

**REDCAR BULK TERMINAL LIMITED**

**Report and Financial Statements**

**For the 15 month period ended 31 March 2018**



# **REDCAR BULK TERMINAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS** **For the 15 month period ended 31 March 2018**

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# **REDCAR BULK TERMINAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS** **For the 15 month period ended 31 March 2018**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

S A Mason  
L Sawyer

#### **SECRETARY**

Chipchase Manners Nominees Limited  
384 Linthorpe Road  
Middlesbrough  
TS5 6HA

#### **REGISTERED OFFICE**

Redcar Bulk Terminal Limited  
Lackenby Main Office  
Lackenby Works  
Middlesbrough  
TS6 7RP

#### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
Leeds  
United Kingdom

# **REDCAR BULK TERMINAL LIMITED**

## **STRATEGIC REPORT**

**For the 15 month period ended 31 March 2018**

### **PRINCIPAL ACTIVITIES**

The principal activities of Redcar Bulk Terminal Limited (RBT) is 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.

The company was a joint venture between Tata Steel UK Limited and SSI (In Liquidation). Tata Steel UK Limited and SSI, both of which are incorporated in the United Kingdom, jointly controlled the company up until the date of Liquidation of SSI 2 October 2015. From this date control passed entirely to Tata Steel UK Limited and subsequently to Tata Steel Europe Limited from 1 July 2016 and British Steel Limited from 23 March 2017.

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 steelworks and the significant steps taken to attract and acquire new business, the result for the period ended 31 March 2018 and the financial position at the balance sheet date to be satisfactory.

During the year the company extended the financial year end from 31 December to 31 March in line with its controlling partner, British Steel Limited.

### **BUSINESS MODEL**

Redcar Bulk Terminal Limited operates a bulk handling terminal on the South Bank of the River Tees on the North East Coast of the UK. The terminal 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 offloading free flowing bulk materials at rates in excess of 40,000mt per day. Bulk materials are discharged direct to conveyors into a large open bulk storage yard which extends 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 and the South Tees Development Corporation.

### **BUSINESS REVIEW AND RESULTS**

The Directors can report the result for Redcar Bulk Terminal Limited for the period was a loss before tax of £3,141,000 (2016: £3,516,000 restated), net assets at the period end were £11,596,000 (2016: £14,314,000 restated). The 2016 opening and closing net assets and results have been restated to recognise a historical unrecognised provision in relation to dilapidations that was identified during a fair value exercise performed as a result of the change in ownership in March 2017. This error has been corrected by restating the prior year comparatives. Further details on the impact of this prior year restatement are disclosed in the accounting policies and in note 19.

The Directors regard turnover, adjusted EBITDA and profit/loss before tax as the key performance indicators. The Company defines adjusted 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 adjusted EBITDA as an alternative performance measure provides additional useful information on the underlying trends, performance and position of the Company. A reconciliation between adjusted EBITDA and operating profit is shown in the Company's statement of income and retained earnings on page 9.

The Bulk Terminal formed part of the integrated Teesside steelworks and was used primarily as an import facility for iron Ore and Coal. However following the closure of the steelworks in October 2015 RBT has continued to operate, develop and grow as a major bulk handling facility 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. During the course of 2017 Redcar Bulk Terminal has secured several new long-term bulk handling contracts and remains in a strong position to land future off shore wind contracts due to start late 2018 / early 2019. Redcar Bulk Terminal has a healthy business pipeline and in July 2018 signed a long term materials handling agreement with Sirius Minerals to handle up to 10 million tonnes of POLY4 exports per annum starting in 2021. The directors will continue to examine all options to maximise new business opportunities for Redcar Bulk Terminal however the management of the business and the execution of the company's strategy are subject to a number of risks.

# REDCAR BULK TERMINAL LIMITED

## STRATEGIC REPORT (continued)

For the 15 month period ended 31 March 2018

The key business risk and potential opportunity is how the South Tees Development Corporation interact with the business.

A port services agreement (PSA) remains in place between the company and British Steel, who have continued to support the business by honouring their obligations under the shareholders agreement following the liquidation of SSI (UK) Limited in October 2015.

From the number of existing contracts 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.

### KEY PERFORMANCE INDICATORS

	15 month period ended 31 March 2018 £'000	Year ended 31 December 2016 £'000
Turnover	9,071	5,401
Adjusted EBITDA	110	(969)
Operating Loss	(2,999)	(3,374)
Loss before tax	(3,141)	(3,516)

The loss for the period, after taxation, amounted to £2,718,000 (2016: £3,330,000 restated).

### FUTURE DEVELOPMENTS

The directors continue to authorise investment and upgrade of the existing plant and equipment to maximise efficiency and improve the asset base.

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



S. Mason  
Director

Date: 31 July 2018

# **REDCAR BULK TERMINAL LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the company for the period ended 31 March 2018. 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**

As set out in the Strategic Report the closure of the steelworks presented the business with the challenge to reduce costs significantly whilst proactively marketing the port. The directors have reviewed the financial condition of the company and the Business Plan in place for 2018/19 and have considered the uncertainties arising in this from the liquidation of SSI and the consequent impact of this upon the trading and finances of the company. For the reasons discussed in note 1, the directors continue to adopt the going concern basis in preparing these financial statements.

### **DIRECTORS**

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

	Appointment date	Resignation date
D Nicol	24/03/2011	23/08/2017
S A Mason	23/10/2013	-
L Sawyer	01/07/2017	-

### **DIVIDENDS**

There has been no interim dividend paid or declared in the period and the directors do not propose a final dividend (2016: £nil).

### **FINANCIAL RISK MANAGEMENT**

The Company is managed as an integral part of the parent company's operations. The financial risk management objectives and policies are consistent with the Group's (as defined in note 18). Financial risk is managed at a Group level, details of which can be found in the Annual Report and Accounts for British Steel Limited for the financial period under review. The British Steel Limited Annual Report and Accounts are available from the address detailed in note 18.

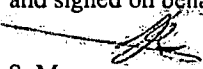
### **DISCLOSURE OF INFORMATION TO AUDITORS**

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**

Deloitte LLP were appointed as auditor during the period and have expressed their willingness to continue in office as auditor. The auditor, Deloitte LLP, will be deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

  
S. Mason  
Director

Date: 31 July 2018

## **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;
- 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 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**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Redcar Bulk Terminal Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the 15 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **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 Financial Reporting Council's (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.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.



# **REDCAR BULK TERMINAL LIMITED**

## **Independent auditor's report to the members of Redcar Bulk Terminal Limited (continued)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 respect of these matters.

### **Responsibilities of directors**

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, 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# REDCAR BULK TERMINAL LIMITED

## Independent auditor's report to the members of Redcar Bulk Terminal Limited (continued)

### Report on other legal and regulatory requirements

#### 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 period 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.

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 any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

#### 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.



Matthew Hughes BSc (Hons), ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

31 July 2018

# REDCAR BULK TERMINAL LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS 15 Month Period Ended 31 March 2018

		15 month period ended 31 March 2018 £'000	Year ended 31 December 2016 Restated* £'000
	Note		
<b>TURNOVER</b>	2	<b>9,071</b>	<b>5,401</b>
External charges		(2,686)	(1,891)
Staff costs	4	(4,260)	(3,743)
Depreciation and amortisation	5	(2,776)	(2,236)
Other operating charges		(2,348)	(905)
<b>Operating Loss</b>		<b>(2,999)</b>	<b>(3,374)</b>
<b>Adjusted EBITDA</b>		<b>110</b>	<b>(969)</b>
Exceptional items:			
Bad debt credit	6	-	104
<b>EBITDA</b>		<b>110</b>	<b>(865)</b>
Depreciation and impairment		(3,109)	(2,509)
<b>Operating loss</b>		<b>(2,999)</b>	<b>(3,374)</b>
Interest receivable and similar income	7	11	2
Interest payable and similar charges	7	(153)	(144)
Net interest expense	7	(142)	(142)
<b>LOSS BEFORE TAXATION</b>		<b>(3,141)</b>	<b>(3,516)</b>
Tax on loss	8	423	186
<b>LOSS FOR THE FINANCIAL YEAR</b>	15	<b>(2,718)</b>	<b>(3,330)</b>
Retained earnings at the beginning of the period		(12,189)	(8,859)
Dividends		-	-
<b>Retained earnings at the end of the period</b>		<b>(14,907)</b>	<b>(12,189)</b>

\* The year ended 31 December 2016 has been restated for a historical unrecognised amount, as detailed in the accounting policies and in note 19.

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 2018

	Note	31 March 2018 £'000	31 December 2016 Restated* £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	12,124	14,468
Spares inventory	9	1,611	1,853
		<u>13,735</u>	<u>16,321</u>
<b>CURRENT ASSETS</b>			
Stock		77	32
Debtors	10	1,944	2,144
Cash at bank and in hand		659	867
		<u>2,680</u>	<u>3,043</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(2,115)</u>	<u>(2,499)</u>
<b>NET CURRENT ASSETS</b>		<u>565</u>	<u>544</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>14,300</u>	<u>16,865</u>
Provisions for other liabilities	12	<u>(2,704)</u>	<u>(2,551)</u>
<b>NET ASSETS</b>		<u>11,596</u>	<u>14,314</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	26,503	26,503
Retained earnings	15	<u>(14,907)</u>	<u>(12,189)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>11,596</u>	<u>14,314</u>

\* 2016 has been restated for a historical unrecognised amount, as detailed in the accounting policies and in note 19.

The financial statements of Redcar Bulk Terminal Limited, registered number 07402297, were approved by the board of directors and authorised for issue on 31 July 2018.

Signed on behalf of the Board of Directors

S Mason

Director

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

# REDCAR BULK TERMINAL LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the 15 month period ended 31 March 2018

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2016 (Restated*)	26,503	(8,859)	17,644
Loss for the period	-	(3,330)	(3,330)
Total comprehensive expense	-	(3,330)	(3,330)
At 31 December 2016 (Restated*)	26,503	(12,189)	14,314
At 1 January 2017	26,503	(12,189)	14,314
Loss for the period	-	(2,718)	(2,718)
Total comprehensive expense	-	(2,718)	(2,718)
At 31 March 2018	26,503	(14,907)	11,596

\* 2016 has been restated for a historical unrecognised amount, as detailed in the accounting policies and in note 19.

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

15 month period ended 31 March 2018

### 1. ACCOUNTING POLICIES

Redcar Bulk Terminal Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

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. The amendments to FRS 102 issued in July 2015 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.

#### Disclosure exemptions

The financial statements are prepared under FRS 102 which allows a qualifying entity certain disclosure exemptions. The disclosure exemptions taken relate to the following areas:

- (i) a reconciliation of the number of shares outstanding at the beginning and end of the period;
- (ii) no cash flow statement is presented;
- (iii) financial instruments - certain disclosure requirements have not been presented because equivalent disclosures appear in the group financial statements (see note 18); and
- (iv) key management personnel remuneration.

#### Prior period restatement

As a result of a fair value exercise that was performed due to a change in ownership in March 2017, the Company has identified a provision relating to dilapidations that was previously unrecognised. This historical unrecognised provision has been corrected and impacts on the retained earnings as at 1 January 2016 to increase the retained loss by £2,407,000. The correction results in a provision of £2,551,000 being recognised as at 31 December 2016 and the recognition of the unwinding of this previously unrecognised provision impacts on the loss for the year to 31 December 2016 by increasing the loss by £144,000. Further details regarding this restatement are provided in note 19.

#### Going concern

The liquidation of the company's 50% shareholder and principal customer, SSI, in October 2015 presented the business with the challenge of reducing costs significantly whilst proactively marketing the port. During the course of 2017/18 the company has continued to attract and acquire new business in the form of aggregates, coal and coke, granulated slag, offshore and scrap handling opportunities with options available not only to increase existing business but expand into new areas. As a result turnover for 2018/19 is expected to be in the region of £11m and increase to at least £12.5m in 2019/20, the cash position is expected to remain steady throughout 2018/19 with the company continuing to meet its creditor requirements as they fall due. Furthermore the recent signing of the long term materials handling agreement is considered by the directors to be a major step forward.

The directors have reviewed the financial condition of the company and the Business Plan in place for 2018/19 and have considered the uncertainties arising from the liquidation of SSI and the consequent impact of this upon the trading and finances of the company. In view of the increased business and activity, the numerous opportunities yet to be fully realised and the recent change in ownership the directors consider the position of the company to be satisfactory and therefore continue to adopt the going concern basis in preparing these financial statements.

#### 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.

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

15 month period ended 31 March 2018

### 1. ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### Provisions

Provisions for dilapidations are recognised when: the Company 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.

#### 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.

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

15 month period ended 31 March 2018

### 1. ACCOUNTING POLICIES (CONTINUED)

#### 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 was recognised, 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 the Company 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.

#### Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

### 2. TURNOVER

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

### 3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

#### Valuation of fixed assets

The Company holds significant value in fixed assets. In preparing the financial statements an assessment is made in respect of the useful economic lives of the Company's assets to ensure that these remain appropriate. Due to the nature of these assets this involves judgement based on historic knowledge of the Company's assets and expected future plans of the business. See note 9 for the carrying amount of fixed assets.

#### Recoverability of trade debtors

An assessment as to the ability of the Company to recover trade debtors at each financial period end. A provision is made for any amounts that are not considered to be recoverable. Due to the nature of this provision an estimate is made as to the amounts that will be recoverable which involves judgement based on knowledge of the customer and the level of uncertainty as to whether the company has sufficient funds to pay these amounts. See note 10 for the net carrying amount of trade debtors.

#### Valuation of dilapidation provisions

The Company 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 12 for disclosures relating to this provision.



# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

15 month period ended 31 March 2018

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
<b>Staff costs</b>		
Wages and salaries	3,647	3,249
Social security costs	367	303
Pension costs	246	191
	<u>4,260</u>	<u>3,743</u>
	Nr	Nr
Management	4	4
Operations	36	36
Engineering	41	46
	<u>81</u>	<u>86</u>
Total		

None of the directors received any remuneration for their services to the company during the current period or previous year.

D Nicol, S Mason and L Sawyer were remunerated as employees of British Steel Limited and received no remuneration from that company for acting as directors of Redcar Bulk Terminal Limited.

### 5. LOSS BEFORE TAXATION

Loss on ordinary activities before taxation is after charging:

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 £000
Depreciation of owned tangible fixed assets	2,776	2,217
Loss on sale of tangible fixed assets	-	19
	<u>2,776</u>	<u>2,236</u>

The services provided by the company's auditor were:

Audit of these financial statements	13	14
Other services related to taxation	6	5
	<u>19</u>	<u>19</u>

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

15 month period ended 31 March 2018

### 6. BAD DEBT CREDIT

Bad debt provision - specific		(104)
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The bad debt credit relates to invoices outstanding for bulk handling services provided up to the date of liquidation of SSI (UK) Limited on 2 October 2015.

### 7. NET INTEREST EXPENSE

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 Restated £000
<b>Interest receivable and similar income:</b>		
Loss on sale of tangible fixed assets	11	2
<b>Total interest income</b>	<b>11</b>	<b>2</b>
<b>Interest payable and similar charges</b>		
Unwinding of discount	(153)	(144)
<b>Total interest expense</b>	<b>(153)</b>	<b>(144)</b>
<b>Net interest expense</b>	<b>(142)</b>	<b>(142)</b>

### 8. TAX ON LOSS

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

	15 month period ended 31 March 2018 £000	£000	Year ended 31 December 2016 £000	£000
<i>Deferred tax (see note 13)</i>				
Origination and reversal of timing differences	(423)		(190)	
Change in tax rate			4	
<b>Total deferred tax</b>		<b>(423)</b>		<b>(186)</b>
<b>Total tax</b>		<b>(423)</b>		<b>(186)</b>

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

15 month period ended 31 March 2018

### 8. TAX ON LOSS (CONTINUED)

#### Reconciliation of effective tax rate

	15 month period ended 31 March 2018 £000	Year ended 31 December 2016 Restated £000
Loss for the period before tax	(3,141)	(3,516)
Tax using the UK corporation tax rate of 19% (2016: 20%)	(597)	(703)
Fixed asset differences	-	5
Deferred tax not recognised	(4)	329
Non-deductible expenses	105	87
Adjust closing deferred tax to average rate of 19%	171	103
Adjust opening deferred tax to average rate of 19%	(98)	(7)
Total tax credit included in the statement of income and retained earnings	(423)	(186)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2018 has been calculated based on these rates.

### 9. TANGIBLE FIXED ASSETS

	Spares inventory £'000	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
At beginning of period	3,640	8,062	19,012	30,714
Additions	130	-	432	562
Disposals	(39)	-	-	(39)
At 31 March 2018	3,731	8,062	19,444	31,237
<b>Accumulated depreciation</b>				
At beginning of period	1,787	1,826	10,780	14,393
Disposals	-	-	-	-
Impairment	333	-	-	333
Charge for period	-	396	2,380	2,776
At 31 March 2018	2,120	2,222	13,160	17,502
<b>Net book amount</b>				
At 31 March 2018	1,611	5,840	6,284	13,735
At 31 December 2016	1,853	6,236	8,232	16,321

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

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

15 month period ended 31 March 2018

### 10. DEBTORS - RECEIVABLES

	15 month to 31 March 2018 £'000	Year to 31 December 2016 £'000
Amounts owed by Tata Steel UK Limited for trade sales	-	1
Amounts owed by British Steel Limited for trade sales	219	-
Amounts owed by third parties	869	920
Corporation tax repayable	-	932
Deferred taxes (see note 13)	675	252
Prepayments	181	39
	<u>1,944</u>	<u>2,144</u>

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

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

	15 month to 31 March 2018 £'000	Year to 31 December 2016 £'000
Trade creditors	803	289
Other amounts owed to British Steel Limited	51	-
Other amounts owed to Tata Steel UK Limited	-	73
Payroll provisions	48	146
VAT	31	168
Other creditors and accruals	1,182	1,823
	<u>2,115</u>	<u>2,499</u>

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

### 12. PROVISIONS FOR OTHER LIABILITIES

	15 month to 31 March 2018 £'000	Year to 31 December 2016 Restated £'000
At beginning of period	2,551	2,407
Adjustment for the period	153	144
At end of period	<u>2,704</u>	<u>2,551</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.

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

15 month period ended 31 March 2018

### 13. DEFERRED TAXATION

	15 month to 31 March 2018 £'000	Year to 31 December 2016 £'000
At beginning of period	252	66
Adjustment for the period	423	186
At end of period	675	252
The elements of deferred taxation are as follows:		
Difference between capital allowances and depreciation	423	252

The company has not recognised the deferred tax asset in relation to losses of £325,000 (2016: £329,000).

### 14. CALLED UP SHARE CAPITAL

	15 month Period to 31 March 2018 £'000	Year to 31 December 2016 £'000
<b>Authorised, allotted, called up and fully paid</b>		
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 Tata Steel UK Limited		
1 £1 voting share allocated to SSI		
	26,503	26,503

On 23 March 2017, Tata Steel Europe Limited transferred its shareholding in the Company to British Steel Limited.

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 Tata Steel Europe Limited and SSI give them voting rights within the company.

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

15 month period ended 31 March 2018

### 15. RESERVES

Retained earnings	15 month period to 31 March 2018 £'000	Year to 31 December 2016 Restated £'000
At beginning of period	(12,189)	(8,859)
Loss for the Period	(2,718)	(3,330)
At end of period	<u>(14,907)</u>	<u>(12,189)</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 £246,000 (2016: £191,000).

### 17. RELATED PARTY TRANSACTIONS

Tata Steel UK Limited and SSI, both of which are incorporated in the United Kingdom, jointly controlled the company up until the date of Liquidation of SSI 2 October 2015. From this date control passed entirely to Tata Steel UK Limited and subsequently to Tata Steel Europe Limited from 1 July 2016 and British Steel Limited from 23 March 2017.

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.

SSI provided the company with infrastructure services. The company provided SSI with bulk material handling services and with stores and miscellaneous services.

From October 2015 SSI UK Limited (In Liquidation) provided the company with infrastructure services.

Transactions in the 15 months ending 31 March 2018 were:

	2018 £'000	2016 £'000
<i>Purchases from Related Parties</i>		
Tata Steel UK Limited for accounting, telephone & Procurement services	26	115
SSI UK (In Liquidation) for the provision of infrastructure services	633	387
British Steel Limited for IT, telephone & Procurement services	124	-
	<u>783</u>	<u>502</u>
<i>Sales to Related Parties</i>		
Tata Steel UK Limited for bulk handling services	325	2,840
Tata Steel UK Limited for residual services and materials	3	448
British Steel Limited for bulk handling services	1,196	-
British Steel Limited for residual services and materials	202	-
	<u>1,726</u>	<u>3,288</u>

The balances outstanding at the period end are shown in notes 10 and 11.

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

15 month period ended 31 March 2018

### 18. ULTIMATE CONTROLLING PARTY

At the period end the Company was owned 50% by British Steel Limited and 50% by SSI UK Limited (in liquidation) and 100% controlled by British Steel Limited.

British Steel Limited is a wholly-owned subsidiary of British Steel Holdings Limited (the immediate parent company), a company incorporated in England and Wales.

The largest and smallest group of which the results of the Company are consolidated is that headed by British Steel Holdings Limited. Copies of the Report and Accounts for British Steel Holdings Limited may be obtained from its registered office at Brigg Road, Scunthorpe, North Lincolnshire, DN16 1BP.

The Group's ultimate parent company is Olympus Steel 2 Limited, a company incorporated in Jersey, the financial statements of which are neither consolidated nor publicly available.

The directors consider Marc Meyohas, Nathaniel Meyohas and Storfond Limited to be the ultimate controlling parties of the Company.

### 19. PRIOR PERIOD RESTATEMENT

Following a change in ownership in March 2017, the Company has identified a provision relating to dilapidations that was previously unrecognised. This error has been corrected by restating each of the affected financial statement line items. The following tables summarise the impact on the Company's financial statements:

#### Balance sheet

	As previously reported £'000	Impact of restatement £'000	As restated £'000
<b>At 1 January 2016</b>			
Assets	21,937	-	21,937
<b>Total assets</b>	<b>21,937</b>	<b>-</b>	<b>21,937</b>
Provisions	-	(2,407)	(2,407)
Other liabilities	(1,886)	-	(1,886)
<b>Total liabilities</b>	<b>(1,886)</b>	<b>(2,407)</b>	<b>(4,293)</b>
Retained profits	(6,452)	(2,407)	(8,859)
Other capital and reserves	26,503	-	26,503
<b>Total equity</b>	<b>20,051</b>	<b>(2,407)</b>	<b>17,644</b>
<b>At 31 December 2016</b>			
Assets	19,364	-	19,364
<b>Total assets</b>	<b>19,364</b>	<b>-</b>	<b>19,364</b>
Provisions	-	(2,551)	(2,551)
Other liabilities	(2,499)	-	(2,499)
<b>Total liabilities</b>	<b>(2,499)</b>	<b>(2,551)</b>	<b>(5,050)</b>
Retained profits	(9,638)	(2,551)	(12,189)
Other capital and reserves	26,503	-	26,503
<b>Total equity</b>	<b>16,865</b>	<b>(2,551)</b>	<b>14,314</b>

# REDCAR BULK TERMINAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 15 month period ended 31 March 2018

### 19. PRIOR PERIOD RESTATEMENT (CONTINUED)

#### Statement of income and retained earnings

	As previously reported £'000	Impact of restatement £'000	As restated £'000
<b>Year ended 31 December 2016</b>			
Operating loss	(3,374)	-	(3,374)
Net interest income/(expense)	2	(144)	(142)
<b>Loss before tax</b>	<b>(3,372)</b>	<b>(144)</b>	<b>(3,516)</b>
Tax on loss	186	-	186
<b>Loss for the financial period</b>	<b>(3,186)</b>	<b>(144)</b>	<b>(3,330)</b>
<b>Retained earnings at the beginning of the period</b>	<b>(6,452)</b>	<b>(2,407)</b>	<b>(8,859)</b>
<b>Retained earnings as the end of the period</b>	<b>(9,638)</b>	<b>(2,551)</b>	<b>(12,189)</b>

#### Statement of changes in equity

	As previously reported £'000	Impact of restatement £'000	As restated £'000
At 1 January 2016	20,051	(2,407)	17,644
Loss for the period	(3,186)	(144)	(3,330)
Total comprehensive expense	(3,186)	(144)	(3,330)
<b>At 31 December 2016</b>	<b>16,865</b>	<b>(2,551)</b>	<b>14,314</b>