



## **Cogent Power Limited**

### **Annual Report and Financial Statements for the year ended 31st March 2021**



Registered number 2642030

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## **A. Directors and advisors**

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### **Directors**

Mr N Rajesh (appointed 14 December 2021)  
Mr M Davies (appointed 14 December 2021)  
Dr H Adam (resigned 14 December 2021)  
Mr R L Hooper (resigned 14 December 2021)

### **Secretary and registered office**

L Griffiths

18 Grosvenor Place  
London  
SW1X 7HS

### **Company Number**

2642030

### **Independent auditors**

PricewaterhouseCoopers LLP  
One Kingsway  
Cardiff  
CF10 3PW

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## B. Strategic report

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### Introduction

The directors have pleasure in presenting the strategic report of Cogent Power Limited ("Company") for the year ended 31st March 2021.

### 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

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 2022. The parent company, Tata Steel UK Limited (TSUK), has provided an indemnity in respect of these activities.

As of July 2021, the Company's US dormant entity, Cogent Power Incorporated, was dissolved with an effective date of 28 February 2021.

On 1<sup>st</sup> October 2021 the TSE Group announced the separation of the UK and MLE supply chains. It is anticipated that there are no direct implications for the Company. Its subsidiary, Surahammars Bruks AB (Surahammars), is expected to continue to source substrate from both the UK and MLE supply chains.

During 2021, the steel market has rebounded with significant increases in steel selling prices. Whilst increases have benefited the overall performance, these increases have also resulted in short term working capital constraints. Therefore, as part of the Company's ongoing support to Surahammars, during September 2021, the Company injected equity of SEK 48 million (circa £4m) to strengthen Surahammars' balance sheet in line with Swedish equity requirements, through the purchase of ordinary share capital.

Subsequent to the year end, Surahammars has also repaid part of their existing loans provided by the Company.

### Going Concern

The Company is currently the non-trading holding entity for the Swedish operation and holds 100% of the non-trading UK entity, Orb Electrical Steels Limited.

The Company is part of the Tata Steel Europe Limited ('TSE') Group which in recent years has benefited from working capital support provided by T S Global Procurement Pte Limited ('Proco'), a subsidiary of Tata Steel Limited ('TSL'), under arrangements which were authorised, and were supported, by TSL. On 30 June 2021, all working capital support previously provided by Proco was converted to equity in order to strengthen the balance sheet position of the TSE Group, including its main UK operating subsidiary Tata Steel UK Limited ('TSUK'), and to improve the liquidity of the TSE Group by reducing future interest costs.

The Company has an inter-company loan receivable with TSUK, which as at 31 March 2021 has a total carrying value of £32.1m. The Company is reliant on the repayment of the loan receivable in order to cover its own funding requirements which include expected advances to its Swedish subsidiary, Surahammars..

In March 2020, TSUK first started to experience the negative effects of the global COVID-19 pandemic on the demand for its steel products. TSUK responded to the financial consequences of the reduced steel demand caused by the pandemic by utilising available government support measures, taking short term actions to conserve cash, and reducing or deferring spend including on capital expenditure projects. In the second half of the 2020/21 financial year, demand for TSUK's steel products rebounded strongly which, along with significant increases in steel selling prices towards the end of the year, enabled TSUK to finish the 2020/21 financial year strongly. In the first half of 2021/22 the steel market has continued to perform strongly with steel selling prices at record highs and the outlook for the rest of the financial year is significantly ahead of TSUK's previous Annual Plan. Nevertheless the steel industry is cyclical and with no guarantee that steel selling prices will stay at this elevated level for a sustained period of time, it is expected that the steel market will return to trend levels in the medium term. Following the conversion of working capital support to equity, as

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## B. Strategic report (continued)

mentioned above, and TSUK securing additional committed financing facilities in June 2021, TSUK has access to adequate liquidity to meet all of its cash requirements over the next 12 months.

For these reasons the directors have determined that it is appropriate for the financial statements of the Company to be prepared on a going concern basis.

### Business review

The results of the Company show turnover for the year ended 31 March 2021 of £ nil (2020: £0.631m) and a pre-tax loss of £1.105m (2020: pre-tax profit of £14.128m).

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. Cogent Power Incorporated ceased to exist as at 28 February 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 £25.256m (2020: £26.36m).

### 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. 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. In the latter half of the year, Steel demand has rebounded strongly and prices have increased, bringing a more positive outlook at the year end. Whilst parental support is in place, the Company remains dependant on TSUK's ability to repay its loans and as such is difficult to predict with a high level of

certainty and therefore there 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. Due to the closure of the Orb Works in December 2019 and the disbandment of the Cogent Management Team the Company did not have any employees during the year.

### 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.

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, TSUK and an indirect subsidiary of the TSE and TSL Groups.

As is usual with large companies the TSE Board 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 CPL resides with the directors. During the financial year there were two directors being the Cogent Financial Controller and representation from the parent board and TSE Executive Committee through the TSE Chief Executive Officer. The directors are responsible for

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## B. Strategic report (continued)

setting the strategic direction of the CPL Group in alignment with that of the TSE Group.

As of 1<sup>st</sup> October 2021, TSE's UK and Dutch operations separated to form two separate businesses, with governance, oversight and strategic direction of TSUK the responsibility of the UK board and TSUK ME & CEO. The CPL board was restructured on 14<sup>th</sup> December 2021 to align to TSUK's post separation structure and responsibilities.

The CPL board also has representation on its subsidiary boards to ensure governance and appropriate oversight. The CPL 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 CPL 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 larger 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 economic future and financing of its Swedish subsidiary to ensure a viable business for the future and its associated principal risks. In addition, in the year the board has considered and approved the renewal of the parental guarantee for the Surahammars' pension scheme and restructuring of Surahammars' equity.

(b) The interests of the company's employees

The company did not have any employees during the year. The directors and the Secretary are employed by the TSE Group. The impact of decisions on employees of the Company's subsidiary employees are considered when making decisions which materially impact the Company's subsidiary operations.

(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 that of 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 TSE annual report and accounts and the TSUK annual report and accounts for the year ended 31 March 2021.

(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, 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 2021.

(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 2021, 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 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 Executive Officer for Tata Steel Europe.

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## B. Strategic report (continued)

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



M J Davies

Director

15<sup>th</sup> December 2021

Registered Office: 18 Grosvenor Place, London. SW1X 7HS

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## C. Directors' report

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### The Board

The directors of the Company are listed on page 2.

Mr Ernst Hoogenes resigned from the Company on 31<sup>st</sup> March 2021. Dr Henrik Adam was appointed a director on 31<sup>st</sup> March 2021. Subsequent to the year end, on 14<sup>th</sup> December Henrik Adam and Mr Robert Hooper resigned. Mr Nair Rajesh and Mr Michael John Davies were appointed effective 14<sup>th</sup> December 2021.

### 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 loss of £1.105m for the year (2020: profit of £14.128m).

### 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 2021. It is the intention of the Directors to appoint PricewaterhouseCoopers LLP as auditors for the year ending 31 March 2022.

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



M J Davies

Director

Registered Office:

18 Grosvenor Place  
London  
SW1X 7HS

15<sup>th</sup> December 2021



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

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

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

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



M J Davies

Director

15<sup>th</sup> December 2021

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

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### 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 2021 and of its loss 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 2021; the Income Statement and 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.

#### *Conclusions relating to going concern*

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern. Our responsibilities and the responsibilities of the directors with

respect to going concern are described in the relevant sections of this report.

#### *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 Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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

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

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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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fictitious transactions designed to overstate the financial performance and position of the entity. Audit procedures performed by the engagement team included:

- Reviewing meeting minutes and holding discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

- Using computer based audit techniques to identify and test higher risk manual journals, in particular those having unusual account combinations;
- Reviewing the appropriateness of assumptions used by management in assessing the carrying value of the entity's investments in and loans to parent and subsidiary undertakings
- Obtaining third party confirmations of all the entity's banking and financing arrangements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

### *Use of this report*

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

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

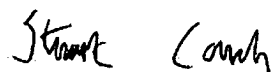
- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified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

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

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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  
20 December 2021

## F1. Income Statement

For the financial year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Revenue		-	631
Gross result / profit		-	631
Operating costs	1	(2,548)	(995)
Loss before exceptionals		(2,548)	(364)
Profit on disposal of group companies	7	-	13,724
(Loss)/profit before interest		(2,548)	13,360
Finance Income	5	1,443	768
(Loss)/profit before taxation		(1,105)	14,128
Tax on (loss)/profit	6	-	-
<b>(Loss)/Profit for the financial year</b>		<b>(1,105)</b>	<b>14,128</b>

All references to 2021 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 2021 or as at 31 March 2021 as appropriate (2020: the financial year ended 31 March 2020 or as at 31 March 2020). Revenue and costs are impacted by Cogent Group restructuring with limited costs and revenues from 1<sup>st</sup> 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 2021			
	Note	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Investments in subsidiary undertakings	7	14,764	10,667
Loans to parent and subsidiary undertakings	7	40,944	39,144
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	247	10,548
<b>Creditors: amounts falling due within one year</b>	9	(700)	(3,999)
<b>Net current (liabilities)/assets</b>		(452)	6,549
<b>Total assets less current liabilities</b>		55,255	56,360
Financial instruments	11	(30,000)	(30,000)
<b>Net assets</b>		25,255	26,360
<b>Equity</b>			
Called up share capital	12	42,667	42,667
Profit and loss account		(17,412)	(16,307)
<b>Total Equity</b>		25,255	26,360

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



M J Davies

15th December 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 2021

	Share capital	Profit and loss account	Total capital & reserves
	£'000	£'000	£'000
Balance as at 1 April 2020	42,667	(16,307)	26,360
Loss for the year	-	(1,105)	(1,105)
Balance as at 31 March 2021	42,667	(17,412)	25,255

#### For the year ended 31 March 2020

	Share capital	Profit and loss account	Total capital & reserves
	£'000	£'000	£'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

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

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## F4. Presentation of accounts and accounting policies

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### 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 Europe Limited (TSE). The group accounts of TSE 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 2021, 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 holds 100% of the non-trading UK entity, Orb Electrical Steels Limited.

The Company is part of the 'TSE Group which in recent years has benefited from working capital support provided by T S Global Procurement Pte Limited ('Proco'), a subsidiary of Tata Steel Limited ('TSL'), under arrangements which were authorised, and were supported, by TSL. On 30 June 2021, all working capital support previously provided by Proco was converted to equity in order to strengthen the balance sheet position of the TSE Group, including its main UK operating subsidiary Tata Steel UK Limited ('TSUK'), and to improve the liquidity of the TSE Group by reducing future interest costs.

The Company has an inter-company loan receivable with TSUK, which as at 31 March 2021 has a total carrying value of £32.1m. 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 Swedish subsidiary, Surahammar Bruks AB.

In March 2020, TSUK first started to experience the negative effects of the global COVID-19 pandemic on the demand for its steel products. TSUK responded to the financial consequences of the reduced steel demand caused by the pandemic by utilising available government support measures, taking short term actions to conserve cash, and reducing or deferring spend including on capital expenditure projects. In the second half of the 2020/21 financial year, demand for TSUK's steel products rebounded strongly which, along with significant increases in steel selling prices towards

the end of the year, enabled TSUK to finish the 2020/21 financial year strongly. In the first half of 2021/22 the steel market has continued to perform strongly with steel selling prices at record highs and the outlook for the rest of the financial year is significantly ahead of TSUK's previous Annual Plan. Nevertheless the steel industry is cyclical and with no guarantee that steel selling prices will stay at this elevated level for a sustained period of time, it is expected that the steel market will return to trend levels in the medium term. Following the conversion of working capital support to equity, as mentioned above, and TSUK securing additional committed financing facilities in June 2021, TSUK has access to adequate liquidity to meet all of its cash requirements over the next 12 months.

For these reasons the directors have determined that it is appropriate for the financial statements of the Company to be prepared on a going concern basis.

### 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.

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 to in order to calculate present value.



## F4. Presentation of accounts and accounting policies

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 ending 31 March 2021

### For the financial year ended 31 March 2021

#### 1. Operating costs

	2021	2020
	£'000	£'000
<b>Costs by type:</b>		
Administrative expenses	-	575
Employment costs (note 3)	-	420
Foreign Exchange	(462)	-
Impairments of subsidiaries (note 7)	3,010	-
	<b>2,548</b>	<b>995</b>

	2021	2020
	£'000	£'000
<b>The above costs are stated after including:</b>		
Operating lease rentals:		
Plant and machinery (i)	-	18

(i) All operating leases were deemed current year leases and relate to the hire of vehicles. As of June 2020 there were no operating leases in the Company.

The analysis of auditors' remuneration is as follows:

	2021	2020
	£'000	£'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	-	-

Audit fees for 2020-21 of £15k (2020 £15k) were paid centrally and recharged through TSUK head office charges.

#### 2. Directors' emoluments

The aggregate emoluments paid to the directors in the year are made directly by Tata Steel UK Limited and are not recharged to the Company, therefore the aggregate emoluments for FY20/21 are nil.

	2021	2020
	£'000	£'000
Aggregate emoluments	-	163
Highest paid director: Emoluments	-	89

The emoluments represent the charges received by the Company for the financial year ended 31st March 2021 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

	2021	2020
	£'000	£'000
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	-	330
Social security costs	-	45
Other pension costs	-	45
	<b>-</b>	<b>420</b>

The average monthly number of employees (all within the same class of business administration) during the year was nil (2020: 6) include charges through to 31/12/21.

## F5. Notes to the financial statements

For the financial year ending 31 March 2021

Following the closure of the Orb Works in December 2019 and the disbandment of the Cogent Power Management Team the Company no longer has employees.

### 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 2021 totals £nil (2020: £45k).

### 5. Finance Income

	2021 £'000	2020 £'000
Interest received from parental loan	1,184	688
Interest received from subsidiary undertaking loan	259	80
	1,443	768

### 6. Tax on (loss)/profit

	2021 £'000	2020 £'000
Current year tax charge	-	-

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

	2021 £'000	2020 £'000
(Loss)/profit before taxation	(1,105)	14,128
(Loss)/profit multiplied by the standard corporation tax rate of 19% (2020: 19%)	210	2,684
Effects of:		
Transfer pricing adjustment	-	-
Non-deductible impairment of investment	(210)	-
Non-taxable profit on group disposal		(2,608)
Group relief surrendered free of charge		(76)
	-	-

The corporation tax rate for the period was 19% (2020: 19%)

### 7. Investments in subsidiary undertakings and loans to parent and subsidiary undertakings

	Shares in subsidiary undertakings £'000	Loans to Parent and Subsidiary undertakings £'000	Total £'000
Net book value as at 1 April 2020	10,667	39,144	49,811
Additions	7,107	8,907	16,014
Repayments	-	(7,107)	(7,107)
Cost at end of period	17,774	40,944	58,718
Impairments in subsidiaries	(3,010)	-	(3,010)
Disposals	-	-	-
Net book value at 31 March 2021	14,764	40,944	55,708

(i) The Company's subsidiary undertakings are listed in note 15. Following the sale of the Canadian subsidiary in 2019 the Company has one remaining investment being its Swedish subsidiary, Surahammars Bruks AB.

(ii) 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 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-

## F5. Notes to the financial statements

For the financial year ending 31 March 2021

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 2021 resulted in an impairment of £3,010m (2020:nil).

(iii) Disposals in the year and profit on disposal of group companies was nil (2020: £13,724K in respect of the Company's Canadian subsidiary which was sold in September 2019).

(iv) Included above are loans to the parent (TSUK), as at 31 March 2021 of £ 31,834m (2020: £30.65m) which are interest bearing but have no fixed repayment date and loans to the Swedish Subsidiary of £9,109 m (2020: £8.49m).

### 8. Debtors: amounts falling due within one year

	2021	2020
As at 31 March	£'000	£'000
Amounts owed by parent undertakings	247	7,168
Amounts owed by subsidiary undertakings	-	3,380
	247	10,548

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

### 9. Creditors: amounts falling due within one year

	2021	2020
As at 31 March	£'000	£'000
Amounts owed to group companies	700	3,999
	700	3,999

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, Surahammar.

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. There also exists, in limited circumstances, obligations for the Company to support contractual payments under parental payment warranties given by the Company.

### 11. Financial instruments

	2021	2020
As at 31 March	£'000	£'000
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	2021	2020
	£'000	£'000
180,000,000 ordinary shares of 25p each	45,000	45,000
Allotted, called up and fully paid	2021	2020
	£'000	£'000
170,667,600 ordinary shares of 25p each	42,667	42,667

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## F5. Notes to the financial statements

For the financial year ending 31 March 2021

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### 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 TSE 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 TSE may be obtained from the Company Secretary, 18 Grosvenor Place, London, SW1X 7HS.

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 2021 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)

18 Grosvenor Place, London, SW1X 7HS.

#### Classification Key :

(i) Ordinary Shares

(ii) In liquidation

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

### 16. Events after the reporting period

In July 2021 the dissolution process of Company's US dormant entity, Cogent Power Incorporated was concluded, with the entity ceasing to exist as of 28 February 2021. Registration of the dissolution was delayed due to the global pandemic. On 1<sup>st</sup> October 2021 the TSE Group announced the separation of its UK and MLE supply chains. There are no direct implications on the Company although its operating subsidiary, Surahammars, is expected to continue to source substrate from both UK and MLE supply chains.

During 2021 the steel market has rebounded with significant increases in steel selling prices; these increases have benefited the overall performance but have also resulted in short term working capital constraints. Therefore in September 2021, and to support the Company's operating subsidiary, the Company injected equity of SEK 48 million (circa £4m) into Surahammars to strengthen its balance sheet in line with local equity requirements, through the purchase of ordinary share capital.

Subsequent to the equity injection, Surahammars has also repaid part of their existing loans provided by the Company.

**Cogent Power Limited**  
**18 Grosvenor Place**  
**London**  
**SW1X 7HS**  
**United Kingdom**

**Registered No: 2642030**