

UK STEEL ENTERPRISE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 MARCH 2013

Registered number 535960

THURSDAY



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COMPANIES HOUSE

UK STEEL ENTERPRISE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 MARCH 2013

1 Financial Statements

The directors submit herewith the audited financial statements of the Company for the 52 week period ended 30 March 2013. 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 Business Review

The average occupancy at the Company's properties increased year on year with an average rate of 86% produced for the current period (31 March 2012 81%). As a consequence the Company's turnover has increased to £2,733,879 (31 March 2012 £2,621,915).

The investment business generated a surplus in the period of £158,517 (31 March 2012 £184,791) being income net of any movements in the impairments of loans and receivables and the valuations of equity investments. Income was £15,697 higher with increased dividend receipts of £148,401 (31 March 2012 £108,121) but decreased monitoring and arrangement fees of £9,060 (31 March 2012 £31,000). Equity investments were devalued by £114,400 in the period (31 March 2012 Increase of £169,987) reflecting deteriorating trading conditions for a small number of investee companies. This compares adversely with the previous period when there were 2 realisations. The charge for impairments of loans and receivables was lower than in the previous period at £194,263 (31 March 2012 £436,679). The Company has funds invested in financial assets totalling £5,036,797 (31 March 2012 £5,210,744).

On 23 November 2012, Tata Steel Europe Ltd announced restructuring proposals to improve the competitiveness of its UK operations so they can successfully perform in changing markets. Subject to full and formal consultation, the proposals were expected to lead to a net loss of 900 jobs in the UK, including 580 in South Wales, 155 in Yorkshire, 120 in the West Midlands and 30 in Teesside. As a consequence the Company has implemented a number of support programmes during the period towards which the parent company has provided an additional £650,000 of financial support in the form of a capital contribution.

The level of business and the period end financial position are considered to be satisfactory.

4 Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

5 Results and Dividends

The Company recorded a loss of £1,071,773 (31 March 2012 £769,301) as set out in the profit and loss account on page 6. 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 (31 March 2012 £nil). During the year the company made charitable donations of £75,127 (31 March 2012 £86,938) to various local charities.

UK STEEL ENTERPRISE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 MARCH 2013

6 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.

7 Directors

The following directors all served throughout the period and subsequently except where indicated:

Mr A J Johnston
Mr S R Green
Lord Brookman
Mr A V L Williams
Mr M J Leahy
Mr C L Harvey
Mr P R Martin

8 Risk Management

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

9 Supplier Payment Policy

The Company's policy is to settle terms of payment with suppliers when agreeing terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 30 March 2013 were equivalent to 6 (31 March 2012: 12) days' purchases, based on the average daily amount invoiced by suppliers during the period.

10 Directors' Responsibilities Statement

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). Under company law the 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 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.

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

UK STEEL ENTERPRISE LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 MARCH 2013**

11 Auditor

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Relevant information is defined as information needed by the company's auditor in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditor and any other steps required by the directors' 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 auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By Order of the Board



R Thomas

Secretary

20 June 2013

The Innovation Centre
217 Portobello
Sheffield S1 4DP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UK STEEL ENTERPRISE LIMITED

We have audited the financial statements of UK Steel Enterprise Limited for the 52 week period ended 30 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 March 2013 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Christopher Powell FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds

25 June 2013

UK STEEL ENTERPRISE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 MARCH 2013**

		Period ended 30 Mar 2013	Period ended 31 Mar 2012
	Notes	£	£
Turnover	1(i)	2,733,879	2,621,915
Other operating income	2	519,720	1,556,662
Staff costs	5	(1,289,159)	(1,331,133)
Depreciation	8	(676,898)	(673,441)
Impairment loss	8	-	(1,028,296)
Other operating charges		(2,092,207)	(2,191,612)
Movement in valuations of loans and receivables	10	(194,263)	(436,679)
Revaluations of equity investments	10	(114,400)	169,987
Operating loss	3	(1,113,328)	(1,312,597)
Profit on disposal of fixed assets	8	-	543,296
Other interest receivable and similar income	4	41,555	-
Loss on ordinary activities before taxation		(1,071,773)	(769,301)
Taxation	6	-	-
Loss ordinary activities after taxation	17/18	(1,071,773)	(769,301)

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 30 MARCH 2013**

		30 Mar 2013	31 Mar 2012
	Notes	£	£
FIXED ASSETS			
Tangible assets	8	11,283,267	11,872,905
Financial assets			
- Unquoted equity investments	10	1,333,884	1,290,997
- Loans and receivables	10	3,702,913	3,919,747
Investment in subsidiary undertaking	9	35,000	35,000
		16,355,064	17,118,649
CURRENT ASSETS			
Debtors	11	11,879,873	11,606,404
Cash at bank and in hand		1,514,956	1,606,442
		13,394,829	13,212,846
CREDITORS amounts falling due within 1 year	12	(1,269,917)	(1,378,366)
NET CURRENT ASSETS		12,124,912	11,834,480
TOTAL ASSETS LESS CURRENT LIABILITIES		28,479,976	28,953,129
ACCRUALS AND DEFERRED INCOME	13	(852,385)	(903,675)
NET ASSETS		27,627,591	28,049,454
CAPITAL AND RESERVES			
Called up share capital	15	10,000,100	10,000,100
Capital Contribution	16	10,650,000	10,000,000
Profit and loss account	17	6,977,491	8,049,264
SHAREHOLDERS' FUNDS	18	27,627,591	28,049,364

The financial statements of the company, registered number 535960, on pages 6 to 18 were approved by the board of directors on 20 June 2013 and were signed on its behalf by -



S R Green
Director

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

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 400 of the Companies Act 2006 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, Tata Steel Europe Limited, a company registered in England and Wales

(b) **Financial Period**

These financial statements have been prepared for the 52 weeks from 1 April 2012 to 30 March 2013

(c) **Going Concern**

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2

The company meets its day to day working capital requirements through the reserves held under a group banking facility managed by its intermediate parent company, Tata Steel UK Limited. The directors have reviewed forecasts and projections for the following 12 month period which reflect the uncertain current economic environment. The company's forecasts and projections show that they should be able to operate within the current facilities

After making enquiries, the directors have a reasonable expectation that the company has adequate reserves to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

(d) **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

(e) **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

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

STATEMENT OF ACCOUNTING POLICIES (continued)

(f) **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.

(g) **Financial Assets**

In accordance with FRS 26 "Financial Instruments: recognition and measurement" all equity investments are designated to be assets at fair value through profit or loss 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 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.

(h) **Pensions**

The Company contributes to a group pension scheme operated by Tata Steel 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.

(i) **Turnover**

Turnover is stated net of VAT and comprises amounts due from workshop tenants for property rentals, licence fees and services provided (gas, electricity, rates etc) and is recognised as it arises. Turnover is wholly attributable to trading in the United Kingdom.

(j) **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet dates. Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(k) **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.

(l) **Cash Flow Statement**

A cash flow statement has not been prepared on the grounds that the Company is a wholly owned subsidiary of Tata Steel Europe Limited, which presents a consolidated cash flow statement in its financial statements in accordance with Financial Reporting Standard Number 1.

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

STATEMENT OF ACCOUNTING POLICIES (continued)

(m) 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

2 OTHER OPERATING INCOME

	Period ended 30 Mar 2013	Period ended 31 Mar 2012
	£	£
Dividends received from equity investments	148,401	108,121
Income from loans and receivables	309,719	312,362
Monitoring and arrangement fees	9,060	31,000
Group management charges	1,250	-
Amortisation of grant income (note 13)	51,290	1,105,179
	519,720	1,556,662

3 OPERATING LOSS

	Period ended 30 Mar 2013	Period ended 31 Mar 2012
	£	£
Operating loss is stated after charging		
Depreciation of tangible fixed assets		
- owned assets	676,898	673,441
Auditor's remuneration for		
- fees payable to the Company's auditor for the audit of the Company's financial statements	6,500	6,500
- other services	4,000	5,482
Hire of motor vehicles - operating leases	42,555	40,325
Redundancy costs	-	50,000
Impairment loss	-	1,028,296

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 30 Mar 2013	Period ended 31 Mar 2012
	£	£
Group interest	41,555	-

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

5 EMPLOYEE INFORMATION

	Period ended 30 Mar 2013	Period ended 31 Mar 2012
	<u>£</u>	<u>£</u>
Wages and salaries	1,060,688	1,107,637
Social security costs	101,447	103,212
Other pension costs	127,024	120,284
	<u>1,289,159</u>	<u>1,331,133</u>

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

	Period ended 30 Mar 2013	Period ended 31 Mar 2012
	<u>Number</u>	<u>Number</u>
Administration	<u>27</u>	<u>26</u>

6 TAXATION

	Period ended 30 Mar 2013	Period ended 31 Mar 2012
	<u>£</u>	<u>£</u>
Current tax	<u>-</u>	<u>-</u>

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

Loss on ordinary activities before tax	<u>(1,071,773)</u>	<u>(769,301)</u>
Loss on ordinary activities multiplied by standard rate in the UK at 24% (2012 26%)	(257,226)	(200,018)
Temporary timing differences between taxable and accounting profit	(29,550)	(39,765)
Accelerated capital allowances	36,303	(28,233)
Other timing differences	88,744	256,749
Unrecognised tax losses carried forward	161,729	11,267
Permanent differences	<u>-</u>	<u>-</u>

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

7 DIRECTORS' EMOLUMENTS

	Period ended 30 Mar 2013	Period ended 31 Mar 2012
	<u>£</u>	<u>£</u>
Aggregate emoluments	<u>154,015</u>	<u>151,650</u>

Retirement benefits are accruing to 1 (31 March 2012 1) director under the British Steel Pension Scheme defined benefit scheme

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

8 TANGIBLE FIXED ASSETS

	Long Leasehold Buildings	Freehold Land and Buildings	Equipment	Total
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>COST</u>				
At 1 April 2012	12,259,675	10,991,349	346,191	23,597,215
Additions	-	76,330	10,930	87,260
Disposals	-	-	(63,195)	(63,195)
At 30 March 2013	<u>12,259,675</u>	<u>11,067,679</u>	<u>293,926</u>	<u>23,621,280</u>
<u>DEPRECIATION</u>				
At 1 April 2012	(5,486,335)	(5,929,647)	(308,328)	(11,724,310)
Charge for period	(371,298)	(284,762)	(20,838)	(676,898)
Disposals	-	-	63,195	63,195
At 30 March 2013	<u>(5,857,633)</u>	<u>(6,214,409)</u>	<u>265,971</u>	<u>(12,338,013)</u>
<u>NET BOOK VALUE</u>				
At 30 March 2013	<u>6,402,042</u>	<u>4,853,270</u>	<u>27,955</u>	<u>11,283,267</u>
At 31 March 2012	<u>6,773,340</u>	<u>5,061,702</u>	<u>37,863</u>	<u>11,872,905</u>

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

9 INVESTMENT IN SUBSIDIARY UNDERTAKING

	£
Cost and net book value at 1 April 2012 and 30 March 2013	35,000

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

	Profit for the period ended 30 Mar 2013 £	Net Assets as at 30 Mar 2013 £
UKSE Fund Managers Limited (wholly owned)	-	45,956
UKSE Fund Managers (General Partner) Limited (wholly owned by UKSE Fund Managers Limited)	-	1

UKSE Fund Managers Limited provides fund management services
UKSE Fund Managers (General Partner) Limited is dormant

10 FINANCIAL ASSETS

	Unquoted equity investments £	Loans and receivables £	Total £
At 1 April 2012	1,290,997	3,919,747	5,210,744
Additions	157,287	1,965,135	2,122,422
Disposals, repayments and recoveries	-	(1,987,706)	(1,987,706)
Revaluations of equity investments	(114,400)	-	(114,400)
Movement in the fair values of loans and receivables	-	(194,263)	(194,263)
At 30 March 2013	1,333,884	3,702,913	5,036,797

Those investments in which the company holds 20% or more of the nominal value of any class of share are detailed below. All of these investments are in companies that are incorporated in the United Kingdom

Company Name	Class of share held	Proportion of nominal value of class held
Abbeyle Food Group Ltd	Preferred ordinary	100 0%
ACM Bearings Ltd	Ordinary	31 1%
Airframe Components Europe Ltd	Preferred ordinary	50 0%
Airframe Components Europe Ltd	Preference	50 0%
Anotek Ltd	Preferred ordinary	100 0%
Bolton Surgical Ltd	Preferred ordinary	100 0%
Camal Enterprises Ltd	Preferred ordinary	100 0%
Cygnat Solutions Ltd	Preferred ordinary	100 0%
Energy Maintenance Company Ltd	Preferred ordinary	100 0%
Fame Solutions Ltd	Preferred ordinary	100 0%
Fuellink Holdings (Scotland) Ltd	Preferred ordinary	100 0%
Global Integrated Solutions Ltd	Preferred ordinary	50 0%
Global Integrated Solutions Ltd	Preference	50 0%
Hardmetal Products Ltd	Preferred ordinary	100 0%
Hartlepool Investments Ltd	Preferred ordinary	100 0%
Hydra Technologies Ltd	Preferred ordinary	100 0%
JFS Associates Ltd	Preferred ordinary	100 0%
Link Cable Assemblies Ltd	Preferred ordinary	100 0%
Martin Aerospace Ltd	Preferred ordinary	100 0%
McCalls Special Products Ltd	Preferred ordinary	100 0%
Pathol Ltd	Preferred ordinary	100 0%

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

10 FINANCIAL ASSETS (continued)

Pinnacle Re-Tec Ltd	Preferred ordinary	100 0%
Profile Analysis Ltd	Preferred ordinary A shares	86 7%
Profile Analysis Ltd	Preferred ordinary B shares	22 2%
Safehinge Ltd	Preferred ordinary	100 0%
Safehinge Ltd	Preference	100 0%
Sayu Ltd	Preferred ordinary	100 0%
Sirus Automotive Ltd	Preferred ordinary	100 0%
Sutherland Trading Company Ltd	Preferred ordinary	100 0%

11 DEBTORS

	30 Mar 2013	31 Mar 2012
	£	£
Amounts owed by group undertakings	11,632,093	11,299,782
Prepayments and accrued income	47,613	74,290
Other debtors	200,167	232,332
	<u>11,879,873</u>	<u>11,606,404</u>

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

12 CREDITORS - Amounts falling due within one year

	30 Mar 2013	31 Mar 2012
	£	£
Trade creditors	41,413	97,395
Amounts owed to group undertakings	1	1
Deposits held	438,091	402,516
Other taxation and social security	27,313	13,891
Other creditors	763,099	864,563
	<u>1,269,917</u>	<u>1,378,366</u>

13 ACCRUALS AND DEFERRED INCOME

	30 Mar 2013	31 Mar 2012
	£	£
Government, European Union and other capital grants		
Opening deferred income	903,675	951,006
Additions	-	1,057,848
Transfer to profit and loss account (note 2)	(51,290)	(76,883)
Transfer to profit and loss account upon impairment (note 2)	-	(1,028,296)
Closing deferred income	<u>852,385</u>	<u>903,675</u>

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

14 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(j)

	Accelerated tax depreciation	Losses	Other	Total
	£	£	£	£
2013				
At 1 April 2012	(27,486)	103,762	(76,276)	-
(Charge)/credit to profit and loss account	(27,174)	(10,795)	37,969	-
At 30 March 2013	(54,660)	92,967	(38,307)	-
2012				
At 3 April 2011	9,989	44,410	(54,399)	-
(Charge)/credit to profit and loss account	(37,475)	59,352	(21,877)	-
At 31 March 2012	(27,486)	103,762	(76,276)	-

A deferred tax asset is not recognised in respect of tax losses of £4,108,803 (31 March 2012 £3,781,223) due to the uncertainty of utilisation

15 SHARE CAPITAL

	30 Mar 2013	31 Mar 2012
	£	£
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

16 CAPITAL CONTRIBUTION

	30 Mar 2013	31 Mar 2012
	£	£
Capital Contribution	10,650,000	10,000,000

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

17 **RESERVES**

	Profit & Loss Account
	<u>£</u>
At 1 April 2012	8,049,264
Retained loss for the financial period	(1,071,773)
At 30 March 2013	<u>6,977,491</u>

18 **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	period ended 30 Mar 2013	period ended 31 Mar 2012
	<u>£</u>	<u>£</u>
Loss for the financial period	(1,071,773)	(769,301)
Capital contribution received in the financial period	650,000	-
Net decrease in shareholders' funds	(421,773)	(769,301)
Opening shareholders' funds	28,049,364	28,818,665
Closing shareholders' funds	<u>27,627,591</u>	<u>28,049,364</u>

19 **PENSIONS**

The Company participates in the British Steel Pension Scheme, a group pension scheme operated by Tata Steel 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 30 March 2013 amounted to £127,024 (31 March 2012 £120,284). 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 Tata Steel UK Limited.

Throughout the period UK Steel Enterprise Limited, along with other participating employers, contributed 13% of pensionable salary into the scheme.

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

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 £289,000 (2012 Deficit of £91,000) from its investing activities and at the end of the period it had resources, via a facility with its parent company, of £12m (2012 £11m). 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.

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 the final repayment is scheduled to be made.

At 30 Mar 2013						
	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
0.00%	3	-	-	-	-	3
3.00%	21	2	-	-	-	23
5.00%	2	8	159	-	-	169
6.00%	20	44	36	332	-	432
7.00%	25	38	176	287	137	663
7.50%	-	9	-	-	-	9
8.00%	213	292	983	609	222	2,319
8.40%	42	-	-	-	-	42
9.00%	-	-	38	-	-	38
10.00%	5	-	-	-	-	5
	331	393	1,392	1,228	359	3,703

At 31 Mar 2012						
	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
0.00%	29	15	-	-	-	44
3.00%	4	87	8	-	-	99
5.00%	2	11	23	-	-	36
6.00%	28	76	93	420	-	617
7.00%	3	88	63	-	297	451
7.50%	-	9	-	-	-	9
8.00%	161	452	564	803	461	2,441
8.25%	3	-	-	-	-	3
8.30%	1	-	-	-	-	1
8.40%	-	112	-	-	-	112
8.50%	2	-	-	-	-	2
10.00%	82	23	-	-	-	105
	315	873	751	1,223	758	3,920

UK STEEL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 MARCH 2013

21 COMMITMENTS

	30 Mar 2013	31 Mar 2012
	£	£
(a) Loans and investments in share capital committed but not paid	100,000	100,000
(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	9,572	2,034
Motor vehicles, leases expiring within 2-5 years	52,615	43,523
	62,187	45,557
(c) Third party loans guaranteed	30,000	30,000

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

	30 Mar 2013	31 Mar 2012
	£	£
Yorkshire and Humberside Enterprise Fund	1,047,891	1,001,303
South Wales Technology and Enterprise Fund	1,185,563	1,272,448
North of England Venture Capital Fund	128,751	81,269
	2,362,205	2,355,020

23 ULTIMATE PARENT COMPANY

The immediate parent company is Tata Steel UK Limited

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

Tata Steel Europe Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements