

**REDCAR BULK TERMINAL LIMITED**

**Report and Financial Statements**

**For the 437 day period ending 31 December 2011**



# **REDCAR BULK TERMINAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

**For the 437 day period ending 31 December 2011**

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# **REDCAR BULK TERMINAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

**For the 437 day period ending 31 December 2011**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

	Appointment date	Resignation date
J M Bolton	24/03/2011	-
J Chotnuchit	24/03/2011	28/04/2011
N R K Clarke	24/03/2011	-
P W Dryden	28/04/2011	-
A J Hodgkinson	13/09/2011	-
C J Louwrens	21/10/2011	-
D Nicol	24/03/2011	-
D Reid	24/03/2011	30/08/2011
W Viriyaprapakit	11/10/2010	21/10/2011

### **SECRETARY**

David Venus & Company LLP

Thames House  
Portsmouth Road  
Esher  
Surrey  
KT10 9AD

### **REGISTERED OFFICE**

Redcar Bulk Terminal Limited  
Steel House  
Trunk Road  
Redcar  
TS10 5QW

### **AUDITOR**

KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4 DW

# REDCAR BULK TERMINAL LIMITED

## DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the period from 11<sup>th</sup> October 2010 to 31<sup>st</sup> December 2011

### PRINCIPAL ACTIVITIES

The principal activities of Redcar Bulk Terminal Limited is to provide Sahaviriya Steel Industries UK Limited and Tata Steel UK Limited with port operations facilities

### REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company is a joint venture between Tata Steel UK Limited and Sahaviriya Steel Industries UK Limited (SSI). The company was incorporated on 11<sup>th</sup> October 2010 and remained dormant until 24<sup>th</sup> March 2011 when Tata Steel UK Limited and Sahaviriya Steel Industries UK Limited each invested £13,251,000. The company then purchased the Redcar Bulk Terminal port operations, including associated Land, Buildings, Plant and Equipment from Tata Steel UK Limited. 96 employees transferred to the company as part of this transaction. The company operates an ore terminal and port services business in the North East of England.

The profit and loss account is set out on page 6 and the directors consider the result for period from 11<sup>th</sup> October 2010 to 31<sup>st</sup> December 2011 and the financial position at the balance sheet date to be satisfactory.

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company relate to the predictability of the usage of the Redcar Bulk Terminal by the two joint venture partners, which is in turn linked to global, economic and steel market conditions.

A port services agreement is in place between the company and its two joint venture partners/shareholders whereby they guarantee to cover the fixed costs of the business. To mitigate further risk, the directors will continue to examine options to further develop third party business for the Redcar Bulk Terminal, and will continue to monitor the global, economic and steel market factors to minimise the company's exposure to these risks through measures such as amending business operating procedures, regular strategic review of insurance arrangements as appropriate.

### KEY PERFORMANCE INDICATORS

	2011
	£'000
Turnover (1)	12,692
Profit before tax (2)	128

(1) Turnover is as per the profit and loss account in the financial statements

(2) Profit before tax is as per the profit and loss account in the financial statements

### GOING CONCERN

The directors have reviewed the financial condition of the company and the latest trading cash flow forecast and consideration of the uncertainties arising in the difficult economic environment and the consequent impact of this upon the trading and finances of the company. Based upon this review the directors have formed the view that the position of the company is strong. For these reasons, the directors continue to adopt the going concern basis in preparing these financial statements.

# REDCAR BULK TERMINAL LIMITED

## DIRECTORS' REPORT (continued)

### DIRECTORS

The directors who served during the period were as follows

	Appointment date	Resignation date
J M Bolton	24/03/2011	-
J Chotinuchit	24/03/2011	28/04/2011
N R K Clarke	24/03/2011	-
P W Dryden	28/04/2011	-
A J Hodgkinson	13/09/2011	-
C J Louwrens	21/10/2011	-
D Nicol	24/03/2011	-
D Reid	24/03/2011	30/08/2011
W Viriyaprapakit	11/10/2010	21/10/2011

### FINANCIAL RISK MANAGEMENT

The company's operations expose it to some financial risks that include the effects of credit risk and liquidity risk. Given the majority of transactions entered into by the company relate to transactions with the joint venture partners these risks are effectively mitigated by the close involvement and management of the company's finances by the Board of Directors who include representatives of the two joint ventures partners.

### DISCLOSURE OF RELEVANT INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as each director is aware there is no relevant audit information of which the company's auditors are unaware and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

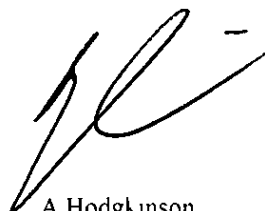
### AUDITORS

During the year KPMG LLP were appointed as the first auditors for the company

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



N Clarke  
Director



A Hodgkinson  
Director

29/06/2012

# **REDCAR BULK TERMINAL LIMITED**

## **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 these financial statements, the directors are required to

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REDCAR BULK TERMINAL LIMITED**

We have audited the financial statements of Redcar Bulk Terminal Limited for the period from 11 October 2010 (the date of incorporation) to 31 December 2011 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 4, 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Basis for qualified opinion on financial statements**

The directors' report explains that a key uncertainty facing the company is usage of its facilities by its joint venture partners, that those partners have guaranteed to cover the company's fixed costs and that the directors are examining options to further develop third party business. The directors of the company have not provided us with all of the information needed, including forecasts and appropriate sensitivities updated to reflect market conditions at the time of the approval of the financial statements and information regarding the ongoing order book, in order for us to assess the materiality of the uncertainties relating to the appropriateness of the going concern basis of preparation of the financial statements. Since the audit evidence available to us has been limited in this regard, we have been unable to assess the compliance of the disclosures made in note 1 to the financial statements with the requirements of FRS 18 Accounting policies. Had this information been available to us we might have formed a different opinion on the financial statements.

### **Qualified opinion on financial statements**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion on financial statements paragraph, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with UK 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.

### **Matters on which we are required to report by exception**

In respect solely of the limitation on our work relating to the assessment of the appropriateness of the going concern basis of preparation of the financial statements, described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REDCAR BULK  
TERMINAL LIMITED... CONTINUED**

- 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

**D J Hutchinson (Senior Statutory Auditor)**

**For and on behalf of KPMG LLP**

KPMG LLP

1 The Embankment

Neville Street

Leeds

LS1 4DW

16 August 2012



# REDCAR BULK TERMINAL LIMITED

## PROFIT AND LOSS ACCOUNT

437 day period ending 31 December 2011

	Note	2011 £'000
<b>TURNOVER</b>		12,692
External charges		(4,277)
Staff costs	2	(2,578)
Depreciation and amortisation	3	(1,629)
Other operating charges		(3,970)
<b>Operating Profit</b>		<b>238</b>
Interest payable	4	(111)
Interest receivable and similar income		1
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>128</b>
Tax on profit on ordinary activities	5	(184)
<b>LOSS FOR THE FINANCIAL YEAR</b>	13	<b>(56)</b>

All items dealt with in arriving at profit on ordinary activities relate to continuing activities

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

There is no difference between the profit on ordinary activities before tax and the retained loss for the year stated above and the historical cost equivalent

# REDCAR BULK TERMINAL LIMITED

## BALANCE SHEET

As at 31 December 2011

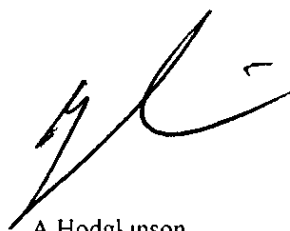
	Note	2011 £'000
<b>FIXED ASSETS</b>		
Tangible assets	6	25,092
Spares inventory	6	3,112
		<hr/> 28,204
<b>CURRENT ASSETS</b>		
Stock	7	21
Debtors	8	3,701
Cash at bank and in hand		3,155
		<hr/> 6,877
<b>CREDITORS amounts falling due within one year</b>	9	<hr/> (5,167)
<b>NET CURRENT ASSETS</b>		<hr/> 1,710
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		29,914
<b>CREDITORS: amounts falling due after one year</b>	10	(3,326)
Provisions for liabilities	11	(141)
		<hr/> 26,447
<b>CAPITAL AND RESERVES</b>		
Called up share capital	12	26,503
Profit and loss account	13	(56)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	14	<hr/> 26,447

The financial statements of Redcar Bulk Terminal Limited, registered number 07402297, were approved by the board of directors and authorised for issue on 29/06/2012

Signed on behalf of the Board of Directors



N Clarke  
Director



A Hodgkinson  
Director

The accompanying notes are an integral part of this balance sheet

# REDCAR BULK TERMINAL LIMITED

## CASH FLOW STATEMENT

For the 437 day period ending 31 December 2011

	Note	2011 £'000
<b>Net cash inflow from operating activities</b>	15	3,158
Interest received		1
<b>Acquisition</b>		
Acquisition of business	18	(29,833)
<b>Financing</b>		
Issue of ordinary capital	12	26,503
Inter-company loan		3,326
<b>Movement in cash in the period</b>		<u>3,155</u>

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 437 day period ending 31 December 2011

### 1. ACCOUNTING POLICIES

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

#### Going concern

The directors have reviewed the financial condition of the company and the latest trading cash flow forecast and consideration of the uncertainties arising in the difficult economic environment and the consequent impact of this upon the trading and finances of the company. The directors have formed the view that the position of the company is strong. For these reasons, the directors continue to adopt the going concern basis in preparing these financial statements.

#### 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 less residual value of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The expected useful economic lives are:

Land and buildings                      25 years

Plant and machinery                      10 years

Provision is made for any impairment.

**Spares** The valuation of spares should follow the general principle for inventories, with actual cost based on FIFO. Obsolescence provisions should be made for Spares against the following:

No issues for two years                      25% minimum

No issues for three years                      50% minimum

No issues for four years                      75% minimum

No issues for five years or more                      100%

#### Turnover

Turnover, which excludes value added tax, represents the value of services supplied. Turnover from the supply of services represents value of service provided under contract.

#### Operating leases

The costs of operating leases are charged to the profit and loss account on a straight line basis at existing rental levels.

#### Finance leases

Finance leases are recorded in the balance sheet as an asset and depreciated in line with the period of the lease.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 437 day period ending 31 December 2011

### 1. ACCOUNTING POLICIES (CONTINUED)

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### Pensions

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable and the contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### Dividends

Dividends are recognised in accordance with FRS 21 'Events after the balance sheet date'.

#### Turnover

Turnover, which relates to the company's principal activity originates entirely in the UK.

### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average monthly number of persons employed by the company during the period was 85.

	2011 £'000
<b>Staff costs</b>	
Wages and salaries	2,259
Social security costs	244
Pension costs	75
	<hr/> 2,578 <hr/>

None of the directors received any remuneration for their services to the company during the period.

J Chotinuchit, W Viriyaprapaikit were remunerated as employees of Sahaviriya Steel Industries Public Co. Limited, a company registered in Thailand, and received no remuneration from that company for acting as directors of Redcar Bulk Terminal Limited. David Reid was engaged by Sahaviriya Steel Industries Public Co. Limited via Metal Strategies Inc, a company registered in the United States and he did not receive any remuneration from either company for acting as a director of Redcar Bulk Terminal Limited.

C J Louwrens, P W Dryden and A J Hodgkinson were remunerated as employees of Sahaviriya Steel Industries UK Limited and received no remuneration from that company for acting as directors of Redcar Bulk Terminal Limited.

J M Bolton, N R K Clarke and D Nicol were remunerated as employees of Tata Steel UK Limited and received no remuneration from that company for acting as directors of Redcar Bulk Terminal Limited.

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 437 day period ending 31 December 2011

### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging

	2011 £'000
Depreciation of owned tangible fixed assets	1,629

The services provided by the company's auditor were

	2011 £'000
Audit of these financial statements	12
Other services related to taxation	8
	20

### 4. INTEREST PAYABLE

	2011 £'000
Interest payable on inter-company loan	(111)

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000
The tax charge comprises	
UK corporation tax	43
Deferred tax	141
<b>Tax on profit on ordinary activities</b>	<b>184</b>

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 437 day period ending 31 December 2011

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The current tax charge is lower than the standard rate of corporation tax in the UK (26.77%). The differences are explained below

	2011 £'000
Profit on ordinary activities before tax	128
Current tax at 26.77%	34
<i>Effects of</i>	
Expenses not deductible for tax purposes	161
Tax credits	(1)
Capital allowances in excess of depreciation	(151)
<b>Total current tax charge</b>	<b>43</b>

### 6. TANGIBLE FIXED ASSETS

	Assets under construction £'000	Spares Inventory £'000	Land and buildings £'000	Plant and machinery £'000	Total
<b>Cost</b>					
Acquisition	71	3,112	8,062	18,589	29,833
At 31 December 2011	71	3,112	8,062	18,589	29,833
<b>Accumulated depreciation</b>					
Charge for period	-	-	238	1,391	1,629
At 31 December 2011	-	-	238	1,391	1,629
<b>Net book amount</b>					
At 31 December 2011	71	3,112	7,823	17,198	28,204

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 437 day period ending 31 December 2011

### 7. STOCKS

	2011 £'000
Stores inventory	21

There is no material difference between the balance sheet value of stock and their replacement cost

### 8. DEBTORS - RECEIVABLES

	2011 £'000
Amounts owed by Tata Steel UK Limited for trade sales	645
Amounts owed by Sahaviriya Steel Industries UK Limited	2,366
Amounts owed by Third Parties	345
VAT to be settled	288
Prepayments	57
	<u>3,701</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000
Trade creditors	1,087
Corporation tax	43
Other amounts owed to Sahaviriya Steel Industries UK Limited	1,472
Other amounts owed to Tata Steel UK Limited	322
Payroll Provisions	173
Other creditors and accruals	1,959
Provision for interest payments for inter-company loan	111
	<u>5,167</u>



# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 437 day period ending 31 December 2011

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2011 £'000
Inter group company loan	3,326

The total loan amount from Tata and SSI is £3,326,095 20 The purpose of the loan was to acquire the stores and spares required for the operation of the Joint Venture from Tata Steel

Interest payments should be made each quarter from the date of the loan agreement and should be the aggregate of 3 5% + LIBOR

### 11. DEFERRED TAXATION

	2011 £'000
<i>At beginning of period</i>	-
Charge for the period	141
<i>At end of period</i>	141

The elements of deferred taxation are as follows

	2011 £'000
Difference between capital allowances and depreciation	141

### 12. CALLED UP SHARE CAPITAL

	2011 £'000
<b>Authorised, allotted, called up and fully paid</b>	
13,251,358 'A' ordinary shares of £1 each	13,251
13,251,358 'B' ordinary shares of £1 each	13,251
1 £1 voting share allocated to Tata Steel UK Limited	0
1 £1 voting share allocated to Sahaviriya Steel Industries UK Limited	0
	26,503

The 'A' ordinary shares and 'B' ordinary shares rank pari passu in all respects except as regards to election or removal of directors, each share is entitled to dividend payments or any other distribution The voting shares allocated to Tata Steel UK Limited and Sahaviriya Steel Industries UK Limited give them voting rights within the company

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 437 day period ending 31 December 2011

### 13. RESERVES

	Profit and loss account £'000
Retained loss for the financial period	(56)
At 31 December 2011	<u>(56)</u>

### 14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2011 £'000
Loss for the period	(56)
Increase in share capital	26,503
Net increase to shareholders' funds	<u>26,447</u>
Closing shareholders' funds	<u>26,447</u>

### 15. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2011 £'000
Operating Profit	238
Depreciation and amortisation	1,629
Increase in stocks	(21)
Increase in debtors	(3,701)
Increase in creditors	5,013
	<u>3,158</u>

### 16. PENSIONS

The company participates in a defined contribution pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounts to £75,466.

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 437 day period ending 31 December 2011

### 17. RELATED PARTY TRANSACTIONS

Tata Steel UK Limited and Sahaviriya Steel Industries UK Limited, both of which are incorporated in the United Kingdom, jointly control the company

Tata Steel UK Limited provides the company with accounting services. The company provides Tata Steel UK Limited with bulk material handling services and with hire services.

Sahaviriya Steel Industries UK Limited provides the company with infrastructure services. The company provides Sahaviriya Steel Industries UK Limited with bulk material handling services and with stores and miscellaneous services.

(Transactions in the 15 month period ending 31 December 2011 were:)

<i>(Payments to Related Parties)</i>	£000's
Tata Steel UK Limited for accounting services	49
Sahaviriya Steel Industries UK Limited for the provision of infrastructure services	730
Interest accrual on loans from Sahaviriya Steel Industries UK Limited and Tata Steel UK Limited	111

<i>(Receipts from Related Parties)</i>	£000's
Tata Steel UK Limited for bulk handling services	1,846
Tata Steel UK Limited for extra hire charges	329
Sahaviriya Steel Industries UK Limited for bulk handling services	8,971
Sahaviriya Steel Industries UK Limited for Stores and miscellaneous services	54

There were no other related party transactions.

### 18. ACQUISITIONS

On 24<sup>th</sup> March 2011, the company purchased the Redcar Bulk Terminal port operation. Fair Values were determined by reference to the sales agreement, which is considered to represent an appropriate valuation between willing parties.

	Fair Value £'000
Fixed assets	26,651
Spares	3,112
Assets under construction	71
Creditors	(1)
Satisfied by cash	<u>29,833</u>