

Registered number 3033290

Tata Steel UK Rail Consultancy Limited  
Annual report and financial statements  
for the Year Ended 31 March 2011

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## **Directors and advisers**

### **Directors**

J M Bolton  
C Scott

### **Secretary and registered office**

P B Smith  
Meridian House  
The Crescent  
York  
North Yorkshire  
YO24 1AW

### **Auditor**

Deloitte LLP  
1 City Square  
Leeds  
United Kingdom  
LS1 2AL

# **Tata Steel UK Rail Consultancy Limited**

## **Annual report and financial statements**

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# **Tata Steel UK Rail Consultancy Limited**

## **Directors' report for the year ended 31 March 2011**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2011

### **Principal activity and business review**

The principal activity of the Company is consultancy, design and installation of infrastructure worldwide, predominantly in the Rail Industry

As shown on page 9 the company made an operating loss before exceptional items of (£1m) (2010 loss of £0.8m) The total loss after tax for the financial year was (£0.8m) (2010 loss £0.8m)

The accounts reflect very difficult trading conditions with margins continuing to be squeezed in the UK rail market as the general economic downturn sees Network Rail targeted with achieving significant cost savings. Competition also increased as public spending cuts facing Rail were less severe than those faced by other sectors

The company has substantial opportunities for growth however and design contract awards towards the end of the year will both maintain the company's position in the rail sector and significantly strengthen its position in the renewable energy sector. During the year the company was also involved in the delivery of significant industrial capital schemes for Tata Steel UK Ltd, its parent company, broadening the skill set of the company to meet group demands

### **Pensions**

As disclosed in Note 10 of the accounts the pension scheme on an FRS17 basis was £3.9m in deficit (2010 deficit £8.9m). The improving position reflects changing the linking of pension increases from RPI to CPI, which reduces the employer's share of liabilities by £3.6m (as disclosed in Note 10)

The previous actuarial valuation was performed at 31 December 2007 and reported a surplus of £1.35m. The contribution schedule that was agreed with the trustees at the time did not share this surplus, instead the contributions schedule was maintained at pre valuation levels on grounds of prudence

The next valuation will be referenced 31 December 2010 and draft valuation documents have been issued and are in consultation. The valuation has to be finalised by 31 March 2012

### **Risk and uncertainties**

The company remains mindful that performance continues to be heavily dependent upon the pace at which Network Rail/Central Government undertakes planned rail capital works programmes but it is succeeding at broadening its client base and diversifying into new markets. The company is confident of achieving a more acceptable balance of revenue earned from market sector, geography, public/private client and contract type, and will continue to invest in market sectors where growth is more assured and to ensure our commitment to excellence in quality of our services and client care

The Company's activities expose it to a variety of financial risks, in particular credit risk and foreign exchange currency movements. The Company has a risk management programme which seeks to mitigate the potential adverse effects of these risks on the Company's financial performance whilst not unduly constraining the Company's operations, or the exploitation of profitable opportunities

The Directors have also reviewed trading and cash flow forecasts as part of their going concern assessment, including reasonably possible downside sensitivities, which take into account the uncertainties in the current operating environment and have considered the availability of short term funding from the parent company should this be required

After making enquiries and considering all of the matters noted above, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For those reasons, they continue to adopt the going concern basis in preparing the financial statements

# **Tata Steel UK Rail Consultancy Limited**

## **Directors' report for the year ended 31 March 2011 continued**

### **Credit risk**

The Company has a number of clients, which are individually significant. Policies are in place to ensure that contracts are only undertaken with these and other clients having an appropriate financial standing. The Company has a credit insurance policy to protect the Company against client insolvency.

### **Result and dividends**

No dividend was paid during the current or prior year and the Directors do not recommend the payment of a final dividend (2010: £nil).

### **Directors**

The directors of the Company are listed on page 2.

### **Environment**

Tata Steel UK Rail Consultancy Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Company's activities. The Company operates in accordance with Tata Steel UK Limited policies. Activities designed to minimise the Company's impact on the environment include improving our energy use efficiency and reducing the production of waste (both hazardous and non-hazardous).

### **Statement as to disclosure of information to auditor**

As required by Section 418 of the Companies Act 2006 each director in office at the date of this Directors' report confirms that

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) they have taken all the relevant 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 auditor is aware of that information.

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

### **Auditor**

The auditor, Deloitte LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

# **Tata Steel UK Rail Consultancy Limited**

## **Directors' report for the year ended 31 March 2011 continued**

### **Statement of 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). 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 and loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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
- 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.

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

**On behalf of the Board**



**P B Smith**

**Secretary**

**02 August 2011**

## **Tata Steel UK Rail Consultancy Limited**

### **Independent auditor's report to the members of Tata Steel UK Rail Consultancy Limited**

We have audited the financial statements of Tata Steel UK Rail Consultancy Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Statement of Accounting Policies and the related notes 1 to 16. 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 auditors' 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 auditors**

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 (APB'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 31 March 2011 and of its loss for the year 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 year for which the financial statements are prepared is consistent with the financial statements.

## **Tata Steel UK Rail Consultancy Limited**

### **Independent auditor's report to the members of Tata Steel UK Rail Consultancy Limited**

#### **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, United Kingdom

2 August 2011



# Tata Steel UK Rail Consultancy Limited

## Profit and loss account for the year ended 31 March 2011

	Note	12 months ended 31 March 2011 £'000	12 months ended 31 March 2010 £'000
<b>Turnover</b>	1	<b>15,765</b>	15,150
External charges		(5,587)	(4,630)
Staff costs	3	(7,218)	(7,446)
Other operating charges		(3,867)	(3,700)
<b>Operating loss before exceptional items</b>		<b>(833)</b>	(185)
Restructuring costs		(74)	(171)
Bad debts arising from customer in administration		-	(264)
<b>Operating loss</b>	4	<b>(907)</b>	(626)
Interest payable and similar charges	10	(100)	(200)
<b>Loss on ordinary activities before taxation</b>		<b>(1,007)</b>	(826)
Tax credit on loss on ordinary activities	5	200	55
<b>Loss for the financial year</b>	12	<b>(807)</b>	(771)

All items dealt with in arriving at operating loss relate to continuing activities

There is no difference between the loss on ordinary activities before taxation and the loss sustained for each year as stated above and their historical cost equivalents

## **Tata Steel UK Rail Consultancy Limited**

### **Statement of total recognised gains and losses for the year ended 31 March 2011**

	<b>Note</b>	<b>12 months ended 31 March 2011 £'000</b>	<b>12 months ended 31 March 2010 £'000</b>
Loss for the financial year		<b>(807)</b>	<b>(771)</b>
Pension scheme			
Actuarial gain/(loss)	<b>10</b>	<b>5,600</b>	<b>(3,400)</b>
Movement on deferred tax asset relating to pension deficit	<b>8</b>	<b>(477)</b>	<b>(23)</b>
Total recognised gains and losses since the last annual report	<b>13</b>	<b>4,316</b>	<b>(4,194)</b>

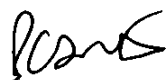
# Tata Steel UK Rail Consultancy Limited

## Balance sheet as at 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000
<b>Fixed assets</b>			
Tangible assets	7	200	57
<b>Current assets</b>			
Debtors amounts falling due within one year	8	10,029	9,846
Debtors amounts falling due after one year	8	-	49
		10,229	9,895
<b>Creditors: amounts falling due within one year</b>	9	(4,967)	(3,957)
<b>Net current assets</b>		5,062	5,938
<b>Total assets less current liabilities</b>		5,226	5,995
<b>Net assets excluding pension fund deficit</b>		5,262	5,995
Net pension deficit	10	(3,900)	(8,949)
<b>Net (liabilities) / assets including pension fund deficit</b>		1,362	(2,954)
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	1,362	(2,954)
<b>Total shareholder's (deficit) / funds</b>	13	1,362	(2,954)

The financial statements of Tata Steel UK Rail Consultancy Limited, registered number 3033290 on pages 9 to 28 were approved by the board of directors on 02 August 2011 and were signed on its behalf by

Director



Craig Scott

# Tata Steel UK Rail Consultancy Limited

## Statement of accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year and the preceding year, are set out below.

In preparing the financial statements, the directors have considered the appropriateness of the going concern basis, further details of which are set out in the directors' report on page 4. After making enquiries and considering all of the matters noted above, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For those reasons, they continue to adopt the going concern basis in preparing the financial statements.

### Cash flow statement

The cash flows of the Company are included in the consolidated cash flow statement of Tata Steel UK Limited. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1 Cash Flow (Revised 1996) from publishing a cash flow statement.

### Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The Company has chosen to discount deferred tax assets and liabilities.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised within equity.

### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The expected useful economic lives are:

	Years
Office equipment	10
Equipment	4

### Contract income

Contracts are assessed on a contract by contract basis. Turnover on contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on accounts are shown in stocks as long-term contract balances. Contract losses are recognised in full when they can be foreseen.

# **Tata Steel UK Rail Consultancy Limited**

## **Statement of accounting policies**

### **Turnover**

Turnover, which excludes value added tax, represents the value of services supplied

### **Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term

### **Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The Company operates a defined benefit pension scheme for eligible employees of the Tata Steel Shared Cost Section of the Railways Pension Scheme. The assets of the Section are held in separate independent trustee administered funds. The cost of providing benefits is determined using the Project Unit Credit Method, with independent actuarial valuations being carried out at least triennially and updated at each balance sheet date. The Company recognises all actuarial gains and losses directly within retained earnings, presenting those arising in any one reporting period as part of the relevant statement of total recognised gains and losses.

In applying FRS 17 'Retirement Benefits' the interest cost and expected return on plan assets have been treated as finance income and the current service costs have been treated as a net expense within employment costs.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefit becomes vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of the scheme assets. Any asset resulting from the calculation is limited to unrecognised past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

### **Foreign currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transactions are entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are taken to the profit and loss account in the period in which they arise.

# **Tata Steel UK Rail Consultancy Limited**

## **Notes to the financial statements for the year ended 31 March 2011**

### **1 Turnover**

The geographical analysis of turnover is as follows

	<b>12 months ended 31 March 2011</b>	<b>12 months ended 31 March 2010</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	<b>15,732</b>	14,694
European Union	<b>33</b>	456
	<b>15,765</b>	15,150

All turnover generated is related to one class of business

### **2 Directors' emoluments**

	<b>12 months ended 31 March 2011</b>	<b>12 months ended 31 March 2010</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	<b>148</b>	160

One director did not receive emoluments in respect of services as a director from the Company during the year ended 31 March 2011 (31 March 2010 two) One director received emoluments from other group companies (31 March 2010 two)

Retirement benefits are accruing to one director (2010 one director) under the company's defined benefits scheme

There were no share options exercised by directors during the year (2010 Nil)

# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 3 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was

	12 months ended 31 March 2011	12 months ended 31 March 2010
<b>By activity</b>		
Technical	149	160
Administration	30	34
	179	194

	12 months ended 31 March 2011 £'000	12 months ended 31 March 2010 £'000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	6,186	6,515
Social security costs	557	557
Pension costs (see note 10)	475	374
	7,218	7,446

### 4 Operating loss

	12 months ended 31 March 2011 £'000	12 months ended 31 March 2010 £'000
Operating loss is stated after charging -		
Depreciation charge for the year		
Tangible owned assets	64	48
Fees payable to the Company Auditor for the audit of the Company's accounts	10	15
Operating lease rentals		
Land and buildings	373	416
Plant and equipment	77	78

# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 5 Tax on loss on ordinary activities

#### Analysis of credit in the year

	12 months ended 31 March 2011 £'000	12 months ended 31 March 2010 £'000
<b>Current tax:</b>		
UK corporation tax on loss for the year	(169)	(29)
Adjustments in respect of previous periods	(54)	(3)
<b>Total current tax</b>	<b>(223)</b>	<b>(32)</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	30	(23)
(Decrease) in discount	(7)	-
<b>Total deferred tax (note 8)</b>	<b>23</b>	<b>(23)</b>
<b>Tax credit on loss on ordinary activities</b>	<b>(200)</b>	<b>(55)</b>

The current tax credit for the year can be reconciled to the loss before taxation as follows

	12 months ended 31 March 2011 £'000	12 months ended 31 March 2010 £'000
<b>Loss on ordinary activities before tax</b>	<b>(1,007)</b>	<b>(826)</b>
Loss on ordinary activities multiplied by standard rate of corporation at 28% (2010 28%)	(282)	(231)
Effects of		
Accelerated capital allowances	(5)	(5)
Other timing differences	28	28
Adjustment in respect of previous year	(54)	(3)
Permanent differences	89	179
<b>Current tax credit for the year</b>	<b>(223)</b>	<b>(32)</b>



# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 6 Intangible assets

	Software	Total
	£'000	£'000
<b>Cost</b>		
At 1 April 2010	164	164
Additions	-	-
<b>At 31 March 2011</b>	<b>164</b>	<b>164</b>
<b>Amortisation</b>		
At 1 April 2010	164	164
Charge for the year	-	-
<b>At 31 March 2011</b>	<b>164</b>	<b>164</b>
<b>Net book amount</b>		
<b>At 31 March 2011</b>	<b>-</b>	<b>-</b>
At 31 March 2010	-	-

### 7 Tangible assets

	Office equipment	Equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2010	97	234	331
Additions	155	52	207
<b>At 31 March 2011</b>	<b>252</b>	<b>286</b>	<b>538</b>
<b>Depreciation</b>			
At 1 April 2010	77	197	274
Charge for the year	28	36	64
<b>At 31 March 2011</b>	<b>105</b>	<b>233</b>	<b>338</b>
<b>Net book amount</b>			
<b>At 31 March 2011</b>	<b>147</b>	<b>53</b>	<b>200</b>
At 31 March 2010	20	37	57

# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 8 Debtors

	31 March 2011	31 March 2010
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	3,387	3,095
Amounts recoverable on contracts	1,712	936
Amounts owed by parent undertaking	3,269	4,478
Other taxation and social security	6	6
Corporation tax	169	29
Prepayments and accrued income	1,486	1,302
	<b>10,029</b>	<b>9,846</b>
<b>Amounts falling due after one year</b>		
Deferred tax asset	-	49

Interest is not charged on amounts owed by group undertakings. These amounts are unsecured and have no fixed repayment date.

Deferred tax assets have been recognised to the extent that they are regarded as recoverable, in accordance with FRS 19. The following table outlines the movement in the recognised deferred tax assets.

	2011 £'000
<b>Deferred tax</b>	
At 1 April 2010	500
Debit to the profit and loss account (note 5)	(23)
Charged to statement of total recognised gains and losses	(477)
<b>At 31 March 2011</b>	<b>-</b>

# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 8 Debtors (continued)

The deferred tax asset may be analysed as follows

	31 March 2011	31 March 2010
	£'000	£'000
Short term timing differences	-	-
Accelerated capital allowances	-	56
Tax losses	-	-
Undiscounted deferred tax asset excluding that relating to pension deficit	-	56
Discount	-	(7)
Deferred tax asset excluding that relating to pension deficit	-	49
Deferred tax asset on pension deficit	-	451
	-	500

A deferred tax asset has not been recognised in respect of pension scheme timing differences of £3,900k (2010 £7,788k) and fixed asset timing differences of £189k (2010 nil) due to the uncertainty of utilisation

### 9 Creditors – Amounts falling due within one year

	31 March 2011	31 March 2010
	£'000	£'000
Trade creditors	3,019	2,223
Amounts owed to other group undertakings	165	47
Other taxation and social security	78	62
Other creditors	656	480
Payments on account	1,049	1,145
	4,967	3,957

Amounts owed to other group undertakings are payable upon demand

# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 10 Pensions and similar obligations

The Company operates a funded defined benefit pension scheme for eligible employees. The assets of the scheme are held in separate trustee administered independent funds, under the Railways Pension Scheme, as the Tata Steel Shared Cost Section.

The defined benefit pension scheme employs the services of a qualified, independent consulting actuary, who carries out triennial actuarial valuations of the scheme. The most recent actuarial valuation was carried out as at 31 December 2007, using the projected unit method.

The Company also participates in a defined contribution plan on behalf of relevant personnel. Any expense recognised in relation to the scheme represents the value of contributions payable during the year by the Company at rates specified by the rules. The cost of employer contribution under the defined contribution plan during the year was £14k (2010 £15k).

The Company accounts for all pension and post-retirement benefit arrangements using FRS 17 'Retirement Benefits' with independent actuaries being used to calculate the costs, assets and liabilities to be recognised in relation to the scheme.

#### Actuarial assumptions

A number of assumptions must be used to determine the FRS 17 amounts and the values to be included can vary significantly with only small changes in these assumptions.

Key assumptions applied at the balance sheet date were as follows:

	31 March 2011 %	31 March 2010 %
Rate of increase in salaries	4.45	4.60
Expected return on Section assets *	7.90	8.00
Rate of pension increases	2.45	3.60
Discount rate	5.50	5.50
Inflation assumption	3.45	3.60
Expected return on plan assets		
Equities	8.05	8.40
Bonds	4.45	4.70
Property	7.25	7.60
Cash and other assets	3.65	4.10

\* The expected return on Section assets assumption was determined as the average of the expected returns on the assets held by the Section on the accounting date. The rates of return for each class are set out in the table above.

# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 10 Pensions and similar obligations (continued)

The percentage of total plan assets for each category of investment was as follows

	31 March 2011 %	31 March 2010 %
Equities	95.8	81.1
Bonds	3.9	8.9
Property	-	9.7
Cash and other assets	0.3	0.3

#### Mortality assumptions

##### Longevity at age 65 'Current pensioners'

	2011 Years	2010 Years
- Men	19.8	19.8
- Women	21.7	21.7

##### Longevity at age 65 'Future pensioners'

	2011 Years	2010 Years
- Men	22.2	22.2
- Women	23.2	23.2

# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 10 Pensions and similar obligations (continued)

#### Income statement pension cost

Under FRS 17 costs in relation to pension and post-retirement plans mainly arise as follows

- The current service cost is the actuarially determined present value of the pension benefits earned by employees in the current year. No charge or credit is reflected here for any surplus or deficit in the scheme and so the cost is unrelated to whether, or how, the scheme is funded
- The expected return on pension scheme assets is the actuarial forecast of total return (that is, income and gains) on the actual assets in the scheme. This is a long-term rate and is set at the beginning of the year
- The interest on pension scheme liabilities is the notional interest cost arising from unwinding the discount on the scheme liabilities, based on the discount rate (that is, appropriate bond rate) at the beginning of the year

Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of total recognised gains and losses. Examples are differences between the estimated return on scheme assets (credited to the income statement) and the actual return, the re-measurement of scheme liabilities to reflect changes in the discount rates, changes in demographic assumptions such as using updated mortality tables, or the effect of more employees leaving service than forecast

Income statement pension costs arose as follows

Analysis of amount charged to operating (loss) / profit

	12 months ended 31 March 2011	12 months ended 31 March 2010
	£'000	£'000
Current service cost	500	400
<b>Total charged to operating profit</b>	<b>500</b>	<b>400</b>

Analysis of the amount credited to other finance income

	12 months ended 31 March 2011	12 months ended 31 March 2010
Expected return on pension scheme assets	1,500	1,100
Interest on pension scheme liabilities	(1,600)	(1,300)
<b>Net return</b>	<b>(100)</b>	<b>(200)</b>

# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 10 Pensions and similar obligations (continued)

#### Balance sheet measurement

In determining the amounts to be recognised in the balance sheet the following approach has been adopted

- Pension scheme assets are measured at fair value
- Pension liabilities include future benefits for pensioners and deferred pensioners, and accrued benefits for members in service taking into account projected earnings. Pension liabilities are discounted at the current rate of return on AA rated corporate bonds or equivalent currency and terms to the pension liability

Amounts recognised in the balance sheet arose as follows

	31 March 2011	31 March 2010
	£'000	£'000
Total market value of assets	33,300	31,800
Present value of scheme liabilities	(39,800)	(47,400)
Deficit in scheme	(6,500)	(15,600)
Adjustment for members share of deficit	2,600	6,200
Deficit attributable to company	(3,900)	(9,400)
Related deferred tax asset	-	451
Net pension liability	(3,900)	(8,949)

# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 10 Pensions and similar obligations (continued)

Analysis of amounts recognised in statement of total recognised gains and losses

	12 months ended 31 March 2011 £'000	12 months ended 31 March 2010 £'000
Actual return less expected return on pension scheme assets	(100)	3,600
Experience gains and losses arising on scheme liabilities	0	0
Changes in assumptions underlying the present value of the scheme liabilities	5,700	(7,000)
<b>Actuarial total gain recognised in the STRGL</b>	<b>5,600</b>	<b>(3,400)</b>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses at 31 March 2011 is a loss of £1.3 million (31 March 2010 cumulative loss of £6.9 million)

During the year, indexation of certain pension obligations changed from RPI to CPI resulting in a gain of £3.6m which is recognised in the statement of total recognised gains and losses

Changes in the fair value of the scheme assets are as follows

	31 March 2011 £'000	31 March 2010 £'000
Fair value at start of year	31,800	25,000
Expected return on scheme assets	2,500	1,900
Actuarial gains / (losses)	(100)	6,000
Employer contributions	500	500
Employee contributions	200	200
Benefits paid	(1,600)	(1,800)
<b>Fair value at end of year</b>	<b>33,300</b>	<b>31,800</b>



# Tata Steel UK Rail Consultancy Limited

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 10 Pensions and similar obligations (continued)

#### Reconciliation of present value of scheme liabilities

	31 March 2011 £'000	31 March 2010 £'000
At start of year	47,400	34,800
Current service cost	800	600
Interest cost	2,600	2,200
Actuarial (gain) / loss	(9,400)	11,600
Benefits paid	(1,600)	(1,800)
Net pension liability	39,800	47,400

The history of plan assets, scheme liabilities and actuarial gains and losses is as follows

	2011	2010	2009	2008	2007
Fair value of plan assets at end of year	33,300	31,800	25,000	35,100	36,300
Experience adjustments on plan assets £'000	(100)	6,000	(11,500)	(3,100)	3,200
Percentage of plan assets %	(0.3%)	19%	(46%)	(8.8%)	8.8%
Present value of scheme liabilities at end of year £'000	39,800	47,400	34,800	35,600	37,800
Experience adjustments on scheme liabilities £'000	500	0	1,200	(1,600)	200
Experience adjustments as a % of benefit obligations	1.3	0	(3.5)	(4.5)	0.5
Defined benefit liability at end of year £'000	(3,900)	(9,400)	(5,880)	(300)	(900)

The estimated employer contributions to the Tata Steel Section of the Railway Pension Scheme for year ended 31 March 2012 are £500k (2011: £500k)

# **Tata Steel UK Rail Consultancy Limited**

## **Notes to the financial statements for the year ended 31 March 2011 (continued)**

### **11 Called up share capital**

	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
10,000 ordinary shares of £1 each	<b>10,000</b>	<b>10,000</b>
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1 each	<b>1</b>	<b>1</b>

### **12 Profit and loss account**

	<b>£'000</b>
<b>At 1 April 2010</b>	<b>(2,954)</b>
Retained loss for the financial year	<b>(807)</b>
Actuarial gain on pension scheme	<b>5,600</b>
Movement on deferred tax relating to pension deficit	<b>(477)</b>
<b>At 31 March 2011</b>	<b>1,362</b>

## Tata Steel UK Rail Consultancy Limited

### Notes to the financial statements for the year ended 31 March 2011 (continued)

#### 13 Reconciliation of movements in shareholders' funds

	31 March 2011 £'000	31 March 2010 £'000
Loss for the financial year	(807)	(771)
Other recognised gains and losses relating to the year	5,123	(3,423)
Net increase in shareholders' funds	4,316	(4,194)
Opening shareholders' funds	(2,954)	1,240
Closing shareholders' funds	1,362	(2,954)

#### 14 Financial commitments

At 31 March 2011 the Company had annual commitments under non-cancellable operating leases as follows

	31 March 2011		31 March 2010	
	Land and Buildings £'000	Equipment £'000	Land and Buildings £'000	Equipment £'000
Expiring in less than one year	65	4	276	50
Expiring between one and two years inclusive	49	15	113	-
Expiring between two and five years inclusive	286	-	-	-
Expiring over five years`	-	-	-	-
	396	19	389	50

# **Tata Steel UK Rail Consultancy Limited**

## **Notes to the financial statements for the year ended 31 March 2011 (continued)**

### **15 Related party transactions**

As permitted under Financial Reporting Standard Number 8 'Related party disclosures' there is no separate disclosure of transactions with other group companies

During the year ended 31 March 2011 the Company provided labour and design services to Corus Cogifer Switches and Crossings Limited for an amount of £16,445 (31 March 2010 £nil) Corus Cogifer Switches and Crossings Limited is a joint venture of the Company's immediate parent undertaking Tata Steel UK Limited The charges were made on normal commercial terms and the balance owed to Corus Cogifer Switches and Crossings Limited as at 31 March 2011 amounted to £411 (31 March 2010 £nil)

### **16 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 and Tata Steel UK Holdings Limited (TSUKH) are intermediate holding companies, registered in England and Wales, with TSUKH 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 Tata Steel UK Ltd may be obtained from the Secretary, 30 Millbank, London, SW1P 4WY

Copies of the Report & Accounts for TSL may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001