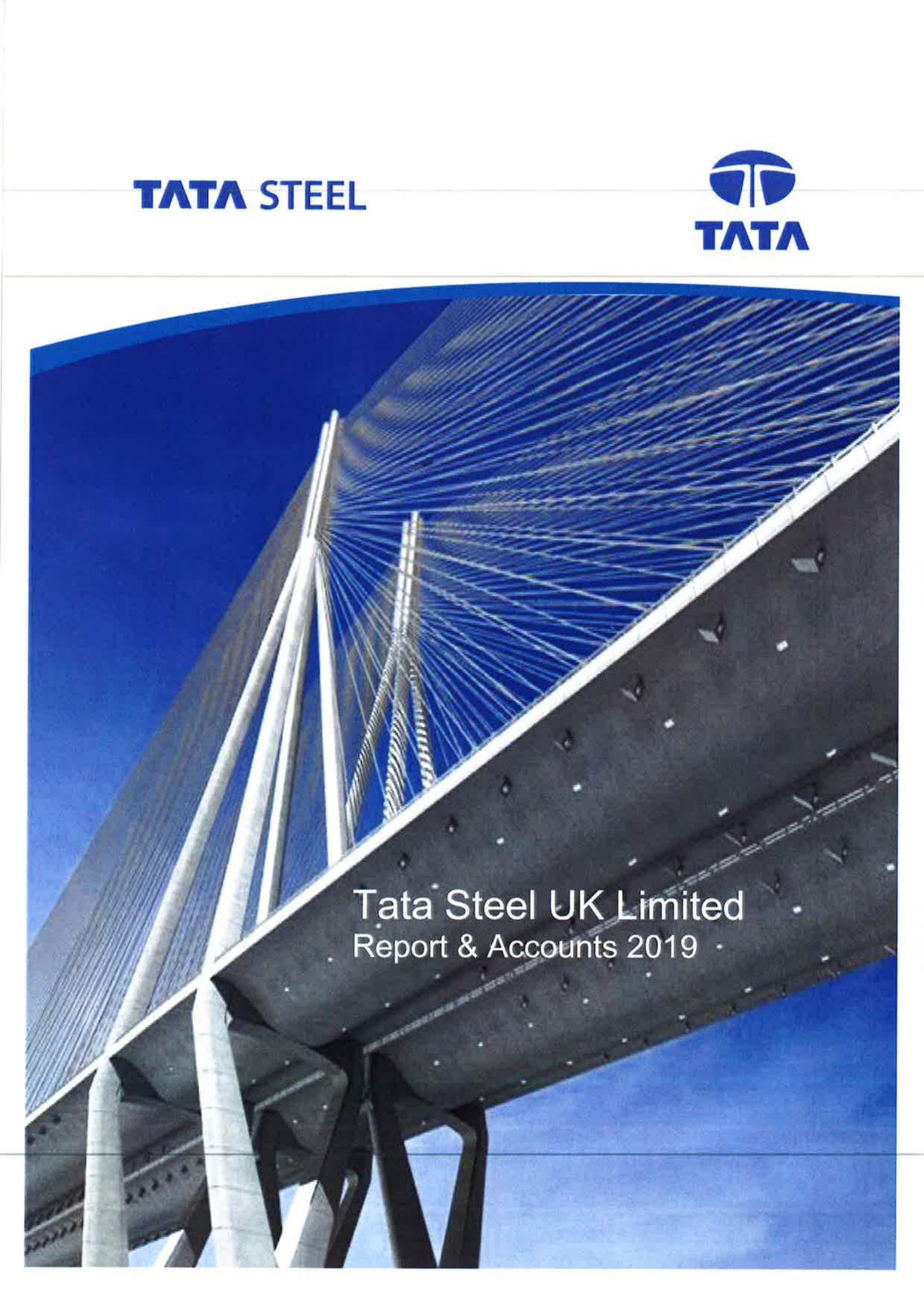


TATA STEEL

A low-angle, upward-looking photograph of a modern cable-stayed bridge. The bridge's deck is a dark, textured grey, and its support structure is made of light-colored steel. Numerous stay cables fan out from a central pylon, creating a complex geometric pattern against a clear blue sky. The perspective is from below, looking up at the bridge's underside and its supporting structure.

Tata Steel UK Limited
Report & Accounts 2019

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A. Directors and advisors

Directors

NK Misra

H Adam

T Farquhar

JLM Fischer

H Matheson

J Phillips

B Jha (Resigned 31 December 2018)

E Hoogenes (Appointed 23 October 2018)

Secretary and registered office

SV Gidwani

30 Millbank

London

SW1P 4WY

Company Number

2280000

Independent Auditors

PricewaterhouseCoopers LLP

One Kingsway

Cardiff

CF10 3PW

B. Strategic report

Introduction

The Directors have pleasure in presenting their strategic report together with the audited accounts of Tata Steel UK Limited ('TSUK' or the 'Company') for the year ended 31 March 2019.

The Company has chosen to present the financial statements in accordance with FRS 101 '*Reduced Disclosure Framework*' 'FRS 101', a framework for entities who apply the presentation, recognition, measurement and disclosure requirements of EU-adopted IFRS but also ensure compliance with any relevant legal requirements applicable to it.

Principal activities

TSUK is a subsidiary within the Tata Steel Europe Limited ('TSE') Group and its activities are managed as an integral part of the parents' operations. The ultimate parent company is Tata Steel Limited ('TSL'), which is a company incorporated in India with shares listed on BSE Limited (formerly the Bombay Stock Exchange Limited), Mumbai and the National Stock Exchange of India, and with global depository receipts listed on the London and the Luxembourg Stock Exchanges.

The principal activities are the manufacture and sale of steel strip products throughout the world. The Company produces carbon steel by the basic oxygen steelmaking method at its integrated steelworks in the UK at Port Talbot. During 2018/19 this plant produced 3.2mt of liquid steel, 0.4mt lower than 2017/18 due mainly to an outage to extend the life of Blast Furnace 5.

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 of steel products. These are supported by various agency agreements. The Group organises its commercial activities into strategic sectors and these sector teams identify demand, which is met from a single, pan-European, supply chain function.

Principal end user markets for the Company's steel products are engineering, construction, automotive, retail and packaging.

Further information on TSUK can be obtained from either the company's website (www.tatasteeleurope.com) and/or the TSL 2018/19 Annual Report & Accounts which may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001.

Strategic activities

On 30 June 2018 TSL and thyssenkrupp AG ('tk') signed definitive agreements to create a new 50:50 joint venture ('JV') company called thyssenkrupp Tata Steel ('tkTS'). On 10 May 2019 TSL and tk announced that activities to complete the JV had been suspended, as it was anticipated that the JV would not receive merger control approval from the European Commission ('EC'). The anticipated refusal for merger control approval was subsequently confirmed by the EC on 11 June 2019.

During the year TSUK successfully completed a major project to extend the life of Blast Furnace 5 at Port Talbot. The project comprised a capital investment of £56m and is expected to extend the life of the furnace by 5 to 7 years and improve its operational stability.

On 8 May 2018 TSE announced its intention to divest the following businesses in TSUK; Cogent, Kalzip and Firsteel, Engineering Steels Service Centre (Wolverhampton). As part of the sale of the wider Kalzip business TSUK disposed of its subsidiary Kalzip Limited to Donges SteelTec GmbH on 1 October 2018. On 4 June 2019 TSE signed a business purchase agreement to divest the Firsteel business. Discussions to divest the other businesses remain ongoing.

Business review

The Company's revenue from continuing operations of £2,407m (£2,384m in 2017/18) was 1.0% higher than the previous year due to an increase in global steel prices, caused by a further improvement to EU steel selling prices. Selling prices also continued to benefit from a favourable sterling/euro exchange rate.

Liquid steel production from continuing operations in 2018/19 at 3.2mt (2017/18: 3.6mt) was 0.4mt lower than 2017/18 mainly due to an outage to extend the life of Blast Furnace 5.

The operating loss from continuing operations (including exceptional items) in 2018/19 was £161m (2017/18: profit of

B. Strategic report

£1,592m), £1,753m worse than 2017/18. The operating loss from continuing operations during the year includes an exceptional non-cash pension cost of £4m for costs associated with the British Steel Pension Scheme ('BSPS') restructuring. This compared to an exceptional credit of £1,640m in 2017/18 in respect of the BSPS Regulated Apportionment Arrangement ('RAA') and the resulting implementation of a less valuable benefit structure in the new BSPS compared to the old BSPS (see Note 27).

Excluding these exceptional items in both years the operating loss from continuing operations in 2018/19 is £157m compared to a loss of £48m in 2017/18. The increased loss in 2018/19 is primarily due to the impact of lower liquid steel production and sales volume caused mainly by the life extension works to Blast Furnace 5 in Port Talbot.

The Company's net finance charges from continuing operations in 2018/19 of £214m were £40m higher than the previous year due mainly to a reduction in dividend income and increased charges on loans from TSL group companies and on trade debtor securitisation arrangements with Tata Steel Global Procurement Company Pte Limited ('Proco'), a subsidiary of TSL (see Note 5). Taxation from continuing operations was a charge of £10m in 2018/19 (2017/18: £42m) due primarily to actuarial movements on the BSPS.

The loss after taxation from continuing operations in 2018/19 was £385m (2017/18: £1,376m profit).

The balance sheet on page 13 of the financial statements shows the Company's financial position at the end of the financial year. Net liabilities increased from £88m at 31 March 2018 to £391m at 31 March 2019 due to the loss after taxation from total operations of £385m, in addition to comprehensive losses of £52m (2017/18: £170m) caused mainly by actuarial movements on the BSPS partly offset by an increase of £134m to the Company's share premium account following an infusion of equity from the immediate parent.

As noted above, the Company's activities are managed as an integral part of TSE's operations. The performance of TSE is discussed in the TSE Annual Report & Accounts, which does not form part of this report and the Company's directors do not believe that further and separate discussion of other key performance indicators for the Company (or discussion

thereof) is necessary for an understanding of the development, performance or position of the Company.

Principal risks and uncertainties

The other principal risks and uncertainties affecting the Company include Brexit, health, safety, environmental and other compliance matters, employees, financing, cyber attacks on information or operational technology, trading in the global steel market, long term competitiveness, performance and operations, exchange rates and access to raw materials & energy. Further information and discussion on these principal risks and uncertainties are included in the TSE March 2019 Annual Report & Accounts.

Employees

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

There are well established and effective arrangements at each business location for communication and consultation with works councils and trade union representatives to systematically provide employees with information on matters of concern to them. Well developed policies and procedures have operated in all parts of the Company for a considerable time for the purpose of consulting and negotiating with trade unions, the European Works Council and employee representatives on a regular basis, so that views of employees can be taken into account in making decisions that are likely to affect their interests.

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.

B. Strategic report

The principal pension scheme for TSUK is the BSPS, which is the main scheme for previous and present employees based in the UK. This came into existence on 28 March 2018 as part of the RAA agreed between TSL, the Trustee of the old BSPS, the UK Pensions Regulator and the PPF. Further details on the BSPS and the above changes are provided in Note 27.

Gender pay

In the UK, under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, employers with more than 250 employees are required to publish annually their gender pay gap information by reporting the percentage differences in pay between their male and female employees for the previous year. TSUK first published results in 2018 and again this year has published its results on the UK Government website and also included the full gender pay report on the company's external internet site.

Relative to national and industry statistics TSUK's gender pay gap (0.58% mean gender pay gap and 5.11% median gender pay gap) continues to be at the lower end. Compared to the previous year, female representation increased slightly in the business to approximately 11%. The company continues to focus on steps to further enhance the diversity in its organisation because it believes having the right people in the right job is important.

Research and development

The Company continues to invest in research and development in order to bring about changes in product and process developments. These are discussed further in the TSE March 2019 Annual Report and Accounts.

Modern Slavery Act

Section 54 of the Modern Slavery Act 2015 requires relevant organisations carrying on business in the UK to publish a statement setting out the steps taken to ensure that no slavery or human trafficking is taking place within the organisation or its supply chains. The TSE board has approved a statement setting out the measures taken by the Group during the financial year ended 31 March 2019. The statement will be issued by TSE on behalf of itself and its relevant UK subsidiary companies and published on the TSE website.

Financial risk management

TSUK's financial risk management is based upon sound economic objectives and good corporate practice. The Company's main financial risks are related to the availability of funds to meet its business needs, and movements in interest rates, exchange rates and commodity costs. Derivative and other financial instruments are used to manage any exposures where considered appropriate. Further details of its financial risks, and the way the Company mitigates them, are set out in Note 23.

Future developments and subsequent events

On 26 April 2019 there was a spillage of liquid iron at the Port Talbot site resulting in an explosion. Some relatively minor injuries were suffered by 2 employees. However due to prompt actions taken by TSUK employees the impact of this incident was minimised and was not material to the financial statements.

On 10 May 2019 TSL and tk announced that activities to complete the JV had been suspended due to the unlikelihood of obtaining merger control approval from the European Commission ('EC').

On 4 June 2019 TSE signed a business purchase agreement to divest the Firststeel business.

By order of the Board



SV Gidwani
Company Secretary
Registered Office:
30 Millbank,
London,
SW1P 4WY

22 June 2019

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, 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 Company (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

The directors do not recommend that a dividend be paid, and no dividends were paid or proposed during the year (2017/18: nil).

Political donations

The Company does not make any donations to political parties and none were made during the year.

Statement as to disclosure of information to the Company's auditors

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

- a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) the directors have 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 auditors are 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.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed as auditors to the Company for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an AGM. Price

Waterhouse & Co Chartered Accountants LLP in India is the auditors of the ultimate parent company, TSL.

Going concern

The directors have assessed the future funding requirements of the Company and have compared them to the level of borrowing facilities, including working capital facilities authorised and supported by the ultimate parent, Tata Steel Limited ('TSL'). The directors have assessed future financial performance against the borrowing facilities as set out in Note 16 to the financial statements, and acknowledge that its intermediate parent, Tata Steel Nederland Holdings BV is required to make facility repayments in October 2019 of €370m and in July 2020 of €38.8m and \$9.8m, all of which payment obligations are the subject of a guarantee by the Company.

As part of these assessments, the directors have considered a number of scenarios including the impact of lower steel margins than had been assumed in the Company's Annual Plan, which may be caused by the introduction of trade barriers and tariffs, UK economic growth being impacted by a no-deal Brexit, the possible impact of Chinese government action on supply and demand for steel, or by an increase in raw material costs, or a combination of any of these factors, and the mitigating actions which the Company or Tata Steel Europe Limited ('TSE') could take to limit any adverse consequences.

The directors have taken into account that the Company will benefit from an on-going commitment from TSL, provided in part by way of direct commitment and in part through a comfort letter provided in traditional form by its affiliate company, Tata Steel Global Holdings. The directors have made some assumptions as to the continued availability of debt financing, including that a further refinancing will be achieved of the TSE Group's existing debt funding facilities, as has been achieved successfully in 2010 and 2014. The directors have assured themselves sufficiently of and taken into account that the Company has historically benefitted from and would continue to benefit from support from its ultimate parent, TSL and TSL's subsidiaries, including if so required, an injection of funds in an amount which is materially more than the scheduled debt service obligations of the TSE Group over the projected period. The directors have also satisfied themselves that the

C. Directors' report

ultimate parent, TSL has, or will have access to, sufficient funds in relation to the above.

Having undertaken this work, the directors are of the opinion that the Company has access to adequate resources to fund its operations for the foreseeable future, and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

Information disclosed in the Strategic report

The following information has been disclosed in the strategic report:

- A review of the business for the year (see page 3);
- Factors likely to affect the Company's future development, performance and position (see page 3);
- Policies on employment of disabled persons, recruitment, training, employee involvement, communication and consultation (see page 4);
- Principal risks and uncertainties (see page 4);
- Research & development activities (see page 5);
- Particulars of any events affecting the Company which have occurred since the end of the financial year (see page 5); and
- An indication of exposure to price, credit, liquidity and cash flow risk (see page 5).

Corporate Governance

During the year the Company commenced its preparations to address the new UK corporate governance reporting requirements. Appropriate disclosures will be included in the 2019/20 Directors' or Strategic Report.

By order of the Board



SV Gidwani

Company Secretary

Registered Office:

30 Millbank,

London,

SW1P 4WY

27 June 2019

D. Directors' responsibilities statement on the Company's financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent

company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



SV Gidwani
Company Secretary
Registered Office:
30 Millbank,
London,
SW1P 4WY

27 June 2019

E. Independent auditors' report to the members of Tata Steel UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tata Steel UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report & Accounts (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the income statement, the statement of comprehensive income, and the statement of changes in equity for the year then ended; the presentation of accounts and accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us

E. Independent auditors' report to the members of Tata Steel UK Limited

also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has 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 did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Katharine Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

June 2019

F1. Income statement

For the financial year ended 31 March 2019

	Note	Continuing Operations		Total Operations
		Before Exceptional Items £m	Exceptional Items (Note 4) £m	£m
Revenue	1	2,407	-	2,407
Operating costs	2	(2,564)	(4)	(2,568)
Operating loss		(157)	(4)	(161)
Finance costs	5	(219)	-	(219)
Finance income	5	5	-	5
Loss before taxation		(371)	(4)	(375)
Income tax expense	6	(10)	-	(10)
Loss after taxation		(381)	(4)	(385)

For the financial year ended 31 March 2018

	Note	Continuing Operations			Discontinued Operations (Note 7)	Total Operations
		Before Exceptional Items £m	Exceptional Items (Note 4) £m	After Exceptional Items £m	£m	£m
Revenue	1	2,384	-	2,384	19	2,403
Operating costs	2	(2,432)	1,640	(792)	(13)	(805)
Operating (loss)/profit		(48)	1,640	1,592	6	1,598
Finance costs	5	(203)	-	(203)	-	(203)
Finance income	5	29	-	29	-	29
(Loss)/profit before taxation		(222)	1,640	1,418	6	1,424
Income tax expense	6	(42)	-	(42)	-	(42)
(Loss)/profit after taxation		(264)	1,640	1,376	6	1,382
Profit from disposal of discontinued operations	7	-	-	-	2	2
(Loss)/profit after taxation		(264)	1,640	1,376	8	1,384

All references to 2019 in the Financial statements, the presentation of accounts and accounting policies and the related Notes 1 to 31 refer to the financial year ended 31 March 2019 or as at 31 March 2019 as appropriate (2018: the financial year ended 31 March 2018 or as at 31 March 2018).

In the prior year TSUK's Speciality Steels business was classified as a discontinued operation, as required by IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'. Turnover, operating (loss)/profit and (loss)/profit before taxation for all periods presented exclude the results of this business, which is shown as a separate component of the income statement under "discontinued operations" after continuing operations.

Notes and related statements forming part of these accounts appear on pages 23 to 43.

F2. Statement of comprehensive income

For the financial year ended 31 March

	Note	2019 £m	2018 £m
(Loss)/profit after taxation		(385)	1,384
Items that will not be reclassified subsequently to the income statement:			
Actuarial losses on defined benefit pension and other post-retirement plans	27	(65)	(206)
Income tax relating to items not reclassified	6	10	35
Items that may be reclassified subsequently to the income statement:			
Gains arising on cash flow hedges	23	3	1
Other comprehensive loss for the year net of tax		(52)	(170)
Total comprehensive (loss)/income for the year		(437)	1,214

All items of other comprehensive loss relate to continuing operations.

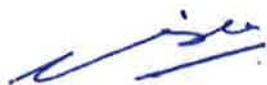
Notes and related statements forming part of these accounts appear on pages 23 to 43.

F3. Balance sheet

As at 31 March

	Note	2019 £m	2018 £m
Non-current assets			
Intangible assets	8	58	45
Property, plant and equipment	9	503	393
Investments and loans to subsidiary and fellow group undertakings	10	831	832
Other non-current assets	11	35	47
Retirement benefit assets	27	2,205	2,229
Non-current tax asset		-	1
		3,632	3,547
Current assets			
Inventories	13	575	513
Trade and other receivables	14	163	240
Cash and short term deposits	15	70	28
Current tax asset	18	1	-
		809	781
TOTAL ASSETS		4,441	4,328
Current liabilities			
External borrowings	16	7	6
Inter-group borrowings	16	626	600
Trade and other payables	17	2,019	1,667
Current tax liabilities	18	9	12
Short term provisions and other liabilities	19	32	131
		2,693	2,416
Non-current liabilities			
Inter-group borrowings	16	2,003	1,831
External borrowings	16	9	15
Retirement benefit obligations	27	9	9
Provisions and other liabilities	19	110	133
Other non-current liabilities	20	7	10
Deferred income	21	1	2
		2,139	2,000
TOTAL LIABILITIES		4,832	4,416
NET LIABILITIES		(391)	(88)
Equity			
Called up share capital	22	2,241	2,241
Share premium account		911	777
Capital redemption reserve		47	47
Hedging reserve		4	1
Accumulated losses		(3,594)	(3,154)
TOTAL EQUITY		(391)	(88)

Approved and authorised for issue by the Board and signed on its behalf by:



NK Misra

27 June 2019

Tata Steel UK Limited

Registered No: 2280000

Notes and related statements forming part of these accounts appear on pages 23 to 43.

F4. Statement of changes in equity

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Hedging reserve £m	Accumulated losses £m	Total equity £m
Balance as at 1 April 2017	2,241	105	47	-	(4,367)	(1,974)
Profit for the year	-	-	-	-	1,384	1,384
Other comprehensive loss for the year	-	-	-	1	(171)	(170)
Total comprehensive income for the year	-	-	-	1	1,213	1,214
Issue of ordinary shares	-	672	-	-	-	672
Balance as at 31 March 2018	2,241	777	47	1	(3,154)	(88)
Loss for the year	-	-	-	-	(385)	(385)
Other comprehensive loss for the year	-	-	-	3	(55)	(52)
Total comprehensive loss for the year	-	-	-	3	(440)	(437)
Issue of ordinary shares	-	134	-	-	-	134
Balance as at 31 March 2019	2,241	911	47	4	(3,594)	(391)

On 29 June 2018 the Company issued 89 Ordinary shares and a further 106 Ordinary shares being issued on 31 December both with an aggregate nominal value of 1p each. These shares were non-dilutive in nature (Note 22).

In addition on 20 March 2019 Company issued 1,024,879 Ordinary shares with an aggregate nominal value of 1p each (Note 22).

Notes and related statements forming part of these accounts appear on pages 23 to 43.

F5. Presentation of accounts and accounting policies

I Basis of preparation

TSUK is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006. The functional and presentational currency of the Company is sterling.

These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The following relevant exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- (i) IFRS 7, 'Financial instruments: Disclosures';
- (ii) Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' in relation to the disclosure of valuation techniques and inputs used for fair value measurements of assets and liabilities;
- (iii) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of certain assets (including intangible assets and property, plant and equipment);
- (iv) IAS 7, 'Statement of cash flows';
- (v) IAS 8, 'Accounting policies, changes in accounting estimates and errors' in relation to the disclosure of standards not yet effective; and
- (vi) IAS 24, 'Related party disclosures' requirements to disclose key management compensation and to disclose related party transactions with Tata Steel group companies.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments measured at fair value through profit and loss and in accordance with the Companies Act 2006.

All accounting policies used in the preparation of the financial statements remained consistent with those applied in the preparation of the Annual Report in 2018 except for the application of new International Financial Reporting Standards (IFRS) 9 and 15 which have been applied as a difference in accounting policy in the current year.

Group accounts have not been prepared as the Company is an indirect subsidiary of TSE, which has prepared consolidated accounts for the year ended 31 March 2019.

As set out in the Directors' report on pages 6-7, the Board of Directors has assessed the ability of the Company to continue as a going concern and these financial statements have been prepared on a going concern basis.

II New Standards and interpretations applied

The following new International Accounting Standards ('IAS') and new IFRSs have been adopted in the current year:

		Effective Date*
IFRS 9	Financial Instruments	1 Jan 2018
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 Jan 2018
IAS 40 (Amendments)	Transfers of Investment Property	1 Jan 2018
IFRIC 22	Foreign currency Transactions and Advance Consideration	1 Jan 2018
IAS 28 (Amendments)	Investments in Associates and Joint Ventures	1 Jan 2019

* periods commencing on or after

The Amendments to the above Standards did not have a material impact on the TSUK financial statements.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has not restated comparatives.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting

Applying the new requirements has not had a material impact on the Company's financial statements.

Applying the revised Expected Credit Losses (ECL) methodology did not result in any material change to the loss allowance recorded under IAS 39 since the Company's exposure to credit losses is limited through insurance.

Except for the changes to impairment methodology as noted above, the remainder of the differences as a result of adoption of IFRS 9 are limited to immaterial presentational and disclosure changes. Refer to note V for the revised accounting policy applied within the Company.

IFRS 15 "Revenue from Contracts with Customers" was issued on 28 May, 2014 and provides a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard

F5. Presentation of accounts and accounting policies

is to recognise revenue as performance obligations are met rather than based on the transfer of risks and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. On 12 April, 2016, the IASB issued amendments to IFRS 15 which clarify how to identify a performance obligation and determine whether a company is a principal or an agent. The Company's revenue is predominantly derived from the single performance obligation to transfer steel products under arrangements in which the transfer of risks and rewards of ownership and the fulfilment of the Company's performance obligation occur at the same time. As part of the adoption process, the Company assessed its performance obligations underlying the revenue recognition and assessed variable considerations including rebates, methods for estimating warranties, customised products and principal versus agent considerations. The adoption of this standard did not have a material impact on the financial statements of the Company.

The additional required disclosures are presented in Note 1.

III 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.

Critical accounting judgments and the key sources of estimation or uncertainty in applying the Company's accounting policies arise in relation to assets held for sale and discontinued operations, the recognition of deferred tax assets, retirement benefits, provisions created for rationalisation and related costs, environmental remediation, legal claims and recoverability of loan receivables. Each of these areas relies upon a number of estimates and judgements which are subject to uncertainty and which may lead to an adjustment within the next financial year.

The recognition of non-current assets (or disposal groups) as held for sale is dependent upon whether its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Significant judgement is required to assess whether the sale of the assets (or disposal group) is highly probable.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. Judgement is required to assess whether the component represents a separate major line of business or geographical area of operation, and is part of a single co-ordinated plan to dispose of a separate major line of

business or geographical area of operation. Further information can be found in Note 7.

The recognition of deferred tax assets is subject to estimations of the future available taxable profits that the directors consider to be more likely than not to occur, based on the Company's annual plans and future forecasts. Further information can be found in Note 12.

The Company's retirement benefit obligations are subject to a number of judgements including discount, inflation and mortality rates. Significant judgement is required when setting these criteria and a change in each of these assumptions would have a significant impact on the amounts recorded within the Company's balance sheet and income statement. The Company sets these judgements based on previous experience and third party actuarial advice. The Company's main defined benefit scheme, the BSPS, is in a net surplus position at the balance sheet date on an IAS19 basis, which is not immediately realisable. The final amounts realised may differ from those recognised within the balance sheet. Further details on the Company's retirement benefit obligations, including a sensitivity analysis of key judgements are included within Note 27.

Estimates in calculating provisions for rationalisation and related costs, environmental remediation and legal claims are based on previous experience and third party advice and are reassessed on a regular basis. Judgement is required in assessing the likely costs and the timing of those costs. Further details on the Company's redundancy and rationalisation provisions can be found in Notes 3 and 19.

Judgement has been exercised by the Company when interpreting the requirement to present separately exceptional items. Items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users of the accounts to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance. Further information surrounding exceptional items can be found in Notes 3 and 27.

The Company has a number of loan balances, both receivables and payables, with other entities within the TSE Group. Judgement is required in determining whether loan receivables are recoverable. Where indications exist that loan receivables may not be recoverable, including an assessment of events occurring after the balance sheet date, then appropriate provisions are charged to the income statement to write down the receivables to the recoverable amount.

The detailed accounting policies for each of these areas are outlined in section IV below.

IV Critical accounting policies

(a) Property, plant and equipment

Property, plant and equipment is recorded at fair value on acquisition less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and, for assets constructed by the Company, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. From 1 April 2009 this includes borrowing costs capitalised in respect of qualifying assets in accordance with the Company's policy. Amounts incurred in

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connection with capital projects that are not directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended (which the Company refers to as 'commissioning costs' and which include expenses such as initial operating losses incurred while technical deficiencies on new plant are rectified and incremental operating costs that are incurred while the new plant is operating at less than full capacity) are written off to profit and loss as incurred. Assets in the course of construction are depreciated from the date on which they are ready for their intended use.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in profit and loss.

Included in property, plant and equipment are loose plant and tools which are stated at cost less amounts written off related to their expected useful lives and estimated scrap value and also spares, against which impairment provisions are made where necessary to cover slow moving and obsolete items.

Subsequent costs are included in the carrying value of an asset when it is probable that additional future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other repairs and renewals are charged to profit and loss as incurred.

(b) Depreciation, amortisation and impairment of property, plant and equipment and intangible assets

Depreciation or amortisation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment and other intangible assets, including those held under finance leases, to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period if shorter. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. Accelerated depreciation or amortisation is provided where an asset is expected to become obsolete before the end of its normal useful life or if events or changes in circumstances indicate that an impairment loss needs to be recognised, as discussed below. No further charges are provided in respect of assets that are fully written down but are still in use.

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

	Life Years
Freehold and long leasehold buildings that house plant and other works buildings	25
Other freehold and long leasehold buildings	50
Plant and machinery:	
Iron and steelmaking (maximum)	25
IT hardware and software (maximum)	8
Office equipment and furniture	10
Motor vehicles	4
Other (maximum)	15
Patents and trademarks	4
Product and process development costs	5

At each reporting period end, the Company reviews the carrying amounts of its property, plant and equipment and other intangible assets to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. Other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate, based upon the Company's long-term weighted average cost of capital ('WACC'), which also recognises the comparative WACCs of its European peers, with appropriate adjustments for the risks associated with the relevant units. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

(c) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. An impairment loss is recognised for any initial or subsequent write-down of a disposal group to fair value less costs to sell.

Where a disposal group represents a separate major line of business or geographical area of operation, or is part of a single coordinated plan to dispose of a

F5. Presentation of accounts and accounting policies

separate major line of business or geographical area of operation, then it is treated as a discontinued operation. The result of the discontinued operation are presented on the face of the income statement, with all prior periods being presented on this basis.

Where intercompany transactions have occurred between continuing and discontinued operations, these have been eliminated against discontinued operations except for interest costs on intercompany financing arrangements that will not continue after disposal. These have been eliminated against continuing operations.

(d) 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 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 substantially 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.

(e) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes 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 reporting period end. The Company applies IAS 19 'Employee Benefits' (revised in 2011) to recognise all actuarial gains and losses directly within retained earnings, presenting those arising in any one reporting period as part of the relevant statement of comprehensive income. In applying IAS 19, in relation to retirement benefits costs, the current service cost and net interest cost have been treated as a net expense within employment costs. Past service cost is recognised immediately.

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

The Company has assessed the International Accounting Standards Board's exposure draft on proposed amendments to IFRIC 14 *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, which was issued in June 2015 on its main defined benefit pension scheme, the BSPS. This provides additional clarity on the role of Trustees' rights in an assessment of the recoverability of a surplus in an employee pension fund. Based on the BSPS scheme rules as at 31 March 2019 the assessment concluded that the Company has an unconditional right to a refund of any surplus after a full run-off, or in the event of a wind-up as the BSPS Trustee does not have any unilateral power to wind-up the scheme or to augment benefits during the life of the plan.

(f) Provisions

Provisions for rationalisation and related measures, environmental remediation and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. This involves a series of management judgements and estimates that are based on past experience of similar events and third party advice where applicable. Where appropriate and relevant those provisions are discounted to take into consideration the time value of money.

In particular, redundancy provisions are made where the plans are sufficiently detailed and well advanced and where appropriate communication to those affected has been made at the end of the reporting period. These provisions also include charges for any termination costs arising from enhancement of retirement or other post-employment benefits for those employees affected by these plans.

Provisions are also created for long-term employee benefits that depend on the length of service, such as long service and sabbatical awards, disability benefits and long-term compensated absences such as sick leave. The amount recognised as a liability is the present value of benefit obligations at the end of the reporting period, and all movements in the provision (including actuarial gains and losses or past service costs) are recognised immediately within profit and loss.

TSUK participates in the EU Emissions Trading Scheme, initially measuring any rights received or purchased at cost, and recognises a provision in relation to carbon dioxide quotas if there is any anticipated shortfall in the level of quotas received or purchased when compared with actual emissions in a given period. Any surplus is only recognised once it is realised in the form of an external sale.

(g) Other non-current investments and loan receivables

Non-current investments and loan receivables are stated at cost. Provisions are made if events or

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circumstances indicate that the carrying amount may not be recoverable. Income from non-current investments comprises dividends declared up to the balance sheet date and, where relevant, is shown before deduction of overseas withholding taxes.

V Other accounting policies

(a) Revenue

The Company's revenue is primarily derived from the single performance obligation to transfer steel products under arrangements in which the transfer of control of the products and the fulfilment of the Company's performance obligation occur at the same time.

Revenue from the sale of goods is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

(i) Sale of goods

The Company manufactures and sells a range of steel products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The steel is often sold with volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice. Any obligation to provide a refund is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Rendering of services

In addition to the sale of steel, the Company provides the following post-sale services which have been identified as distinct performance obligation under IFRS 15:

1) Bill and Hold Arrangements

A bill and hold arrangement arises when a customer is invoiced for steel that are ready for delivery but are not shipped to the customer until a later date. These sales are recognised when the following criteria are met:

- the reason for the bill-and-hold arrangement must be substantive (for example, the customer has requested the arrangement);
- the product must be identified separately as belonging to the customer;
- the product currently must be ready for physical transfer to the customer; and
- the entity cannot have the ability to use the product or to direct it to another customer.

Any significant custodial element included in the sales price should be separately recognised over the term of the holding period. On assessment of this requirement, the Company has noted that the effect was immaterial and no adjustment is required.

2) Shipping and Handling Activity

Some shipping arrangements result in the Company incurring the costs to deliver goods to the named port of destination (which include insurance and freight) which are considered to be distinct performance obligations under IFRS 15 as control of the goods passes at the port of shipment but the seller still has a separate obligation to arrange and pay for the freight and/or insurance to the port of destination.

The majority of steel supply contracts will include charges in relation to shipping and handling. There may be a separate fee for shipping and handling costs or shipping and handling might be implicit in the price per ton of the product.

The estimated impact of the deferral of shipping revenue is not sufficiently material to warrant the business to make a regular adjustment in respect of this.

3) Hire Work (Customer Own Material Processing)

The title of ownership has passed at the point of sale, before commencing the hire work. This is therefore considered a distinct performance obligation. Hire work generally only takes a matter of days therefore any adjustment to revenue under IFRS 15 is deemed immaterial.

(b) Government grants

Grants related to expenditure on property, plant and equipment are credited to the income statement over the useful lives of qualifying assets. Grants related to revenue are credited to the income statement in line with the timing of when costs associated with the grants are incurred. Total grants received less the amounts credited to income statement at the end of the reporting period are included in the balance sheet as deferred income.

(c) Insurance

Insurance premiums in respect of insurance placed with third parties are charged to profit and loss in the period to which they relate.

In addition, the Company provides for insurance charges for historic industrial exposures of personnel. These provisions are subject to regular review and are

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adjusted as appropriate; the value of final insurance settlements is uncertain, as is the timing of expenditure.

(d) 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 from 1 April 2009, is expensed as incurred. Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related security and included within interest expense. Unamortised amounts are shown in the balance sheet as part of the outstanding balance of the related security. Premiums payable on early redemptions of debt securities, in lieu of future interest costs, are written off as interest expense when paid.

(e) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the quoted rates of exchange ruling at the end of each reporting period. Income statement items and cash flows are translated into sterling at the average rates for the financial period. In order to hedge its exposure to certain foreign exchange transaction risks, the Company enters into forward contracts and options (see (f) below for details of the Company's accounting policies in respect of such derivative financial instruments). In preparing the financial statements, transactions in currencies other than the Company's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. The impact of revaluations of foreign currency loans is included within operating costs.

(f) 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.

Financial assets and financial liabilities are initially measured at fair value. The detailed accounting treatment for such items can differ, as described in the following sections:

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(ii) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. For all other financial instruments which includes intercompany receivables, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

(iii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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(iv) Derivative financial instruments and hedge accounting

In the ordinary course of business the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange, base metal prices and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, forward rate agreements, interest rate swaps and London Metal Exchange (LME) contracts. The instruments are employed as economic hedges of transactions included in the accounts or forecast for firm contractual commitments. Contracts do not generally extend beyond 6 months, except for certain interest rate swaps and commodity contracts.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken out. Following this, at each subsequent reporting period end the derivative is re-measured at its current fair value. For forward currency contracts, interest rate swaps and commodity contracts the fair values are determined based on market forward rates at the end of the reporting period. The Company seeks to adopt hedge accounting for these currency, interest rate and commodity contracts. At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. This effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in profit and loss in the same period in which the hedged item affects profit and loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes attributable to the risk being hedged with the corresponding entry in profit and loss. Gains or losses from re-measuring the associated derivative are also recognised in profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time,

any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is reclassified to net profit or loss for the period.

(v) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Company generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

(g) Intangible assets

Patents, trademarks and software are included in the balance sheet as intangible assets where they are clearly linked to long term economic benefits for the Company. In this case they are measured initially at fair value on acquisition or purchase cost and then amortised on a straight-line basis over their estimated useful lives. All other costs on patents, trademarks and software are expensed in profit and loss as incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on individual development projects are recognised as intangible assets from the date that all of the following conditions are met:

- (i) completion of the development is technically feasible;
- (ii) it is the intention to complete the intangible asset and use or sell it;
- (iii) it is clear that the intangible asset will generate probable future economic benefits;
- (iv) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (v) it is possible to reliably measure the expenditure attributable to the intangible asset during its development.

Costs are no longer recognised as an asset when the project is complete and available for its intended use, or if these criteria no longer apply. The approach to

F5. Presentation of accounts and accounting policies

amortisation and impairment of other intangible assets is described in section IV above.

Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the period in which it is incurred.

(h) Leases

The Company determines whether an arrangement contains a lease by assessing whether the fulfilment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Company in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for as such.

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.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income over the period of the lease.

(i) Inventories

Inventories of raw materials are valued at the lower of cost and net realisable value. Inventories of partly processed materials, finished products and stores are individually 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.

(m) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

F6. Notes to the financial statements

For the financial year ended 31 March

1. Revenue

The Company's revenue and loss before taxation all arose from one class of business. An analysis of revenue by destination is shown below:

	2019 £m	2018 £m
UK	1,450	1,394
Europe excluding UK	815	856
Rest of world	142	134
	2,407	2,384

2. Operating costs

	2019 £m	2018 £m
Costs by type:		
Raw materials and consumables	1,319	1,291
Maintenance costs (excluding own labour)	230	162
Other external charges (including fuels & utilities, hire charges and carriage costs)	427	374
Employment costs (Note 4)	361	(1,262)
Depreciation, amortisation and impairment (Notes 3,8,9 & 10)	51	65
Other operating items (including rents, rates, insurance and general expenses)	206	155
Changes in inventory of finished goods and work in progress	(7)	6
Own work capitalised	(2)	(1)
Profit on disposal of property, plant and equipment	(15)	(1)
(Profit)/loss on disposal of group undertakings	(2)	3
	2,568	792

	Operating items before restructuring, impairment and disposals £m	Restructuring, impairment and disposals £m	Exceptionals £m	Total £m
Costs by type:				
Raw materials and consumables	1,319	-	-	1,319
Maintenance costs (excluding own labour)	230	-	-	230
Other external charges (including fuels & utilities, hire charges and carriage costs)	427	-	-	427
Employment costs (Note 4)	354	3	4	361
Depreciation, amortisation and impairment (Notes 3,8,9 & 10)	32	19	-	51
Other operating items (including rents, rates, insurance and general expenses)	205	1	-	206
Changes in inventory of finished goods and work in progress	(7)	-	-	(7)
Own work capitalised	(2)	-	-	(2)
Profit on disposal of property, plant and equipment	(15)	-	-	(15)
Profit on disposal of group undertakings	(2)	-	-	(2)
	2,541	23	4	2,568

Further analysis of restructuring and impairment costs is presented in Note 3.

F6. Notes to the financial statements

	2019 £m	2018 £m
The above costs are stated after including:		
Amortisation of intangible assets (Note 8)	6	6
Impairment of intangible assets (Note 8)	9	-
Depreciation of owned assets (Note 9)	26	19
Impairment losses related to property, plant and equipment (Note 9)	10	30
Impairment losses related to investment in subsidiaries (Note 10)	-	10
Net exchange rate gains	-	(3)
Operating lease rentals:		
Plant and machinery	12	11
Leasehold property	15	14
Release of grants relating to revenue (Note 21)	-	(1)
Sales of emission rights	-	(11)
Provision for emission rights deficit (Note 19)	68	86
Costs of research and development (gross)	11	9
Recoveries on research and development	(14)	(24)

The analysis of auditors' remuneration is as follows:

	2019 £m	2018 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	0.4	0.4

The fees above reflect PricewaterhouseCoopers LLP's provision of services during the year ended 31 March 2019. Fees payable to PricewaterhouseCoopers LLP and its associates for non-audit services to the Company are not disclosed because the financial statements of TSE disclose such fees on a consolidated basis.

3. Net restructuring and impairment costs

	2019 £m	2018 £m
Provision for restructuring and related measures:		
Redundancy and related costs (Note 4)	3	-
Impairment losses related to property, plant and equipment (Note 9)	10	30
Impairment losses related to investment in subsidiaries (Note 10)	-	10
Impairment losses related to intangible fixed assets (Note 8)	9	-
Other rationalisation costs	1	1
Total net restructuring and impairment costs	23	41

4. Employees

	2019 £m	2018 £m
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	319	305
Social security costs	34	33
Other pension costs (iv)	1	40
Exceptional pensions items (Note 27)	4	(1,640)
As included in operating costs	358	(1,262)
Net redundancy, pension curtailments and related costs (included within restructuring costs)	3	-
	361	(1,262)

(i) The average number of employees during the year for continuing operations was 8,483 (2018: 8,264). This total includes operations staff of 7,190 (2018: 6,940), sales and marketing staff of 429 (2018: 411) and other staff of 864 (2018: 913).

F6. Notes to the financial statements

(ii) Exceptional pension items includes a net pension charge of £4m (2018: credit of £1,649m) in respect of changes to the BSPS and Enil (2018: £9m) in respect of a provision for PPF assessment costs (see Note 27).

(iii) The emoluments of Mr NK Misra, Mr JLM Fischer and Mr B Jha are paid by other companies within the TSE Group which make no recharge to TSUK.

Mr NK Misra, Mr JLM Fischer and Mr B Jha were directors of TSE and a number of fellow subsidiaries during 2019. It is not possible to make an accurate apportionment of the emoluments in respect of each of the subsidiaries. Accordingly, their emoluments are disclosed in the aggregate of the directors' emoluments in the financial statements with which they have their primary employment contracts.

The remaining directors of TSUK are also executives of TSE. However, it is not practicable to allocate their emoluments between their services as executives of TSE and their services as directors of TSUK. The remuneration of the highest paid director is disclosed within the financial statements of TSE.

Retirement benefits accrued under defined benefit schemes to zero (2018: zero) individuals who were directors during the period.

(iv) Pension costs can be further analysed as follows:

	2019	2018
	£m	£m
Other defined benefit scheme costs (Note 27)	(41)	(1)
Other defined contribution scheme costs (Note 27)	44	41
Costs for setting up the new BSPS scheme borne directly by the company	2	-
	5	40

5. Financing items

	2019	2018
	£m	£m
Interest expense:		
Bank and other borrowings	6	4
Finance lease interest	1	2
Interest on loans from other group companies	55	51
Interest on loans from parent undertakings	87	77
Discount on disposal of trade debtors within purchase agreement with group company	70	69
Finance costs	219	203
Interest income:		
Dividends from joint ventures (Note 28)	(1)	-
Dividends from group companies	-	(25)
Interest receivable on loans from subsidiaries	(1)	(1)
Interest receivable on deferred proceeds (Note 7)	(3)	(3)
Finance income	(5)	(29)
	214	174

6. Income tax expense

	2019	2018
	£m	£m
Current year tax charge	2	1
Prior year tax (credit)/charge	(2)	6
Current tax charge	-	7
Deferred tax charge (Note 12)	10	35
	10	42

F6. Notes to the financial statements

The total income statement charge for the year can be reconciled to the accounting loss as follows:

	2019	2018
	£m	£m
(Loss)/profit before taxation from continuing operations	(375)	1,418
(Loss)/profit before taxation multiplied by the standard corporation tax rate of 19% (2018: 19%)	(71)	270
Effects of:		
Adjustments to current tax in respect of prior periods	(2)	6
Change in unrecognised losses	28	(159)
Change in unrecognised deductible temporary differences	-	(76)
Other permanent differences	55	1
	10	42

In addition to the total taxation charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019	2018
	£m	£m
Relating to components of other comprehensive income:		
Actuarial movements on defined benefit pension plans and other post-retirement plans	(10)	(35)
	(10)	(35)

7. Discontinued operations

On 1 May 2017, the Group disposed of the trade and assets of its Speciality Steels business to Liberty House Group. On 4 July 2017, the Group subsequently disposed of the trade and assets of its Speciality Chinese Business to Liberty House Group.

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', these businesses were classified as discontinued operations. The results of the discontinued operations in each of the periods are set out below:

		2019	2018
		£m	£m
Revenue		-	19
Operating costs	(i), (ii)	-	(13)
Operating loss		-	6
Finance costs		-	-
Loss before taxation		-	6
Income tax expense		-	-
Loss after taxation		-	6
Profit from disposal of discontinued operations	(iii)	-	2
Profit after taxation from discontinued operations		-	8

In 2019 there has been £nil impact in total comprehensive income in relation to discontinued operations.

During the prior year a profit of £2m arose on the disposal of the Speciality Steels business, being the difference between the fair value of consideration received and the carrying amount of the net assets of the disposal group as at 1 May 2017.

(i) Operating costs

	2019	2018
	£m	£m
Costs by type:		
Raw materials and consumables	-	11
Maintenance costs (excluding own labour)	-	2
Other external charges (including fuels & utilities, hire charges and carriage costs)	-	9
Employment costs	-	6
Other operating items (including rents, rates, insurance and general expenses)	-	(13)
Changes in inventory of finished goods and work in progress	-	(2)
	-	13

F6. Notes to the financial statements

(ii) Employees

	2019 £m	2018 £m
The total employment costs were:		
Wages and salaries	-	4
Social security costs	-	1
Other pension costs	-	1
	-	6

(iii) Profit on disposal

	2019 £m	2018 £m
Consideration	-	(54)
Additional fair value of net assets disposed	-	73
Transaction fees and other adjustments	-	1
Loss recognised in the prior year on the measurement to fair value less cost to sell	-	(22)
Profit on disposal	-	(2)

The consideration received in the prior year totalling £54m consisted of £44m in relation to deferred proceeds (Note 11 & 14), £7m of preference shares (Note 10) and £3m cash received. The deferred proceeds and preference shares were discounted to their fair value on recognition. Accordingly during 2019 £3m (2018: £3m) has been recognised as income on the amortisation of the discounting relating to the deferred proceeds (Note 5).

8. Intangible assets

2019	Computer software £m	Patents and trademarks £m	Emission rights £m	Total £m
Cost as at 1 April 2018	227	2	-	229
Additions	2	-	24	26
Transfer from assets under construction	(2)	2	-	-
Reclassification	2	-	-	2
Disposals	(1)	-	-	(1)
Cost as at 31 March 2019	228	4	24	256
Amortisation as at 1 April 2018	182	2	-	184
Charge for the period	6	-	-	6
Impairment (i)	8	1	-	9
Disposals	(1)	-	-	(1)
Amortisation as at 31 March 2019	195	3	-	198
Net book value as at 31 March 2019	33	1	24	58
Net book value as at 31 March 2018	45	-	-	45

The remaining amortisation period for computer software is approximately 6 years (2018: 7 years).

(i) The Company recognised an impairment charge of £8m (2018: £nil) against computer software and £1m against patents and trademarks (2018: £nil).

F6. Notes to the financial statements

9. Property, plant and equipment

2019	Land and buildings £m	Plant and machinery £m	Loose plant and tools £m	Assets in course of construction £m	Total £m
Cost as at 1 April 2018	207	3,055	131	176	3,569
Additions	-	-	13	123	136
Disposals	(2)	(6)	(15)	-	(23)
Transfer to intangible assets	-	-	-	(2)	(2)
Transfers	1	122	-	(123)	-
Cost as at 31 March 2019	206	3,171	129	174	3,680
Depreciation as at 1 April 2018	191	2,886	116	25	3,218
Charge for the period	1	20	5	-	26
Impairment losses recognised during the period	-	4	2	3	9
Disposals	(1)	(7)	(15)	-	(23)
Transfers	-	4	-	(4)	-
Depreciation as at 31 March 2019	191	2,907	108	24	3,230
Net book value as at 31 March 2019	15	264	21	150	450
Spares (net book value)	-	-	-	-	53
Net book value as at 31 March 2019	15	264	21	150	503
Net book value as at 31 March 2018	16	169	15	151	351
Spares (net book value)	-	-	-	-	42
Net book value as at 31 March 2018	16	169	15	151	393

(i)

As at 31 March	2019 £m
The net book value of land and buildings comprises:	
Freehold	12
Long leasehold (over 50 years unexpired)	1
Short leasehold	2
	15

Which may be further analysed as:

Assets held under finance leases:	
Cost	13
Accumulated depreciation	(10)
	3
Owned assets	12
	15

(ii)

As at 31 March	2019 £m
The net book value of plant and machinery comprises:	
Assets held under finance leases:	
Cost	76
Accumulated depreciation	(73)
	3
Owned assets	261
	264

F6. Notes to the financial statements

(iii)

As at 31 March	2019 £m
The net book value of spares comprises:	
Cost	289
Accumulated depreciation and impairment losses	(236)
	53

The company recognised an impairment charge of £10m (Note 3) in the current year (2018: £30m) against specific items of property, plant and equipment. Included within the impairment charge of £10m was £1m for spares (2018: £4m).

Property, plant and equipment was tested at 31 March 2019 for impairment at that date where indicators of impairment existed. The outcome of this test indicated that using a discount rate of 8.2% (2018: 8.2%) none of the Company's cash generating units ("CGUs") had a value in use which was lower than its carrying value.

The Company has conducted sensitivity analysis on the impairment tests of the carrying value of the Company's CGUs and property, plant and equipment. The directors believe that no reasonable possible change in any of the key assumptions used in the value in use calculations would cause the carrying value of property, plant and equipment in any CGU to materially exceed its value in use.

Spares are shown at net book value. Due to the substantial number of items involved, and the many variations in their estimated useful lives, it is impracticable to give the details of movements normally disclosed in respect of property, plant and equipment.

(iv) There was £nil (2018: £nil) of borrowing costs capitalised in the period using a capitalisation rate of nil% (2018: nil%)

10. Non-current investments

2019	Shares in subsidiary undertakings (i) £m	Loans to parent, subsidiary and fellow group undertakings (ii) £m	Interests in joint ventures and associates £m	Loans to joint ventures £m	Other investments (iii) £m	Total £m
Cost at 1 April 2018	1,161	179	3	20	7	1,370
Additions	-	23	-	-	-	23
Repayments	-	(24)	(2)	-	-	(26)
Cost at end of period	1,161	178	1	20	7	1,367
Provisions at 1 April 2018	440	75	3	20	-	538
Disposals	-	-	(2)	-	-	(2)
Provisions at end of the period	440	75	1	20	-	536
Net book value at 31 March 2019	721	103	-	-	7	831
Net book value at 31 March 2018	721	104	-	-	7	832

(i) The carrying values of the Company's investments are tested annually for impairment. The outcome of the test at 31 March 2019 resulted in no impairment.

(ii) Included in the above net book value of loans to parents, subsidiaries and fellow group undertakings at 31 March 2019 are loans of £86m (2018: £86m) which are non-interest bearing and have no fixed repayment date.

(iii) Included in other investments are preference shares acquired in relation to the sale of Speciality Steels (£6m) and SAW Mills (£1m).

11. Other non-current assets

As at 31 March	2019 £m	2018 £m
Financial guarantees	7	10
Deferred proceeds (Note 7)	28	37
	35	47

F6. Notes to the financial statements

12. Deferred tax

The following is the analysis of the deferred tax balances for balance sheet purposes:

As at 31 March	2019	2018
	£m	£m
Deferred tax assets	-	-
	-	-

The following are the major deferred tax assets and liabilities recognised by the Company, and the movements thereon, during the current and prior reporting period.

2019	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Interest £m	Other £m	Total £m
At 1 April 2018	70	204	(313)	33	6	-
Credited/(charged) to income statement	29	(42)	(28)	33	(2)	(10)
Credited to equity	-	-	10	-	-	10
At 31 March 2019	99	162	(331)	66	4	-

2018	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Interest £m	Other £m	Total £m
At 1 April 2017	26	-	(36)	-	10	-
Credited/(charged) to income statement	44	204	(312)	33	(4)	(35)
Credited to equity	-	-	35	-	-	35
At 31 March 2018	70	204	(313)	33	6	-

No deferred tax assets have been recognised at 31 March 2019 (2018: £nil). In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including TSUK Board approved budgets and forecasts. Following this evaluation, it was determined there would not be sufficient taxable income generated to realise the benefit of the deferred tax assets. Deferred tax assets have not been recognised in respect of total tax losses of £2,341m (2018: £2,179m) which can be carried forward indefinitely.

Finance (No.2) Act 2015 and the Finance Bill 2016 which have reduced the UK corporation tax rate to 19 per cent from 1 April 2017 and to 17 per cent from 1 April 2020, are reflected in the deferred tax balances.

Finance (No. 2) Act 2017 (substantively enacted 15 November 2017), which restricts the Group's ability to deduct interest in the UK and restricts the use of losses, is reflected in the deferred tax asset position at 31 March 2019.

13. Inventories

As at 31 March	2019	2018
	£m	£m
Raw materials and consumables	268	213
Work in progress	147	160
Finished goods and goods for resale	160	140
	575	513

The value of inventory above is stated after impairment for obsolescence and write-downs to net realisable value of £27m (2018: £26m).

F6. Notes to the financial statements

14. Trade and other receivables

As at 31 March	2019	2018
	£m	£m
Trade receivables (i)	7	38
Less: provision for impairment of receivables	(1)	(1)
	6	37
Amounts owed by immediate parent company	6	6
Amounts owed by parent undertakings	34	64
Amounts owed by group companies	49	58
Amounts owed by subsidiary undertakings	12	13
Derivative financial instruments (Note 23)	4	3
Derivative financial instruments owed by Group companies (Note 23)	3	1
Other taxation	3	8
Prepayments	4	5
Deferred proceeds on sale of business (Note 7)	12	10
Other receivables	30	35
	163	240

Details of the Company's credit risk are not disclosed because the financial statements of TSE disclose such details on a consolidated basis.

(i) There is a non-recourse securitisation arrangement in place with Proco Issuer Pte Limited ('Proco Issuer') whereby Proco Issuer purchases the majority of trade receivables from TSUK.

15. Cash and short term deposits

As at 31 March	2019	2018
	£m	£m
Cash at bank and in hand	65	23
Short term deposits	5	5
	70	28

16. Borrowings

As at 31 March	2019	2018
	£m	£m
Current:		
Intergroup:		
Amounts owed to parent undertakings	583	556
Amounts owed to group undertakings	43	44
	626	600
External:		
Obligations under finance leases	7	6
	7	6
	633	606
As at 31 March	2019	2018
	£m	£m
Non-current:		
Inter-group:		
Amounts owed to parent undertakings	1,115	940
Amounts owed to fellow group companies	10	10
Amounts owed to subsidiary undertakings	878	881
	2,003	1,831

F6. Notes to the financial statements

External:

Obligations under finance leases	9	15
	9	15
	2,012	1,846
Total borrowings	2,645	2,452

The board of the Company granted a guarantee in relation to the debt raised as part of the SFA entered into by Tata Steel UK Holdings Limited ('TSUKH'), Tulip UK Holdings (No.3) Limited and Tata Steel Netherlands Holdings BV in October 2014. This guarantee is supported by security over the assets of the Company. At the same time an indemnity was provided by TSUKH in respect of this guarantee.

Amounts payable under finance leases are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	2019	2018
	£m	£m	£m	£m
Not later than one year	7	7	7	6
Later than one year but not more than five years	11	17	9	15
More than five years	-	-	-	-
	18	24	16	21
Less: future finance charges on finance leases	(2)	(3)	-	-
Present value of lease obligations	16	21	16	21

17. Trade and other payables

As at 31 March	2019	2018
	£m	£m
Trade payables	314	298
Amounts owed to group companies	1,285	1,079
Amounts owed to parent undertakings	242	143
Amounts owed to joint ventures (Note 28)	1	1
Amounts owed to Subsidiaries	1	-
Other taxation and social security	13	11
Interest payable to parent undertakings	10	8
Interest payable	6	-
Derivative financial instruments (Note 23)	23	26
Capital expenditure creditors	65	61
Other payables	59	40
	2,019	1,667

Other payables include amounts provided in respect of insurances, holiday pay, other employment costs and sundry other items.

18. Current tax

As at 31 March	Assets	Liabilities
	£m	£m
2019		
UK corporation tax	1	9
	1	9
2018		
UK corporation tax	-	12
	-	12

F6. Notes to the financial statements

19. Provisions for liabilities and charges

	Rationalisation costs (i) £m	Insurance (ii) £m	Other (iii) £m	Total 2019 £m	Total 2018 £m
At 1 April	31	82	151	264	223
Charged to income statement:					
Continuing operations	4	8	79	91	97
Released to income statement:					
Continuing operations	-	(18)	(144)	(162)	(20)
Discontinued operations	-	-	-	-	(9)
Utilised in period	(7)	(5)	(39)	(51)	(27)
At 31 March	28	67	47	142	264
Analysed as:					
Current liabilities	8	-	24	32	131
Non-current liabilities	20	67	23	110	133

(i) Rationalisation costs include redundancy provisions as follows:

	2019 £m	2018 £m
At beginning of period	2	5
Charged to income statement:	1	-
Utilised during the period	(1)	(3)
At end of period	2	2

	2019 £m	2018 £m
Other rationalisation provisions arise as follows:		
Onerous lease payments relating to unutilised premises	15	20
Environmental and other remediation costs at sites subject to restructuring/closure	9	8
Other	2	1
	26	29

Although the precise timing in respect of rationalisation provisions including redundancy is not known, the majority is expected to be incurred within one year. At 31 March 2019 the rationalisation provision included £15m (2018: £20m) in respect of onerous leases on a discounted basis and £15m (2018: £21m) on an undiscounted basis.

(ii) The insurance provisions represent losses incurred but not yet reported in respect of risks retained by the Company rather than passed to third party insurers and include amounts in relation to certain industrial disease claims. All are subject to regular review and are adjusted as appropriate. The value of final insurance settlements is uncertain and so is the timing of expenditure.

(iii) Other provisions include £26m (2018: £130m) for environmental provisions and £1m (2018: £nil) for claims against guarantee commitments. The other provisions also include product warranty claims for which the timing of any potential expenditure is uncertain and provisions for employee benefits, which include long term benefits such as long service and sabbatical leave. All items are subject to independent actuarial assessments.

20. Other non-current liabilities

As at 31 March	2019 £m	2018 £m
Financial guarantees	7	10
	7	10

On 19 December 2007 the board of TSUK granted a guarantee in relation to the debt raised as part of the old SFA entered into by TSUKH, Tulip UK Holdings (No. 3) Limited and Tata Steel Netherlands Holdings BV. On 29 September 2010, the borrowings and lender commitments under the previous SFA were refinanced with the establishment of a new SFA. This was subsequently refinanced on 28 October 2014. This guarantee is supported by security over the assets of the Company. This guarantee is indemnified by TSUKH, therefore a receivable in relation to this is recognised in other non-current assets (Note 11).

F6. Notes to the financial statements

21. Deferred income

	Grants relating to revenue £m	Grants relating to property, plant & equipment £m	Total 2019 £m	Total 2018 £m
At 1 April	1	1	2	4
Released to the income statement	-	(1)	(1)	(2)
At 31 March	1	-	1	2

22. Called up share capital

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

Authorised	2019 £m	2018 £m
249,999,999,990 (2018: 249,999,999,990) ordinary shares of 1p each	2,499	2,499
Allotted, called up and fully paid	2019 £m	2018 £m
224,130,023,983 (2018: 224,130,023,983) deferred shares of 1p each	2,241	2,241
1,032,450 (2018: 7,376) ordinary shares of 1p each	-	-
3,333 (2018: 3,333) A ordinary shares of 1p each	-	-

On 29 June 2018 the Company issued 89 1p Ordinary shares with a further 106 1p Ordinary shares being issued on the 31 December 2018 for total consideration of £32m. These shares were non-dilutive in nature.

In addition on 20 March 2019 the Company issued 1,024,879 Ordinary shares with an aggregate nominal value of 1p each for total consideration of £102m. See Note 27 for further information.

The holders of Ordinary shares are entitled to be paid any profits of the company which are available for distribution and to receive notice of general meetings and to attend, speak and vote at such meetings.

A Ordinary shares carry full rights in respect of profit distribution. In addition they are entitled to receive notice of general meetings but shall not be entitled to attend, speak or vote at any such meeting.

Deferred shares do not confer any right to receive notices of general meetings of the company or to attend, speak or vote at any such meeting, to vote on written resolutions to participate in any return of capital or to participate in the profits of the company by way of dividend, distribution or otherwise.

23. Financial instruments

The following table details the Company's financial instruments held at fair value:

As at 31 March	2019 £m	2018 £m
Derivative financial assets	7	4
Derivative financial liabilities	(23)	(26)
Total derivatives	(16)	(22)

Derivative financial instruments used by the Company include forward exchange contracts and commodity contracts. These financial instruments are utilised to hedge significant future transactions and cash flows, and, in most cases, these are subject to hedge accounting under IFRS 9. The Group does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

The following table sets out the fair values of derivatives held by the Company at the end of the reporting period:

As at 31 March	2019		2018	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Current:				
Foreign currency contracts	4	(23)	3	(26)
Commodity contracts	3	-	1	-
	7	(23)	4	(26)

F6. Notes to the financial statements

The Company's derivative financial assets and liabilities are categorised as Level 2 and their valuation is based on future cash flows (estimated from observable data such as forward exchange rates and yield curves) which are, where material, discounted at a rate which reflects the credit risk of counterparties.

The fair value of derivative financial instruments that were designated as cash flow hedges at the end of the reporting period were:

As at 31 March	2019	2018
	£m	£m
Foreign currency contracts	-	1
Commodity contracts	4	-
Taxation	-	-
Cash flow hedge reserve	4	1

Amounts recognised in the cash flow hedge reserve are expected to affect the income statement within one year.

As at 31 March	Foreign currency contracts	Commodity contracts	Taxation	2019
	£m	£m	£m	£m
Cash flow hedge reserve net of taxation at beginning of period	1	-	-	1
Fair value recognised	(1)	4	-	3
Cash flow hedge reserve net of taxation at end of period	-	4	-	4

As at 31 March	Foreign currency contracts	Commodity contracts	Taxation	2018
	£m	£m	£m	£m
Cash flow hedge reserve net of taxation at beginning of period	1	(1)	-	-
Fair value recognised	-	1	-	1
Cash flow hedge reserve net of taxation at end of period	1	-	-	1

Ineffectiveness on cash flow hedges recognised in profit and loss was a charge of £nil in 2019 (2018: £nil).

24. Future capital expenditure

As at 31 March	2019	2018
	£m	£m
Contracted but not provided for	45	61
Authorised but contracts not yet placed	102	114

At the end of the period there was £5m (2018: £5m) of future expenditure planned in relation to intangible assets which is included within the above.

25. Operating leases

As at 31 March	2019	2018
	£m	£m
Future minimum lease payments at the end of the period are:		
Not later than one year	57	48
Later than one year and not later than five	73	87
More than five years	24	24
	154	159

Of the total operating lease payments, £61m (2018: £81m) relates to the time charter hire of 3 (2018: 4) vessels by the Company's supplies and transport function. The lease period for these assets ranges from two to five years (2018: two to five years).

This includes the time charter hire of one vessel that has been novated to Proco as part of its provision of a full freight service to the Company on the basis that the menu pricing mechanism is designed to recover all costs incurred by Proco in the provision of that service to the Company, and the Company therefore effectively retains the liabilities under the lease contracts.

The Company has entered into an arrangement that includes the sub-letting of 2 (2018: 2) of the time charter hire vessels, representing £28m (2018: £39m) of the total operating lease payments above. The total of future minimum sublease payments expected to be received under these sub-leases is £28m (2018: £39m) as shown below:

F6. Notes to the financial statements

	2019	2018
	£m	£m
Future minimum sub-lease receipts at the end of the period are:		
Not later than one year	14	13
Later than one year and not later than five	14	26
	28	39

One vessel has been sublet to T S Global Procurement Co. Pte Limited ('Proco') but excluded from the sublet analysis above on the basis the cost is retained by the company under the freight services agreement with Proco.

26. Contingencies

As at 31 March	2019	2018
	£m	£m
Guarantees given under trade agreements	7	9

Dependent on future events, other current legal proceedings and recent significant contracts may give rise to contingencies and commitments that are not currently reflected in the above figures. There are also contingent liabilities in the ordinary course of business in connection with the completion of contractual arrangements.

27. Pensions and post-retirement benefits

Defined contribution schemes

The Company participates in defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Company at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to prior month contributions that were not due to be paid until after the end of the reporting period. The total cost charged to the income statement in 2019 amounted to £44m (2018: £42m).

Defined benefit schemes

The principal pension scheme for TSUK is the British Steel Pension Scheme ('BSPS'), which is the main scheme for previous and present employees based in the UK. Benefits offered by this scheme are based on final pay and years of service at retirement. The assets of this scheme are held in a separately administered fund.

In line with the conditions agreed as part of a Regulated Apportionment Arrangement ('RAA') on 11 September 2017, assets and liabilities in respect of approximately 80,000 electing members of the BSPS were transferred from the old scheme on 28 March 2018 ahead of that scheme entering a Pension Protection Fund ('PPF') assessment period the following day. The new scheme (which retains the title 'British Steel Pension Scheme') is sponsored by TSUK. Although TSUK has a legal obligation to fund any future deficit, a key condition of the new BSPS going forward was that it was sufficiently well funded to meet the scheme's modified liabilities on a self-sufficiency basis with a buffer to cover residual risks. With the assets that were transferred, the new Scheme is well positioned to pay benefits securely on a low risk basis without recourse to TSUK. This risk includes economic risks (such as interest rate risk and inflation risk), demographic risks (for example members living longer than expected), and legal risks (for example changes in legislation that may increase liabilities). TSUK has worked with the Trustee to develop and implement an Integrated Risk Management ('IRM') framework to manage these risks. The framework provides ongoing monitoring of the key investment, funding and covenant risks facing the scheme and tracks progress against the scheme's journey plan and target. Measures taken by the Trustee to manage risk include the use of asset-liability matching techniques to reduce interest rate risk, and investment in assets that are expected to be correlated to future inflation in the longer term to mitigate inflation risk. In particular, the scheme's investment policy has regard for the maturity and nature of the scheme's liabilities and seeks to match a large part of the scheme's liabilities with secure bonds, whilst achieving a higher long term return on a small proportion of equity and other investments. However, the scheme's interest rate risk is hedged on a long term funding basis linked to gilts whereas AA corporate bonds are implicit in the IAS 19 discount rate and so there is some mismatching risk to the TSUK financial statements should yields on gilts and corporate bonds diverge.

The BSPS and Open Trustee Limited ('OTL'), acting on behalf of the members who transferred to the PPF, hold an anti-embarrassment non-controlling interest in TSUK agreed as part of the RAA. The total non-controlling interest in TSUK reduced from 33.33% at 31 March 2018 (split BSPS 27.70%; OTL 5.63%) to 0.32% at 31 March 2019 (split BSPS 0.27%; OTL 0.05%) due to an equity issuance of £102.5m made by TSUK on 20 March 2019 to strengthen TSUK's financial position. No value has been included in the BSPS's assets at 31 March 2019 (2018: £nil) for its interest in TSUK as the estimated equity value of TSUK is zero (2018: £nil).

At 31 March 2019 the new scheme had an IAS 19 surplus of £2,205m (2018: £2,229m). In accordance with IFRIC 14, the company has recognised 100% (2018: 100%) of the surplus as it has an unconditional right to a refund of the surplus. The new scheme is fully funded on a low-risk technical provisions ('TP') basis and TSUK is working with the Trustee to explore options to increase security for members and to work towards an ultimate winding up of the scheme in which all benefits are fully secured. The 31 March 2018 valuation was agreed between TSUK and the BSPS Trustee on 11 April 2019. This was a surplus of £668m on a technical provisions (more prudent basis) equating to a funding ratio of 106.3%. The agreed Schedule of Contributions confirmed that neither ordinary nor deficit recovery contributions are due from the Company.

F6. Notes to the financial statements

The weighted average duration of the scheme's liabilities at 31 March 2019 was 15 years (2018: 15 years). On 26 October 2018 the High Court ruled that UK pension schemes would be required to equalise guaranteed minimum pensions ('GMP'). The ruling also provided guidance on how this equalisation should be undertaken. Following this ruling TSE recognised in the year an increase of £50m to the BSPS liabilities in respect of the estimated impact of this equalisation with the related charge recognised in OCI.

In the previous year the income statement included a net credit of £1,640m comprising a past service credit of £1,828m in respect of members who chose to transfer to the new BSPS due to the less valuable benefit structure in the new scheme compared to the old scheme, a settlement charge of £158m for those members who opted to join the PPF, costs of £21m in respect of legal, advisory and communication expenditure for the RAA process and the formation of the new scheme, and £9m for the PPF assessment of member benefits who opted to transfer to the PPF. The net credit of £1,640m was recognised in the financial statements as an exceptional item. In the current year the income statement includes a charge of £4m in relation to costs associated with the RAA.

Actuarial assumptions

A range of assumptions must be used to determine the IAS 19 amounts and the values to be included in the balance sheet and income statement can vary significantly with only small changes in these assumptions.

The key assumptions applied at the end of the reporting period for the purposes of the actuarial valuations were as follows:

2019	BSPS %	Other %
Salary growth ¹	n/a	n/a
Pension increases ²	2.20	2.20
Discount rate	2.30	2.30
Inflation	3.20	3.20

¹ The BSPS is closed to future accrual.

² Where applicable a CPI assumption of 2.20% has been applied within the BSPS.

2018	BSPS %	Other %
Salary growth ³	n/a	n/a
Pension increases ⁴	2.10	2.10
Discount rate	2.60	2.60
Inflation	3.10	3.10

³ The BSPS is closed to future accrual.

⁴ Where applicable a CPI assumption of 2.10% has been applied within the BSPS.

The discount rate is set with reference to the current rate of return on AA rated Sterling corporate bonds of equivalent currency and term to the scheme liabilities. Projected inflation rate and pension increases are long term predictions based, mainly, on the yield gap between long term fixed interest and index-linked gilts.

Demographic assumptions are set having regard to the latest trends in life expectancy, plan experience and other relevant data, including externally published actuarial information within each national jurisdiction. The assumptions are reviewed and updated as necessary as part of the periodic actuarial funding valuations of the individual pension and post-retirement plans. For the BSPS the liability calculations as at 31 March 2019 use the Self-Administered Pension Schemes 2 (SAPS 2) base tables, S2NMA/S2DFA with the 2015 CMI projections with a 1.50% pa long-term trend applied from 2007 to 2016 (adjusted by a multiplier of 1.15 for males and 1.21 for females). In addition, future mortality improvements are allowed for in line with the 2018 CMI Projections with a long-term improvement trend of 1% per annum, a smoothing parameter of 7.0. This indicates that today's 65 year old male member is expected to live on average to approximately 86 years of age and a male member reaching age 65 in 15 years time is then expected to live on average to 86 years of age.

Sensitivities

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation, salary growth and mortality. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period:

Assumption	Change in assumption	Impact on BSPS liabilities
Discount rate	Increase/decrease by 10bps	Decrease/increase by 1.4%
Inflation	Increase/decrease by 10bps	Increase/decrease by 1.0%
Mortality	1 year increase/decrease in life expectancy	Increase/decrease by 3.0%

Sensitivities for the BSPS have been provided as it is a material scheme.

F6. Notes to the financial statements

The above sensitivities may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognised in the balance sheet.

Income statement costs

Under IAS 19, 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 period. 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, and
- The net interest cost/(income) on the liability or asset is recognised in the balance sheet.

These items are treated as a net operating cost in the income statement within employment costs.

Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of other comprehensive income. Examples of such variations are differences between the discount rate used for calculating the return on scheme assets (credited to the income statement) and the actual return, the re-measurement of scheme liabilities to reflect changes in 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:

	2019 £m	2018 £m
Current service cost	15	11
Costs in respect of RAA	-	19
Costs of setting up new BSPS scheme (Note 4)	2	2
Net interest income	(58)	(12)
Past service credit	-	(1,828)
Settlements costs	-	158
Defined benefit schemes	(41)	(1,650)
Defined contribution schemes	44	42
Total charge/(credit) for the period	3	(1,608)

Total pension costs disclosed above and included in the income statement are as follows:

	2019 £m	2018 £m
Pension costs (Note 4)	1	40
Exceptional pension items (Note 4)	-	(1,649)
Discontinued operations – other pension costs (Note 7)	-	1
Exceptional costs for setting up the new BSPS scheme borne by the scheme (Note 4)	2	-
Exceptional costs for setting up the new BSPS scheme borne directly by the Company (Note 4)	2	-
Total charge/(credit) for the period	5	(1,608)

The actual return on plan assets for the above schemes was a gain of £548m (2018: £151m).

Plan assets

The asset classes include national and international stocks, fixed income government and non-government securities and real estate. The majority of the reported plan assets are located in UK and EU. The pension funds invest in diversified asset classes to maximise returns while reducing volatility. The percentage of total plan assets for each category of investment in the BSPS was as follows:

BSPS	2019 %	2018 %
Quoted:		
Equities - UK Entities	0.6	0.7
Equities - Non-UK Entities	7.0	7.3
Bonds - Fixed Rate	50.1	45.7
Bonds - Index Linked	28.3	32.0
Derivatives	0.3	0.2
	86.3	85.9

F6. Notes to the financial statements

Unquoted:

Real estate	12.5	11.5
Derivatives	(1.0)	(0.7)
Cash and cash equivalents	1.4	0.9
Other	0.8	2.4
	13.7	14.1
	100.0	100.0

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 (for example for quoted securities this is the bid-market value on the relevant public exchange), and
- Pension liabilities include future benefits that will be paid to pensioners and deferred pensioners, and accrued benefits which will be paid in the future for members in service taking into account projected earnings. As noted above, the pension liabilities are discounted with reference to the current rate of return on AA rated corporate bonds of equivalent currency and term to the pension liability.

Amounts recognised in the balance sheet arose as follows:

2019	BSPS £m	Other £m	Total £m
Fair value of plan assets	10,598	-	10,598
Present value of obligation	(8,393)	(9)	(8,402)
Defined benefit asset/(liability)	2,205	(9)	2,196
Disclosed as:			
Defined benefit asset	2,205	-	2,205
Defined benefit liability - non-current	-	(9)	(9)
Arising from:			
Funded schemes	2,205	-	2,205
Unfunded schemes	-	(9)	(9)
2018	BSPS £m	Other £m	Total £m
Fair value of plan assets	11,205	-	11,205
Present value of obligation	(8,976)	(9)	(8,985)
Defined benefit asset/(liability)	2,229	(9)	2,220
Disclosed as:			
Defined benefit asset	2,229	-	2,229
Defined benefit liability - non-current	-	(9)	(9)
Arising from:			
Funded schemes	2,229	-	2,229
Unfunded schemes	-	(9)	(9)

The movements in the present value of plan assets and defined benefit obligations in 2019 and 2018 were as follows:

2019	BSPS £m	Other £m	Total £m
Plan assets:			
At 1 April 2018	11,205	-	11,205
Interest income on plan assets	284	-	284
Return on plan assets less than the discount rate	264	-	264
Benefits paid	(1,155)	-	(1,155)
At 31 March 2019	10,598	-	10,598
Defined benefit obligation:			
At 1 April 2018	8,976	9	8,985
Current service cost	15	-	15
Costs of setting up new BSPS scheme	2	-	2
Interest cost on the defined benefit obligation	226	-	226
Actuarial loss due to actuarial experience	47	-	47
Actuarial loss due to financial assumption changes	411	-	411

F6. Notes to the financial statements

Actuarial gain due to demographic assumption changes	(129)	-	(129)
Benefits paid	(1,155)	-	(1,155)
At 31 March 2019	8,393	9	8,402

Benefits paid in the year included £647m (2018: £2,120m) in respect of transfers out of the BPS. The benefits paid out of the BPS in the year and in 2018 are significantly higher than usual due to an increased number of members deciding to transfer out of the scheme during the RAA period.

2018	BSPS £m	Other £m	Total £m
<i>Plan assets:</i>			
At 1 April 2017	15,032	-	15,032
Interest income on plan assets	358	-	358
Return on plan assets less than the discount rate	(207)	-	(207)
Contributions from the employer	569	-	569
Benefits paid	(2,730)	-	(2,730)
Settlements	(1,817)	-	(1,817)
At 31 March 2018	11,205	-	11,205
<i>Defined benefit obligation:</i>			
At 1 April 2017	14,816	9	14,825
Current service cost	11	-	11
Cost in respect of RAA	19	-	19
Costs of setting up new BPS scheme	2	-	2
Interest cost on the defined benefit obligation	346	-	346
Past service cost – plan amendments	(1,828)	-	(1,828)
Actuarial loss due to actuarial experience	472	-	472
Actuarial gain due to financial assumption changes	(473)	-	(473)
Benefits paid	(2,730)	-	(2,730)
Settlements	(1,659)	-	(1,659)
At 31 March 2018	8,976	9	8,985

Actuarial losses recorded in the Statement of Comprehensive Income for the period were £65m (2018: £206m).

28. Related party transactions

The table below sets out details of transactions which occurred in the normal course of business between the Company and its joint ventures, joint arrangements are considered as joint ventures for reporting purposes.

	2019 £m	2018 £m
Amounts reported within the income statement:		
Purchases from joint ventures	5	5
Dividends from joint ventures (Note 5)	1	-
Amounts reported within the balance sheet:		
Amounts owed to joint ventures (Note 17)	1	1

29. Events after the balance sheet date

On 26 April 2019 there was a spillage of liquid iron at the Port Talbot site resulting in an explosion. Some relatively minor injuries were suffered by 2 employees. However due to prompt actions taken by TSUK employees the impact of this incident was minimised and was not material to the financial statements.

On 10 May 2019 TSL and tk announced that activities to complete the JV had been suspended due to the unlikelihood of obtaining merger control approval from the European Commission ('EC'). The anticipated refusal for merger control approval was subsequently confirmed by the EC on 11 June 2019.

On 4 June 2019 TSUK signed a business purchase agreement to divest the Firststeel business.

F6. Notes to the financial statements

30. Ultimate and immediate parent company

Corus Group Limited is the Company's immediate parent company, which is registered in England and Wales. TSE and 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 Corus Group Limited, TSUKH and TSE 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.

31. Details of related undertakings

A list of the Company's subsidiary, joint venture and associated undertakings (direct and indirect) as at 31 March 2019 pursuant to the requirement of The Company, Partnership and Groups (Accounts and Reports) Regulation 2015.

The subsidiary undertakings, joint ventures and associates of the Company at 31 March 2019 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation.

Subsidiary undertakings

Steel producing, further processing or related activities:

Canada Cogent Power Inc. (ii) (iii)	845 Laurentian Drive, Burlington, Ontario, Canada, L7N 3W7
Germany Catnic GmbH (ii) (iii)	Am Leitzelbach 16, Sinsheim, 74889, Germany
India Tata Steel International (India) Limited (i) (iii)	412 Raheja Chambers, 213 Backbay Reclamation, Nariman Point, Mumbai 400 021, India
Ireland (Republic of) Gamble Simms Metals Limited (ii) (iii) Lister Tubes Limited (ii) (iii)	Tata Steel Steel Service Centre, Steel House, Bluebell Industrial Estate, Bluebell Avenue, Dublin 12 Tata Steel Steel Service Centre, Steel House, Bluebell Industrial Estate, Bluebell Avenue, Dublin 12
Stewarts & Lloyds Of Ireland Limited (ii) (iii) Walkersteelstock Ireland Limited (ii) (iii)	1 Stokes Place, St Stephens Green, Dublin 2 Tata Steel Steel Service Centre, Steel House, Bluebell Industrial Estate, Bluebell Avenue, Dublin 12
Mexico Tata Steel International Mexico SA de CV (ii) (iii)	Era 2, Real de Anahuac, 66600 Ciudad Apodaca, Nuevo Leon, Mexico
Nigeria Tata Steel International (Nigeria) Limited (i) (iii) (xiv)	Block 69a, Plot 8, Admiralty Way, Lekki Phase 1, Lagos, Nigeria
Norway Tata Steel Norway Byggsystemer AS (ii) (iii)	Roraskogen 2, Skien, N 3739, Norway
Romania Corus International Romania SRL (i) (iii)	169 A Calea Floreasca, A Building, Campus 10, 4th Floor, Office 2039-2044, 1st District, Bucharest, Romania
South Africa TS South Africa Sales Office Proprietary Limited (i) (xii)	1st Floor, Kamogelo Suites, 39 Lakefield Avenue, Benoni, Gauteng, 1501, South Africa
Sweden Surahammars Bruks AB (ii) (iii)	Box 201, S-735 23, Surahammar, Sweden
UAE Tata Steel International (Middle East) FZE (i) (iii)	PO Box 18294, Jebel Ali, Dubai, United Arab Emirates

F6. Notes to the financial statements

Ukraine

Corus Ukraine LLC (i) (iii)

Office 16, Building 11/23B, Chekhivskiy Provulok / Vorovskogo Street, 01054 Kiev, Ukraine

United Kingdom

00302520 Limited	30 Millbank London SW1P 4WY
Alloy Steel Rods Limited	30 Millbank London SW1P 4WY
Automotive Laser Technologies Limited (ii) (iii) (xiii)	Hill House, 1 Little New Street, London, EC4A 3TR
Bell & Harwood Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Blastmega Limited (i) (iii) (vii)	30 Millbank, London, SW1P 4WY
Bore Samson Group Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Bore Steel Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Bright Bar Limited	30 Millbank London SW1P 4WY
British Guide Rails Limited (ii) (iii) (x)	30 Millbank, London, SW1P 4WY
British Steel Corporation Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Directors (Nominees) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Engineering Steels (Exports) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Service Centres Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Trading Limited	30 Millbank, London, SW1P 4WY
British Tubes Stockholding Limited (i) (iii) (xiii)	Hill House, 1 Little New Street, London, EC4A 3TR
C Walker & Sons Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Catnic Limited (i) (iii) (viii) (ix)	30 Millbank, London, SW1P 4WY
Cogent Power Limited (i) (iii) (x)	Orb Works, Stephenson Street, Newport, Gwent, NP19 0RB
Cold Drawn Tubes Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Corby (Northants) & District Water Co. (i) (iii)	Po Box 101 Weldon Road, Corby, Northamptonshire, NN17 5UA
Cordor (C & B) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus CNBV Investments (50%) (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Cold Drawn Tubes Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Corus Engineering Steels (UK) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Engineering Steels Holdings Limited (i) (iii) (xi)	30 Millbank, London, SW1P 4WY
Corus Engineering Steels Limited (ii) (iii) (xi)	30 Millbank, London, SW1P 4WY
Corus Engineering Steels Overseas Holdings Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Engineering Steels Pension Scheme Trustee Limited (ii) (iii)	17th Floor 125 Old Broad Street, London, EC2N 1AR
Corus Holdings Limited (i) (iii)	15 Atholl Crescent, Edinburgh, EH3 8HA
Corus International Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Corus Investments Limited (ii) (iii)	15 Atholl Crescent, Edinburgh, EH3 8HA
Corus Liaison Services (India) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Management Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Corus Properties (Germany) Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Corus Property (50%) (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Service Centre Limited (ii) (iii)	Hull's Hill, Lisburn, Co.Atrim, BT28 2SR
Corus UK Healthcare Trustee Limited (i) (iii)	30 Millbank, London, SW1P 4WY
CPN (85) Limited (i) (iii) (xiii)	Hill House, 1 Little New Street, London, EC4A 3TR
Darlington & Simpson Rolling Mills Limited	30 Millbank London SW1P 4WY
DSRM Group Plc. (i) (iii)	30 Millbank, London, SW1P 4WY
Europressings Limited (ii) (iii) (xiii)	Hill House, 1 Little New Street, London, EC4A 3TR
Firsteel Engineering Limited	30 Millbank, London, SW1P 4WY
Firsteel Group Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Firsteel Holdings Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Grant Lyon Eagre Limited (i) (iii)	30 Millbank, London, SW1P 4WY
H E Samson Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Hallamshire Steel Co. Limited(The)	30 Millbank London SW1P 4WY
Hadfields Holdings Limited (62.5%) (i) (iii)	30 Millbank, London, SW1P 4WY
Hammermega Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Harrowmills Properties Limited (ii) (iii) (xiii)	Hill House, 1 Little New Street, London, EC4A 3TR
John Tinsley Limited	30 Millbank London SW1P 4WY
London Works Steel Company Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Midland Steel Supplies Limited (ii) (iii) (xiii)	Hill House, 1 Little New Street, London, EC4A 3TR
Nationwide Steelstock Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Orb Electrical Steels Limited (ii) (iii)	Orb Works, Stephenson Street, Newport, NP19 0RB
Ore Carriers Limited (ii) (iv) (v) (viii)	30 Millbank, London, SW1P 4WY
Plated Strip International Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Round Oak Properties Limited (ii) (iv)	15 Great Marlborough Street, London, W1V 1AF
Round Oak Steel Works Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Runblast Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Runmega Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Samuel Fox Limited	30 Millbank London SW1P 4WY
Seamless Tubes Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Smith, Druce Stainless Limited	30 Millbank London SW1P 4WY
Steel Peech & Tozer Limited	30 Millbank London SW1P 4WY

F6. Notes to the financial statements

Steel Stockholdings Limited (ii) (iv) (v)	30 Millbank, London, SW1P 4WY
Steelstock Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Stewarts And Lloyds (Overseas) Limited (ii) (iii)	15 Atholl Crescent, Edinburgh, EH3 8HA
Swinden Housing Association (i) (iii)	Swinden House, Moorgate, Rotherham, South Yorkshire, S60 3AR, England
Tata Steel UK Consulting Limited (i) (iii)	30 Millbank, London, SW1P 4WY
The Newport And South Wales Tube Company Limited (i) (iii) (x)	30 Millbank, London, SW1P 4WY
The Stanton Housing Company Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
The Steel Company of Wales Limited	30 Millbank London SW1P 4WY
The Templeborough Rolling Mills Limited (i) (iv) (v)	30 Millbank, London, SW1P 4WY
Toronto Industrial Fabrications Limited (i) (iii) (x) (xi)	30 Millbank, London, SW1P 4WY
U.E.S. Bright Bar Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
UK Steel Enterprise Limited (i) (iii)	The Innovation Centre, 217 Portobello, Sheffield, S1 4DP
UKSE Fund Managers Limited (ii) (iii)	The Innovation Centre, 217 Portobello, Sheffield, S1 4DP
United Steel Structural Company Limited	30 Millbank London SW1P 4WY
Walker Manufacturing And Investments Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Walkersteelstock Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Wellington Tube Works Limited	30 Millbank London SW1P 4WY
Westwood Steel Services Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Whitehead (Narrow Strip) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY

USA

Cogent Power Inc. (ii) (iii)	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, New Castle County, USA
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Classification key:

- (i) Directly owned by the Company
- (ii) Owned by Group
- (iii) Ordinary shares
- (iv) Ordinary A shares
- (v) Ordinary B shares
- (vi) Ordinary C shares
- (vii) Preference shares
- (viii) Deferred shares
- (ix) Deferred A shares
- (x) Cumulative redeemable preference shares
- (xi) Non-cumulative preference shares
- (xii) No share capital
- (xiii) Currently in liquidation via a Members Voluntary Liquidation
- (xiv) Currently in liquidation

Unless indicated otherwise, subsidiary undertakings are wholly owned by the Company.

Joint arrangements

United Kingdom

Air Products Llanwern Limited (50%) (i) (ii) (JO)	Hersham Place Technology Park, Molesey Road, Walton On Thames, Surrey, KT12 4RZ
Ravenscraig Limited (33%) (i) (iii) (JV)	15 Atholl Crescent, Edinburgh, EH3 8HA
Texturing Technology Limited (50%) (i) (iii) (JO)	PO Box 22, Texturing Technology Ltd, Central Road, Tata Steel Site Margam, Port Talbot, West Glamorgan, Wales, SA13 2YJ

Associates

United Kingdom

Fabsec Limited (25%) (i) (iv)	Cellbeam Ltd, Unit 516 Avenue E East, Thorp Arch Estate, Wetherby, West Yorkshire, England, LS23 7DB
ISSB Limited (50%) (i) (ii)	Corinthian House, 17 Lansdowne Road, Croydon, Greater London, CR0 2BX

Classification key:

- (i) Owned by the Company
- (ii) Ordinary shares
- (iii) Ordinary A shares
- (iv) Ordinary B shares
- (v) Voting shares
- (vi) Preference shares
- (JV) Joint Venture
- (JO) Joint Operation

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