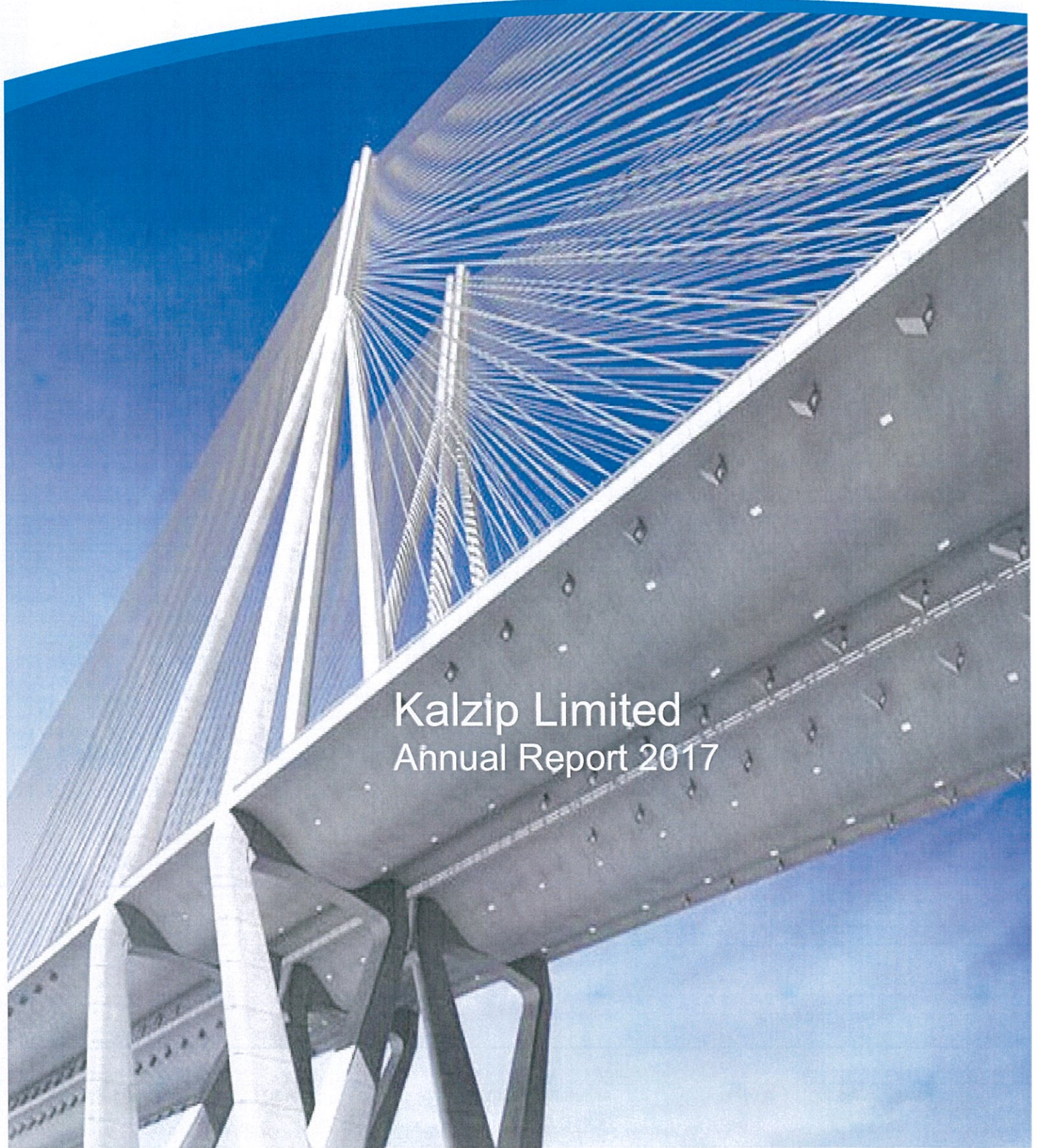


**TATA STEEL**



**Kalzip Limited**  
Annual Report 2017



---

## Contents

---

	<b>Page</b>
<b>A. Directors and advisors</b>	2
<b>B. Strategic report</b>	
B1. Principal activities	3
B2. Going concern	3
B3. Business review	4
B4. Principal risks and uncertainties	4
B5. Employees	4
B6. Future developments and subsequent events	5
<b>C. Directors' report</b>	6
<b>D. Directors' responsibilities statement</b>	7
<b>E. Independent auditor's report</b>	8
<b>F. Financial statements</b>	
F1. Income statement	10
F2. Balance sheet	11
F3. Statement of changes in equity	12
F4. Presentation of accounts and accounting policies	13
F5. Notes to the financial statements	15

### Directors

J Schwall  
A Mills

### Company Secretary and registered office

J Dempster

Haydock Lane  
Haydock  
St Helens  
Merseyside  
United Kingdom  
WA11 9TY

### Company number

02128169

### Auditor

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

## B. Strategic report

### Introduction

The directors have pleasure in presenting the Strategic report, together with the audited financial statements, of Kalzip Limited ("the Company") for the year ended 31 March 2017.

These financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework', a framework for entities that apply the presentation, recognition and measurement requirements of EU-adopted IFRS but with reduced disclosures and also ensures compliance with any relevant legal requirements applicable to it.

### B1. Principal activities

The Company is a wholly owned subsidiary within the Tata Steel Europe Limited ('TSE') Group and its activities are managed as an integral part of the parent's operations.

The principal activity of the Company is the sale of aluminium building products throughout the world. The principal activities changed in 2013/14 following the restructuring of Kalzip's European operations. The main part of this restructuring was the consolidation of all in-house manufacturing from Haydock (UK) to Koblenz (Germany) and downsizing of support functions in the UK. Kalzip Limited is now acting as a sales agent of Kalzip GmbH, Germany.

The Company owns, or has access to, TSE Group sales offices, stockholders, service centres and joint venture or associate arrangements in a number of markets for distribution and further processing. These are supported by various agency agreements. There is an extensive network in the EU, while outside the EU there are sales offices in over thirty countries, supported by a worldwide trading network and a number of processing and service centres. There have not been any significant changes in the principal activities in the year under review.

### B2. Going concern

TSE and its subsidiaries are financed in part through the Senior Facilities Agreement and other long term loans introduced by the parent from time to time and in part through working capital support provided by Tata Steel Global Procurement Co. Pte Limited ('TSGP') a subsidiary of Tata Steel Limited ('TSL'), under arrangements which have been authorised, and are supported, by TSL. TSL has approved the

continued provision of working capital support to TSE and its subsidiaries (including the Company) and the operations of TSE's material subsidiaries, including in the Netherlands and the UK, subject to certain restrictions which in respect of Tata Steel UK ('TSUK'), a wholly owned subsidiary of Tata Steel Europe and a parent of the Company, includes agreement on a Regulated Apportionment Arrangement ('RAA') of the British Steel Pension Scheme ('BSPS'). The trading performance of the TSE Group, including the UK and the Company, in FY 2016/17 has continued to require financial support from TSL. It is thought that this may well continue but at a much-reduced level during FY 2017/18, when the outlook is much improved.

Further very material evidence of continued TSL support is seen in the commitment of TSL affiliates to provide the required financing of c.£550m which will need to be paid by TSUK to achieve a Regulated Apportionment Arrangement ('RAA') of the British Steel Pension Scheme ('BSPS') obligations of TSUK and the other BSPS employer entities. The completion of the RAA with relation to the BSPS, which was the subject of the TSL announcement on 16 May 2017, constitutes a material event for TSUK, and in its absence, it is expected that there would be a very large BSPS funding deficit which could cast significant doubt about TSUK's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business. Until the conclusion of the process, there continues to be a material uncertainty as to whether the BSPS restructuring will be completed.

For these reasons, while the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that until the RAA process is concluded there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company was not a going concern as it is not practicable to identify or quantify them.

---

## B. Strategic report

---

### B3. Business review

The Company is managed as an integral part of the TSE Group. The business issues impacting TSE have been disclosed in the Business review section of the Strategic report in its Annual Report.

The Company's directors do not believe that key performance indicators (or discussion thereof) are appropriate for an understanding of the development, performance or position of the Company. The performance of TSE, which includes the Company, is discussed in its Annual Report, which does not form part of this report.

#### Results

The Company reported a loss after tax of £128k (2016: £129k loss).

#### Environment

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

### B4. Principal risks and uncertainties

Discussion of the principal risks and uncertainties affecting the TSE Group are included in the TSE Annual Report & Financial Statements.

The Company has no external bank financing and is linked to the group cash pooling facility, and so shares banking arrangements with its parent and fellow subsidiaries.

The Company is currently acting as an agent for Kalzip GmbH (Germany) and the costs of the agency activities for Kalzip GmbH will be recovered at least at cost. The Company has received assurances from the directors of Kalzip GmbH that such costs will be recovered at least at cost for a period of at least 12 months from the date of this report.

The principal risks and uncertainties affecting the Company include exposure through the Company's activities to a number of financial risks including working capital

management risk, credit management risk and exchange rate risk.

#### Working capital management risk

The Company has exposure to working capital movements during the course of a financial year. Working capital risk is mainly driven by overdue debts.

The key controls in place to monitor the risk include:

- Credit management controls including credit insurance; and
- Legal action where appropriate.

#### Exchange rate risk

The Company's exposure to exchange rate risk comes from historic trading within different countries. The key controls in place to mitigate this risk include:

- Currency contracts utilised by our group parent to mitigate the effect of spot rate changes; and
- Monitoring of the exchange rate variance account in the income statement.

### B5. Employees

Details of the number of employees and related costs can be found in Note 4 to the financial statements on page 16.

The Company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities, and employs them where suitable work can be found. The requirements of job applicants and existing members of staff who have a disability are reviewed to ensure that reasonable adjustments are made to enable them to perform as well as possible during the recruitment process and while employed. All reasonable measures are taken to ensure that disabled employees are given the opportunity and facilities to participate fully in the workplace, in training and in career development and promotion opportunities. In addition, every effort is made to find appropriate alternative jobs for those who become disabled while working for the Company.

### B6. Future developments and subsequent events

The directors expect a stable result for the next financial year, mainly as a result of the agency status and coverage of costs by the cost plus model to recharge costs to Kalzip GmbH.

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



Anthony Mills  
Director

Registered Office:  
Haydock Lane  
Haydock  
St Helens  
Merseyside  
United Kingdom  
WA11 9TY  
1 August 2017

---

## C. Directors' report

---

### The Board

The directors of the Company are listed on page 2.

### Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors in respect of liabilities they may incur in relation to the affairs of the Company. In addition, directors and officers of the Company and its subsidiaries are covered by Directors' & Officers liability insurance.

### Results and dividends

The results of the Company show a loss after tax of £128k (2016: £129k loss). The directors do not recommend the payment of a final dividend (2016: £nil).

### Statement as to disclosure of information to the Company's auditor

Each director in office at the date of this Directors' report confirms that:

- a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b) the director has taken all the relevant steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

### Auditor

Deloitte LLP acted as auditor of the Company for the year ended 31 March 2017. It is the intention of the Directors to appoint PriceWaterhouseCoopers LLP as auditor for the year ending 31 March 2018.

### Information disclosed in the Strategic report

The following information has been disclosed in the strategic report:

- Going concern disclosure (page 3);
- A review of the business for the year (page 4); and
- The Company's employees (page 4).

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



Anthony Mills  
Director

Registered Office:

Haydock Lane  
Haydock  
St Helens  
Merseyside  
United Kingdom  
WA11 9TY

1 August 2017

---

## D. Directors' responsibilities statement

---

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 '*Reduced Disclosure Framework*' and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



## E. Independent auditor's report to the members of Kalzip Limited

We have audited the financial statements of Kalzip Limited for the year ended 31 March 2017 which comprise the income statement, the balance sheet, the statement of changes in equity, the presentation of accounts and accounting policies and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

### Respective responsibilities of directors and auditor

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

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we

become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Strategic report and on page 13 of the financial statements concerning the Company's ability to continue as a going concern.

The completion of the Regulated Apportionment Arrangement ('RAA') in relation to the British Steel Pension Scheme ('BSPS') constitutes a material event for the Company's parent, Tata Steel UK ('TSUK'), and in its absence it is expected that there would be a very large BSPS funding deficit which could cast significant doubt about the Company's ability to continue as a going concern. These conditions, along with the other matters explained in the Strategic Report and on page 13 of the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and 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 were unable to continue as a going concern.

---

## E. Independent auditor's report to the members of Kalzip Limited

---

### **Opinion 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.

In 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 and the Directors' report.

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

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

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

**D. Winstone**

Daryl Winstone (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

1 August 2017

## F1. Income statement

### For the financial year ended 31 March

	Note	2017 £	2016 £
<b>Revenue</b>	1	329,447	2,595,491
Cost of sales		(164,899)	(1,723,448)
<b>Gross profit</b>		<b>164,548</b>	<b>872,043</b>
Other Income	2	2,908,179	2,404,936
Administrative expenses	2	(3,190,183)	(3,403,450)
<b>Operating loss</b>		<b>(117,456)</b>	<b>(126,471)</b>
Net finance costs	5	(10,050)	(2,844)
<b>Loss before taxation</b>		<b>(127,506)</b>	<b>(129,315)</b>
Taxation charge	6	-	-
<b>Loss after taxation</b>		<b>(127,506)</b>	<b>(129,315)</b>

All references to 2017 in the Financial statements, the Presentation of accounts and accounting policies and the related Notes 1 to 17 refer to the financial year ended 31 March 2017 or as at 31 March 2017 as appropriate (2016: the financial year ended 31 March 2016 or as at 31 March 2016).

### Statement of comprehensive income

The Company has no other gains and losses other than those included in the income statement above, and therefore no separate statement of comprehensive income has been presented.

Notes and related statements forming part of these accounts appear on pages 15 to 19.

## F2. Balance sheet

As at 31 March			
	Note	2017 £	2016 £
<b>Non-current assets</b>			
Property, plant and equipment	7	143,852	229,151
<b>Current assets</b>			
Inventories	8	-	45,741
Trade and other receivables	9	1,917,151	2,619,382
Cash and cash equivalents		-	9,819
<b>TOTAL CURRENT ASSETS</b>		<b>1,917,151</b>	<b>2,674,942</b>
<b>TOTAL ASSETS</b>		<b>2,061,003</b>	<b>2,904,093</b>
<b>Non-current liabilities</b>			
Provisions	12	(112,598)	(122,863)
<b>Current liabilities</b>			
Trade and other payables	10	(72,842)	(664,278)
Provisions	12	(467,402)	(581,285)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(540,244)</b>	<b>(1,245,563)</b>
<b>TOTAL LIABILITIES</b>		<b>(652,842)</b>	<b>(1,368,426)</b>
<b>NET ASSETS</b>		<b>1,408,161</b>	<b>1,535,667</b>
<b>Equity</b>			
Share capital	15	3,700,000	3,700,000
Accumulated deficit		(2,291,839)	(2,164,333)
<b>TOTAL EQUITY</b>		<b>1,408,161</b>	<b>1,535,667</b>

The financial statements on pages 10 to 19 were approved by the board of directors and signed on its behalf by:



Anthony Mills  
Director

1 August 2017  
Kalzip Limited  
Registered No: 2128169

Notes and related statements forming part of these accounts appear on pages 15 to 19.

### F3. Statement of changes in equity

	Share capital £	Accumulated deficit £	Total equity £
<b>Balance as at 31 March 2015</b>	3,700,000	(2,035,018)	<b>1,664,982</b>
Total comprehensive loss for the year	-	(129,315)	<b>(129,315)</b>
<b>Balance as at 31 March 2016</b>	3,700,000	(2,164,333)	<b>1,535,667</b>
Total comprehensive loss for the year	-	(127,506)	<b>(127,506)</b>
<b>Balance as at 31 March 2017</b>	3,700,000	(2,291,839)	<b>1,408,161</b>

Notes and related statements forming part of these accounts appear on pages 15 to 19.

## F4. Presentation of accounts and accounting policies

### I Basis of preparation

Kalzip Limited is a private limited company incorporated in the United Kingdom under the Companies Act 2006. The functional and presentational currency of the Company is Pounds Sterling.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. FRS 101 'Reduced Disclosure Framework' ('FRS 101') as issued by the Financial Reporting Council became effective for accounting periods beginning on or after 1 January 2015. The Company underwent a transition from reporting under United Kingdom Accounting Standards (UK GAAP) to FRS 101 during the year ended 31 March 2016. As such these financial statements are prepared in accordance with FRS 101. In the transition to FRS 101, the Company applied IFRS 1; 'First-time adoption of International Financial Reporting Standards', whilst ensuring its assets and liabilities are measured in compliance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to IAS 1, presentation of comparative information in respect of certain assets (including intangible and tangible assets), IAS 7, presentation of a cash flow statement, IAS 8, standards not yet effective, and IAS 24, related party transactions with Tata Steel group companies.

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in the current and prior period.

Tata Steel Europe Limited ('TSE') and its subsidiaries are financed in part through the Senior Facilities Agreement and other long term loans introduced by the parent from time to time and in part through working capital support provided by Tata Steel Global Procurement Co. Pte Limited ('TSGP') a subsidiary of Tata Steel Limited ('TSL'), under arrangements which have been authorised, and are supported, by TSL. TSL has approved the continued provision of working capital support to TSE and its subsidiaries (including the Company) and the operations of TSE's material subsidiaries, including in the Netherlands and the UK, subject to certain restrictions which in respect of Tata Steel UK ('TSUK'), a wholly owned subsidiary of Tata Steel Europe and a parent of the Company, includes agreement on a Regulated Apportionment Arrangement ('RAA') of the British Steel Pension Scheme ('BSPS'). The trading performance of the TSE Group, including the UK and the Company, in FY 2016/17 has continued to require financial support from TSL. It is thought that this may well continue but at a much-reduced level during FY 2017/18, when the outlook is much improved.

Further very material evidence of continued TSL support is seen in the commitment of TSL affiliates to provide the required financing of c.£550m which will need to be paid by TSUK to achieve a Regulated Apportionment Arrangement ('RAA') of the British Steel Pension Scheme ('BSPS') obligations of TSUK and the other BSPS employer entities. The completion of the RAA with relation to the BSPS, which was the subject of the TSL announcement on 16 May 2017, constitutes a material event for TSUK, and in its absence, it is expected that there would be a very large BSPS funding deficit which could cast significant doubt about TSUK's ability to

continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business. Until the conclusion of the process, there continues to be a material uncertainty as to whether the BSPS restructuring will be completed.

For these reasons, while the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that until the RAA process is concluded there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company was not a going concern as it is not practicable to identify or quantify them.

### II Use of estimates and critical accounting judgements

The preparation of accounts in accordance with FRS 101 requires management to make estimates and assumptions that affect the:

- (i) reported amounts of assets and liabilities;
- (ii) disclosure of contingent assets and liabilities at the date of the accounts; and
- (iii) reported amounts of income and expenses during the period.

Actual results could differ from those estimates. The most significant techniques for estimation are described in the accounting policies below.

### III Critical accounting policies

#### (a) Inventories

Inventories of raw materials are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution. Provisions are made to cover slow-moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their local product lines and market conditions.

#### (b) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are

## F4. Presentation of accounts and accounting policies

only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### (c) Pension costs

The Company participates in the British Steel Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. For the purposes of IAS 19 ('Retirement Benefits'), the Company has been unable to identify its share of the underlying assets and liabilities in the main group scheme on a consistent and reasonable basis. Therefore the Company is accounting for contributions to the scheme as if it were a defined contribution scheme.

For defined contribution schemes, the amount charged to the income statement is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### (d) Property, plant and equipment

Property, plant and equipment is recorded at fair value on acquisition less accumulated depreciation and any recognised impairment loss.

Depreciation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment to their residual value.

The estimated useful lives for the main categories of property, plant and equipment are:

	Life Years
Leasehold improvements	Over term of lease
Office equipment and furniture	10
Plant, equipment and machinery	4

### (e) Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is when they have accepted physical delivery and control of the goods. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods. Consideration is also given as to whether the company is acting as a principal or an agent.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts due for goods and services provided in the normal course of business net of discounts, VAT and other sales related taxes.

### (f) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pounds Sterling at the quoted rates of exchange ruling at the end of each reporting period. Income statement items and cash flows are translated into Pounds Sterling at the average rates for the financial period.

### (g) Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The detailed accounting treatment for such items can differ, as described in the following sections:

#### (i) Trade debtors and group company receivables

Trade debtors receivables from group undertakings are initially recorded at their fair value and are subsequently measured at amortised cost, as reduced by appropriate allowances for any impairment. Provisions for impairment are made where there is a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade debtor or receivable from group undertaking is determined to be uncollectable it is written off, firstly against any provision available and then to the income statement. Subsequent recoveries of amounts previously provided for are credited to the income statement.

The recoverability of receivables from group undertakings, being principally TSUK Limited, have been considered in light of the going concern basis adopted, as described on page 13.

#### (ii) Financial liabilities

Financial liabilities are classified according to the terms of the individual contractual arrangements.

#### (iii) Trade payables

Trade creditors are initially recorded at fair value and are subsequently measured at their amortised cost.

### (h) Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the lease.

## F5. Notes to the financial statements

### For the financial year ended 31 March

#### 1. Revenue

The Company's revenue arose from the production and sale of aluminium building products. An analysis of revenue by destination is shown below:

	2017 £	2016 £
UK	202,746	1,325,696
Other EU countries	74,853	54,725
USA and Canada	(19,119)	9,376
Asia	70,967	1,205,768
Africa	0	0
North America	0	0
	<b>329,447</b>	<b>2,595,565</b>

#### 2. Other income and operating costs

	2017 £	2016 £
<b>Other income by type:</b>		
Agency agreement recharge	2,908,179	2,404,936
	<b>2,908,179</b>	<b>2,404,936</b>

The agent agreement recharge is calculated based on administrative expenses incurred acting as an agent for Kalzip GmbH.

	2017 £	2016 £
<b>Costs by type:</b>		
Administrative expenses	3,190,183	3,403,450
	<b>3,190,183</b>	<b>3,403,450</b>

	2017 £	2016 £
<b>The above costs are stated after including:</b>		
Depreciation of owned assets (see note 7)	48,007	52,611
Restructuring costs (see note 3 and 12)	(43,721)	-
Operating lease rentals:		
Plant and machinery	26,229	35,033
Leasehold property	191,270	257,162
Vehicles	68,996	61,467
Net exchange (gains)/losses	(104,362)	111,142

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	18,015	19,443



## F5. Notes to the financial statements

### 3. Net restructuring costs

	2017 £	2016 £
Credits for restructuring and related measures:		
Redundancy and related costs (See note 12)	(43,721)	-
<b>Total net restructuring costs</b>	<b>(43,721)</b>	<b>-</b>

The credit for net restructuring costs relates to a release of the provision for restructuring costs due to a re-evaluation of the provision as at 31 March 2017.

### 4. Employees

	2017 £	2016 £
The total employment costs of all employees in the Company were:		
Wages and salaries	1,211,471	1,203,545
Social security costs	129,866	120,802
Other pension costs	155,561	148,406
	<b>1,496,898</b>	<b>1,472,753</b>

(i) The average number of employees during the year was as follows:

	2017 Number	2016 Number
By activity:		
Technical	6	6
Administration and management	34	35
	<b>40</b>	<b>41</b>

(ii) Directors' emoluments were as follows

	2017 £	2016 £
Aggregate emoluments	78,109	78,109

Only one director is remunerated by the Company and is therefore also the highest paid director.

Pension contributions paid on behalf of the director were £8,511 (2016: £8,511).

### 5. Net finance costs

	2017 £	2016 £
Interest (expense)/income on (overdrafts)/short-term deposits	(10,050)	(2,844)

## F5. Notes to the financial statements

### 6. Taxation

	2017	2016
	£	£
Current UK corporation tax	-	-

The total income statement taxation effect for the year can be reconciled to the accounting loss:

	2017	2016
	£	£
Loss on ordinary activities before taxation	(127,506)	(129,315)
Loss multiplied by the standard corporation tax rate of 20% (2016: 20%)	(25,501)	(25,863)
Effects of:		
Change in unrecognised temporary differences	1,837	3,163
Other non-deductible costs	829	814
Group relief surrendered free of charge	22,835	21,886
	-	-

Corporation tax is calculated at 20% of the taxable loss for the year.

### 7. Property, plant and equipment

	Zippers £	Leasehold improvements £	Plant and machinery £	Fixtures, and office equipment £	Total £
Cost as at 1 April 2016	67,250	146,319	2,817,838	413,523	3,444,930
Additions	-	-	29,958	-	29,958
Disposals	67,250	-	465,720	78,773	611,743
Cost as at 31 March 2017	-	146,319	2,382,076	334,750	2,863,145
Depreciation as at 1 April 2016	-	101,936	2,722,385	391,457	3,215,779
Charge for the year	-	11,987	24,257	11,763	48,007
Disposals	-	-	465,720	78,773	544,493
Depreciation as at 31 March 2017	-	113,923	2,280,922	324,447	2,719,292
<b>Net book value as at 31 March 2017</b>	-	32,396	101,154	10,302	143,852
Net book value as at 31 March 2016	67,250	44,383	95,453	22,065	229,151

### 8. Inventories

	2017	2016
	£	£
<b>As at 31 March</b>		
Raw materials	-	12,385
Finished goods and goods for resale	-	33,356
	-	45,741

An amount of £29,843 (2016: £1,327) was written off to the profit and loss account in the year.

## F5. Notes to the financial statements

### 9. Trade and other receivables

As at 31 March	2017 £	2016 £
Trade receivables	32,882	1,115,407
Amounts owed by group companies	1,743,472	1,351,189
Other taxation and social security	25,757	21,684
Prepayments and accrued income	115,040	131,102
	<b>1,917,151</b>	<b>2,619,382</b>

Amounts owed by group companies includes £1,308,080 of cash (2016: £1,028,312) held on behalf of the Company which is repayable on demand, reflecting that the Company is part of a group cash pooling arrangement. No interest is charged on this balance. Trade receivables include an allowance for doubtful debts of £430k.

### 10. Trade and other payables

As at 31 March	2017 £	2016 £
Trade payables	28,716	206,640
Amounts owed to group undertakings	36,366	436,710
Accruals and deferred income	7,760	20,928
	<b>72,842</b>	<b>664,278</b>

Amounts owed to group undertakings comprise normal trading balances on which no interest is charged and are repayable upon demand.

### 11. Deferred tax

A deferred tax asset has not been recognised in respect of fixed asset timing differences of £77,394 (2016: £62,083) and tax losses of £89,783 (2016: £89,783) due to the uncertainty of utilisation.

### 12. Provisions for liabilities and charges

	Redundancy £	Other restructuring costs £	Total 2017 £	Total 2016 £
At beginning of period	-	704,148	704,148	879,832
Charged to income statement	-	-	-	-
Released to income statement	-	(43,721)	(43,721)	-
Utilised in period	-	(80,427)	(80,427)	(175,684)
At end of period	-	580,000	580,000	704,148

Other restructuring costs relate to rent agreements and will be utilised up to financial year 2022/23 based on existing contract periods.

### 13. Operating leases

Future minimum lease payments for the Company at the end of the period are:

As at 31 March	2017		2016	
	Land and buildings £	Vehicles £	Land and buildings £	Vehicles £
Not later than one year	303,959	64,539	282,940	63,228
Later than one year and not later than five years	1,183,599	58,251	1,194,477	100,583
More than five years	115,667	-	413,430	-
	<b>1,603,225</b>	<b>122,790</b>	<b>1,890,847</b>	<b>163,811</b>

## F5. Notes to the financial statements

### 14. Pensions and post-retirement benefits

The Company participates in the British Steel Pension Scheme. The British Steel Pension Scheme is a defined benefit multi-employer fund, the assets and liabilities of which are held independently from the group. On 31 March 2017 the BSPS was closed to future accrual and replaced by a contract based defined contribution group pension arrangement. For the purposes of International Accounting Standard 19 ('Employee Benefits'), there is no contractual agreement or group policy for charging the IAS 19 net defined benefit cost amongst participating members of the BSPS. Therefore the Company is accounting for contributions to the scheme as if it were a defined contribution scheme. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at least triennially and updated at each balance sheet date. Particulars of the actuarial assumptions and the accounting under IAS 19 are contained in the accounts of Tata Steel UK Limited. The pension charge for the period was £155,561 (2016: £148,406). The total IAS 19 pension surplus is £216m at 31 March 2017 (2016: £1,206m).

### 15. Called up share capital

The share capital of the Company is shown below as at 31 March:

Allotted, called up and fully paid	2017 £	2016 £
3,700,000 ordinary shares of £1 each	3,700,000	3,700,000

The Company has one class of ordinary shares which carry no right to fixed income.

### 16. Related party transactions

The Company's transactions with other businesses within TSE are all with 100% owned subsidiaries. In accordance with the exemption offered by FRS 101 there is no requirement to disclose those transactions in these financial statements.

### 17. Ultimate and immediate parent company

Tata Steel UK Limited is the Company's immediate parent company, which is registered in England and Wales. Tata Steel Europe Limited (TSE) and Tata Steel UK Holdings (TSUKH) are intermediate holding companies, registered in England and Wales, with TSUKH the smallest group to consolidate these financial statements.

TSL, a company incorporated in India, is the ultimate parent company and controlling party and the largest group to consolidate these financial statements.

Copies of the Report & Accounts for TSUKH and TSE may be obtained from the Company Secretary, 30 Millbank, London, SW1P 4WY.

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

**Kalzip Limited**  
Haydock Lane  
Haydock  
St Helens  
Merseyside  
United Kingdom  
WA11 9TY

Registered No: 2128169

