

UK STEEL ENTERPRISE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2008

Registered number 535960

WEDNESDAY



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UK STEEL ENTERPRISE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 MARCH 2008

1 Financial Statements

The directors submit herewith the audited financial statements of the Company for the period ended 29 March 2008. In line with its ultimate parent company, the Company has changed the accounting period end from December to March and so these financial statements cover a fifteen month period. The Company is a subsidiary of Tata Steel Limited.

2 Principal Activities

The principal objective of the Company is to assist in the regeneration of those areas of the United Kingdom which have been affected by changes in the steel industry. The Company seeks to achieve this by encouraging the creation and growth of small and medium sized businesses which can provide new employment opportunities in these areas.

The principal activities of the Company are the provision of risk finance and premises to businesses which can demonstrate growth potential. The Company also provides support to selected business support agencies and initiatives.

3 Review of Operations and Future Developments

The property portfolio performed well over the period with an average occupancy level of 91%.

Lending and investment disbursement levels remained at similar levels to recent years. During the period the company benefited from a number of share realisations along with enhanced dividend receipts, all contributing to a strong operating profit.

During the previous period, the majority of the funds management contracts undertaken by the Company's subsidiary companies came to an end. Consequently there has been very little income from group management charges this period.

The level of business and the period end financial position are considered to be satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

4 Results and Dividends

The Company recorded a profit in the 15 month period of £1,443,764 (12 months to 30 December 2006 £534,316) as set out in the profit and loss account on page 5. Because of the nature of the Company's activities it is the Board's policy not to make distributions to shareholders. Accordingly the directors do not recommend the payment of a dividend (30 December 2006 £nil).

5 Fixed Assets

In the opinion of the directors, the market value of land and buildings is not significantly different from the book value at which these properties are included in the balance sheet. None of these properties are held for their investment potential.

6 Directors

The following directors all served throughout the period:

Mr A J Johnston
Mr S R Green
Mr V J Smith
Lord Brookman
Mr A V L Williams
Mr C D Gardner
Mr M J Leahy

UK STEEL ENTERPRISE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 MARCH 2008

7 Risk Management

The company's risk management policy is detailed in note 20 to the financial statements

8 Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

9 Auditors

PricewaterhouseCoopers LLP will resign as auditors and a resolution will be proposed to appoint Deloitte & Touche LLP as auditors to the Company. Deloitte & Touche LLP are the auditors of the ultimate parent company, Tata Steel Limited.

By Order of the Board



R Thomas
Secretary
2 September 2008

The Innovation Centre
217 Portobello
Sheffield S1 4DP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UK STEEL ENTERPRISE LIMITED

We have audited the financial statements of UK Steel Enterprise Limited for the period ended 29 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 March 2008 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Sheffield

8 September 2008

UK STEEL ENTERPRISE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 29 MARCH 2008**

		15 month Period ended 29 Mar 2008	12 month Period ended 30 Dec 2006
	Notes	£	£
Turnover	1(h)	3,471,724	2,661,585
Other operating income	2	614,231	900,698
Staff costs	5	(1,599,591)	(1,458,246)
Depreciation		(669,183)	(535,131)
Other operating charges		(2,038,127)	(1,740,315)
Movement in fair values of loans and receivables	10	12,863	(533,527)
Movement in fair values of equity investments	10	682,160	151,372
Operating profit / (loss)	3	474,077	(553,564)
Profit on disposal of fixed assets		-	522,578
Other interest receivable and similar income	4	969,687	565,302
Profit on ordinary activities before taxation		1,443,764	534,316
Taxation	6	-	-
Profit on ordinary activities after taxation	17	1,443,764	534,316

All items dealt with above relate to continuing operations

The company has no recognised gains and losses other than the gains shown above and therefore no separate statement of total recognised gains and losses has been presented

UK STEEL ENTERPRISE LIMITED

**BALANCE SHEET
AS AT 29 MARCH 2008**

		29 Mar 2008	30 Dec 2006
	<u>Notes</u>	<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible assets	8	9,400,340	9,890,268
Financial assets			
- Unquoted equity investments	10	950,219	938,132
- Loans and receivables	10	2,990,673	3,076,891
Investment in subsidiary undertaking	9	35,000	10,000
		<u>13,376,232</u>	<u>13,915,291</u>
CURRENT ASSETS			
Debtors	11	17,408,846	15,716,783
Cash at bank and in hand		1,158,730	1,164,474
		<u>18,567,576</u>	<u>16,881,257</u>
CREDITORS amounts falling due within 1 year	12	<u>(796,543)</u>	<u>(1,020,942)</u>
NET CURRENT ASSETS		<u>17,771,033</u>	<u>15,860,315</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,147,265</u>	<u>29,775,606</u>
CREDITORS amounts falling due after more than 1 year	13	<u>(10,000,000)</u>	<u>(10,000,000)</u>
ACCRUALS AND DEFERRED INCOME	14	<u>(1,012,744)</u>	<u>(1,084,849)</u>
		<u>20,134,521</u>	<u>18,690,757</u>
CAPITAL AND RESERVES			
Called up share capital	16	10,000,100	10,000,100
Profit and loss account	17	10,134,421	8,690,657
EQUITY SHAREHOLDERS' FUNDS	18	<u>20,134,521</u>	<u>18,690,757</u>

The financial statements on pages 5 to 17 were approved by the board of directors on 2 September 2008 and were signed on its behalf by -



S R Green
Director

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 29 MARCH 2008

1 STATEMENT OF ACCOUNTING POLICIES

A summary of the more important accounting policies which have been applied consistently is set out below -

(a) **Basis of Preparation of the Financial Statements**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and financial instruments and in accordance with applicable Accounting Standards in the United Kingdom

The financial statements contain information about UK Steel Enterprise Limited as an individual company and do not contain consolidated financial information as parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Tulip UK Holdings (No 1) Limited, a company registered in England and Wales

(b) **Financial Period**

These financial statements have been prepared for the 65 weeks from 31 December 2006 to 29 March 2008

(c) **Tangible Fixed Assets**

All fixed assets are recorded at cost less accumulated depreciation and any impairment loss. Cost is purchase cost together with any incidental expenses of acquisition

(d) **Depreciation**

Depreciation is provided so as to write off the cost of tangible fixed assets on a straight line basis, over their estimated remaining useful lives

The principal annual rates used for this purpose are

	%
Freehold land	-
Freehold buildings	4
Leasehold property	4
Assets under construction	-
Equipment	10 - 33

(e) **Government and European Grants**

In accordance with SSAP 4 (Revised) government grants and other capital grants received and receivable are credited to deferred income and are released to the profit and loss account over the estimated useful lives of the assets to which they relate. In the exceptional circumstances where grant funding is made available, usually from European Union funds, to enable the construction of a building which has a lower net realisable value than purchase price or production cost, the release of the grant to the profit and loss account is accelerated up to a maximum of any impairment loss

(f) **Financial Assets**

In accordance with FRS 26 "Financial Instruments recognition and measurement" all equity investments are designated to be assets at fair value through the profit and loss account and subsequently carried in the balance sheet at fair value. Investments in fixed income preference shares and loans are classified as loans and receivables and are subsequently carried at amortised cost less impairment. All investments are initially recognised at the fair value of the consideration given and held at this value until it is appropriate to measure fair value on a different basis. Investments in subsidiaries are accounted for at cost less any provision for impairment.

Income from loans and receivables is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts the future cash flows through the expected life of the financial asset to that asset's carrying value. Dividends from equity investments are recognised when they are received.

(g) **Pensions**

The Company contributes to a group pension scheme operated by Corus UK Limited. Since the Company is unable to identify its share of the assets and liabilities of the scheme on a consistent and reasonable basis, pension obligations are accounted for on a defined contribution basis as a multi-employer scheme in accordance with FRS 17.

(h) **Turnover**

Turnover comprises amounts due from workshop tenants for property rentals, licence fees and services provided (gas, electricity, rates etc) and is recognised as it arises.

(i) **Deferred Taxation**

The company has adopted FRS 19 "Deferred Tax", which requires full provision to be made for deferred tax arising from timing differences between the recognised gains and losses in the financial statements and their recognition in tax computations.

(j) **Operating Leases**

Rentals paid in respect of operating leases are charged to the profit and loss account as incurred. The Company does not have any finance leases.

(k) **Cash Flow Statement**

A cash flow statement has not been prepared on the grounds that the Company is a wholly owned subsidiary of Tulip UK Holdings (No 1) Limited, which presents a consolidated cash flow statement in its financial statements in accordance with Financial Reporting Standard Number 1.

(l) **Related Party Transactions**

In accordance with the exemption allowed by FRS 8 "Related Party Transactions", transactions with Tata Steel Limited and fellow subsidiary undertakings are not disclosed.

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 29 MARCH 2008

2	<u>OTHER OPERATING INCOME</u>	15 month Period ended 29 Mar 2008	12 month Period ended 30 Dec 2006
		£	£
	Dividends received from equity investments	170,065	65,875
	Income from loans and receivables	351,639	280,688
	Software license fees	2,172	1,024
	Monitoring and arrangement fees	16,500	10,600
	Group management charges	1,750	472,171
	Amortisation of grant income (note 14)	72,105	70,340
		614,231	900,698
		614,231	900,698
		614,231	900,698
3	<u>OPERATING PROFIT / (LOSS)</u>	15 month Period ended 29 Mar 2008	12 month Period ended 30 Dec 2006
		£	£
	Operating profit / (loss) is stated after charging		
	Depreciation of tangible fixed assets		
	- owned assets	669,183	535,131
	Auditors' remuneration for		
	- audit	11,687	10,600
	- other services	4,750	6,700
	Hire of machinery and equipment - operating leases	67,388	64,169
	Loss on disposals of fixed assets	1,310	-
	Redundancy costs	-	18,063
		669,183	535,131
		669,183	535,131
		669,183	535,131
4	<u>OTHER INTEREST RECEIVABLE AND SIMILAR INCOME</u>	15 month Period ended 29 Mar 2008	12 month Period ended 30 Dec 2006
		£	£
	Group interest	908,560	532,074
	Bank interest	60,441	32,965
	Other interest	686	263
		969,687	565,302
		969,687	565,302
		969,687	565,302

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 29 MARCH 2008

5 EMPLOYEE INFORMATION

	15 month Period ended 29 Mar 2008	12 month Period ended 30 Dec 2006
	<u>£</u>	<u>£</u>
Wages and salaries	1,328,978	1,256,880
Social security costs	130,982	124,604
Other pension costs	139,631	76,762
	<u>1,599,591</u>	<u>1,458,246</u>

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

	15 month Period ended 29 Mar 2008	12 month Period ended 30 Dec 2006
	<u>Number</u>	<u>Number</u>
Administration	<u>28</u>	<u>31</u>

6 TAXATION

	15 month Period ended 29 Mar 2008	12 month Period ended 30 Dec 2006
	<u>£</u>	<u>£</u>
Current tax	<u>-</u>	<u>-</u>

The current tax reconciles with the standard rate of corporation tax as follows

Profit on ordinary activities before tax	<u>1,443,764</u>	<u>534,316</u>
Profit on ordinary activities multiplied by standard rate in the UK 30% (30 Dec 2006 30%)	433,129	160,295
Temporary timing differences between taxable and accounting profit		
Accelerated capital allowances	86,266	61,823
Other timing differences	13,601	(20,643)
Losses brought forward and utilised	(253,022)	(133,269)
Permanent differences	(279,974)	(68,206)
	<u>-</u>	<u>-</u>

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 29 MARCH 2008

7 DIRECTORS' EMOLUMENTS

	15 month Period ended 29 Mar 2008	12 month Period ended 30 Dec 2006
	£	£
Aggregate emoluments	169,018	137,355

During the period 2 (30 December 2006 - 2) directors exercised options over 50p shares in Corus Group plc

Retirement benefits are accruing to 1 (30 December 2006 - 1) director under the British Steel Pension Scheme defined benefit scheme

The emoluments of Mr Gardner are paid by an intermediate parent company. His services to UK Steel Enterprise Limited are of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to the parent company. Accordingly, the above details include no emoluments in respect of Mr Gardner.

8 TANGIBLE FIXED ASSETS

	Long Leasehold Buildings	Freehold Land and Buildings	Assets under Construction	Equipment	Total
	£	£	£	£	£
<u>COST</u>					
At 31 December 2006	8,398,660	8,327,577	-	227,486	16,953,723
Additions	44,379	-	114,193	20,683	179,255
Disposals	-	-	-	(16,864)	(16,864)
At 29 March 2008	8,443,039	8,327,577	114,193	231,305	17,116,114
<u>DEPRECIATION</u>					
At 31 December 2006	(2,934,719)	(3,965,561)	-	(163,175)	(7,063,455)
Charge for period	(343,076)	(290,307)	-	(35,800)	(669,183)
Disposals	-	-	-	16,864	16,864
At 29 March 2008	(3,277,795)	(4,255,868)	-	(182,111)	(7,715,774)
<u>NET BOOK VALUE</u>					
At 29 March 2008	5,165,244	4,071,709	114,193	49,194	9,400,340
At 30 December 2006	5,463,941	4,362,016	-	64,311	9,890,268

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 29 MARCH 2008

9 INVESTMENT IN SUBSIDIARY UNDERTAKING

	<u>£</u>
Cost and net book value at 31 December 2006	10,000
Additions	25,000
Cost and net book value at 29 March 2008	<u>35,000</u>

During the period, the Company subscribed for a further £25,000 in ordinary share capital in the existing wholly owned subsidiary UKSE Fund Managers Limited

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

	<u>Profit for the period ended 29 Mar 2008 £</u>	<u>Net Assets as at 29 Mar 2008 £</u>
UKSE Fund Managers Limited (wholly owned)	1,874	44,912
UKSE Fund Managers (General Partner) Limited (wholly owned by UKSE Fund Managers Limited)	-	1

10 FINANCIAL ASSETS

	<u>Unquoted equity investments £</u>	<u>Loans and receivables £</u>	<u>Total £</u>
At 31 December 2006	938,132	3,076,891	4,015,023
Additions	164,722	2,295,189	2,459,911
Disposals, repayments and recoveries	(834,795)	(2,394,270)	(3,229,065)
Revaluations of equity investments	682,160	-	682,160
Movement in the fair values of loans and receivables	-	12,863	12,863
At 29 March 2008	<u>950,219</u>	<u>2,990,673</u>	<u>3,940,892</u>

The directors are of the opinion that the number of undertakings in respect of which the Company is required to disclose information under Schedule 5 of the Companies Act 1985 is such that compliance would result in information of excessive length being given. In accordance with section 231 of that Act all such information will be annexed to the Company's next annual return

11 DEBTORS

	<u>29 Mar 2008 £</u>	<u>30 Dec 2006 £</u>
Amounts owed by group undertakings	17,299,825	15,576,986
Prepayments and accrued income	62,573	88,388
Other debtors	46,448	51,409
	<u>17,408,846</u>	<u>15,716,783</u>

Amounts owed by group undertakings are unsecured, earn interest at Bank of England base rates minus 1%, have no fixed date of repayment and are repayable upon demand

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 29 MARCH 2008

12 CREDITORS - Amounts falling due within one year

	29 Mar 2008	30 Dec 2006
	<u>£</u>	<u>£</u>
Trade creditors	58,500	94,289
Amounts owed to group undertakings	1	1
Other tax and social security	53,720	58,975
Deposits held	416,967	386,575
Other creditors	267,355	481,102
	<u>796,543</u>	<u>1,020,942</u>

13 CREDITORS – amounts falling due after more than one year

	29 Mar 2008	30 Dec 2006
	<u>£</u>	<u>£</u>
Amounts owed to group undertakings	<u>10,000,000</u>	<u>10,000,000</u>

Amounts owed to group undertakings represent a non interest bearing loan from Corus UK Limited, the immediate parent company of UK Steel Enterprise Limited, which only becomes repayable upon the sale, liquidation or winding up of the Company

14 ACCRUALS AND DEFERRED INCOME

	29 Mar 2008	30 Dec 2006
	<u>£</u>	<u>£</u>
Government, European Union and other capital grants		
Opening deferred income	1,084,849	1,155,189
Transfer to profit and loss account (note 2)	(72,105)	(70,340)
	<u>1,012,744</u>	<u>1,084,849</u>
Closing deferred income		

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 29 MARCH 2008

15 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

Deferred taxation is provided in the financial statements in accordance with the Company's accounting policy described in note 1(i)

	Accelerated tax depreciation	Pension	Other	Total
	£	£	£	£
2008				
At beginning of period	251,825	-	(251,825)	-
(Charge)/credit to profit and loss account	(171,728)	-	171,728	-
	80,097	-	(80,097)	-
2006				
At beginning of period	262,613	(31,431)	(231,182)	-
(Charge)/credit to profit and loss account	(10,788)	31,431	(20,643)	-
	251,825	-	(251,825)	-

A deferred tax asset is not recognised in respect of accelerated capital allowances of £1,183,915 (30 December 2006 £343,007) and tax losses of £2,607,356 (30 December 2006 £3,452,942) due to the uncertainty of utilisation

16 SHARE CAPITAL

	29 Mar 2008	30 Dec 2006
	£	£
Authorised Ordinary shares of £1 each	12,000,000	12,000,000
Allotted, called up and fully paid Ordinary shares of £1 each	10,000,100	10,000,100

17 RESERVES

	Profit & Loss Account
	£
At 30 December 2006	8,690,657
Retained profit for the financial period	1,443,764
At 29 March 2008	10,134,421

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 29 MARCH 2008

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	15 month period ended 29 Mar 2008	12 month period ended 30 Dec 2006
	£	£
Profit for the financial period	1,443,764	534,316
Net increase in shareholders' funds	1,443,764	534,316
Opening shareholders' funds	18,690,757	18,156,441
Closing shareholders' funds	20,134,521	18,690,757

19 PENSIONS

The Company participates in the British Steel Pension Scheme, a group pension scheme operated by Corus UK Limited. This is a defined benefit scheme providing benefits based on final pay and service at retirement. The scheme is operated under trust and its assets are invested independently of the group.

The pension costs to the Company for the period ended 29 March 2008 amounted to £139,631 (30 December 2006 £76,762). Since the company is unable to identify its share of the underlying assets and liabilities in the British Steel Pension Scheme on a consistent and reasonable basis, pension obligations are accounted for as multi employer under FRS17. Full disclosures are provided in the financial statements of Corus UK Limited.

Since 1 April 2006 UK Steel Enterprise Limited, along with other participating employers, was contributing 10% of pensionable salary into the scheme. With effect from 1 April 2007 these contributions increased to 12%.

20 FINANCIAL RISK MANAGEMENT

Credit risk The Company's financial assets are predominantly unsecured investments in unquoted small and medium sized companies, in which the Directors consider the maximum credit risk to be the carrying value of the asset. The portfolio is well diversified and so the credit risk is managed on an individual asset basis.

Liquidity risk During the financial period the Company generated a cash surplus before administration costs of £1,314,000 (2006 £622,000) from its investing activities and at the end of the period it had resources, via a facility with its parent company, of £17m (2006 £16m). The Directors' currently view liquidity risk as low.

Price risk The valuation of unquoted investments depends upon a combination of market factors and the performance of the underlying asset. The Company does not hedge the market risk inherent in the portfolio but manages asset performance on an asset specific basis.

Currency risk The Company invests in UK based companies and deals solely in sterling. Consequently there is no currency risk.

Interest rate risk The Company invests almost entirely in fixed rate assets being funded solely from shareholders' funds. The Company does not actively manage its interest rate risk.

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 29 MARCH 2008

All loans and receivables held by the Company earn fixed interest rates and are being serviced by regular periodic interest and capital payments. The table below provides a breakdown of these assets by interest rate and the year in which in the final repayment is scheduled to be made

At 29 Mar 2008						
	1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Interest rate	£'000	£'000	£'000	£'000	£'000	£'000
7.50%	105	304	202	172	-	783
8.00%	124	314	642	604	-	1,684
8.25%	-	-	83	-	-	83
8.50%	-	39	296	45	-	380
16.00%	-	61	-	-	-	61
	229	718	1,223	821	-	2,991

At 30 Dec 2006						
	1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Interest rate	£'000	£'000	£'000	£'000	£'000	£'000
7.25%	8	-	-	-	-	8
7.50%	148	324	715	74	427	1,688
8.00%	156	347	240	216	170	1,129
8.50%	47	15	-	82	-	144
10.00%	-	10	-	-	-	10
16.00%	-	-	98	-	-	98
	359	696	1,053	372	597	3,077

21 CONTINGENT LIABILITIES AND COMMITMENTS

	29 Mar 2008	30 Dec 2006
	£	£
(a) Loans and investments in share capital committed but not paid	955,000	435,000
(b) Leasing commitments		
The annual commitments under operating leases are analysed according to the period in which each lease expires, as follows		
Motor vehicles, leases expiring within 1 year	16,859	8,981
Motor vehicles, leases expiring within 2-5 years	41,522	48,372
	58,381	57,353
(c) Third party loans guaranteed	30,000	30,000

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 29 MARCH 2008

22 RING-FENCED FUNDS

Within current assets there are European Regional Development Fund grant assisted investment funds which have been set up for investments in specific areas of the United Kingdom. Under the terms of the different schemes these funds are ring fenced for investment in accordance with the scheme rules. The totals of these funds as at the period end are as shown below

	29 Mar 2008	30 Dec 2006
	<u>£</u>	<u>£</u>
Yorkshire and Humberside Enterprise Fund	1,034,888	977,696
South Wales Technology and Enterprise Fund	243,143	280,906
North of England Venture Capital Fund	265,351	256,410
	<u>1,543,382</u>	<u>1,515,012</u>

23 ULTIMATE PARENT COMPANY

The ultimate parent company is Tata Steel Limited, a company incorporated in India

Tata Steel Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Tata Steel Limited are available from Bombay House, 24, Homi Mody Street, Mumbai - 400 001, India

Tulip UK Holdings (No. 1) Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements