbank
London
SW1P 4WY

C. Directors' report

The Board

The directors of the Company are listed on page 2.

London
SW1P 4WY

6th March 2021

Mr H Adam resigned from the company on 29 August 2019 and was replaced by Mr E Hoogenes. Mr Richard Sidebottom was also appointed a director on 29 August 2019. Mr R Harper resigned from the company on 20 September 2019.

Mr M Cichuta and Mr R Sidebottom have both since tendered their resignation effective from 31 May 2020. At this time, and pursuant to the Company's articles, the Shareholder does not intend to replace Mr Cichuta or Mr Sidebottom.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors in respect of liabilities they may incur in relation to the affairs of the Company. In addition, directors and officers of the Company and its subsidiaries are covered by the TSE Group's Directors & Officers liability insurance.

Result and dividends

The results of the Company show a pre-tax profit of £14.128m for the year (2019: loss of £1.001m). The Company disposed of its Canadian subsidiary on 20th September 2019 which is the main contributing factor for the profit in the year.

Political donations

The Company does not make any donations to political parties and none were made during the year.

Independent Auditors

PricewaterhouseCoopers LLP acted as auditors of the Company for the year ended 31 March 2020. It is the intention of the Directors to appoint PricewaterhouseCoopers LLP as auditors for the year ending 31 March 2021.

Approved by the board of directors and signed on behalf of the board



R L Hooper

Director

Registered Office:

30 Millbank

D. Directors' responsibilities statement on the company's financial statements

Statement of directors' responsibilities in respect of the financial statements

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

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the board of directors and signed on behalf of the board.



R L Hooper

Director

5 March 2021

E. Independent auditor's report to the members of Cogent Power Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cogent Power Limited's financial statements:

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

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Income Statement, the Statement of Changes in Equity for the year then ended; the Presentation of accounts and accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Basis of preparation note included within the "Presentation of accounts and accounting policies" to the financial statements concerning the company's ability to continue as a going concern. The impact of the COVID-19 global pandemic will require Cogent Power Limited to access parental company support in order to meet its obligations as

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK

E. Independent auditor's report to the members of Cogent Power Limited (continued)

Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs

(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Stuart Couch (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

5 March 2021

F1. Income Statement

For the financial year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Revenue		631	1,029
Gross profit		631	1,029
Operating costs	1	(995)	(2,030)
Loss on ordinary activities before exceptionals		(364)	(1,001)
Profit on disposal of group companies	7	13,724	-
Profit/(loss) before interest		13,360	(1,001)
Finance Income	5	768	-
Profit/(loss) before taxation		14,128	(1,001)
Taxation (charge)/credit	6	-	-
Profit/(loss) for the financial year		14,128	(1,001)

All references to 2020 in the Financial Statements, the Presentation of Accounts and Accounting Policies and the related Notes 1 to 16 refer to the financial year ended 31 March 2020 or as at 31 March 2020 as appropriate (2019: the financial year ended 31 March 2019 or as at 31 March 2019). Revenue and costs are impacted by Cogent restructuring with limited costs and revenues from 1st January 2020.


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

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

F2. Balance sheet

As at 31 March 2020			
	Note	2020 £'000	2019 £'000
Non-current assets			
Investments in subsidiary undertakings	7	10,667	26,167
Loans to parent and subsidiary undertakings	7	39,144	-
Current assets			
Debtors: amounts falling due within one year	8	10,548	20,087
Creditors: amounts falling due within one year	9	(3,999)	(4,022)
Net current assets		6,549	16,065
Total assets less current liabilities		56,360	42,232
Financial instruments	11	(30,000)	(30,000)
Net assets		26,360	12,232
Equity			
Called up share capital	12	42,667	42,667
Profit and loss account		(16,307)	(30,435)
		26,360	12,232

The financial statements on pages 11 to 19 were approved by the board of directors and signed on its behalf by:


 R L Hooper
 5 March 2021
 Cogent Power Limited
 Registered No: 2642030

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

F3. Statement of changes in equity

For the year ended 31 March 2020

	Share capital £'000	Profit and loss account £'000	Total capital & reserves £'000
Balance as at 1 April 2019	42,667	(30,435)	12,232
Profit for the year		14,128	14,128
Balance as at 31 March 2020	42,667	(16,307)	26,360

For the year ended 31 March 2019

	Share capital £'000	Profit and loss account £'000	Total capital & reserves £'000
Balance as at 1 April 2018	42,667	(29,434)	13,233
Loss for the year		(1,001)	(1,001)
Balance as at 31 March 2019	42,667	(30,435)	12,232

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

F4. Presentation of accounts and accounting policies

I Basis of preparation

Cogent Power Limited is a private limited company (limited by shares) incorporated in England & Wales under the Companies Act 2006. The functional and presentational currency of the Company is sterling.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to IFRS 7 financial instruments, paragraph 38 IAS 1 presentation of comparative information in respect of certain assets (including intangible assets), IAS 7 presentation of a cash flow statement and IAS 24 related party transactions with Tata Steel group companies. Where relevant, further disclosure exemptions have been taken including the requirement to provide disclosures on IFRS 7 financial instruments on the basis that equivalent disclosures have been given in the group accounts of Tata Steel UK Holdings Limited (TSUKH). The group accounts of TSUKH are available to the public and can be obtained as set out in Note 14.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments and in accordance with the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in the current and prior period.

Group accounts have not been prepared as the Company is a wholly owned indirect subsidiary of TSE, which has prepared consolidated accounts for the year ended 31 March 2020, and as a result the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

The Company is currently the non-trading holding entity for the Swedish operation and owns 100% of the non-trading UK entity, Orb Electrical Steels Limited. Orb's Grain Oriented Steel Sales are reflected in the accounts of Tata Steel UK Limited for FY2020 and ceased operation in January 2020.

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

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

The Company holds an inter-company loan receivable with TSUK of £37.8m as at 31 March 2020. The Company is reliant

on the repayment of the loan receivable from TSUK in order to cover its own funding requirements which include expected advances to its subsidiary, Surahammars, under an inter-company loan facility.

The directors have considered a number of possible financial scenarios ranging in severity depending on how quickly the general economy, and demand for steel, recovers from the effects of the Covid-19 pandemic. Under all scenarios, the directors believe that the Company has adequate liquidity given the support undertaking provided by Proco described above and a reasonable prospect of securing additional funding from the TSE group, including the repayment of the inter-company loan receivable from TSUK as required.

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

For these reasons, while the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that there exists a material uncertainty caused by the impact of the COVID-19 pandemic on the future funding requirements of the Company which may cast significant doubt on the Company's ability to continue as a going concern. However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company were unable to continue as a going concern.

II Use of estimates and critical accounting judgements

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

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

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

Critical accounting judgments and the key sources of estimation or uncertainty in applying the Company's accounting policies arise in relation to recoverability of loan receivables, and impairment of investments. Each of these areas relies upon a number of estimates and judgements which are subject to uncertainty and which may lead to an adjustment within the next financial year.

The Company has a number of loan balances, both receivables and payables, with other entities within the TSE Group. Judgement is required in determining whether loan receivables are recoverable. Where indications exist that loan receivables may not be recoverable, including an assessment of events occurring after the balance sheet date, then appropriate provisions are charged to the income statement to write down the receivables to the recoverable amount in line with the requirements of IFRS 9.

F4. Presentation of accounts and accounting policies

The company also has a number of receivables from other entities in the TSE Group. Judgement is required in determining whether the receivables are recoverable. Where indications exist that receivables may not be recoverable, including an assessment of events occurring after the balance sheet date, then appropriate provisions are charged to the income statement to write down the receivables to the recoverable amount in line with the requirements of IFRS 9.

The Company also has investments in subsidiary undertakings. Determining whether these investments are impaired requires an estimation of enterprise value (EV). EV calculations require an estimation of future cashflows expected to arise from the subsidiary undertaking and a suitable discount rate in order to calculate present value. The present value is most sensitive to the discount rate used. Within 2020 the present value is also sensitive due to the impact of the Covid-19 pandemic. Further information with respect to the impairment review can be found in note 7.

The detailed accounting policies for each of these areas are outlined in section IV below.

III New Standards and interpretations applied

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

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

* periods commencing on or after

The Amendments to the above Standards did not have any material impact on the Cogent Power Limited financial statements.

IFRS16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset value is very low.

As the company is a holding company and does not have any leases the adoption of this standard did not have any impact on the Company's financial statements.

IV Critical accounting policies

a) Financial instruments

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

(i) Trade receivables

Trade receivables are initially recorded at their fair value and are subsequently measured at their amortised cost, as reduced by appropriate allowances for any impairment. Provisions for impairment are made where there is a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the profit and loss account. Subsequent recoveries of amounts previously provided for are credited to the profit and loss account. Where trade receivables are sold prior to settlement by customers, they are derecognised with the respective default deductions and discount costs simultaneously charged to profit and loss.

(ii) Investments in subsidiaries

Investments in subsidiaries are included at cost which includes transactional expenses. Impairment losses are made if events or circumstances indicate that the carrying amount may not be recoverable. Income from investments in subsidiary undertakings comprise dividends declared up to the balance sheet date and, where relevant, is shown before deducting overseas withholding taxes.

(iii) Financial liabilities

Financial liabilities are classified according to the terms of the individual contractual arrangements.

(iv) Trade payables

Trade payables are initially recorded at fair value and are subsequently measured at their amortised cost.

(v) Equity instruments

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

(b) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the quoted rates of exchange ruling at the end of each reporting period. Profit and loss account items and cash flows are translated into sterling at the average rates for the financial period.

(c) Pension costs

The Company participates in a defined contribution scheme, the amount charged to the profit and loss account is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(d) Loans and other receivables

Non-current investments and loan receivables are stated at cost. Provisions are made if events or circumstances indicate that the carrying amount may not be recoverable. Income from non-current investments comprises dividends declared up to the balance sheet date and, where relevant, is shown before deduction of overseas withholding taxes. Where indications exist that loan receivables may not be recoverable, including an assessment of events occurring after the balance sheet date, then appropriate provisions are charged to the income statement to write down the receivables to the recoverable amount in line with the requirements of IFRS 9.

F5. Notes to the financial statements

For the financial year ended 31 March 2020

1. Operating costs

	2020	2019
	£'000	£'000
Costs by type:		
Administrative expenses	575	263
Employment costs (note 3)	420	767
Impairments of subsidiaries (note 7)	-	1,000
	995	2,030

	2020	2019
	£'000	£'000
The above costs are stated after including:		
Operating lease rentals:		
Plant and machinery (i)	18	31

(i) All operating leases were deemed current year leases and relate to the hire of vehicles.

The analysis of auditors' remuneration is as follows:

	2020	2019
	£'000	£'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	-	15

Audit fees for 2019-20 of £15k (2019 £15k) were paid centrally and recharged through TSUK head office charges.

2. Directors' emoluments

The aggregate emoluments of Mr R L Hooper and Mr M V Cichuta to 31st Dec 2019 are disclosed below, there were no further director's emoluments from Jan 2020 as the management team of Cogent Power Limited dissolved and ongoing directors emoluments are paid by other companies within Tata Steel Europe Group which make no recharge to the Company. The emoluments of Mr E Hoogenes (from 29th August 2019), Mr H Adam (up to 29th August 2019), and Mr R Sidebottom (from the 29th August 2019) and Mr R Harper (up to 20th September 2019) are paid by other companies within the Tata Steel Europe Group of companies which make no recharge to the Company.

	2020	2019
	£'000	£'000
Aggregate emoluments	163	349
Highest paid director: Emoluments	89	148

The emoluments represent the charges received by the Company for the financial year ended 31st March 2020 and exclude payments made directly by TSUK to the UK directors in respect to corporate performance, i.e. corporate bonus.

Retirement benefits no longer accrue to any directors under a defined benefit scheme. Pension benefits accrue under a defined contribution scheme (see note 4).

3. Employees

	2020	2019
	£'000	£'000
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	330	597
Social security costs	45	79
Other pension costs	45	91
	420	767

F5. Notes to the financial statements

The average monthly number of employees (all within the same class of business administration) during the year 6 (2019: 7) include charges through to 31/12/2020.

4. Pension costs

The Company participates in a defined contribution scheme, the amount charged to the profit and loss account is the contribution payable in the year. The pension charge for 2020 totals £45k (2019: £91k).

5. Finance Income

	2020	2019
	£'000	£'000
As at 31 March		
Interest received from parental loan	688	-
Interest received from subsidiary undertaking loan	80	-
	768	-

6. Taxation

	2020	2019
	£'000	£'000
Current year tax charge	-	-

The total income statement (charge)/credit for the year can be reconciled to the accounting profit/loss as follows:

	2020	2019
	£'000	£'000
Profit/(loss) before taxation	14,128	(1,001)
Profit/(Loss) multiplied by the standard corporation tax rate of 19% (2019: 19%)	2,684	(190)
Effects of:		
Transfer pricing adjustment	-	182
Non-deductible impairment of investment	-	190
Non-taxable profit on group disposal	(2,608)	
Group relief surrendered free of charge	(76)	(182)
	-	-

The corporation tax rate for the period was 19% (2019: 19%)

7. Investments

	Shares in subsidiary undertakings £'000	Loans to Parent and Subsidiary undertakings £'000	Total £'000
Net book value as at 1 April 2019	26,167	-	26,167
Additions	-	39,144	39,144
Repayments	-	-	-
Cost at end of period	26,167	39,144	65,311
Provisions at 1 April 2019	-	-	-
Disposals	(15,500)	-	(15,500)
Net book value at 31 March 2020	10,667	39,144	49,811

(i) The Company's subsidiary undertakings are listed in note 15. Following the sale of the Canadian subsidiary the Company has one remaining investment being its Swedish subsidiary.

(ii) Disposals in the year and profit on disposal of group companies of £13,724K (2019: nil) is in respect of the sale of the Company's Canadian subsidiary on 20 September 2019.

(iii) The carrying value of the Company's investments are tested annually for impairment using an enterprise value (EV) model. The calculation uses cashflow projections based on the most recent financial forecasts which cover a period of three years and future projections taking the analysis out into perpetuity. Key assumptions for the value in use calculation are those regarding

F5. Notes to the financial statements

the expected change to selling prices and hot rolled coils cost, steel demand in Surahammars' key markets (thin-gauge and electric vehicle markets), exchange rates, business disruption caused by Covid-19 pandemic, investment in the business and a discount rate of 8.8% (2019:8.2%). Changes in the selling prices, hot rolled coil prices, exchange rates and demand in the thin-gauge and electric vehicle markets are based on expectations of future changes in these markets and external sources. The outcome of the test at 31 March 2020 resulted in no impairment (2019:nil).

(iv) Included above are loans to the parent (TSUK), as at 31 March 2020 of £30.65 m (2019: nil) which are interest bearing but have no fixed repayment date and loans to the Swedish Subsidiary of £8.49m (2019: nil).

8. Debtors: amounts falling due within one year

	2020	2019
	£'000	£'000
As at 31 March		
Amounts owed by parent undertakings	7,168	15,957
Amounts owed by subsidiary undertakings	3,380	4,130
	10,548	20,087

The amounts owed by parent and subsidiary undertakings are repayable on demand.

9. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
As at 31 March		
Amounts owed to group companies	3,999	4,022
	3,999	4,022

The amounts owed to parent group companies are not interest bearing and are repayable on demand.

10. Contingencies

Depending on future events, there are contingent liabilities in respect of CPL's Swedish trading subsidiary, Surahammars.

The Company has provided a guarantee with respect to the subsidiary's pension scheme. There exists an obligation for the Company to settle the pension deficit in such circumstances where the subsidiary itself, if required to do so, is unable to fulfil this obligation. The guarantee was renewed in February 2021 as detailed in note 16. There also exists, in limited circumstances, obligations for the Company to support contractual payments under parental payment warranties given by the Company. Details of the warranty issued post year-end in respect of a significant IT contract for Surahammars can be found in note 16.

11. Financial instruments

	2020	2019
	£'000	£'000
As at 31 March		
Redeemable preference shares of £1 each	30,000	30,000

Redeemable shares consist of 30,000,000 preference shares of £1 each. The redeemable shares were issued in 2000 at £1 per share and are redeemable at £1 per share in accordance with a programme to be agreed between the directors and shareholders. Under IAS 32, these instruments are classified within liabilities rather than equity on the basis that the Company is required to deliver either cash or another financial asset to the holder.

12. Called up share capital

The share capital of the Company is shown below as at 31 March

Authorised	2020	2019
	£'000	£'000
180,000,000 ordinary shares of 25p each	45,000	45,000
Allotted, called up and fully paid	2020	2019
	£'000	£'000
170,667,600 ordinary shares of 25p each	42,667	42,667

F5. Notes to the financial statements

13. Related party transactions

The Company's transactions with other businesses within Tata Steel Europe group are all with 100% owned subsidiaries. In accordance with the exemption offered by FRS 101 there is no requirement to disclose those transactions in these financial statements.

14. Ultimate and immediate parent company

Tata Steel UK Limited is the Company's immediate parent company, which is registered in England and Wales. Tata Steel Europe Limited (TSE) and Tata Steel UK Holdings Limited (TSUKH) are intermediate holding companies, registered in England and Wales, with TSUKH the smallest group to consolidate these financial statements.

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

Copies of the Report & Accounts for TSUKH and TSE may be obtained from the Secretary, 30 Millbank, London, SW1P 4WY.

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

15. Subsidiaries

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

Subsidiary undertakings

Processing and sale of electrical steels:

Sweden

Surahammars Bruks AB (i)

Box 201, S-735 23, Surahammar, Sweden

Non-trading undertakings:

United Kingdom

Orb Electrical Steels Limited (i)

Orb Works, Stephenson Street, Newport, NP19 0RB

USA

Cogent Power Incorporated (i)

59 Elm Street, Suite 400, New Haven, CT 06510 USA

Classification Key :

(i) Ordinary Shares

Cogent Power Inc., the Canadian subsidiary was sold on 20 September 2019.

Unless otherwise indicated, subsidiary undertakings are wholly owned by the Company.

16. Events after the reporting period

On 25th September 2020, a parental payment warranty was given by the Company in respect of an IT contract between Surahammars and Factory AB for the replacement of a production IT system. On 15th February 2021, the Company renewed its Surety bond guarantee in respect of the Surahammars pension scheme for a further period of 10 years.

Cogent Power Limited
Orb Works
Stephenson Street
Newport
NP19 0RB
United Kingdom
T +44 (0)1633 290033

Registered No: 2642030