
Cogent Power Limited

Annual Report and Financial Statements for the year ended 31st March 2022

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Registered number 2642030

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A. Directors and advisors

Directors

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

Secretary and registered office

L Griffiths (resigned 31 October 2022)

18 Grosvenor Place
London
SW1X 7HS

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 2022.

Principal activities

Cogent Power Limited was 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 within the TSE Groups, UK business.

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 Company has no significant future developments to report under this section.

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 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, and its parent company Tata Steel UK Limited ('TSUK'), were part of the Tata Steel Europe Limited ('TSE') group, which in recent years has benefitted from financial support of TSE group companies. In 2021/22 this included the conversion of working capital support and other loans in TSUK to equity via share issuances totalling £1,336m which has strengthened the balance sheet of the Company's parent company.

The Company has an inter-company loan receivable with TSUK, which as at 31 March 2022 has a carrying value of £25.5m (2021: £32.0m). Following the conversion of working capital support and debt to equity, as mentioned above, and TSUK securing additional committed financing facilities during 2021/22, 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 2022 of £nil (2021: £nil) and a pre-tax profit of £1.404m (2020: pre-tax loss of £1.105m).

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.

At the year end the Company has net assets of £26.659m (2021: £25.256m).

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.

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:

B. Strategic report (continued)

- (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, 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, during the year up until 30 September 2021, 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, approved and managed the execution of business strategy. On 1 October 2021, TSE's UK and mainland Europe businesses Separated to form the UK and MLE Value Chains. As of this date responsibility for strategic direction, governance and oversight sits within the Value Chains and with their respective boards. At Separation, primary day-to-day management of TSUK and the UK Value Chain resided with a TSUK director with executive responsibility for the TSUK Group, and who was also Chairman of the Board. The TSUK Chairman resigned on the 8 March 2022, as of this date one of the director who acts in a non-executive capacity and holds a senior role with the ultimate parent, TSL, was appointed Chairman of the TSUK Board. A UK Management Team now has responsibility for the day-to-day operations and implementing the TSUK Group's strategy and key objectives.

The day to day management of CPL resides with the Directors. Due to organisational changes on Separation, on 13 December 2021 the Company's two Directors resigned and two non-executive Directors, both holding senior positions within TSUK, were appointed to the Board. Through the new appointments, the Company has representation from the parent board, being the Chief Financial Officer and the Chief Operating Officer. The Directors are responsible for setting the

strategic direction of the CPL Group in alignment with that of the TSUK Group.

The CPL board continues to have representation on its operating subsidiary board to ensure governance and appropriate oversight. The CPL board holds meetings as and when required to consider proposals that require the boards attention and to consider material matters which impact the Company's subsidiaries. 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. During the year the Board considered and approved the restructuring of Surahammars' equity and approved the Company's Annual Report and Accounts for the FY21 financial year.

- (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 TSUK. The impact of decisions on employees of the Company's operating subsidiary are considered when making decisions which materially impact those 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 to its parent company TSUK and its operating subsidiary Surahammars. As part of the TSUK Group, CPL is subject to and applies the groups policies, which include procurement, sales,

B. Strategic report (continued)

employment, and compliance in conjunction with the 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 2022.

- (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 TSUK 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 2022.

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

The TSUK Board promotes high standards of corporate governance throughout the TSUK Group, which are upheld by the company and its Directors. For the year ended 31 March 2022, 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 UK Value Chain. CPL has representation from its sole parent company on the board in the form of the Chief Financial Officer TSUK and Chief Operating Officer TSUK, both of whom are members of the TSUK Board.

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



M J Davies

Director

15 December 2022

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

C. Directors' report

The Board

The directors of the Company are listed on page 2.

Mr Nair Rajesh and Mr Michael John Davies were appointed effective 14th December 2021.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, that the Company may indemnify any director of the Company in respect of any losses or liabilities he or she may incur in connection with any proven or alleged negligence, default, breach of duty or breach of trust in relation to the Company (including by funding any expenditure incurred or to be incurred by him or her). In addition, directors and officers of the Company and its subsidiaries are covered by Directors' & Officers liability insurance.

Result and dividends

The results of the Company show a pre-tax profit of £1.404m for the year (2021: loss of £1.105m). No dividends were paid or proposed in the year (2021: £nil). The directors do not recommend that a final dividend be paid.

Information disclosed in the Strategic report

In accordance with section 414C (11) of the Companies Act 2006 the directors have chosen to disclose the following information in the Company's Strategic report:

- Principal risks and uncertainties;
- Factors likely to affect the Company's future development and position;
- Particulars of any events affecting the Company which have occurred since the end of the financial year;
- The Company's employees; and
- Going concern disclosure

Statement as to disclosure of information to the Company's auditors

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

- the director has taken all the relevant steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP were appointed as auditors of the Company for the year ended 31 March 2022. PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf by:



M J Davies

Director

Registered Office:

18 Grosvenor Place
London
SW1X 7HS

15 December 2022

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 Financial Statements 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.

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.



M J Davies
Director
15 December 2022

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 2022 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 2022; 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 2022 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.

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

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.

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 the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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; and
- 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.

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. 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

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

- 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.



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

16 December 2022

F1. Income Statement

For the financial year ended 31 March 2022

| | Note | 2022 £'000 | 2021 £'000 |
|--------------------------------------|------|---------------|---------------|
| Gross result / profit | | - | - |
| Operating costs | 1 | (5) | (2,548) |
| (Loss)/profit before interest | | (5) | (2,548) |
| Finance Income | 4 | 1,409 | 1,443 |
| Profit/(loss) before taxation | | 1,404 | (1,105) |
| Tax on profit/(loss) | 5 | - | - |
| Profit/(loss) for the financial year | | 1,404 | (1,105) |

All references to 2022 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 2022 or as at 31 March 2022 as appropriate (2021: the financial year ended 31 March 2021 or as at 31 March 2021). Revenue and costs are impacted by Cogent Group restructuring with limited costs and revenues from 1st January 2021.

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 17 to 20.

F2. Balance sheet

| As at 31 March 2022 | | | |
|---|------|---------------|---------------|
| | Note | 2022 £'000 | 2021 £'000 |
| Non-current assets | | | |
| Investments in subsidiary undertakings | 6 | 18,838 | 14,764 |
| Loans to parent and subsidiary undertakings | 6 | 37,995 | 40,844 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | 247 | 247 |
| Creditors: amounts falling due within one year | 8 | (421) | (700) |
| Net current (liabilities)/assets | | (174) | (452) |
| Total assets less current liabilities | | 56,659 | 55,255 |
| Financial instruments | 10 | (30,000) | (30,000) |
| Net assets | | 26,659 | 25,255 |
| Equity | | | |
| Called up share capital | 11 | 42,667 | 42,667 |
| Profit and loss account | | (16,008) | (17,412) |
| Total Equity | | 26,659 | 25,255 |

The financial statements on pages 11 to 20 were approved by the board of directors and signed on its behalf by:



M J Davies
Director
15 December 2022
Cogent Power Limited
Registered No: 2842030

Notes and related statements forming part of these accounts appear on pages 17 to 20.

F3. Statement of changes in equity

For the year ended 31 March 2022

| | Share capital | Profit and loss account | Total capital & reserves |
|-----------------------------|---------------|-------------------------|--------------------------|
| | £'000 | £'000 | £'000 |
| Balance as at 1 April 2021 | 42,667 | (17,412) | 25,255 |
| Profit for the year | - | 1,404 | 1,404 |
| Balance as at 31 March 2022 | 42,667 | (16,008) | 26,659 |

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 |
| Profit for the year | - | (1,105) | (1,105) |
| Balance as at 31 March 2021 | 42,667 | (17,412) | 25,255 |

Notes and related statements forming part of these accounts appear on pages 17 to 20.

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 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 2022, 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 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, and its parent company Tata Steel UK Limited ('TSUK'), are part of the Tata Steel Europe Limited ('TSE') group, which in recent years has benefitted from financial support of TSE group companies. In 2021/22 this included the conversion of working capital support and other loans in TSUK to equity via share issuances totaling £1,336m which has strengthened the balance sheet of the Company's parent company.

The Company has an inter-company loan receivable with TSUK, which as at 31 March 2022 has a carrying value of £25.5m. Following the conversion of working capital support and debt to equity, as mentioned above, and TSUK securing additional committed financing facilities during 2021/22, 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 in order to calculate present value. The present value is most sensitive to the discount rate used.

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

F4. Presentation of accounts and accounting policies

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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) | Interest rate – benchmark reform- Phase 2 | 1 Jan 2021 |
| IFRS 4 (Amendments) | Amendments to IFRS 4 Insurance contracts – deferral of IFRS 9 | 1 Jan 2021 |

SONIA (Sterling Overnight Index Average) replaced GBP LIBOR from 1 January 2022. There are key differences between GBP LIBOR and SONIA. GBP LIBOR was a 'term rate', which means that it is published for a borrowing period (such as three months or six months) and is 'forward looking', because it is published at the beginning of the borrowing period. SONIA is currently a 'backward-looking' rate, based on overnight rates from actual transactions, and it is published at the end of the overnight borrowing period. Furthermore, LIBOR includes a credit spread over the risk-free rate, which SONIA currently does not.

To transition existing contracts and agreements that reference GBP LIBOR to SONIA, adjustments for term differences and credit differences were applied to SONIA, to enable the two benchmark rates to be economically equivalent on transition.

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

(ii) Financial liabilities

Financial liabilities are classified according to the terms of the individual contractual arrangements. Preference shares, which are mandatorily redeemable on a specific date are classified as liabilities.

(iii) 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) 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 2022

For the financial year ended 31 March 2022

1. Operating costs

| | 2022 | 2021 |
|--------------------------------------|-------|-------|
| | £'000 | £'000 |
| Costs by type: | | |
| Foreign Exchange | 37 | (462) |
| Impairments of subsidiaries (note 7) | - | 3,010 |
| Intercompany charges | (32) | - |
| | 151 | 2,548 |

The analysis of auditors' remuneration is as follows:

| | 2022 | 2021 |
|---|-------|-------|
| | £'000 | £'000 |
| Fees payable to the Company's auditors for the audit of the Company's annual accounts | 151 | 2,548 |

Audit fees for 2021-22 of £15k (2021: £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 FY21/22 are nil.

| | 2022 | 2021 |
|-----------------------------------|-------|-------|
| | £'000 | £'000 |
| Aggregate emoluments | - | - |
| Highest paid director: Emoluments | - | - |

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

The Company has no employees. No director received any remuneration during the year in respect of their services to the Company (2021: nil).

4. Finance Income

| | 2022 | 2021 |
|--|-------|-------|
| | £'000 | £'000 |
| Interest received from parental loan | 1,059 | 1,184 |
| Interest received from subsidiary undertaking loan | 350 | 259 |
| | 1,409 | 1,443 |

F5. Notes to the financial statements

For the financial year ending 31 March 2022

5. Tax on profit/(loss)

| | 2022 | 2021 |
|-------------------------|-------|-------|
| | £'000 | £'000 |
| Current year tax charge | - | - |

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

| | 2022 | 2021 |
|--|-------|---------|
| | £'000 | £'000 |
| Profit/(loss) before taxation | 1,404 | (1,105) |
| Profit/(loss) multiplied by the standard corporation tax rate of 19% (2021: 19%) | 267 | 210 |
| Effects of: | | |
| Non-deductible impairment of investment | | (210) |
| Group relief surrendered free of charge | (267) | - |
| | - | - |

The corporation tax rate for the period was 19% (2021: 19%)

6. 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 |
|---------------------------------|---|---|-------------|
| Cost as at 1 April 2021 | 17,774 | 73,944 | 91,718 |
| Additions | 4,074 | 7,678 | 11,752 |
| Repayments | - | (10,628) | (10,628) |
| Disposals (ii) | - | (1,000) | (1,000) |
| Cost as at 31 March 2022 | 21,848 | 69,994 | 91,842 |
| Impairment as at 1 April 2021 | 3,010 | 33,000 | 36,010 |
| Disposals (ii) | - | (1,000) | (1,000) |
| Impairment as at 31 March 2022 | 3,010 | 32,000 | 35,010 |
| Net book value at 31 March 2022 | 18,838 | 37,995 | 56,832 |
| Net book value at 31 March 2021 | 14,764 | 40,944 | 55,709 |

(i) 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 based on a steady state, sustainable cash flow reflecting average steel industry conditions between successive peaks and troughs of profitability. 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 and a discount rate of 9.3% (2021: 8.8%). 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 market sources. The pre-tax discount rate is derived from the Group's WACC and the WACCs of its main European steel competitors adjusted for country specific risks where appropriate. The outcome of the test at 31 March 2022 resulted in an impairment of nil (2021: 3.010m).

(iii) Disposals in the year relates to the derecognition of the company's investment in Cogent Power Incorporated following the completion of the dissolution of this entity in July 2021.

(iii) Included above are loans to the parent (TSUK), as at 31 March 2022 of £ 25.254m (2021: £31.834m) which are interest bearing but have no fixed repayment date and loans to the Swedish Subsidiary of £12.741m (2021: £9.109m).

7. Debtors: amounts falling due within one year

| | 2022 | 2021 |
|-------------------------------------|-------|-------|
| | £'000 | £'000 |
| As at 31 March | - | - |
| Amounts owed by parent undertakings | 247 | 247 |
| | 247 | 247 |

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

F5. Notes to the financial statements

For the financial year ending 31 March 2022

8. Creditors: amounts falling due within one year

| | 2022 | 2021 |
|---------------------------------|-------|-------|
| As at 31 March | £'000 | £'000 |
| Amounts owed to group companies | 421 | 700 |
| | 421 | 700 |

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

9. Contingencies

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

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.

10. Financial instruments

| | 2022 | 2021 |
|---|--------|--------|
| 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.

11. Called up share capital

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

| Authorised | 2022 | 2021 |
|---|--------|--------|
| | £'000 | £'000 |
| (180,000,000 ordinary shares of 25p each) | 45,000 | 45,000 |
| Allotted, called up and fully paid | 2022 | 2021 |
| | £'000 | £'000 |
| (170,667,600 ordinary shares of 25p each) | 42,667 | 42,667 |

12. 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.

13. 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.

F5. Notes to the financial statements

For the financial year ending 31 March 2022

14. Subsidiaries

The subsidiary undertakings of the Company at 31 March 2022 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.

Cogent Power Limited
18 Grosvenor Place
London
SW1X 7HS
United Kingdom
o
Registered No: 2642030