Cogent Power Limited

Annual Report and Financial Statements for the year ended 31st March 2023

Registered number 2642030

Contents

A. Directors and advisors

Directors

Mr R Nair
Mr K De (Appointed 31 March 2023)

Secretary and registered office

L Griffiths (resigned 31 October 2022)

18 Grosvenor Place
London
SW1X 7HS

Company Number

02642030

Independent auditors

PricewaterhouseCoopers LLP
1 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 2023.

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 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 direct parent company Tata Steel UK Limited ('TSUK'), are part of the Tata Steel Limited ('TSL') group. In previous years, as part of the wider TSL group, the TSUK has benefitted from significant financial support from its parent companies in order to settle historic financial indebtedness and to invest in working capital. This support included equity proceeds of £1,366m in 2021/22 and support in arranging bank finance facilities which TSUK either has direct access to or indirect access via other TSL group companies.

The Company has an inter-company loan receivable from TSUK which, as at 31 March 2023, had a carrying value of £23m.

TSUK ended the September 2023 quarter with a positive cash balance and unutilised financing facilities of £200m which, along with specific actions being taken to improve business performance, is expected to ensure that TSUK can manage the current economic downturn in the steel industry and the forecast cash outflows for the remainder of the financial year based on its current operational footprint. On 15 September 2023, Tata Steel UK Limited TSUK announced a joint agreement with the UK Government on a proposal to invest in state-of-the-art electric arc furnace ('EAF') steelmaking at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. As part of this joint agreement, TSL agreed that if the proposal proceeded, it would inject equity of at least £1,000m into TSUK in order to fund the remaining part of the capital cost not covered by the government grant and to cover certain restructuring costs which TSUK would be expected to incur as part of the proposed deep restructuring of its heavy end facilities in Port Talbot.

The financing facilities which TSUK has access to are not all committed facilities and TSUK's Revolving Credit Facility ('RCF') is due to expire in June 2024. As such, TSUK will, as a minimum, require additional forms of financial support to refinance or repay these facilities. In the event of a further severe but plausible downturn TSUK will also need further financial support in order to address any adverse impact on liquidity from March 2024 onwards. As TSUK is an integral part of the TSL Group, a non-binding letter of support has been provided by T S Global Holdings Pte Ltd ('TSGH'), a subsidiary of TSL, which confirms that TSGH will support the refinancing, or the repayment, of the RCF and a separate uncommitted bank facility. Furthermore, a non-binding letter of support has been provided by T S Global Procurement ('Proco'), a subsidiary of TSL, which provides TSUK with access to £300m of working capital support if required.

Funding for the proposed investment in the EAF is expected to be provided by a combination of TSL and the UK Government and funding for the assumed restructuring costs is forecast to be provided by TSL. Whilst both TSL and the UK Government have signed a term sheet setting out the details and confirming the commitments they intend to enter into if the proposal was to proceed, the proposal is currently non-binding until the time that all relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions have been completed.

Under all scenarios, the directors of TSUK believe that TSUK has access to adequate liquidity given the support undertakings provided by Proco and TSGH as described above and a reasonable prospect of securing the support of the UK Government and TSL in order to enable the execution of its decarbonisation strategy. However, the cyclical nature of the steel industry and the non-binding nature of the proposed

EAF investment means that the financial projections of TSUK, and the effect on the liquidity of the UK Business, are difficult to predict with a high level of certainty.

For these reasons, the directors of TSUK have concluded that there exists a material uncertainty with respect to TSUK in relation to underlying market and business conditions which may negatively impact its operational cash requirements in the near term, the possibility that the proposed EAF investment may not proceed as it is currently non-binding on both the UK Government and TSL, and the non-binding nature of the support letters provided by Proco and TSGH. Such factors may cast significant doubt on TSUK's ability to continue as a going concern.

In the event that TSUK ceased to be a going concern, the directors of the Company are unable to predict the impact this may have on the Company as it is controlled by and conducts inter-related trading and other activity with TSUK. As a result of the situation concerning TSUK, the directors have concluded that there is a material uncertainty that casts significant doubt over the Company's ability to continue as a going concern. However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company were unable to continue as a going concern. In addition, if TSUK were not a going concern, adjustments might be required to the Company's financial statements, in particular to write down the carrying value of intercompany receivables with TSUK.

Business review

The results of the Company show turnover for the year ended 31 March 2023 of £nil (2022: £nil) and a pre-tax loss of £17.465m (2022: pre-tax profit of £1.1404m).

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.

An impairment test was conducted at 31 March 2023 for the investment in Surahammars which resulted in recoverable value being lower than the carrying value of investments held by Cogent Power Ltd in Surahammars, therefore, resulting in an impairment of £18.838m

At the year end the Company has net assets of £9.194m (2022: £26.659m).

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.
- 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.

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

Kaushik De

Mr K De
Director
18 December 2023
Registered Office: 18 Grosvenor Place, London. SW1X 7HS

C. Directors' report

The Board

The directors of the Company are listed on page 2.

Mr M Davies resigned 31st March 2023.
Mr K De was appointed effective 31st March 2023.

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 loss of £17.465m for the year (2022: pre-tax profit of £1.404m). No dividends were paid or proposed in the year (2022: £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 2023. 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.

The financial statements on pages 11 to 20 were approved by the Board of Directors on 14th December 2023 and signed on its behalf by:

Kaushik De

Mr K De
Director
Registered Office:
18 Grosvenor Place
London
SW1X 7HS

18 December 2023

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.

Mr K De
Director
18 December 2023

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 2023 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, including 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 2023; 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.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Presentation of accounts and accounting policies to the financial statements concerning the company's ability to continue as a going concern.

The directors of Tata Steel UK Limited (TSUK), the company's direct parent, have concluded that there exists a material uncertainty that casts significant doubt over TSUK's ability to continue as a going concern, due to the underlying market and business conditions and the fact that the required financial support from Tata Steel Limited and the UK Government for the Electric Arc Furnace steelmaking facility of TSUK and the separate parental support letters are all non-binding and may not be adequate. In the event that TSUK ceased to be a going concern, the directors of the company are unable to predict the impact this would have on the company, as it is controlled by and conducts inter-related trading and other activity with TSUK. These conditions, along with the other matters explained in the Presentation of accounts and accounting policies to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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. 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 2023 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 Directors' responsibilities statement, 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 or management bias in accounting estimates, 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;
- Identifying and testing journal entries, in particular those that have unusual account combinations involving credits to the Income statement; 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.

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

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
- 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.

Bruan Treharne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
20 December 2023

F1. Income statement

For the financial year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Operating costs	1	**(19,586)**	(5)
(Loss) before interest		**(19,586)**	(5)
Finance Income	4	**2,121**	1,409
(Loss)/profit before taxation		**(17,465)**	1,404
Tax on (loss)/profit	5	**-**	-
(Loss)/profit for the financial year		**(17,465)**	1,404

All references to 2023 in the Financial Statements, the Presentation of Accounts and Accounting Policies and the related Notes 1 to 14 refer to the financial year ended 31 March 2023 or as at 31 March 2023 as appropriate (2022: the financial year ended 31 March 2022 or as at 31 March 2022).

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 2023	Note	2023 £'000	2022 £'000
Non-current assets			
Investments in subsidiary undertakings	6	**-**	18,838
Loans to parent and subsidiary undertakings	6	**39,615**	37,995
Current assets			
Debtors: amounts falling due within one year	7	**-**	247
Creditors: amounts falling due within one year	8	**(421)**	(421)
Net current liabilities		**(421)**	(174)
Total assets less current liabilities		**39,194**	56,659
Financial instruments	10	**(30,000)**	(30,000)
Net assets		**9,194**	26,659
Equity			
Called up share capital	11	**42,667**	42,667
Profit and loss account		**(33,473)**	(16,008)
Total Equity		**9,194**	26,659

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

Kaushik De

Mr K De
Director
18 December 2023
Cogent Power Limited
Registered No: 2642030

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 2023

	Share capital	Profit and loss account	Total capital & reserves
	£'000	£'000	£'000
Balance as at 1 April 2022	42,667	(16,008)	**26,659**
Loss for the year	-	(17,465)	**(17,465)**
Balance as at 31 March 2023	**42,667**	**(33,473)**	**9,194**

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**

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 2023, 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 direct parent company Tata Steel UK Limited ('TSUK'), are part of the Tata Steel Limited ('TSL') group. In previous years, as part of the wider TSL group, the TSUK has benefitted from significant financial support from its parent companies in order to settle historic financial indebtedness and to invest in working capital. This support included equity proceeds of £1,366m in 2021/22 and support in arranging bank finance facilities which TSUK either has direct access to or indirect access via other TSL group companies.

The Company has an inter-company loan receivable from TSUK which, as at 31 March 2023, had a carrying value of £23m.

TSUK ended the September 2023 quarter with a positive cash balance and unutilised financing facilities of £200m which, along with specific actions being taken to improve business performance, is expected to ensure that TSUK can manage the current economic downturn in the steel industry and the forecast cash outflows for the remainder of the financial year based on its current operational footprint. On 15 September 2023, Tata Steel UK Limited TSUK announced a joint agreement with the UK Government on a proposal to invest in state-of-the-art electric arc furnace ('EAF') steelmaking at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. As part of this joint agreement, TSL agreed that if the proposal proceeded, it would inject equity of at least £1,000m into TSUK in order to fund the remaining part of the capital cost not covered by the government grant and to cover certain restructuring costs which TSUK would be expected to incur as part of the proposed deep restructuring of its heavy end facilities in Port Talbot.

The financing facilities which TSUK has access to are not all committed facilities and TSUK's Revolving Credit Facility ('RCF') is due to expire in June 2024. As such, TSUK will, as a minimum, require additional forms of financial support to refinance or repay these facilities. In the event of a further severe but plausible downturn TSUK will also need further financial support in order to address any adverse impact on liquidity from March 2024 onwards. As TSUK is an integral part of the TSL Group, a non-binding letter of support has been provided by T S Global Holdings Pte Ltd ('TSGH'), a subsidiary of TSL, which confirms that TSGH will support the refinancing, or the repayment, of the RCF and a separate uncommitted bank facility. Furthermore, a non-binding letter of support has been provided by T S Global Procurement

('Proco'), a subsidiary of TSL, which provides TSUK with access to £300m of working capital support if required.

Funding for the proposed investment in the EAF is expected to be provided by a combination of TSL and the UK Government and funding for the assumed restructuring costs is forecast to be provided by TSL. Whilst both TSL and the UK Government have signed a term sheet setting out the details and confirming the commitments they intend to enter into if the proposal was to proceed, the proposal is currently non-binding until the time that all relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions have been completed.

Under all scenarios, the directors of TSUK believe that TSUK has access to adequate liquidity given the support undertakings provided by Proco and TSGH as described above and a reasonable prospect of securing the support of the UK Government and TSL in order to enable the execution of its decarbonisation strategy. However, the cyclical nature of the steel industry and the non-binding nature of the proposed EAF investment means that the financial projections of TSUK, and the effect on the liquidity of the UK Business, are difficult to predict with a high level of certainty.

For these reasons, the directors of TSUK have concluded that there exists a material uncertainty with respect to TSUK in relation to underlying market and business conditions which may negatively impact its operational cash requirements in the near term, the possibility that the proposed EAF investment may not proceed as it is currently non-binding on both the UK Government and TSL, and the non-binding nature of the support letters provided by Proco and TSGH. Such factors may cast significant doubt on TSUK's ability to continue as a going concern.

In the event that TSUK ceased to be a going concern, the directors of the Company are unable to predict the impact this may have on the Company as it is controlled by and conducts inter-related trading and other activity with TSUK. As a result of the situation concerning TSUK, the directors have concluded that there is a material uncertainty that casts significant doubt over the Company's ability to continue as a going concern. However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company were unable to continue as a going concern. In addition, if TSUK were not a going concern, adjustments might be required to the Company's financial statements, in particular to write down the carrying value of intercompany receivables with TSUK.

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. 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.

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*
IAS 37 (Amendments)	Onerous contracts – cost of fulfilling a contract	1 Jan 2022
IAS 16 (Amendments)	Proceeds before internal use	1 Jan 2022
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1 Jan 2022
IFRS 1, IFRS 9 illustrative Example 13 of IFRS 16 and IAS 41 (Amendments)	Annual improvements to IFRS Standards 2018-2022	1 Jan 2022**

** periods commencing on or after*
*** except for the amendment to IFRS 16 for which no effective date is stated as it regards only an illustrative example*

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.

For the financial year ended 31 March 2023

1. Operating costs

	2023 £'000	2022 £'000
Costs by type:		
Foreign exchange	**748**	37
Impairment of investments in subsidiaries (note 6)	**18,838**	-
Intercompany charges	**-**	(32)
	19,586	5

Audit fees for 2022-23 of £15k (2022: £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 FY22/23 are nil (2022: nil).

3. Employees

The Company has no employees. No director received any remuneration during the year in respect of their services to the Company (2022: nil).

4. Finance Income

	2023 £'000	2022 £'000
Interest received from parental loan	**1,389**	1,059
Interest received from subsidiary undertaking loan	**732**	350
	2,121	1,409

5. Tax on (loss)/profit

	2023 £'000	2022 £'000
Current year tax charge	**-**	-

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

	2023 £'000	2022 £'000
(Loss)/profit before taxation	**(17,465)**	1,404
(Loss)/profit multiplied by the standard corporation tax rate of 19% (2022: 19%)	**(3,318)**	267
Effects of:		
Non-deductible costs	**3,579**	-
Group relief surrendered free of charge	**(261)**	(267)
	-	-

The corporation tax rate for the year was 19% (2022: 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 2022	21,848	69,994	**91,842**
Additions	-	3,619	**3,619**
Repayments	-	(1,998)	**(1,998)**
Cost as at 31 March 2023	**21,848**	**71,615**	**93,463**
Impairment as at 1 April 2022	3,010	**32,000**	**35,010**
Charge during the year	18,838	-	**18,838**
Impairment as at 31 March 2023	**21,848**	**32,000**	**53,848**
Net book value at 31 March 2023	**-**	**39,615**	**39,615**
Net book value at 31 March 2022	**18,838**	**37,995**	**56,832**

(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 11.7% (2022:9.3%). 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 as at 31 March 2023 resulted in recoverable value being lower than the carrying value of investments held by Cogent Power Ltd in Surahammars, therefore, resulting in a full impairment of £18.838m (2022: nil).

(ii) Included above are loans to the parent (TSUK), as at 31 March 2023 of £ 23.256m (2022: £25.254m) which are interest bearing but have no fixed repayment date and loans to the Swedish Subsidiary of £16.360m (2022: £12.741m) which are interest bearing but have no fixed repayment date.

7. Debtors: amounts falling due within one year

As at 31 March	**2023 £'000**	2022 £'000
Amounts owed by parent undertakings	-	247
	-	247

8. Creditors: amounts falling due within one year

As at 31 March	**2023 £'000**	2022 £'000
Amounts owed to group companies	**421**	421
	421	421

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, Surahammars.

The Company has provided a guarantee with respect to the subsidiary's pension scheme. There exists an obligation for the Company to settle the pension deficit in such circumstances where the subsidiary itself, if required to do so, is unable to fulfil this obligation. The guarantee was renewed in February 2021. 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

As at 31 March	2023 £'000	2022 £'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	2023 £'000	2022 £'000
180,000,000 ordinary shares of 25p each (2022: 180,000,000 ordinary shares of 25p each)	**45,000**	45,000

Allotted, called up and fully paid	2023 £'000	2022 £'000
170,667,600 ordinary shares of 25p each (2022: 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.

14. Subsidiaries

The subsidiary undertakings of the Company at 31 March 2023 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) (ii)	Teneo Financial Advisory 156 Great Charles Street Queensway Birmingham B3 3HN

Classification Key :
(i)Ordinary Shares
(ii)Currently in liquidation via a members voluntary liquidation

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

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