TATA STEEL

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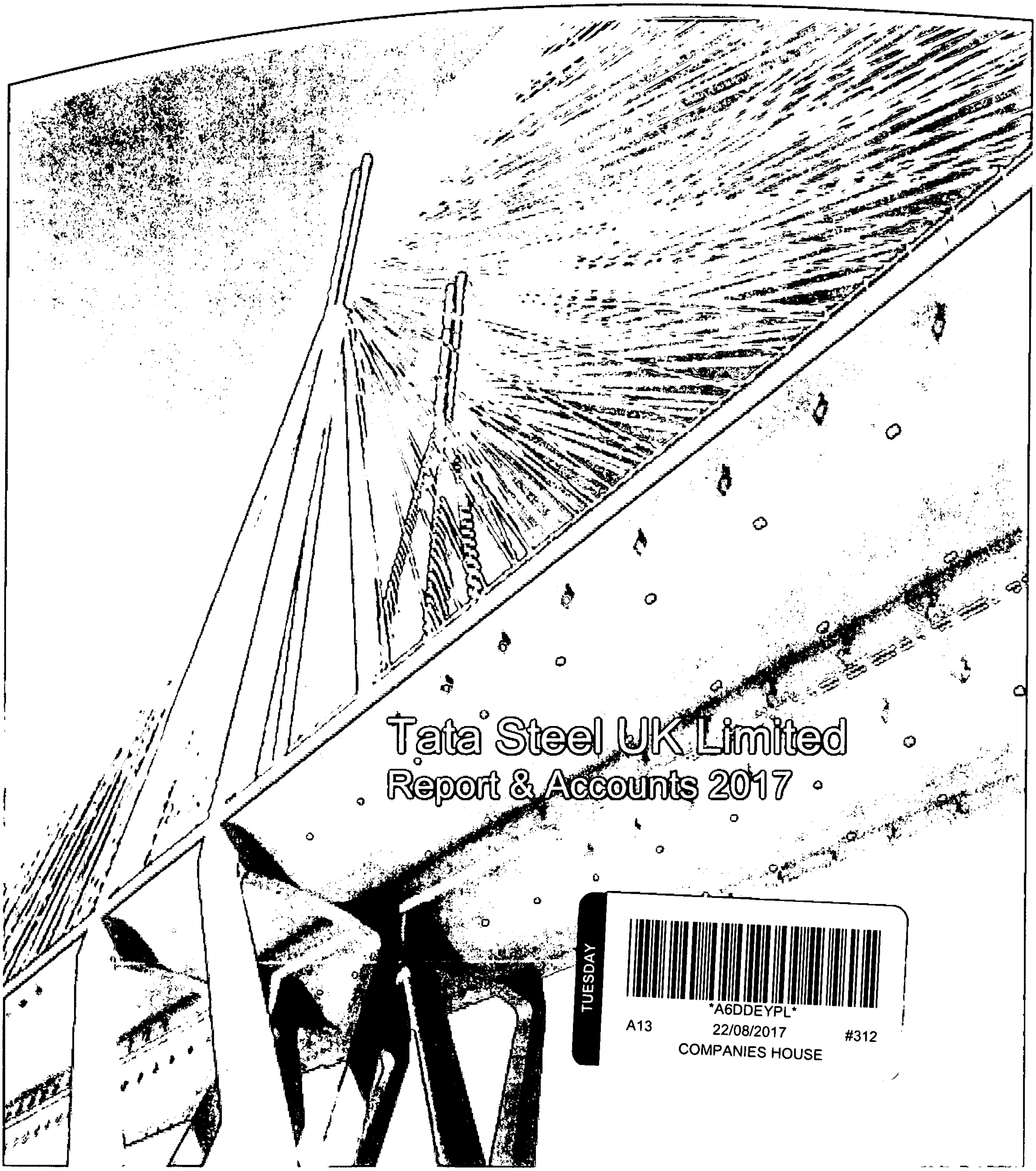

Tata Steel UK Limited

Report & Accounts 2017

Contents

A. Directors and advisors

Directors

NK Misra

H Adam

T Farquhar

JLM Fischer

H Matheson

J Phillips

B Jha

Secretary and registered office

SV Gidwani

30 Millbank
London
SW1P 4WY

Company Number

2280000

Auditor

Deloitte LLP
Leeds

Introduction

The Directors have pleasure in presenting the strategic report of Tata Steel UK Limited ('TSUK' or the 'Company') for the year ended 31 March 2017.

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

The principal 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.

The Company has divested its former long products businesses with Longs Steel UK Limited ('LSUK') and certain other subsidiary companies sold to Greybull Capital LLP on 31 May 2016. The long products business has been disclosed in the financial statements within discontinued operations. Speciality steel and bar products ('Speciality Steels') are produced in the UK at Rotherham using the electric arc furnace method. On 9 February 2017 TSE signed an option agreement with Liberty Speciality Steels Ltd ('Liberty Steel') and Liberty House Group Pte Ltd as guarantor to divest its Speciality Steels business. The transaction subsequently completed on 1 May 2017. The Speciality steel and bar products business has been disclosed in the financial statements within discontinued operations.

The Company owns, or has access to, TSE Group sales offices, stockholders, service centres and joint venture or associate arrangements in a number of markets for distribution and further processing. These are supported by various agency agreements. There is an extensive network in the EU, while outside the EU there are sales offices in over thirty countries, supported by a worldwide trading network and a number of processing and service centres.

Business review

The Company's revenue from continuing operations of £1,987m (£1,958m in 2015/16) was 1% higher than the previous year due to an increase in global steel prices, offset by a 15% decrease in steel deliveries as a result of focusing on higher margin business.

Liquid steel production from continuing operations in 2016/17 at 3.6mt (2015/16: 4.0mt) was 0.4mt lower than 2015/16 due to restructuring measures implemented in the previous year in order to focus on higher margin business.

The operating loss from continuing operations (including exceptional items) in 2016/17 was £307m (2015/16: £326m), £19m better than 2015/16. The operating loss from continuing operations in 2016/17 included an exceptional non-cash curtailment strain of £413m following the closure of the British Steel Pension Scheme ('BSPS') to future accrual on 31 March 2017, whilst the operating loss from continuing operations in 2015/16 included an exceptional non-cash gain of £897m in respect of benefit changes to the BSPS implemented on 31 July 2015 (see Note 28).

Excluding the exceptional items, the operating result from continuing operations improved by £1,329m to a profit of £106m. The improvement was explained by a significant reduction in restructuring and impairment costs from £919m in 2015/16 to £50m in 2016/17. The prior year restructuring and impairment costs included an impairment charge of £732m for property, plant and equipment (see Note 9) primarily relating to an impairment of the Company's Strip Products UK business.

The operating result before restructuring, impairment and disposals from continuing operations in 2016/17 improved by £470m to £156m (2015/16: loss of £314m). This improvement was due to improved steel margins and restructuring measures to reduce costs.

The Company's net finance charges from continuing operations in 2016/17 of £164m (2015/16: £142m) were £22m higher than the previous year (see Note 5). Taxation from continuing operations was a charge of £87m in 2016/17 (2015/16: credit of £42m) due primarily to a deferred tax credit in reserves relating to actuarial movements on the BSPS.

The loss after taxation from continuing operations in 2016/17 was £558m (2015/16: loss of £426m).

The loss after taxation from discontinued operations of £362m (2015/16: £276m) included a loss on disposal of £198m (2015/16: £nil) relating to the divestment of the company's long products subsidiaries and a write down to fair value less costs to sell of £22m (2015/16: £nil) of the net assets relating to the Company's Speciality Steels business.

The balance sheet on page 12 of the financial statements shows the Company's financial position at the end of the financial year. Net liabilities increased from £707m to £1,974m due to the loss after taxation from total operations of £920m and other comprehensive losses of £400m (2015/16: £199m income) caused mainly by actuarial movements on the BSPS pension scheme. This was offset by an increase of £53m in share premium due to the issue of new shares.

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.

Going concern

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

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

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

Principal risks and uncertainties

The other principal risks and uncertainties affecting the Company include health, safety, environmental and other compliance matters, the general economic conditions in the UK and Europe, the impact of China and other exporters, long term competiveness, pensions, exchange rates and access to raw materials & energy. Further information and discussion on these principal risks and uncertainties are included in the TSE 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.

The principal pension scheme for TSUK is the BSPS, which is the main scheme for previous and present employees based in the UK.

On 31 March 2017 the BSPS was closed to future accrual and replaced by a contract based defined contribution group personal pension arrangement. In addition, as noted above, and as announced by TSL on 16 May 2017, the key commercial terms of a RAA have been agreed in principle between TSUK and the BSPS Trustee. Since that time the negotiation of detailed RAA documentation has continued and whilst the RAA remains subject to formal approval by the Pensions Regulator ('tPR') and non-objection from the Pensions Protection Fund ('PPF') positive discussions are ongoing and TSUK is hopeful of reaching final agreement shortly. If agreement is reached and the necessary approvals are obtained, the RAA will become effective once agreed conditions are satisfied, including the payment by TSUK of an agreed settlement amount of c.£550 million to the BSPS and the provision of a 33% equity stake in TSUK. It is hoped that signing of definitive documentation can take place within a further short period. The RAA would then be subject to a 28 day period during which certain parties have a right to object, following which (and in the absence of sustained objections) tPR is expected to approve the RAA and for it to become effective.

The Company will contribute c.£550 million in cash to the assets of the BSPS as mitigation for the RAA; this amount is expected to be funded by Tata Steel Limited and to be contributed to the Company by way of equity subscription.

As announced by TSL on 16th May 2017, the Company has also agreed in principle, that subsequent to an RAA, the Company would sponsor a closed new pension scheme (the New Scheme). The Company's sponsorship of a New Scheme is conditional upon satisfaction of certain qualifying conditions. If those conditions are satisfied, members of the BSPS would be offered an option to transfer to the New Scheme. The New Scheme would have lower future annual increases for pensioners and deferred members than the BSPS and therefore an improved funding position which would pose significantly less risk for the Company. There is presently no certainty with regards to the eventual existence, size, terms or form of the New Scheme and the funding position and membership of any New Scheme would be dependent on the results of the voluntary membership transfer exercise. The results of the member transfer exercise would not be known until the end of 2017 at the earliest, but the RAA would become effective before the transfer exercise and would not be conditional upon it. BSPS will then be wound up and enter the UK Pension Protection Fund ('PPF'). These changes represent key steps towards achieving a more sustainable future for the Company.

Up until 31 May 2016, all LSUK employees had a contract of service with TSUK. As part of this agreement TSUK received from LSUK a monthly non-refundable service and administration fee, and a reimbursement of employment costs.

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 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 board of Tata Steel Europe Limited has approved a statement setting out the measures taken by the Group during the financial year ended 31 March 2017. The statement will be issued by Tata Steel Europe on behalf of itself and its relevant UK subsidiary companies and published on the Tata Steel Europe website.

Future developments and subsequent events

On 9 February 2017 TSUK signed a binding offer for the sale of its Speciality Steels business to Liberty House. As at 31 March 2017 Speciality Steels was accounted for as a discontinued operation and an asset held for sale. Speciality Steels was hived down to a separate legal entity on 30 April 2017 and the sale to Liberty House was completed on 1 May 2017.

On 10 July 2017 the Company signed a business purchase agreement with Liberty Pipes (Hartlepool) Limited and Liberty House Group Pte. Limited to divest the business and assets of the 42" and 84" SAW mills at Hartlepool along with assumed liabilities. The sale is estimated to realise a loss of £3m in the income statement.

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

SV Gidwani
Company Secretary
Registered Office:
30 Millbank,
London,
SW1P 4WY
13 July 2017

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
No dividend was paid during the current or prior year and the Directors do not recommend the payment of a final dividend (2016: £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 auditor
Each director in office at the date of this Directors' report confirms that:

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

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

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

Information disclosed in the Strategic report
The following information has been disclosed in the strategic report:

- A review of the business for the year (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 5); and
- Research & development activities (see page 5).

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

SV Gidwani
Company Secretary
Registered Office:
30 Millbank,
London,
SW1P 4WY
13 July 2017

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 regulations.

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

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

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

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

We have audited the financial statements of Tata Steel UK Limited for the year ended 31 March 2017 which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the presentation of accounts and accounting policies and the related Notes 1 to 32. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101 'Reduced Disclosure; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made on page 4 of the Strategic Report and within the presentation of the accounts and accounting policies concerning the company's ability to continue as a going concern. The completion of the Regulated Apportionment Arrangement ('RAA') in relation to the BSPS constitutes a material event for the Company, and in its absence it is expected that there would be a very large BSPS funding deficit which could cast significant doubt about the Company's ability to continue as a going concern. These conditions, along with the other matters explained on page 4 of the Strategic Report and within the presentation of the accounts and accounting policies indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report

Matters on which we are required to report by exception

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

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

Chris Powell

Christopher Powell (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
13 July 2017

F1. Income statement

For the financial year ended 31 March 2017

	Note	Continuing Operations: Before Exceptional Items £m	Continuing Operations: Exceptional Items (Note 4) £m	Continuing Operations: After Exceptional Items £m	Discontinued Operations (Note 7) £m	Total Operations £m
Revenue	1	1,987	-	1,987	202	2,189
Operating costs	2	(1,881)	(413)	(2,294)	(344)	(2,638)
Operating profit/(loss)		106	(413)	(307)	(142)	(449)
Finance costs	5	(186)	-	(186)	-	(186)
Finance income	5	22	-	22	-	22
Loss before taxation		(58)	(413)	(471)	(142)	(613)
Taxation charge	6	(87)	-	(87)	-	(87)
Loss after taxation		(145)	(413)	(558)	(142)	(700)
Loss recognised on the measurement to fair value less cost to sell		-	-	-	(22)	(22)
Loss from disposal of discontinued operations (Note 7)		-	-	-	(198)	(198)
Loss after taxation		(145)	(413)	(558)	(362)	(920)

For the financial year ended 31 March 2016 — Re-stated

	Note	Continuing Operations: Before Exceptional Items £m	Continuing Operations: Exceptional Items (Note 4) £m	Continuing Operations: After Exceptional Items £m	Discontinued Operations (Note 7) £m	Total Operations £m
Revenue	1	1,958	-	1,958	695	2,653
Operating costs	2	(3,181)	897	(2,284)	(970)	(3,254)
Operating profit/(loss)		(1,223)	897	(326)	(275)	(601)
Finance costs	5	(176)	-	(176)	(1)	(177)
Finance income	5	34	-	34	-	34
Loss before taxation		(1,365)	897	(468)	(276)	(744)
Taxation credit	6	42	-	42	-	42
Loss after taxation		(1,323)	897	(426)	(276)	(702)

All references to 2017 in the Financial statements, the presentation of accounts and accounting policies and the related notes 1 to 32 refer to the financial year ended 31 March 2017 or as at 31 March 2017 as appropriate (2016: the financial year ended 31 March 2016 or as at 31 March 2016).

As required by IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', TSUK's Long Products and Speciality Steels businesses have been classified as discontinued operations. LSUK was hived down on 2 August 2015 and disposed of on 31 May 2016. Speciality Steels was classified as held for sale on 31 March 2017 and subsequently disposed on 1 May 2017. Turnover, operating profit/(loss) and loss before taxation for all periods presented exclude the results of these businesses, which are shown as a separate component of the income statement under "discontinued operations" after continuing operations. All comparative periods have been re-stated to reflect this reclassification.

Notes and related statements forming part of these accounts appear on pages 21 to 44.

F2. Statement of comprehensive income

For the financial year ended 31 March

	Note	2017 £m	2016 £m
Loss after taxation		**(920)**	(702)
Items that will not be reclassified subsequently to the income statement:			
Actuarial (losses)/gains on defined benefit pension and other post-retirement plans	28	**(478)**	237
Income tax relating to items not reclassified	6	**80**	(43)
Items that may be reclassified subsequently to the income statement:			
(Losses)/gains arising on cash flow hedges	24	**(2)**	5
Other comprehensive (loss)/income for the year net of tax		**(400)**	199
Total comprehensive loss for the year		**(1,320)**	(503)

All items of other comprehensive income relate to continuing operations.

Notes and related statements forming part of these accounts appear on pages 21 to 44.

F3. Balance sheet

As at 31 March

	Note	2017 £m	2016 £m
Non-current assets			
Intangible assets	8	**48**	55
Property, plant and equipment	9	**264**	297
Investments and loans to subsidiary and fellow group undertakings	10	**842**	1,459
Investments in joint ventures and associated undertakings	10	**-**	-
Other non-current assets	11	**13**	15
Retirement benefit assets	28	**216**	1,206
Deferred tax assets	12	**-**	-
		1,383	3,032
Current assets			
Inventories	13	**473**	416
Trade and other receivables	14	**316**	414
Cash and short term deposits	15	**59**	36
Assets classified as held for sale	16	**118**	-
		966	866
TOTAL ASSETS		**2,349**	3,898
Current liabilities			
External borrowings	17	**5**	446
Inter-group borrowings	17	**608**	291
Trade and other payables	18	**1,566**	1,254
Current tax liabilities	19	**6**	2
Short term provisions and other liabilities	20	**74**	98
Liabilities classified as held for sale	16	**36**	-
		2,295	2,091
Non-current liabilities			
Inter-group borrowings	17	**1,837**	2,301
External borrowings	17	**16**	21
Retirement benefit obligations	28	**9**	10
Provisions and other liabilities	20	**149**	161
Other non-current liabilities	21	**13**	15
Deferred income	22	**4**	6
		2,028	2,514
TOTAL LIABILITIES		**4,323**	4,605
NET LIABILITIES		**(1,974)**	(707)
Equity			
Called up share capital	23	**2,241**	2,241
Share premium account		**105**	52
Capital redemption reserve		**47**	47
Hedging reserve		**-**	2
Accumulated deficit		**(4,367)**	(3,049)
TOTAL EQUITY		**(1,974)**	(707)

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

NK Misra

13 July 2017

Tata Steel UK Limited

Registered No: 2280000

Notes and related statements forming part of these accounts appear on pages 21 to 44.

F4. Statement of changes in equity

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Other components of equity £m	Accumulated deficit £m	Total equity £m
Balance as at 1 April 2015	**2,241**	**52**	**47**	**153**	**(3)**	**(2,694)**	**(204)**
Loss for the year	-	-	-	-	-	(702)	**(702)**
Expiration of other reserves	-	-	-	(153)	-	153	-
Other comprehensive income for the year	-	-	-	-	5	194	**199**
Total comprehensive loss for the year	-	-	-	(153)	5	(355)	**(503)**
Balance as at 1 April 2016	**2,241**	**52**	**47**	**-**	**2**	**(3,049)**	**(707)**
Loss for the year	-	-	-	-	-	(920)	**(920)**
Other comprehensive loss for the year	-	-	-	-	(2)	(398)	**(400)**
Total comprehensive loss for the year	-	-	-	-	(2)	(1,318)	**(1,320)**
Issue of ordinary shares	-	53	-	-	-	-	**53**
Balance as at 31 March 2017	**2,241**	**105**	**47**	**-**	**-**	**(4,367)**	**(1,974)**

During the year the Company issued one ordinary 50p share to Corus Group Limited, with an aggregate nominal value of 50p, for a total consideration of £53m.

Following the cancellation of the statutory reserve of the Company on 17 June 2005, the profits made on disposal of certain assets, and the settlements of certain provisions, were reclassified from accumulated deficit to other reserves, which were non-distributable. These non-distributable reserves expired 10 years from the cancellation of the statutory reserve and consequently were reclassified to accumulated deficit in the year ended March 2016.

Notes and related statements forming part of these accounts appear on pages 21 to 44.

I Basis of preparation

TSUK is a private limited company incorporated 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 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.

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

Group accounts have not been prepared as the Company is a wholly owned indirect subsidiary of TSE, which has prepared consolidated accounts for the year ended 31 March 2017.

TSE and its subsidiaries (including the Company) are financed in part through the Senior Facilities Agreement and other long term loans introduced by the parent from time to time and in part through working capital support provided by Proco a subsidiary of TSL, under arrangements which have been authorised, and are supported, by TSL. TSL has approved the continued provision of working capital support to the Company, subject to certain restrictions including agreement on a RAA of the BSPS. The trading performance of the Company, in FY 2016/17 has continued to require financial support from TSL. It is thought that this may well continue but at a much-reduced level during FY 2017/18, when the outlook is much improved.

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

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

II Use of estimates and critical accounting judgements

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

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

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

Critical accounting judgments and the key sources of estimation or uncertainty in applying the Company's accounting policies arise in relation to impairment of property, plant and equipment and intangible assets, assets held for sale and discontinued operations, the recognition of deferred tax assets, retirement benefits, provisions created for rationalisation and related costs, environmental remediation and 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.

A significant part of the Company's capital is invested in property, plant and equipment and intangible assets. Determining whether these assets are impaired requires an estimation of value in use of the cash generating unit ('CGU') to which the asset relates. Value in use calculations require an estimation of future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Further details on the Company's impairment review and key assumptions are set out in Note 9.

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. Speciality Steels has been recognised as a disposal group as at 31 March 2017 following the signing of a definitive sales agreement on 9 February 2017. 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. Longs Steel UK and Speciality Steels have been classified as discontinued operations during the March

2017 financial year following a coordinated plan to dispose of these businesses which do not form part of the Company's core Strip Products business. Further information can be found in Note 16.
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 British Steel Pension Scheme ('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 28.

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 20.

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 note 3.

The Company has a number of loan balances, both receivables and payables, with other entities within the Tata Steel Europe 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 III below.

III 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 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 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 to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

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 as adjusted for unrecognised past service cost. 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 existing BSPS scheme rules as at 31 March 2017 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 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.

IV Other accounting policies

(a) Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is when they have accepted physical delivery and control of the goods. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

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

(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 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, is expensed as incurred.

(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. The detailed accounting treatment for such items can differ, as described in the following sections:

(i) Trade receivables
Trade receivables are initially recorded at their fair value and are subsequently measured at their amortised cost, as reduced by appropriate allowances for any impairment. Provisions for impairment are made where there is a risk of non-payment, taking into account ageing, previous experience and general economic conditions, and credit insurance. When a trade receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the income statement. Subsequent recoveries of amounts previously provided for are credited to the income statement. Where trade receivables are sold prior to settlement by customers, they are derecognised with the respective default deductions and discount costs simultaneously charged to income statement.

(ii) Investments
Investments are initially measured at fair value, including transaction expenses. They are classified as either available for sale or as loans and receivables. For available for sale investments, gains and losses arising from changes in fair values are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following initial recognition they are measured at amortised cost using the effective interest rate method.

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

(iv) Bank borrowings
Interest-bearing bank loans and overdrafts are initially recorded at their fair value which is generally the proceeds received, net of direct issue costs. These borrowings are subsequently measured at amortised cost.

(v) Trade payables
Trade payables are initially recorded at fair value and are subsequently measured at their amortised cost.

(vi) Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) 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. 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.

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 are determined based on market forward rates at the end of the reporting period. The Company seeks to adopt hedge accounting for these currency contracts. This means that, at the inception of each hedge there is a formal, documented designation of the hedging relationship. 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 the income statement. 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 the income statement 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 the income statement. Gains or losses from re-measuring the associated derivative are also recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement 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.

Certain components, such as terms and conditions, embedded in other financial instruments or other host contracts are accounted for as separate derivatives and carried at fair value. These components are only separately accounted for when their risks and characteristics are not closely related to those of the host contract, the host contract itself is not carried at fair value with gains or losses reported in the income statement, and where a separate instrument with the same terms as the embedded component would itself meet the definition of a derivative.

(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 the income statement as incurred.

Expenditure on research activities is recognised 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. Cost is determined using the 'first in, first out' method. 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.

For the financial year ended 31 March

1. Revenue – continuing operations

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

	2017 £m	Restated 2016 £m
UK	**1,269**	1,144
Europe	**612**	599
Rest of world	**106**	215
	1,987	1,958

2. Operating costs – continuing operations

	2017 £m	Restated 2016 £m
Costs by type:		
Raw materials and consumables	**1,049**	978
Maintenance costs (excluding own labour)	**165**	186
Other external charges (including fuels & utilities, hire charges and carriage costs)	**331**	420
Employment costs (Note 4)	**818**	(281)
Depreciation, amortisation and impairments (Notes 8 & 9)	**52**	848
Other operating items (including rents, rates, insurance and general expenses)	**6**	59
Changes in inventory of finished goods and work in progress	**(126)**	86
Own work capitalised	**(1)**	(2)
Profit on disposal of property, plant and equipment	**(1)**	(10)
Loss on disposal of subsidiary	**1**	-
	2,294	2,284

	Operating items before restructuring, impairment and disposals £m	Restructuring, impairment and disposals £m	Exceptionals £m	**Total** £m
Costs by type:				
Raw materials and consumables	1,049	-	-	**1,049**
Maintenance costs (excluding own labour)	165	-	-	**165**
Other external charges (including fuels & utilities, hire charges and carriage costs)	331	-	-	**331**
Employment costs (Note 4)	402	3	413	**818**
Depreciation, amortisation and impairments (Notes 8 & 9)	23	29	-	**52**
Other operating items (including rents, rates, insurance and general expenses)	(12)	18	-	**6**
Changes in inventory of finished goods and work in progress	(126)	-	-	**(126)**
Own work capitalised	(1)	-	-	**(1)**
Profit on disposal of property, plant and equipment	-	(1)	-	**(1)**
Loss on disposal of subsidiary	-	1	-	**1**
	1,831	50	413	**2,294**

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

	2017 £m	Restated 2016 £m
The above costs are stated after including:		
Impairment losses related to intangible assets (Note 8)	**-**	52
Amortisation of intangible assets (Note 8)	**10**	13
Depreciation of owned assets (Note 9)	**13**	50
Depreciation of assets held under finance leases (Note 9)	**-**	1
Impairment losses related to property, plant and equipment (Note 9)	**29**	732
Impairment losses related to investment in joint venture (Note 10)	**-**	1
Impairment losses related to investment in subsidiaries	**18**	-
Net exchange rate gains	**(80)**	(41)
Operating lease rentals:		
Plant and machinery	**10**	12
Leasehold property	**18**	18
Release of grants relating to revenue (Note 22)	**(2)**	(1)
Sales of emission rights	**-**	(108)
Provision for emission rights deficit (Note 20)	**16**	55
Costs of research and development (gross)	**12**	14
Recoveries on research and development	**(2)**	(6)

The analysis of auditor's remuneration is as follows:

	2017 £m	2016 £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.6**	0.6

The fees above reflect Deloitte LLP's provision of services during the year ended 31 March 2017. Fees payable to Deloitte 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 – continuing operations

	2017 £m	Restated 2016 £m
Provision for restructuring and related measures:		
Redundancy and related costs (Note 4)	**5**	27
Pension curtailment costs (Notes 4 & 28)	**1**	112
Impairment losses related to intangibles (Note 8)	**-**	52
Impairment losses related to property, plant and equipment (Note 9)	**29**	732
Impairment losses related to investment in joint venture (Note 10)	**-**	1
Impairment losses related to investment in subsidiaries (Note 10)	**18**	-
Other rationalisation costs	**1**	1
	54	925
Credits for restructuring and related measures:		
Redundancy and related costs (Note 4)	**(3)**	-
Other rationalisation costs	**(1)**	(6)
	(4)	(6)
Total net restructuring and impairment costs	**50**	919

The provision for redundancy and related costs of £27m in 2016 related to restructuring measures across a number of units including Strip Products UK, Tubes UK, and the Company's corporate functions.

4. Employees – continuing operations

	2017 £m	Restated 2016 £m
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	**320**	379
Social security costs	**35**	30
Other pension costs (iii)	**47**	68
Exceptional pensions items (Note 28)	**413**	(897)
As included in operating costs	**815**	(420)
Net redundancy, pension curtailments and related costs (included within restructuring costs)	**3**	139
	818	(281)

(i) The average number of employees during the year was 8,437 (2016: 11,010). Although the employees of LSUK remained legally contracted to TSUK until the sale of LSUK on 31 May 2016 their employment costs were borne by LSUK through a service agreement.

Due to the infrequency of the event, current year exceptional items includes a non-cash curtailment strain of £413m arising from the closure of the BSPS pension scheme to future accrual on 31 March 2017. Prior year exceptional items included a non-cash past service credit of £897m in respect of changes to the BSPS pension scheme implemented on 31 July 2015. For further details see Note 28.

(ii) 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 2017. 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 three (2016: three) individuals who were directors during the period.

(iii) Other pension costs can be further analysed as follows:

	2017 £m	Restated 2016 £m
Other defined benefit scheme costs (Note 28)	**47**	77
Other defined contribution scheme costs (Note 28)	**4**	4
Costs incurred on behalf of Tata Steel UK Rail Consultancy Ltd	**-**	6
Recharge of BSPS costs to LSUK	**(4)**	(19)
	47	68

Costs of £6m were incurred in 2016 following the cessation of TSUK as a participating employer to the Tata Steel section of the Railways Pension scheme.

5. Financing items – continuing operations

	2017 £m	Restated 2016 £m
Interest expense:		
Bank and other borrowings	**5**	19
Finance lease interest	**2**	2
Interest on loans from other group companies	**41**	48
Interest on loans from parent undertakings	**80**	36
Discount on disposal of trade debtors within purchase agreement with group company	**58**	76
Amounts included in the cost of qualifying assets (Note 9 (iv))	**-**	(5)
Finance costs	**186**	176
Interest income:		
Dividends from joint ventures (Note 29)	**(1)**	(1)
Interest receivable on loans from other group companies	**-**	(2)
Interest receivable on loans from parent undertakings	**(17)**	(30)
Interest receivable on loans from subsidiaries	**(4)**	(1)
Finance income	**(22)**	(34)
	164	142

6. Taxation – continuing operations

	2017 £m	Restated 2016 £m
Prior year tax charge	**7**	1
Current tax charge	**7**	1
Deferred tax charge/(credit) (Note 12)	**80**	(43)
	87	(42)

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

	2017 £m	2016 £m
Loss before taxation from continuing operations	**(471)**	(468)
Loss multiplied by the standard corporation tax rate of 20% (2016: 20%)	**(94)**	(94)
Effects of:		
Adjustments to current tax in respect of prior periods	**7**	1
Tax losses not recognised	**161**	54
Group relief surrendered free of charge	**4**	-
Other permanent differences	**9**	(3)
	87	(42)

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

	2017 £m	2016 £m
Relating to components of other comprehensive income:		
Actuarial movements on defined benefit pension plans and other post-retirement plans	**(80)**	43
	(80)	43

7. Discontinued operations

On 2 August 2015 the Company disposed of the trade and assets of the Long Products business (a division of TSUK) by way of a hive down to a separate legal entity, LSUK. On 31 May 2016, the Company disposed of its subsidiary LSUK to Greybull Capital LLP.

On 9 February 2017, the Company announced a definitive sales agreement to dispose of the trade and assets of its Speciality Steels business. The disposal was completed on 1 May 2017.

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

		2017 £m	2016 £m
Revenue		**202**	695
Operating costs	(i), (ii), (iii)	**(344)**	(970)
Operating loss		**(142)**	(275)
Finance costs		**-**	(1)
Loss before taxation		**(142)**	(276)
Taxation charge		**-**	-
Loss after taxation		**(142)**	(276)
Loss recognised on the measurement to fair value less cost to sell		**(22)**	-
Loss from disposal of discontinued operations	(iv)	**(198)**	-
Loss after taxation from discontinued operations		**(362)**	(276)

Whilst finance costs, finance income and taxation are managed centrally on behalf of TSUK as a whole, amounts have been included as attributable to the discontinued operations above, on a reasonable and consistent basis, for the purposes of the presentation required by FRS101.

No gain arose on the hive down of the Long Products Business, the consideration of £74m being equal to the net assets of the disposal group as at 2 August 2015. A loss of £198m arose on the disposal of the Long Products business, being the difference between the fair value of consideration received and the carrying amount of the investments in the disposal group as at 31 May 2016.

An impairment charge of £22m was incurred when the assets and liabilities of the Speciality Steels business were transferred to held for sale (Note 7).

(i) Operating costs

	2017 £m	2016 £m
Costs by type:		
Raw materials and consumables	**92**	313
Maintenance costs (excluding own labour)	**18**	71
Other external charges (including fuels & utilities, hire charges and carriage costs)	**47**	167
Employment costs (Note 4)	**72**	180
Depreciation and amortisation	**94**	32
Other operating items (including rents, rates, insurance and general expenses)	**31**	161
Changes in inventory of finished goods and work in progress	**(10)**	46
	344	970

	2017 £m	2016 £m
The above costs are stated after including		
Impairment losses related to amortisation of intangible assets	**-**	8
Amortisation of intangible assets	**-**	1
Depreciation of owned assets (Note 9)	**7**	8
Depreciation of assets held under finance leases (Note 9)	**1**	1
Impairment losses related to property, plant and equipment (Note 9)	**86**	14
Operating lease rentals:		
Plant and machinery	**3**	6
Leasehold property	**1**	2

(ii) Net restructuring and impairment costs

	2017 £m	2016 £m
Provision for restructuring and related measures:		
Redundancy and related costs (Note 20)	**1**	16
Impairment losses related to intangibles	**-**	8
Impairment losses related to property, plant and equipment (Note 9)	**86**	14
Other rationalisation costs (Note 20)	**-**	3
	87	41
Credits for restructuring and related measures:		
Other rationalisation costs (Note 20)	**(1)**	(2)
	(1)	**(2)**
Total net restructuring and impairment costs	**86**	39

(iii) Employees

	2017 £m	2016 £m
The total employment costs were:		
Wages and salaries	**58**	134
Social security costs	**6**	11
Other pension costs	**7**	19
Net redundancy and related costs	**1**	16
	72	180

(iv) Loss on disposal

	£m
Consideration	**(1)**
Disposal of investment in subsidiaries (Note 10)	**53**
Waiver of net loan receivable	**37**
BSPS Curtailment Charge (Note 28)	**101**
Other costs	**8**
	198

8. Intangible assets

2017	Computer software £m	Patents and trademarks £m	Total £m
Cost as at 1 April 2016	222	2	**224**
Additions	3	-	**3**
Transfer to assets held for sale	(1)	-	**(1)**
Cost as at 31 March 2017	224	2	**226**
Amortisation as at 1 April 2016	167	2	**169**
Charge for the period – continuing operations	10	-	**10**
Transfer to assets held for sale	(1)	-	**(1)**
Amortisation as at 31 March 2017	176	2	**178**
Net book value as at 31 March 2017	**48**	**-**	**48**
Net book value as at 31 March 2016	55	-	55

The remaining amortisation period for computer software is approximately 4.8 years (2016: 4.2 years).

9. Property, plant and equipment

2017	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 2016	261	3,426	171	113	**3,971**
Additions	1	3	7	93	**104**
Disposals	(1)	(13)	(15)	-	**(29)**
Transfers to assets held for sale	(56)	(427)	(23)	(8)	**(514)**
Transfers	2	61	-	(63)	**-**
Cost as at 31 March 2016	207	3,050	140	135	**3,532**
Depreciation as at 1 April 2016	236	3,305	149	7	**3,697**
Charge for the period - continuing operations	2	8	3	-	**13**
Charge for the period - discontinued operations	-	7	1	-	**8**
Impairment losses recognised during the period - continuing operations (Note 3)	-	7	4	16	**27**
Impairment losses recognised during the period - discontinued operations (Note 7)	14	51	8	7	**80**
Disposals	(1)	(13)	(15)	-	**(29)**
Transfers to assets held for sale	(56)	(427)	(23)	(8)	**(514)**
Transfers	-	2	-	(2)	**-**
Depreciation as at 31 March 2017	195	2,940	127	20	**3,282**
Net book value as at 31 March 2017	12	110	13	115	**250**
Spares (net book value)					**14**
Net book value as at 31 March 2017					**264**
Net book value as at 31 March 2016	25	121	22	106	274
Spares (net book value)					23
Net book value as at 31 March 2016	25	121	22	106	297

(i)

As at 31 March	2017 £m
The net book value of land and buildings comprises:	
Freehold	7
Long leasehold (over 50 years unexpired)	1
Short leasehold	4
	12

Which may be further analysed as:	
Assets held under finance leases:	
Cost	14
Accumulated depreciation	(9)
	5
Owned assets	7
	12

(ii)

As at 31 March	2017 £m
The net book value of plant and machinery comprises:	
Assets held under finance leases:	
Cost	72
Accumulated depreciation	(72)
	-
Owned assets	110
	110

(iii)

As at 31 March	2017 £m
The net book value of spares comprises:	
Cost	247
Accumulated depreciation and impairment losses	(233)
	14

The company recognised an impairment charge of £115m in the current year (2016: £746m) against property, plant and equipment with £29m (2016: £784m) relating to continuing operations and £86m (2015/16: £14m) relating to discontinued operations (Notes 3 & 7). Included within the impairment charge of £115m was £8m for spares (2016: £81m). Of the impairment allocated against spares, £2m (2016: £80m) related to continuing operations and £6m (2016: £1m) related to discontinued operations.

Property, plant and equipment was tested at 31 March 2017 for impairment at that date where indicators of impairment existed. The outcome of this test indicated that the value in use of certain of the Company's property, plant and equipment, using a discount rate of 7.8% (2016: 7.4%), was lower than its carrying value. Accordingly, an impairment charge of £115m has been recognised in the year (2016: £746m) mainly related to the discontinued operations which included £86m (2016: £14m) for Speciality Steels. Impairments were also recognised in CGUs that form part of continuing operations including Strip Products UK £5m (2016: £688m), Packaging UK £9m (2016: £14m), Tubes UK £12m (2016: £nil) and £3m (2016: £30m) in other smaller UK downstream businesses.

The Company has conducted sensitivity analysis on the impairment tests of the carrying value of the Company's cash generating units (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, other than in respect of the remaining property, plant and equipment at the Strip Products UK business which had a carrying value at 31 March 2017 of £172m. At this site the value in use is dependent on sustaining the improvement to UK steel market margins and the implementation of a business transformation plan. A reasonably possible change in any of these key assumptions would increase the likelihood of impairment losses in the future.

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 (2016: £5m) of borrowing costs capitalised in the period using a capitalisation rate of nil% (2016: 1.0%)

10. Non-current investments

2017	Shares in subsidiary undertakings £m	Loans to parent, subsidiary and fellow group undertakings £m	Interests in joint ventures and associates £m	Loans to joint ventures £m	Total £m
Cost at 1 April 2016	1,162	858	5	20	**2,045**
Additions	53	29	-	-	**82**
Repayments	-	(678)	-	-	**(678)**
Disposals	(54)	(74)	-	-	**(128)**
Exchange rate movement	-	51	-	-	**51**
Cost at end of period	1,161	186	5	20	**1,372**
Provisions at 1 April 2016	412	149	5	20	**586**
Impairment charge during the period	18	-	-	-	**18**
Disposals	-	(74)	-	-	**(74)**
Provisions at end of the period	430	75	5	20	**530**
Net book value at 31 March 2017	**731**	**111**	**-**	**-**	**842**
Net book value at 31 March 2016	750	709	-	-	1,459

Included in the above net book value of loans to parents, subsidiaries and fellow group undertakings at 31 March 2017 are loans of £87m (2016: £87m) which are non-interest bearing and have no fixed repayment date.

On 31 May 2016, the Company acquired the shares of Tata Steel Rail France SAS from Corus Group Limited for a consideration of £53m. On the same day the Company sold its investments in Longs Steel UK Limited, Tata Steel UK Rail Consultancy Limited, Tata Steel France Rail SAS and Steel Company of Ireland Limited to Greybull Capital LLP for a nominal consideration.

During the year the Company recognised an impairment of £18m in its investment of Firsteel Holdings Ltd to reflect the estimated recoverable amount of this investment.

11. Other non-current assets

As at 31 March	2017 £m	2016 £m
Financial guarantees (Note 24)	**13**	15
	13	15

12. Deferred tax

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

As at 31 March	2017 £m	2016 £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.

2017	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Other £m	Total £m
At 1 April 2016	48	154	(216)	14	-
(Charged)/credited to income statement	(22)	(154)	100	(4)	**(80)**
Credited to equity	-	-	80	-	**80**
At 31 March 2017	**26**	**-**	**(36)**	**10**	**-**

2016	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Other £m	Total £m
At 1 April 2015	(27)	43	(27)	11	-
Credited/(charged) to income statement	75	111	(146)	3	43
Charged to equity	-	-	(43)	-	(43)
At 31 March 2016	48	154	(216)	14	-

No deferred tax assets have been recognised at 31 March 2017 (2016: £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 £3,898m (2016: £3,329m) which can be carried forward indefinitely.

Deferred tax assets have also not been recognised in respect of deductible temporary differences of £450m (2016: £nil) which do not carry an expiry date.

Draft legislation released by the UK government, regarding implementation of Base Erosion and Profit Shifting (BEPS) Action 4 and new loss relief rules, had not been substantively enacted as at 31 March 2017. Enactment of the proposed legislation in a future accounting period will require a re-assessment of the deferred tax asset position.

13. Inventories

As at 31 March	2017 £m	2016 £m
Raw materials and consumables	**165**	164
Work in progress	**164**	163
Finished goods and goods for resale	**144**	89
	473	416

The value of inventory above is stated after impairment for obsolescence and write-downs to net realisable value of £28m (2016: £49m).

14. Trade and other receivables

As at 31 March	2017 £m	2016 £m
Trade receivables	**84**	48
Less provision for impairment of receivables	**(1)**	(1)
	83	47
Amounts owed by immediate parent company	**6**	5
Amounts owed by parent undertakings	**52**	30
Amounts owed by group companies	**114**	111
Amounts owed by subsidiary undertakings	**23**	63
Interest owed by parent undertakings	**-**	92
Amounts owed by joint ventures (Note 29)	**-**	9
Derivative financial instruments (Note 24)	**4**	16
Other taxation	**-**	9
External interest receivable	**2**	-
Prepayments	**8**	4
Other receivables	**24**	28
	316	414

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

15. Cash and short term deposits

As at 31 March	2017 £m	2016 £m
Cash at bank and in hand	**54**	31
Short term deposits	**5**	5
	59	36

16. Assets held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2017 £m	2016 £m
Inventories	**88**	-
Trade and other receivables	**52**	-
Write down to fair value less costs to sell	**(22)**	-
Total assets classified as held for sale	**118**	-
Trade and other payables	**33**	-
Borrowings	**1**	-
Provisions and other liabilities	**1**	-
Retirement benefit obligations	**1**	-
Total liabilities classified as held for sale	**36**	-

On 1 May 2017, the Company completed the sale of its Speciality Steels business. As at 31 March 2017, the Speciality Steels disposal group has been classified as held for sale. Following this classification, a write down of £22m was recognised to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. The impairment has been included in the income statement within discontinued operations (Note 7).

17. Borrowings

As at 31 March	2017 £m	2016 £m
Current:		
Intergroup:		
Amounts owed to parent undertakings	**565**	291
Amounts owed to group undertakings	**43**	-
	608	291
External:		
Revolving credit facility	**-**	441
Obligations under finance leases	**5**	5
	5	446
	613	737

As at 31 March	2017 £m	2016 £m
Non-current:		
Inter-group:		
Amounts owed to parent undertakings	**894**	1,186
Amounts owed to fellow group companies	**10**	150
Amounts owed to subsidiary undertakings	**933**	965
	1,837	2,301
External:		
Obligations under finance leases	**16**	21
	16	21
	1,853	2,322
Total borrowings	**2,466**	3,059

The board of the Company granted a guarantee in relation to the debt raised as part of the Senior Facilities Agreement 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**	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Not later than one year	**6**	6	**5**	5
Later than one year but not more than five years	**18**	22	**15**	19
More than five years	**1**	3	**1**	2
	25	31	**21**	26
Less: future finance charges on finance leases	**(4)**	(5)	**-**	-
Present value of lease obligations	**21**	26	**21**	26

18. Trade and other payables

As at 31 March	2017 £m	2016 £m
Trade payables	**281**	306
Amounts owed to group companies	**1,009**	615
Amounts owed to parent undertakings	**151**	214
Amounts owed to subsidiaries	**-**	11
Amounts owed to joint ventures (Note 29)	**2**	14
Other taxation and social security	**20**	20
Interest payable to parent undertakings	**7**	14
Derivative financial instruments (Note 24)	**14**	5
Capital expenditure creditors	**33**	24
Other payables	**49**	31
	1,566	1,254

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

19. Current tax

	Assets £m	Liabilities £m
2017		
UK corporation tax	**-**	**6**
	-	**6**
2016		
UK corporation tax	-	2
	-	2

20. Provisions for liabilities and charges

	Rationalisation costs (i) £m	Insurance (ii) £m	Other (iii) £m	Total 2016 £m	Total 2015 £m
At 1 April 2016	76	77	106	**259**	110
Charged to income statement:					
Continuing operations	6	19	24	**49**	154
Discontinued operations	1	-	12	**13**	54
Released to income statement:					
Continuing operations	(4)	-	(45)	**(49)**	(10)
Discontinued operations	(1)	-	-	**(1)**	(2)
Utilised in period	(42)	(5)	-	**(47)**	(17)
Transferred to assets held for sale	-	-	(1)	**(1)**	-
Hived down to LSUK	-	-	-	**-**	(30)
At 31 March 2017	**36**	**91**	**96**	**223**	259
Analysed as:					
Current liabilities	8	-	66	**74**	98
Non-current liabilities	28	91	30	**149**	161

(i) Rationalisation costs include redundancy provisions as follows:

	2017 £m	2016 £m
At beginning of period	**38**	7
Charged to income statement:		
Continuing operations	**5**	27
Discontinued operations	**1**	16
Released to income statement:		
Continuing operations	**(3)**	-
Discontinued operations	**-**	-
Utilised during the period	**(36)**	(12)
At end of period	**5**	38

	2017 £m	2016 £m
Other rationalisation provisions arise as follows:		
Onerous lease payments relating to unutilised premises	**22**	26
Environmental and other remediation costs at sites subject to restructuring/closure	**9**	10
Other	**-**	2
	31	38

(i) 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 2017 the rationalisation provision included £22m (2016: £26m) in respect of onerous leases on a discounted basis and £25m (2016: £28m) 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 £55m (2016: £58m) for environmental provisions. During the period there were charges to the income statement of £36m (2016: £56m) of which provision for emission rights amounted to £16m (2016: £55m), and cash settlements of £nil (2016: £nil). 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.

21. Other non-current liabilities

As at 31 March	2017 £m	2016 £m
Financial guarantees	**13**	15
	13	15

On 19 December 2007 the board of TSUK granted a guarantee in relation to the debt raised as part of the old Senior Facilities Agreement 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 senior facility arrangement were refinanced with the establishment of a new Senior Facilities Agreement. 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).

22. Deferred income

	Grants relating to revenue £m	Grants relating to property, plant & equipment £m	Total 2017 £m	Total 2016 £m
At 1 April 2016	5	1	**6**	6
New contributions received	-	-	**-**	1
Released to the income statement	(2)	-	**(2)**	(1)
At 31 March 2017	3	1	**4**	6

23. Called up share capital

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

Authorised	2017 £m	2016 £m
4,999,999,998 (2015: 4,999,999,998) ordinary shares of 50p each	**2,499**	2,499

Allotted, called up and fully paid	2017 £m	2016 £m
4,482,600,613 (2015: 4,482,600,612) ordinary shares of 50p each	**2,241**	2,241

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

During the year the company issued one ordinary 50p share, with an aggregate nominal value of 50p, for a total consideration of £53m.

24. Financial instruments

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

As at 31 March	2017 £m	2016 £m
Derivative financial assets	**4**	16
Derivative financial liabilities	**(14)**	(5)
Total derivatives	**(10)**	11

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 some cases these are subject to hedge accounting under IAS 39 *'Financial Instruments; Recognition and Measurement'*. The Company 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:

	2017		2016	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Current:				
Foreign currency contracts	**4**	**(13)**	14	(3)
Commodity contracts	**-**	**(1)**	2	(2)
	4	**(14)**	16	(5)

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:

	2017 £m	2016 £m
Foreign currency contracts	**1**	-
Commodity contracts	**(1)**	2
Cash flow hedge reserve	**-**	2

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

	2017 £m	2016 £m
Opening cash flow hedge reserve:	**2**	(3)
Amounts charged to the cash flow hedge reserve:		
Foreign currency contracts	**1**	-
Commodity contracts	**-**	(2)
Amounts transferred to the income statement:		
Commodity contracts	**(3)**	7
Closing cash flow hedge reserve	**-**	2

Ineffectiveness on cash flow hedges recognised in profit and loss was a charge of £nil in 2017 (2016: £nil).

25. Future capital expenditure

As at 31 March	2017 £m	2016 £m
Contracted but not provided for	**35**	64
Authorised but contracts not yet placed	**67**	63

At the end of the period there was £16m (2016: £17m) of future expenditure planned in relation to intangible assets.

26. Operating leases

As at 31 March	2017 £m	2016 £m
Future minimum lease payments at the end of the period are:		
Not later than one year	**59**	46
Later than one year and not later than five	**156**	150
More than five years	**29**	37
	244	233

Of the total operating lease payments, £143m (2016: £164m) relates to the time charter hire of 5 (2016: 6) vessels by the Company's supplies and transport function. The lease period for these assets ranges from three to six years (2016: two to seven years).

This includes the time charter hire of three vessels that have been novated to a group company 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 the group company 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 (2016: 2) of the time charter hire vessels, representing £55m (2016: £61m) of the total operating lease payments above. The total of future minimum sublease receipts expected under these sub-leases is £55m (2016: £61m) as shown below:

	2017 £m	2016 £m
Future minimum sub-lease receipts at the end of the period are:		
Not later than one year	**15**	13
Later than one year and not later than five	**40**	48
More than five years	**-**	-
	55	61

A further two vessels have been sublet to the Tata group company but excluded from the sublet analysis above on the basis the cost is retained by the Company under the freight services agreement with the Tata group company.

27. Contingencies

As at 31 March	2017 £m	2016 £m
Guarantees given under trade agreements	**6**	6
Other	**8**	-

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.

28. 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 2017 amounted to £4m (2016: £4m).

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.

Following consultation with employees and their representatives, TSUK wrote to the BSPS Trustee on 10 March 2017 giving notice that pursuant to the closure powers granted to it in the Scheme Rules, all Sections of the Scheme would close to future accrual on 31 March 2017.

The IAS 19 impact of the closure of the Scheme crystallised in 2017 a curtailment charge of £413m to the income statement with an increase to the scheme's liabilities for the same amount.

Under the terms of the Recovery Plan agreed with the BSPS Trustee following the 2014 actuarial valuation, a deficit recovery contribution of £60m was due on 31 March 2017. On 27 March 2017, having consulted with the Pensions Regulator and the Pension Protection Fund, the BSPS Trustee approved a short deferral of the deficit recovery contribution of £60 million due under the Recovery Plan from 31 March 2017 to 30 April 2017 to allow discussions around a comprehensive settlement for the Scheme to be progressed. A revised Schedule of Contributions and revised Recovery Plan, reflecting this deferral, were effected on 30 March 2017. Receipt of the £60 million deficit recovery contributions was subsequently deferred to 31 August 2017 and a revised Schedule of Contributions was certified on 30 May 2017. Deficit contributions of £65m are due in 2018.

The investment policy of the BSPS adopts a defensive strategic asset allocation. The investment objective of the BSPS fund is to provide a high level of security of pension benefits at the lowest reasonable cost, taking into account the nature of the scheme's liabilities, the maturity of the scheme, and the characteristics of the Company's business. This leads to security for the Maturity Portfolio, which seeks to match a large part of the Scheme's pensioner liabilities with secure bonds, and performance for the Growth Portfolio, which seeks to achieve a higher level of long term investment return from an equity orientated investment policy. As a result of Tata Steel's announcements on restructuring its European operations, the BSPS Trustee decided to reduce the size of the Growth Portfolio and increase the Maturity Portfolio, and to adjust the balance between fixed income and index-linked bonds. As at 31 March 2017, the scheme's asset allocation was Maturity Portfolio (including an Insurance Portfolio created during the year to better hedge interest rate an inflation risk) 87%, Growth Portfolio 13%. Comparative figures as at 31 March 2016 were Maturity Portfolio 66%, Growth Portfolio 34%.

The joint contribution rate payable in respect of service between 1 April 2016 and 31 March 2017 was 18%, of which the employer paid 11.5%.

Employer and active members' contributions to the scheme in 2017 amounted to £136m (2016: £136m) and £22m (2016: £28m) respectively. The continued increase and decrease to employer and active members' contributions respectively during the financial year was due to greater take up of 'Smart Pensions', a salary sacrifice scheme under which active members have the option to elect to stop making contributions and for the employer to make additional contributions on their behalf in return for an equivalent reduction in gross contractual pay. The weighted average duration of the scheme's liabilities at 31 March 2017 was 16 years (2016: 16 years).

As announced by TSL on 16 May 2017, the key commercial terms of a RAA have been agreed in principle between TSUK and the BSPS Trustee. Since that time the negotiation of detailed RAA documentation has continued and whilst the RAA remains subject to formal approval by the tPR and non-objection from the PPF positive discussions are ongoing and TSUK is hopeful of reaching final agreement shortly. If agreement is reached and the necessary approvals are obtained, the RAA will become effective once agreed conditions are satisfied, including the payment by TSUK of an agreed settlement amount of £550m to the BSPS and the provision of a 33% equity stake in TSUK. It is hoped that signing of definitive documentation can take place within a further short period. The RAA would then be subject to a 28 day period during which certain parties have a right to object, following which (and in the absence of sustained objections) tPR is expected to approve the RAA and for it to become effective. The effect of the RAA would then be to remove the BSPS liabilities from TSUK and the other sponsoring employers; the existing guarantees and security granted in favour of the BSPS Trustee will also be released.

TSUK has also agreed in principle, that subsequent to an RAA, TSUK would sponsor a closed new pension scheme (the New Scheme). TSUK sponsorship of a New Scheme is conditional upon satisfaction of certain qualifying conditions. If those conditions are satisfied, members of the BSPS would be offered an option to transfer to the New Scheme. The New Scheme would have lower future annual increases for pensioners and deferred members than the BSPS and therefore an improved funding position which would pose significantly less risk for TSUK. There is presently no certainty with regards to the eventual existence, size, terms or form of the New Scheme and the funding position and membership of any New Scheme would be dependent on the results of the voluntary membership transfer exercise. The results of the member transfer exercise would not be known until the end of 2017 at the earliest, but the RAA would become effective before the transfer exercise and would not be conditional upon it. BSPS will then be wound up and enter the PPF.

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:

2017	BSPS %	Other %
Salary growth[1]	1.50	1.50
Pension increases[2]	3.10	3.10
Discount rate	2.40	2.40
Inflation	3.10	3.10

[1] The BSPS assumption applies to capped pensionable earnings.
[2] Where applicable a CPI assumption of 2.10% has been applied within the BSPS

2016	BSPS %	Other %
Salary growth	1.50	1.50
Pension increases[3]	2.75	2.75
Discount rate	3.30	3.30
Inflation	2.75	2.75

[3] Where applicable a CPI assumption of 2.30% 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 2017 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 2016 CMI Projections with a long term improvement trend of 1% per annum. 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 87 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 1.5%
Inflation	Increase/decrease by 10bps	Increase/decrease by 1.2%
Mortality	1 year increase/decrease in life expectancy	Increase/decrease by 5.1%

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.

The market value of pension assets and liabilities is significantly greater than the net assets of the Company and, therefore, any change can have a material impact on the Company's financial statements as well as impacting the level of company pension contributions. The Company has put in place a framework to manage pension risks and works with schemes' trustees to ensure that obligations remain affordable and sustainable. A range of measures has already been adopted by the principal schemes in the Company to manage liabilities and to protect against investment market risk exposure, whilst maintaining asset performance.

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:

	2017 £m	2016 £m
Current service cost	**92**	126
Net interest income	**(38)**	(30)
Curtailments	**102**	112
Past service costs	**413**	(897)
Defined benefit schemes	**569**	(689)
Defined contribution schemes	**4**	4
Total charge/(credit) for the period	**573**	(685)

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

	2017 £m	2016 £m
Continuing operations - exceptional pension items (Note 4)	**413**	(897)
Continuing operations - other pension costs (Note 4)	**51**	81
Discontinued operations - other pension costs (Note 7)	**7**	19
Pension curtailment costs (Note 3)	**1**	112
Curtailment strain on disposal of subsidiary company (Note 7)	**101**	-
Total charge/(credit) for the period	**573**	(685)

The total net credit for the period includes a charge of £1m (2016: £112m) included within net restructuring costs and £1m (2016: £8m) in respect of discontinued operations. The actual return on plan assets for the above schemes was a gain of £2,092m (2016: £149m).

Other 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	2016 %	2015 %
Quoted:		
Equities - UK Entities	**0.8**	8.1
Equities - Non-UK Entities	**8.5**	18.9
Bonds - Fixed Rate	**39.8**	17.7
Bonds - Index Linked	**42.5**	44.6
Derivatives	**0.2**	0
	91.8	89.3
Unquoted:		
Real estate	**8.5**	9.5
Derivatives	**(0.6)**	(0.5)
Cash and cash equivalents	**-**	0.2
Other	**0.3**	1.5
	8.2	10.7
	100	100

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:

2017	**BSPS £m**	**Other £m**	**Total £m**
Fair value of plan assets	15,032	-	**15,032**
Present value of obligation	(14,816)	(9)	**(14,825)**
Defined benefit asset/(liability)	216	(9)	**207**
Disclosed as:			
Defined benefit asset	216	-	**216**
Defined benefit liability - non-current	-	(9)	**(9)**
Arising from:			
Funded schemes	216	-	**216**
Unfunded schemes	-	(9)	**(9)**

2016	BSPS £m	Other £m	Total £m
Fair value of plan assets	13,639	-	13,639
Present value of obligation	(12,433)	(10)	(12,443)
Defined benefit asset/(liability)	1,206	(10)	1,196
Disclosed as:			
Defined benefit asset	1,206	-	1,206
Defined benefit liability - non-current	-	(10)	(10)
Arising from:			
Funded schemes	1,206	-	1,206
Unfunded schemes	-	(10)	(10)

The movements in the present value of plan assets and defined benefit obligations in 2017 and 2016 were as follows:

2017	**BSPS £m**	**Other £m**	**Total £m**
Plan assets:			
At 1 April 2016	13,639	-	**13,639**
Interest income on plan assets	440	-	**440**
Return on plan assets greater than the discount rate	1,652	-	**1,652**
Contributions from the employer	56	-	**56**
Contributions from plan participants	12	-	**12**
Benefits paid	(767)	-	**(767)**
At 31 March 2017	15,032	-	**15,032**
Defined benefit obligation:			
At 1 April 2016	12,433	10	**12,443**
Current service cost	92	-	**92**
Interest cost on the defined benefit obligation	402	-	**402**
Past service cost - plan amendments	413	-	**413**
Past service cost - curtailments	102	-	**102**
Actuarial gain due to actuarial experience	(96)	-	**(96)**
Actuarial loss due to financial assumption changes	2,305	1	**2,306**
Actuarial gain due to demographic assumption changes	(80)	-	**(80)**
Benefits paid	(767)	(1)	**(768)**
Contributions from plan participants	12	-	**12**
Transfer to liabilities classified as held for sale	-	(1)	**(1)**
At 31 March 2017	14,816	9	**14,825**

2016	BSPS £m	Other £m	Total £m
Plan assets:			
At 1 April 2015	13,988	-	13,988
Interest income on plan assets	453	-	453
Return on plan assets greater than the discount rate	(304)	-	(304)
Contributions from the employer	136	-	136
Contributions from plan participants	22	-	22
Benefits paid	(656)	-	(656)
At 31 March 2016	13,639	-	13,639
Defined benefit obligation:			
At 1 April 2015	13,844	10	13,854
Current service cost	126	-	126
Interest cost on the defined benefit obligation	423	-	423
Past service cost – plan amendments	(897)	-	(897)
Past service cost - curtailments	112	-	112
Actuarial gain due to actuarial experience	(121)	-	(121)
Actuarial loss due to financial assumption changes	(420)	-	(420)
Benefits paid	(656)	-	(656)
Contributions from plan participants	22	-	22
At 31 March 2016	12,433	10	12,443

Actuarial losses recorded in the Statement of Comprehensive Income for the period were £478m (2016: actuarial gains of £237m).

29. 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.

	2017 £m	2016 £m
Amounts reported within the income statement:		
Sales to joint ventures	**-**	7
Purchases from joint ventures	**9**	17
Dividends from joint ventures (Note 10)	**1**	1
Amounts reported within the balance sheet:		
Amounts owed by joint ventures (Note 14)	**-**	9
Amounts owed to joint ventures (Note 18)	**2**	14

30. Events after the balance sheet date

On 1 May 2017 the Company completed the sale of its Speciality Steels business to Liberty Steel for £nil profit on disposal.

On 10 July 2017 the Company signed a business purchase agreement with Liberty Pipes (Hartlepool) Limited and Liberty House Group Pte. Limited to divest the business and assets of the 42" and 84" SAW mills at Hartlepool along with assumed liabilities. The sale is estimated to realise a loss of £3m in the income statement.

31. 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.

32. Details of related undertakings

A list of the Company's subsidiary, joint venture and associated undertakings (direct and indirect) as at 31 March 2017 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 2017 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
China	
Tata Steel Speciality Service Centre Suzhou Co Limited (i) (iii) (xiv)	Unit A, Building No 5, No 1 Qiming Road, Free Trade Zone B, Suzhou Industria Park, Suzhou, China 215121
Tata Steel Speciality Service Centre Xian Co. Limited (ii) (iii) (xiv)	A2-1, Xi'an Bonded Logistics Centre, 8 Gangwu Avenue, Xi'an International Trade and Logistics Park, Xi'an Shaanxi, China 710026
Greece	
Tata Steel International Hellas SA (i) (iii)	5, Pigis Avenue, Melissia, 15127, Athens, Greece
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)	Tata Steel Steel Service Centre, Steel House, Bluebell Industrial Estate, Bluebell Avenue, Dublin 12
Lister Tubes Limited (ii) (iii)	Tata Steel Steel Service Centre, Steel House, Bluebell Industrial Estate, Bluebell Avenue, Dublin 12
Stewarts & Lloyds Of Ireland Limited (ii) (iii)	1 Stokes Place, St Stephens Green, Dublin 2
Walkersteelstock Ireland Limited (ii) (iii)	Tata Steel Steel Service Centre, Steel House, Bluebell Industrial Estate, Bluebell Avenue, Dublin 12
Mexico	
Tata Steel International Mexico SA de CV (ii) (iii)	No. 2001, Corporative Central Park, Torre 1, 16 Piso C, Col. Centro Sur, Queretaro, Queretao CP 76090, Mexico
Nigeria	
Tata Steel International (Nigeria) Limited (i) (iii)	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
Ukraine	
Corus Ukraine LLC (i) (iii)	Office 16, Building 11/23B, Chekhivskiy Provulok / Vorovskogo Street, 01054 Kiev, Ukraine

United Kingdom	
Automotive Laser Technologies Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
B. S. Pension Fund Trustee Limited (ii) (iii)	17th Floor, 125, Old Broad Street, London, EC2N 1AR
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 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 Samson Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Service Centres Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Trading Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Tubes Stockholding Limited (i) (iii)	30 Millbank, London, SW1P 4WY
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
Corby (Northants) & District Water Co. Limited (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)	30 Millbank, London, SW1P 4WY
DSRM Group Plc. (i) (iii)	30 Millbank, London, SW1P 4WY
Federated Property Services Limited (ii) (iii)	17th Floor 125 Old Broad Street, London EC2N 1AR
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
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)	30 Millbank, London, SW1P 4WY
Kalzip Limited (i) (iii)	Haydock Lane, Haydock, St Helens, Merseyside, WA11 9TY
London Works Steel Company Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Midland Steel Supplies Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Mistbury Investments Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
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
Pension Services Limited (ii) (iii)	17th Floor 125 Old Broad Street, London, EC2N 1AR
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 Steelworks 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
Seamless Tubes Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Speciality Steel UK Limited (ii) (iii) (xiii)	7 Fox Valley Way, Stocksbridge, Sheffield, S36 2JA
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 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
Walker Manufacturing And Investments Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Walkersteelstock Limited (ii) (iii)	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

Classification key:

(i) Directly owned by the Company
(ii) Indirectly owned by the Company
(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) Company sold 1 May 2017
(xiv) Company sold 4 July 2017

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

Joint arrangements

United Kingdom	
Afon Tinplate Company Limited (64%) (i) (iv) (vi) (JV)	Afon Works, Bryntywod, Swansea, UK, SA5 7LN
Air Products Llanwern Limited (50%) (i) (ii) (JO)	Hersham Place Technology Park, Molesey Road, Walton On Thames, Surrey, KT12 4RZ
BSR Pipeline Service Limited (50%) (i) (ii) (JO)	PO Box 101, Po Box 101 Weldon Road, Corby, Northamptonshire, NN17 5UA
Caparo Merchant Bar plc (25%) (i) (ii) (vii) (JV)	Caparo House Scunthorpe Steel Works, Brigg Road, Scunthorpe, South Humberside, England, DN16 1XA
Ravenscraig Limited (33%) (i) (iii) (JV)	15 Atholl Crescent, Edinburgh, EH3 8HA
Texturing Technology Limited (50%) (i) (iii) (JO)	30 Millbank, London, SW1P 4WY

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
(vii) Joint venture sold 23 June 2017
(JV) Joint Venture
(JO) Joint Operation

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