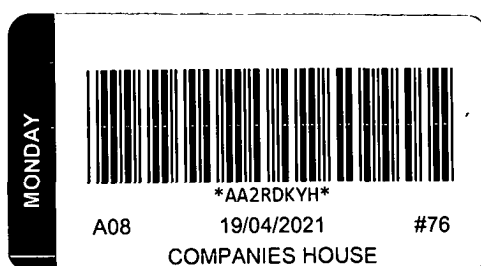


Company Registration No. 07402297

REDCAR BULK TERMINAL LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2020



REDCAR BULK TERMINAL LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2020

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REDCAR BULK TERMINAL LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2020

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N Smail

S Cork

REGISTERED OFFICE

Redcar Bulk Terminal Limited

Time Central

32 Gallowgate

Newcastle Upon Tyne

Tyne and Wear

NE1 4BF

AUDITOR

RSM UK Audit LLP

1 St James Gate

Newcastle Upon Tyne

NE1 4AD

REDCAR BULK TERMINAL LIMITED

STRATEGIC REPORT

For the year ended 31 March 2020

PRINCIPAL ACTIVITIES

The principal activities of Redcar Bulk Terminal Limited ('RBT', 'the company') are to provide port users with a deep water terminal to handle a variety of bulk products including coal, coke, petroleum coke, granulated blast furnace slags, aggregates and scrap. The terminal is also ideally located to handle large off-shore wind projects.

In February 2020, Neil Smail and Stephen Cork acting in their capacities as receivers of the shares held by Sahaviriya Steel Industries UK Limited (In Liquidation) in RBT exercised pre-emption rights over the controlling shares in RBT held by British Steel Limited (In Liquidation). Accordingly, the 100% shareholding in RBT is now in the control of the receivers on behalf of a consortium of Thai Banks. The day to day control of the business lies with its directors.

The statement of income and retained earnings is set out on page 9 and the directors consider, given the challenges faced following the closure of the Redcar steelworks, the liquidation of British Steel in May 2019, the ongoing Covid pandemic and in view of the continued steps taken to attract and acquire new business, the result for the period ended 31 March 2020 and the financial position at the balance sheet date to be satisfactory.

BUSINESS MODEL

RBT operates a bulk handling terminal on the South Bank of the River Tees on the North East Coast of the UK. The terminal which is the deepest on the East Coast operates a 320 metre long quay which can accommodate fully laden Cape Size vessels with drafts up to 17 metres. The quay is equipped with 2 x rail mounted Ship Unloaders which have a capability of loading/unloading free flowing bulk materials at over 20,000mt per day. Materials are discharged direct to conveyors into a large open storage yard which extends to some 320 acres and is HMRC approved for the temporary storage of imported goods. The terminal enjoys direct rail access to the National Rail Network and has built in facilities to both load and off load rail wagons along with excellent road links to the A19 and A1(M).

The company provides a range of port related services and continues to capitalise on its deep water berth and bulk handling facilities by offering a competitive and cost effective service to new and existing customers whilst maintaining a close working relationship with key stakeholders including the Tees Valley Combined Authority ("TVCA"), the Statutory Harbour Authority and Teesworks (the South Tees Development Corporation's development vehicle). Such working relationships have resulted in RBT being included within the TVCA's successful "Freeport" bid.

BUSINESS REVIEW AND RESULTS

The directors can report the result for RBT for the period was a loss before tax of £2,468,000 (2018: £2,676,000); net assets at the period end were £6,914,000 (2019: £9,070,000). Whilst turnover increased marginally year on year it should be noted that during the accounting period the business faced some significant challenges which included the liquidation of British Steel, change of shareholding to SSI UK acting by its receivers and the early stages of the COVID-19 pandemic.

The directors regard turnover, EBITDA and profit/loss before tax as the key performance indicators. RBT defines EBITDA as the net operating profit before impairment of fixed assets, depreciation, amortisation and exceptional items. Exceptional items are items relating to one-off events that are unlikely to occur again in the near future. The directors believe EBITDA as an alternative performance measure provides additional useful information on the underlying trends, performance and position of RBT. A reconciliation between EBITDA and operating profit is shown in the RBT's statement of income and retained earnings on page 9.

REDCAR BULK TERMINAL LIMITED

STRATEGIC REPORT (continued)

For the year ended 31 March 2020

BUSINESS REVIEW AND RESULTS (continued)

The bulk terminal was initially formed to handle material for both the Teesside and Scunthorpe steelworks, importing iron ore and coal. In recent years, RBT has developed and grown as a major port, handling and storing a wide range of bulk cargoes for an increasing number of new customers. Redcar is ideally located for North Sea wind projects and meets the full criteria for staging plus two as listed in the strategic review of UK East Coast Staging and Construction. RBT has a healthy business pipeline and in July 2018 signed a long-term materials handling agreement with Anglo American Woodsmith (formerly Sirius Minerals) to handle up to 10 million tonnes of POLY4 exports per annum starting in 2022/23. RBT has also signed a number of land option agreements on previously unused land areas of its site for development including an Energy from Waste Plant which will increase through-put over the wharf and provide regular income on rents in the years to come.

The business has developed a close working relationship with numerous local authorities, businesses and stakeholder to collaborate on commercial projects to maximise the future development of the whole of the South Tees International site to create jobs and investment.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors with the assistance of management will continue to examine all options to maximise new business opportunities for RBT however the management of the business and the execution of the company's strategy are subject to a number of risks associated with the change of ownership and the current global pandemic.

From the number of existing contracts, the anticipated future investment as a result of the recent change of shareholding and the significant interest being expressed by potential new customers in using Redcar deep-water port and its facilities the directors and management team remain confident terminal through-put will continue to grow.

The business continues to meet its short-term obligations. Notwithstanding this, the directors are mindful that the COVID-19 virus continues to be a rapidly moving factor that is impacting the business's short-term growth and ability to move the business from recent losses to profitability. The business has been supported through 2020/21 by way of a working capital facility from Sahaviriya Steel Industries PCL ("SSI PCL") (the previous, ultimate parent of SSI UK) and a £50,000 bounce back loan, interest free for 12 months. The business with the support of SSI PCL has recently undertaken a restructuring exercise to reduce fixed employment costs by over twenty percent (20%). Such support was provided by way of loan agreement secured against fixed income. The current economic situation with the Coronavirus pandemic is constantly being reviewed by the directors with the business following the government's strategy and direction in this matter. An action plan has been prepared and consideration has been given by the directors as to what measures may need to be implemented should the COVID-19 virus continue to have a material impact on the business's operations and liquidity. Such measures include, developing new business as well as the continued utilisation of the government's Coronavirus Job Retention Scheme to safeguard employment and/or leveraging against the business's substantial land holdings should the need arise. Given the uncertainty over the current economic environment, the ongoing and future working capital needs and the future ownership of the company, the directors acknowledge the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. See the Directors' Report and note 1 for further details.

REDCAR BULK TERMINAL LIMITED

STRATEGIC REPORT (continued) For the year ended 31 March 2020

KEY PERFORMANCE INDICATORS

	Year ended 31 March 2020	Year ended 31 March 2019
	£'000	£'000
Turnover	7,783	7,370
EBITDA (excluding bad debt provision)	(61)	322
Operating Loss	(2,323)	(2,514)
Loss before tax	(2,468)	(2,676)

The loss for the period, after taxation, amounted to £2,156,000 (2019: £2,526,000).

FUTURE DEVELOPMENTS

The directors continue to be mindful of the requirement for investment and upgrade of the existing plant and equipment to maximise efficiency and improve the asset base. Given the recent announcement of the successful TVCA Freeport bid it is hoped this will lead to further investment and opportunities within the local area.

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



N. Smail
Director

Date: 16 April 2021

REDCAR BULK TERMINAL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2020. Items required to be disclosed under Schedule 7 Companies Act 2016 have been excluded from the Directors' Report. They are set out in the Strategic Report included on page 2 in accordance with s414C(II) Companies Act 2006.

GOING CONCERN

Further to the comments made in the Strategic Report, the uncertainty over the current economic environment, the ongoing and future working capital needs and the future ownership of the company, the directors acknowledge the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. See note 1 for further detail.

Notwithstanding this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

DIRECTORS

The directors who served during the period and at the date of this report were as follows:

	Appointment date	Resignation date
G O'Malley		24/02/2020
S A Mason		24/02/2020
N Smail	24/02/2020	
S Cork	24/02/2020	

DIVIDENDS

There has been no interim dividend paid or declared in the period and the directors do not propose a final dividend (2019: £nil).

FINANCIAL RISK MANAGEMENT

The company finances its operations through the generation of cash from operating activities and has limited interest rate exposure on financial liabilities. Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash at bank balances. Other financial risks are not considered to have a material impact on the assessment of the company's assets, liabilities, financial position or result for the period.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

RSM UK Audit LLP were appointed as auditor of the Company. Pursuant to section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office.

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



N. Smail
Director

Date: 16 April 2021

REDCAR BULK TERMINAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' 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 UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REDCAR BULK TERMINAL LIMITED

Independent auditor's report to the members of Redcar Bulk Terminal Limited

Opinion

We have audited the financial statements of Redcar Bulk Terminal Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of income and retained earnings, the balance sheet, the statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the financial statements, which indicates the uncertainty over the current economic environment, the ongoing and future working capital needs and the future ownership of the company. As stated in note 1, these events and conditions, along with the other matters as set forth in note 1, indicate a material uncertainty exists that may cast significant doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

REDCAR BULK TERMINAL LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

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.

RSM UK Audit LLP

Rachel Fleming (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

Date 16 April 2021

REDCAR BULK TERMINAL LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 March 2020

		Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
	Note		
TURNOVER	2	7,783	7,370
External charges		(2,589)	(2,487)
Staff costs	4	(3,935)	(3,658)
Depreciation and loss on disposal of fixed assets	5	(2,035)	(2,716)
Other operating charges		(1,547)	(1,023)
Operating loss		(2,323)	(2,514)
EBITDA (excluding bad debt provision)		(61)	322
Bad debt provision		(203)	-
Depreciation and impairment		(2,059)	(2,836)
Operating loss		(2,323)	(2,514)
Interest receivable and similar income	6	2	2
Interest payable and similar charges	6	(147)	(164)
Net interest expense	6	(145)	(162)
LOSS BEFORE TAXATION		(2,468)	(2,676)
Tax on loss	7	312	150
LOSS FOR THE FINANCIAL YEAR		(2,156)	(2,526)
Retained earnings at the beginning of the period	16	(17,433)	(14,907)
Retained earnings at the end of the period		(19,589)	(17,433)

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

The company has no other comprehensive income or losses other than the loss above and therefore no separate statement of other comprehensive income has been presented.

The accompanying notes form part of the financial statements.

REDCAR BULK TERMINAL LIMITED

BALANCE SHEET

As at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
FIXED ASSETS			
Tangible assets	8	7,918	9,925
Spares inventory	8	1,634	1,658
		<u>9,552</u>	<u>11,583</u>
CURRENT ASSETS			
Stock		163	149
Debtors	9	2,195	1,959
Cash at bank and in hand		362	309
		<u>2,720</u>	<u>2,417</u>
CREDITORS: amounts falling due within one year	10	<u>(3,057)</u>	<u>(2,304)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(337)</u>	<u>113</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,215</u>	<u>11,696</u>
CREDITORS: amounts falling due after one year	11	(115)	(225)
Provisions	13	<u>(2,186)</u>	<u>(2,401)</u>
NET ASSETS		<u><u>6,914</u></u>	<u><u>9,070</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	26,503	26,503
Retained earnings	16	(19,589)	(17,433)
SHAREHOLDERS' FUNDS		<u><u>6,914</u></u>	<u><u>9,070</u></u>

The financial statements of Redcar Bulk Terminal Limited, registered number 07402297, were approved by the board of directors and authorised for issue on 16th April 2021.

Signed on behalf of the Board of Directors



N Smail

Director

The accompanying notes are an integral part of this balance sheet.

REDCAR BULK TERMINAL LIMITED

For the year ended 31 March 2020

STATEMENT OF CASHFLOWS

		Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
	Note		
Net Cash flows from operating activities	17	248	33
Cash flows from investing activities			
Interest received		2	2
Fixed asset disposal		26	286
Purchase of equipment		(54)	(803)
Purchase of spares stock		(56)	(200)
Net cash flows from investing activities		(82)	(715)
Cash flows from financing activities			
Hire purchase borrowings		-	408
Hire purchase repayments		(113)	(76)
Net cash flows from financing activities		(113)	332
Net decrease in cash and cash equivalents		53	(350)
Cash and cash equivalents at beginning of period		309	659
Cash and cash equivalents at end of the period		362	309
Net cash outflow		53	(350)

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

1. ACCOUNTING POLICIES

Redcar Bulk Terminal Limited (RBT) is a private company limited by shares and incorporated and domiciled in England and Wales in the UK. (registered office see page 1) under the Companies Act 2006.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014 under the historical cost convention. The amendments to FRS 102 issued in 2017 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

In considering whether it is appropriate to prepare these financial statements on a going concern basis the Directors have considered the requirements of FRS 102, which states that an entity is a going concern unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. The matters that the Directors considered relevant in making this assessment are set out below.

Since February 2020 the company has been under the control of the receivers acting in their capacity as receivers of the shares held by SSI UK in RBT on behalf of a consortium of Thai Banks. On a day to day basis the Directors (receivers) are managing the business until such time as a change in ownership is agreed.

The business has been supported through 2020/21 by way of a working capital facility from Sahaviriya Steel Industries PCL ("SSI PCL") (the ultimate parent of SSI UK) and a £50,000 bounce back loan issued in July 2020, interest free for 12 months and repayable over 60 equal instalments commencing July 2021.

The business with the support of SSI PCL has recently undertaken a restructuring exercise to reduce fixed employment costs by over twenty percent. The costs of this restructuring exercise were covered by a further loan from SSI PCL which is secured against fixed income and is repayable by July 2022.

As detailed in the Strategic Report RBT has developed and grown its income streams in recent years and has a strong pipeline of new opportunities for the medium to long term. These include the additional opportunities as a result of the Tees Valley Freeport and Redevelopment of the Teesworks site which it is hoped will benefit RBT through increased volumes through the wharf during the construction and redevelopment phase.

The Coronavirus pandemic has impacted on the level of revenue earned over the last 12 months, with certain key customers reducing activity as a result. The Directors remain optimistic that through 2021 these volumes are anticipated to return and there continue to be opportunities for further growth. However, the future impact of the pandemic on volumes remains uncertain. This situation is constantly being reviewed by the directors with the business following the government's strategy and guidance.

The uncertain economic environment and the ongoing pandemic make future working capital requirements more difficult to predict. As indicated previously SSI PCL have continued to be supportive of the business and provide funding and the directors have an expectation that this will continue. However, the quantum of any additional funding requirements remains uncertain and would be subject to agreement.

Given the uncertainty over the current economic environment, the ongoing and future working capital needs and the future ownership of the company, the directors acknowledge the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

1. ACCOUNTING POLICIES (CONTINUED)

Interest

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest expense, excluding that related to financing the construction of qualifying property, plant and equipment, is expensed as incurred.

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

Spares are valued at cost less obsolescence provisions made for Spares on the following basis:

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 is recognised when the performance obligations of the service contract has been met.

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.

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.

Pensions

For defined contribution schemes the amount charged to the statement of income and retained earnings 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.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

1. ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions for dilapidations are recognised when: RBT has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase of provision due to the unwinding of the time value of money is recognised as interest expense.

Hire purchase

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and are depreciated over their useful lives.

Operating leases

Rentals payable under operating leases are charged in the statement of income and retained earnings on a straight-line basis over the period of the lease.

Financial assets

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of RBT after deducting all of its liabilities.

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

2. TURNOVER

All turnover for the financial period arises for services rendered in the United Kingdom.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of RBT's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying RBT's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Valuation of dilapidation provisions

RBT has to make an assessment as to the cost that will be incurred in order to settle any obligations regarding dilapidations over the lease of the wharf at the bulk terminal. This assessment requires management to make judgements over the condition of the leased wharf, the condition the wharf is required to be per the lease agreement, the cost of any repairs to bring the wharf to the required condition and the timing of any repairs or settlement. An appropriate discount rate also needs to be calculated to discount any provision to factor in the time value of money. See note 13 for disclosures relating to this provision.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuation of fixed assets

RBT holds significant value in fixed assets. In preparing the financial statements an estimate is made in respect of the useful economic lives of RBT's assets to ensure that these remain appropriate. Due to the nature of these assets this involves judgement based on historic knowledge of RBT's assets and expected future plans of the business. Additionally, a review of the indicators of impairment in RBT's fixed assets is performed annually, if indications of impairment are discovered, a full impairment review by comparing the fair value of the fixed assets to their carrying value is performed. The fair value is calculated by estimating the future cash flows expected to arise within RBT and a suitable discount rate in order to calculate present value. In the event that the carrying value exceeds the fair value, an impairment charge is recorded in the statement of income and retained earnings. No impairment charge was recognised in the year ended 31 March 2020. See note 8 for the carrying amount of fixed assets.

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The total employment costs of all employees (including directors) in RBT were

	31 March 2020 £000	31 March 2019 £000
Staff costs		
Wages and salaries	3,338	3,121
Social security costs	352	312
Pension costs	245	225
	<u>3,935</u>	<u>3,658</u>

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

Management	5	4
Operations	37	36
Engineering	45	43
	<u>87</u>	<u>83</u>

Directors' Remuneration

	£000	£000
Emoluments	81	79
Company contributions to defined contribution pension scheme	8	8
	<u>89</u>	<u>87</u>

The number of directors who are members of a defined contribution pension scheme is 1.

N Smail and S Cork were remunerated as Receivers on behalf of a consortium of Thai Banks 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 Year ended 31 March 2020

5. LOSS BEFORE TAXATION

Loss before taxation is after charging:

	31 March 2020 £000	31 March 2019 £000
Depreciation of owned tangible fixed assets	2,059	2,294
(Profit)/Loss on sale of tangible fixed assets	(24)	422
	<u>2,035</u>	<u>2,716</u>

The services provided by the company's auditor were:

Audit of these financial statements	20	30
Other advisory services related to taxation	4	6
	<u>24</u>	<u>36</u>

6. NET INTEREST EXPENSE

	31 March 2020 £000	31 March 2019 £000
Interest receivable and similar income:		
Bank Interest	2	2
Total interest income	<u>2</u>	<u>2</u>
Interest payable and similar charges		
Hire purchase interest	(3)	(2)
Unwinding of discount	(144)	(162)
Total interest expense	<u>(147)</u>	<u>(164)</u>
Net interest expense	<u>(145)</u>	<u>(162)</u>

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

7. TAX ON LOSS

Total tax credit recognised in the statement of income and retained earnings

	31 March 2020 £000	£000	31 March 2019 £000	£000
<i>Deferred tax (see note 14)</i>				
Origination and reversal of timing differences	(170)		(150)	
Adjustment in respect of prior periods	(40)		-	
Effect of tax rate on opening balance	(102)		-	
Total deferred tax		(312)		(150)
Total tax		(312)		(150)

Reconciliation of effective tax rate

	31 March 2020 £000	31 March 2019 £000
Loss for the period before tax	(2,468)	(2,676)
Tax using the UK corporation tax rate of 19%	(468)	(508)
Deferred tax not recognised	355	299
Non-deductible expenses	-	14
Fixed asset differences	56	-
Adjustments to tax charge in respect of previous periods – deferred tax	(40)	-
Income not taxable for tax purposes	(45)	-
Remeasurement of deferred tax for changes in tax rates	(170)	45
Total tax credit included in the statement of income and retained earnings	(312)	(150)

The finance act which was substantively enacted on 26 October 2015 included legislation to reduce the main rate of corporation tax of 20% to 19% from 1 April 2017. Further changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These included reductions to the main rate of corporation tax to 17% from 1 April 2020. The most recent changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 (on 11 March 2020). These included maintaining the main rate of corporation tax at 19% from 1 April 2020.

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

8. TANGIBLE FIXED ASSETS

	Spares inventory £'000	Freehold Land & buildings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 April 2019	3,898	8,055	16,738	28,691
Additions	56	-	54	110
Disposals	(314)	(4)	-	(318)
At 31 March 2020	3,640	8,051	16,792	28,483
Accumulated depreciation				
At 1 April 2019	2,240	2,539	12,329	17,108
Disposals	(314)	(2)	-	(316)
Impairment	80	-	-	80
Depreciation charged in the year	-	317	1,742	2,059
At 31 March 2020	2,006	2,854	14,071	18,931
Net book amount				
At 31 March 2020	1,634	5,197	2,721	9,552
At 31 March 2019	1,658	5,516	4,409	11,583

Impairments in the period relate to obsolescence provisions against spares in line with the accounting policy disclosed in Note 1.

9. DEBTORS - RECEIVABLES

	31 March 2020 £'000	31 March 2019 £'000
Amounts owed by British Steel Limited for trade sales:		
- Trade Receivables	331	307
- Accrued Income	202	50
Provision against amounts owed by British Steel Ltd	(202)	-
Amounts owed by third parties:		
- Trade Receivables	470	365
- Accrued Income	253	245
Deferred taxes (see note 14)	1,137	825
Prepayments	4	167
	2,195	1,959

During the year an impairment loss of £202,551 (2019:Nil) was recognised in respect of amounts owed by British Steel Ltd who have undergone liquidation in 2019 and from whom payment is uncertain to be recoverable.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2020 £'000	31 March 2019 £'000
Trade creditors	605	974
Other amounts owed to British Steel Limited	12	23
Payroll provisions	104	20
VAT	123	120
Deferred Income	354	-
Hire purchase (note 12)	109	109
Other creditors and accruals	1,750	1,058
	<u>3,057</u>	<u>2,304</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	31 March 2020 £'000	31 March 2019 £'000
Hire purchase (due within 2-5 years) (note 12)	115	225

12. HIRE PURCHASE CREDITORS

Finance leases are repayable as follows:

	31 March 2020 £'000	31 March 2019 £'000
Minimum lease payments		
Within one year (note 10)	109	109
In the second to fifth years inclusive (note 11)	115	225
	<u>224</u>	<u>334</u>
At end of period	224	334
Less: Future finance charges	5	7
	<u>219</u>	<u>327</u>
Present value of minimum lease payments		
Within one year	107	107
In the second to fifth years inclusive	112	220
	<u>219</u>	<u>327</u>

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2020

13. PROVISIONS

	31 March 2020 £'000	31 March 2019 £'000
At beginning of period	2,401	2,704
Provision release	(359)	(465)
Unwinding of discount	144	162
At end of period	<u>2,186</u>	<u>2,401</u>

The provision represents dilapidation costs in relation to the wharf at the bulk terminal,. The wharf lease expires in 2033 and the provision is expected to be utilised at this point (should no extension of the lease occur).

14. DEFERRED TAXATION

	31 March 2020 £'000	31 March 2019 £'000
At beginning of period	825	675
Adjustment for the period	312	150
At end of period	<u>1,137</u>	<u>825</u>

The elements of deferred taxation are as follows:

Difference between capital allowances and depreciation	<u>1,137</u>	<u>825</u>
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The company has not recognised the deferred tax asset in relation to losses of £937,459 (2019: £582,000).

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

15. CALLED UP SHARE CAPITAL

	31 March 2020 £'000	31 March 2019 £'000
Authorised, allotted, called up and fully paid		
13,251,358 'A' ordinary shares of £1 each	13,251	13,251
13,251,358 'B' ordinary shares of £1 each	13,251	13,251
1 £1 voting share allocated to SSI UK (2019:British Steel Limited)	-	-
1 £1 voting share allocated to SSI UK	-	-
	<u>26,503</u>	<u>26,503</u>

Subject to the terms of agreements between the shareholders:

- (i) 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
- (ii) the voting shares allocated to British Steel Limited and SSI UK give them voting rights within the company.

On 24 February 2020, SSI UK exercised their pre-emption rights over the controlling shares in RBT held by British Steel Limited (In Liquidation) and as such secured 100% shareholding in RBT however the control of the business lies with its directors acting on behalf of a consortium of Thai Banks.

16. RESERVES

Retained earnings

	31 March 2020 £'000	31 March 2019 £'000
At beginning of period	(17,433)	(14,907)
Loss for the period	(2,156)	(2,526)
	<u>(19,589)</u>	<u>(17,433)</u>

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

17. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

	31 March 2020 £'000	31 March 2019 £'000
(Loss) for the financial year	(2,156)	(2,526)
Depreciation	2,059	2,294
(Profit)/Loss on sales of fixed asset	(24)	422
Impairment of spares stock	80	120
Net usage of spare parts	-	33
Increase/(Decrease) in provisions	(325)	(453)
Operating cash flow before movement in working capital	(366)	(110)
(Increase) in stocks	(14)	(72)
(Increase)/decrease in debtors	(126)	135
Increase in creditors	753	80
Interest received	(2)	(2)
Interest paid	3	2
Net cash inflow from operating activities	248	33

18. RECONCILIATION OF CHANGES IN NET DEBT

	As at 1 April 2019 £'000	Cash Flows £'000	Non- cash movements £'000	As at 31 March 2020 £'000
Cost				
Cash at bank and in hand	309	53	-	362
Obligations under hire purchase contracts	(334)	113	(3)	(224)
	(25)	166	(3)	138

19. 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 £245,384 (2019: £225,000).

REDCAR BULK TERMINAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

20. RELATED PARTY TRANSACTIONS

British Steel Limited provided the company with accounting, professional and IT services. The company provides British Steel Limited with bulk material handling services and with hire services.

Transactions in the year ending 31 March 2020 were:

	2020 £'000	2019 £'000
<i>Purchases from Related Parties</i>		
British Steel Limited for IT, telephone & Procurement services	16	52
<i>Sales to Related Parties</i>		
British Steel Limited for bulk handling services	1,213	1,614
British Steel Limited for residual services and materials	79	148

The balances outstanding at the period end are shown in notes 9 and 10.

21. OPERATING LEASE RECEIVABLE

Future minimum lease payments receivable:

	31 March 2020 £'000	31 March 2019 £'000
Less than one year	381	-
Between one and five years	1,668	-
More than five years	13,870	-
	15,919	-

22. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel of the company, who are also directors, is as follows:

	31 March 2020 £'000	31 March 2019 £'000
Aggregate Compensation	89	87

23. ULTIMATE CONTROLLING PARTY

Following the liquidation of British Steel Limited on 22 May 2019, and the exercising of a right of pre-emption by SSI UK, the 100% shareholding in RBT was acquired by SSI UK acting by its receivers, Stephen Cork and Neil Smail on behalf of a consortium of Thai banks.

The ultimate parent company is Sahaviriya Steel Industries Public Company Limited, a company incorporated in Thailand, which is currently listed on the stock exchange of Thailand, the financial statements of which are publicly available.