

Registered number 3033290

Tata Steel UK Rail Consultancy Limited
Annual report and financial statements
for the Year Ended 31 March 2015

Directors and advisers

Directors

J M Bolton

B C Scott

M W Clark (Resigned 11.12.2014)

N McCreanor

P R Martin (appointed 11.12.2014)

Secretary and Registered office

P Watson

Meridian House

The Crescent

York

North Yorkshire

YO24 1AW

Auditor

Deloitte LLP

1 City Square

Leeds

United Kingdom

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Tata Steel UK Rail Consultancy Limited

Annual report and financial statements

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Tata Steel UK Rail Consultancy Limited

Strategic report for the year ended 31 March 2015

The directors present their strategic report and the audited financial statements of the Company for the year ended 31 March 2015.

Principal activity and business review

Tata Steel UK Rail Consultancy Limited ('Company') is a wholly owned subsidiary within the Tata Steel Europe Limited ('TSE') Group. The performance of TSE is discussed in the strategic report of the TSE Annual Report & Accounts.

The principal activity of the Company is consultancy, design and installation of infrastructure projects, predominantly in the rail, construction and industrial, energy and power sectors. There have not been any significant changes in the principal activities in the period under review.

As shown on page 10 the company made an operating profit before exceptional items of £0.3m (2014: Profit of £1.2m). The result was lower than previous year due to timing of profit to take on projects, and delays in starting some larger schemes at the start of the year. This aside the accounts reflect an underlying operationally successful year. The business benefitted from increased spending in its core rail market, and experienced an increase in turnover and the amount of design work carried out in the year. Permanent staff numbers increased 21% and there has been an associated increase in agency staff brought into the business. The growth has been across all the offices, and this is all part of the business plan to increase the capacity and capability to have a larger national footprint. It is very well positioned in its targeted markets to leverage this growth to increase profitability going forward.

The business has continued with its diversification strategy with new projects delivered in the energy from waste market, and it has recently won further work based on the successful delivery of previous schemes. The solar and security and defence sectors have also been busy in the year, with numerous projects delivered on time and on budget to further enhance the reputation of the business in these areas. The area of diversification of customers and markets is very important to the business, and is the strategy the business will follow in the coming years.

As disclosed in Note 10 of the accounts the pension scheme on an FRS17 basis was £25.7m in deficit (2014: deficit £16.6m). The company has committed to reduce the deficit and in the year to 31.03.2015 £0.8m of pension deficit recovery payments were paid, in line with the recovery plan agreed with the Trustee.

Going Concern

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

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

Principal Risk and uncertainties

The principal risks and uncertainties affecting the TSE Group are discussed in the strategic report of the TSE Annual Report and Accounts.

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

Tata Steel UK Rail Consultancy Limited

Strategic report for the year ended 31 March 2015 continued

Business Review

The company is managed as an integral part of its parent's company operations. The business issues impacting TSE have been disclosed in the Business Review section of the strategic report in its annual Report and Accounts.

The company reported a profit after tax of £0.2m (2014: loss £3.3m). No dividend was paid during the current or prior year and the Directors do not recommend the payment of a final dividend (2014: £nil).

Employees

Details of the number of employees and related costs can be found in Note 3 to the financial statements on page 16.


The Company 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 Group.

Future developments and subsequent events

The Company remains mindful that while Company's performance continues to be dependent upon the pace at which Network Rail / Central Government undertakes planned rail capital works programmes, it has succeeded at broadening its client base and diversified into new markets.

The company is confident of achieving a continued balance of revenue earned from the market sector, geography, public/private client and contract type, and will continue to invest in market sectors where growth is more assured, while maintaining our commitment to excellence in quality and client care.

On behalf of the Board



B C Scott

Director

Registered Office:

Meridian House, The Crescent, York, North Yorkshire, YO24 1AW

22nd June 2015

Tata Steel UK Rail Consultancy Limited

Directors' report for the year ended 31 March 2015

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2015.

Directors

The directors who served throughout the period from 1 April 2014 to the date of this report (unless otherwise stated) are listed on page 2.

Directors' indemnity

The Company's articles of association provide, subject to the provisions of UK legislation, that the Company may indemnify any director or former director of the Company in respect of any losses or liabilities he or she may incur in connection with any proven or alleged negligence, default, breach of duty or breach of trust in relation to the Group (including by funding any expenditure incurred or to be incurred by him or her). In addition, directors and officers of the Company and its subsidiaries are covered by Directors' & Officers liability insurance.

Dividends

No dividend was paid during the current or prior year and the Directors do not recommend the payment of a final dividend (2014: £nil).

Credit risk

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

Environment

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

Statement as to disclosure of information to auditor

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

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) they have taken all the relevant steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Tata Steel UK Rail Consultancy Limited

Directors' report for the year ended 31 March 2015 continued

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Information disclosed in the strategic report

In accordance with section 414(c) of the UK Companies Act, the Directors have chosen to disclose the following information in the Company's Strategic Report:

- Factors likely to affect the company's future development and position;
- Company's Employees

On behalf of the Board



B C Scott

Director

Registered Office:

Meridian House, The Crescent, York, North Yorkshire, YO24 1AW

22nd June 2015

Tata Steel UK Rail Consultancy Limited

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

We have audited the financial statements of Tata Steel UK Rail Consultancy Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Statement of Accounting Policies and the related notes 1 to 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).

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 auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Tata Steel UK Rail Consultancy Limited

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

Matters on which we are required to report by exception

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

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



Christopher Powell FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

23 June 2015

Tata Steel UK Rail Consultancy Limited

Profit and loss account for the year ended 31 March 2015

	Note	12 months ended 31 March 2015 £'000	12 months ended 31 March 2014 £'000
Turnover	1	23,008	21,135
External charges		(9,846)	(9,846)
Normal operating staff costs		(9,659)	(7,895)
Exceptional pension costs		(-)	(4,347)
Staff costs	3	(9,659)	(12,242)
Other operating charges		(3,199)	(2,226)
Operating profit before exceptional items		304	1,168
Exceptional pension costs		(-)	(4,347)
Operating Profit / (loss)	4	304	(3,179)
Interest payable and similar charges	10	(100)	(100)
Profit / (loss) on ordinary activities before taxation		204	(3,279)
Tax charge on profit on ordinary activities	5	-	-
Profit / (loss) for the financial year	13	204	(3,279)

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

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

Tata Steel UK Rail Consultancy Limited

Statement of total recognised gains and losses for the year ended 31 March 2015

	Note	12 months ended 31 March 2015 £'000	12 months ended 31 March 2014 £'000
Profit/ (loss) for the financial year		204	(3,279)
Pension scheme:			
Actuarial (loss)/gain	10	(9,800)	(1,600)
Total recognised gains and losses since the last annual report	14	(9,596)	(4,879)

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Balance sheet as at 31 March 2015

	Note	31 March 2015 £'000	31 March 2014 £'000
Fixed assets			
Tangible assets	7	-	58
Current assets			
Debtors: amounts falling due within one year	8	14,652	12,893
Debtors: amounts falling due after one year	8	30,000	30,000
		44,652	42,893
Creditors: amounts falling due within one year	9	(7,688)	(5,491)
Net current assets		36,964	37,402
Total assets less current liabilities			
		36,964	37,460
Net assets excluding pension fund deficit			
		36,964	37,460
Net pension deficit	10	(25,700)	(16,600)
Net assets including pension fund deficit		11,264	20,860
Capital and reserves			
Called up share capital	11	-	-
Share Premium	12	30,000	30,000
Profit and loss account	13	(18,736)	(9,140)
Total shareholder's funds	14	11,264	20,860

The financial statements of Tata Steel UK Rail Consultancy Limited, registered number 3033290 on pages 10 to 30 were approved by the board of directors on 22nd June 2015 and were signed on its behalf by:

Director



Craig Scott

Tata Steel UK Rail Consultancy Limited

Statement of accounting policies

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

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

Cash flow statement

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

Taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

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

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

Tangible fixed assets

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

	Years
Office equipment	10
Equipment	4

Contract income

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

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losses and payments on accounts are shown in stocks as long-term contract balances. Contract losses are recognised in full when they can be foreseen.

Operating leases

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

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The Company operated a defined benefit pension scheme for eligible employees of the Tata Steel Shared Cost Section of the Railways Pension Scheme up until 31.12.2013 at which point it was closed to future accrual for 'non protected' members, but is still active for a small group of 'protected' members. The assets of the Section are held in separate independent trustee administered funds. The cost of providing benefits is determined using the Project Unit Credit Method, with independent actuarial valuations being carried out at least triennially and updated at each balance sheet date. The Company recognises all actuarial gains and losses directly within retained earnings, presenting those arising in any one reporting period as part of the relevant statement of total recognised gains and losses.

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

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

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

Foreign currencies

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

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Notes to the financial statements for the year ended 31 March 2015

1 Turnover

The geographical analysis of turnover is as follows:

	12 months ended 31 March 2015	12 months ended 31 March 2014
	£'000	£'000
United Kingdom	23,008	21,135
European Union	-	-
	23,008	21,135

All turnover generated is related to one class of business.

2 Directors' emoluments

	12 months ended 31 March 2015	12 months ended 31 March 2014
	£'000	£'000
Aggregate emoluments	400	491

Two directors did not receive emoluments in respect of services as a director from the Company during the year ended 31 March 2015 (31 March 2014: One Director: no emoluments).

Retirement benefits are accruing to three directors (2014: three directors) under the company's defined benefits scheme. One of the three directors resigned on the 11.12.14. Pension contributions during the year in respect of these directors was £28,000 (2014 £39,798).

The highest paid director received emoluments of £149,347 (2014: £179,001) and pension contributions of £11,988 (2014: £ 15,356).

There were no share options exercised by directors during the year (2014: Nil).

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Notes to the financial statements for the year ended 31 March 2015 (continued)

3 Employee information

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

	12 months ended 31 March 2015	12 months ended 31 March 2014
By activity		
Technical	187	150
Administration	38	35
	224	185

	12 months ended 31 March 2015 £'000	12 months ended 31 March 2014 £'000
Staff costs (for the above persons)		
Wages and salaries	8,290	6,760
Social security costs	909	682
Pension costs (see note 10)	460	453
Exceptional Pension costs	0	4,347
	9,659	12,242

4 Operating profit/(loss)

	12 months ended 31 March 2015 £'000	12 months ended 31 March 2014 £'000
Operating profit is stated after charging: -		
Depreciation charge for the year:		
Tangible owned assets	58	41
Fees payable to the Company Auditor for the audit of the Company's accounts	11	11
Operating lease rentals:		
Land and buildings	656	426
Plant and equipment	26	59

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Notes to the financial statements for the year ended 31 March 2015 (continued)

5 Tax on profit on ordinary activities

Analysis in the year

	12 months ended 31 March 2015 £'000	12 months ended 31 March 2014 £'000
Current tax:		
UK corporation tax on profit for the period	-	-
Total tax current charge / (credit)	-	-

The current tax charge/(credit) reconciles with the standard rate of corporation tax as follows:

	12 months ended 31 March 2015 £'000	12 months ended 31 March 2014 £'000
Profit/ (loss) on ordinary activities before taxation	204	(3,279)
Tax on profit/(loss) at standard rate of 21% (2014: 23%)	43	(754)
Effects of:		
Decelerated capital allowances	41	9
Non (taxable) / deductible pension costs	(221)	922
Other non-deductible costs	1	2
Transfer pricing adjustment	457	500
Group relief claimed free of charge	(320)	(678)
Current tax for the year	-	-

Tata Steel UK Rail Consultancy Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

6 Intangible assets

	Software	Total
	£'000	£'000
Cost		
At 1 April 2014	164	164
Additions	-	-
At 31 March 2015	164	164
Amortisation		
At 1 April 2014	164	164
Charge for the year	-	-
At 31 March 2015	164	164
Net book amount		
At 31 March 2015	-	-
At 31 March 2014	-	-

7 Tangible assets

	Office equipment	Equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2014	252	286	538
Additions	-	-	-
At 31 March 2015	252	286	538
Depreciation			
At 1 April 2014	194	286	480
Charge for the year	58	-	58
At 31 March 2015	252	286	538
Net book amount			
At 31 March 2015	-	-	-
At 31 March 2014	58	-	58

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Notes to the financial statements for the year ended 31 March 2015 (continued)

8 Debtors

	31 March 2015	31 March 2014
	£'000	£'000
Amounts falling due within one year		
Trade debtors	4,423	3,325
Amounts recoverable on contracts	2,003	1,452
Amounts owed by parent undertaking	5,771	5,420
Amounts owed by other group companies	77	89
Other taxation and social security	5	202
Prepayments and accrued income	2,373	2,405
	14,652	12,893
Amounts falling due after one year		
Amounts owed by parent undertaking	30,000	30,000
	30,000	30,000
Total debtors	44,652	42,893

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

A deferred tax asset has not been recognised in respect of pension scheme timing differences of £26,053,000 (2014: £17,306,666) and fixed asset timing differences of £476,000 (2014: 280,555) due to the uncertainty of utilisation.

Tata Steel UK Rail Consultancy Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

9 Creditors – Amounts falling due within one year

	31 March 2015 £'000	31 March 2014 £'000
Trade creditors	4,240	2,981
Amounts owed to other group undertakings	193	298
Other taxation and social security	119	-
Other creditors	494	441
Payments on account	2,642	1,771
	7,688	5,491

Amounts owed to other group undertakings are payable upon demand.

Tata Steel UK Rail Consultancy Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

10 Pensions and similar obligations

The Company operated a funded defined benefit pension scheme for eligible employees up to 31.12.2013. The assets of the scheme are held in separate trustee administered independent funds, under the Railways Pension Scheme, as the Tata Steel Shared Cost Section ('The scheme'). Due to the changes within the scheme non protected members ceased accruing benefits at 31 December 2013 and the remaining active members are subject to a revised pensionable pay definition.

The scheme is a shared cost arrangement where generally 60% of the cost of the scheme is met by the company and 40% by the active employee members of the section. Under FRS17 where a deficit is revealed, account can be taken of any additional contributions which it is expected will be required from members to finance the deficit.

Given the reduced number of active members in the Section, the Company have assumed within the pension calculations that the Company will finance the entire deficit, hence now treating the Section as a balance of cost scheme rather than a shared cost scheme. Therefore as in the previous year, the balance sheet liability has not been reduced by the capital value of these additional member contributions at this year end. Prior to the scheme changes which took effect on 31 December 2013, the company accounted for its 60% share of certain transactions.

The defined benefit pension scheme employs the services of a qualified, independent consulting actuary, who carries out triennial actuarial valuations of the scheme. The most recent published actuarial valuation was carried out as at 31 December 2010, using the projected unit method, and formed the basis on which the recovery plan was put in place. The 31 December 2013 actuarial valuation in respect of the Tata Steel Shared Cost Section of the Railways Pension Scheme has been produced, and agreement on the valuation of the Section and any subsequent Recovery Plan is still in negotiations with the Company and the Trustee.

The Company also participates in a defined contribution plan on behalf of relevant personnel. Any expense recognised in relation to the scheme represents the value of contributions payable during the year by the Company at rates specified by the rules. The cost of employer contribution under the defined contribution plan during the year was £361k (2014 £162k).

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

Actuarial assumptions

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

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Notes to the financial statements for the year ended 31 March 2015 (continued)

10 Pensions and similar obligations (continued)

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

	31 March 2015	31 March 2014
	%	%
Rate of increase in salaries	n/a	n/a
Expected return on Section assets *	5.10	6.30
Rate of pension increases	1.95	2.40
Discount rate	3.30	4.40
Inflation assumption	2.95	3.40
Expected return on plan assets:		
Equities	6.10	7.20
Government Bonds	2.10	3.40
Non-Government Bonds	2.60	3.80
Cash and other assets	2.25	2.90

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

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Notes to the financial statements for the year ended 31 March 2015 (continued)

10 Pensions and similar obligations (continued)

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

	31 March 2015 %	31 March 2014 %
Equities	75.7	75.6
Bonds	7.6	7.0
Non-Government Bonds	15.9	16.6
Cash and other assets	0.8	0.8

Mortality assumptions

Longevity at age 65 'Current pensioners'

	2015 Years	2014 Years
- Men	20.9	20.7
- Women	22.7	22.6

Longevity at age 65 'Future pensioners'

	2015 Years	2014 Years
- Men	23.2	23.1
- Women	25.1	25.1

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Notes to the financial statements for the year ended 31 March 2015 (continued)

10 Pensions and similar obligations (continued)

Income statement pension cost

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

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

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

Income statement pension costs arose as follows:

Analysis of amount charged to operating profit / (loss):

	12 months ended 31 March 2015	12 months ended 31 March 2014
	£'000	£'000
Current service cost	100	400
Total charged to operating profit	100	400

Analysis of the amount debited to other finance expenses:

	12 months ended 31 March 2015	12 months ended 31 March 2014
Expected return on pension scheme assets	2,200	1,500
Interest on pension scheme liabilities	(2,300)	(1,600)
Net return	(100)	(100)

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Notes to the financial statements for the year ended 31 March 2015 (continued)

10 Pensions and similar obligations (continued)

Balance sheet measurement

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

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

Amounts recognised in the balance sheet arose as follows

	31 March 2015	31 March 2014
	£'000	£'000
Total market value of assets	39,600	35,600
Present value of scheme liabilities	(65,300)	(52,200)
Deficit in scheme	(25,700)	(16,600)
Adjustment for members share of deficit	-	-
Deficit attributable to company	(25,700)	(16,600)
Related deferred tax asset	-	-
Net pension liability	(25,700)	(16,600)

Tata Steel UK Rail Consultancy Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

10 Pensions and similar obligations (continued)

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

	12 months ended 31 March 2015 £'000	12 months ended 31 March 2014 £'000
Actual return less expected return on pension scheme assets	2,800	(700)
Changes in assumptions underlying the present value of the scheme liabilities	(12,600)	(900)
Actuarial loss recognised in the STRGL	(9,800)	(1,600)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses at 31 March 2015 is a loss of £20.8 million (31 March 2014: cumulative loss of £11 million).

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

	31 March 2015 £'000	31 March 2014 £'000
Fair value at start of year	35,600	34,500
Expected return on scheme assets	2,200	2,200
Actuarial gains / (losses)	2,800	(800)
Employer contributions	900	1,500
Employee contributions	-	100
Benefits paid	(1,900)	(1,900)
Fair value at end of year	39,600	35,600

Tata Steel UK Rail Consultancy Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

10 Pensions and similar obligations (continued)

Reconciliation of present value of total scheme liabilities

	31 March 2015	31 March 2014
	£'000	£'000
At start of year	52,200	54,000
Current service cost	100	600
Interest cost	2,300	2,300
Actuarial (gain) / loss	12,600	(500)
Benefits paid	(1,900)	(1,900)
Curtailment Costs	-	(2,300)
Net pension liability	65,300	52,200

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

	2015	2014	2013	2012	2011
Fair value of plan assets at end of year	39,600	35,600	34,500	33,200	33,300
Experience adjustments on plan assets £'000	2,800	(700)	200	(1,000)	(100)
Percentage of plan assets %	7.1%	(2.0%)	0.6%	(3.1%)	(0.3%)
Present value of scheme liabilities at end of year £'000	65,300	52,200	54,000	47,200	39,800
Experience adjustments on scheme liabilities £'000	(5,000)	100	(700)	(1,700)	500
Experience adjustments as a % of benefit obligations	(7.7%)	0.2%	1.3%	3.6%	1.3%
Defined benefit liability at end of year £'000	(25,700)	(16,600)	(11,700)	(8,400)	(3,900)

The estimated employer contributions to the Tata Steel Section of the Railway Pension Scheme for year ended 31 March 2016 are £812k (2015: £789k)

The defined benefit liability from year ending 2010 to 2013 were based on 60% of the liability and the 2014 onwards is based on 100% of the DB liability.

Tata Steel UK Rail Consultancy Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

11 Called up share capital

	31 March 2015	31 March 2014
	£	£
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
2 ordinary share of £1 each	2	2

12 Share Premium

	31 March 2015	31 March 2014
	£	£
Share Premium	29,999,999	29,999,999

13 Profit and loss account

	£'000
At 1 April 2014	(9,140)
Retained profit for the financial year	204
Actuarial (loss) on pension scheme	(9,800)
Movement on deferred tax relating to pension deficit	-
At 31 March 2015	(18,736)

Tata Steel UK Rail Consultancy Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

14 Reconciliation of movements in shareholders' funds

	31 March 2015 £'000	31 March 2014 £'000
Profit / (loss) for the financial year	204	(3,279)
Other recognised gains and losses relating to the year	(9,800)	(1,600)
Net decrease in shareholders' (deficit)/funds	(9,596)	(4,879)
Opening shareholders' funds/(deficit)	20,860	25,739
Closing shareholders' funds/(deficit)	11,264	20,860

15 Financial commitments

At 31 March 2015 the Company had annual commitments under non-cancellable operating leases as follows:

	31 March 2015		31 March 2014	
	Land and Buildings £'000	Equipment £'000	Land and Buildings £'000	Equipment £'000
Expiring in less than one year	492	18	24	23
Expiring between one and two years inclusive	164	8	282	-
Expiring between two and five years inclusive	0	0	114	12
Expiring over five years	-	-	-	-
	656	26	420	35

Tata Steel UK Rail Consultancy Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

16 Related party transactions

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

During the year ended 31 March 2015 the Company provided labour and design services to the Tata-Halcrow Joint Venture (THJV) to the value of £3,905,355 (2014 £143,051). The Tata – Halcrow Joint Venture is an unincorporated association between Tata Steel UK Rail Consultancy Ltd and Halcrow Group Ltd, to provide professional services to Network Rail under the PSSF (Professional Support Services Framework – Multi discipline design services). The charges were made on normal commercial terms and the THJV owed £460,047 as at 31 March 2015 (2014: £0).

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 and Tata Steel UK Holdings Limited (TSUKH) are intermediate holding companies, registered in England and Wales, with TSUKH the smallest group to consolidate these financial statements.

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

Copies of the Report & Accounts for Tata Steel UK Ltd may be obtained from the Secretary, 30 Millbank, London, SW1P 4WY.

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