Tata Steel Europe Limited

Report & Accounts 2016

E1. Consolidated income statement

For the financial year ended 31 March	Note	2016 £m	2015 £m
Revenue		**6,762**	7,879
Operating costs	1	**(7,397)**	(8,232)
Operating loss		**(635)**	(353)
Finance costs	4	**(372)**	(417)
Finance income	4	**1**	2
Share of post-tax results of joint ventures and associates	9	**1**	(1)
Loss before taxation		**(1,005)**	(769)
Taxation credit/(charge)	5	**14**	(84)
Loss after taxation		**(991)**	(853)
Attributable to:			
Owners of the Company		**(991)**	(853)

All references to 2016 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 36 refer to the financial period ended 31 March 2016 or as at 31 March 2016 as appropriate (2015: the financial period ended 31 March 2015 or as at 31 March 2015).

The Company recorded a loss of £464m (2015: loss of £1,358m) and has taken advantage of the exemption under section 408 of the Companies Act 2006 allowing it not to present its own income statement.

Notes and related statements forming part of these accounts appear on pages 36 to 76.

E2. Statement of comprehensive income

For the financial year ended 31 March

	Note	2016 £m	2015 £m
Loss after taxation		**(991)**	(853)
Items that will not be reclassified subsequently to the income statement:			
Actuarial gains/(losses) on defined benefit pension and other post-retirement plans	30	**204**	(392)
Income tax relating to items that will not be reclassified		**(34)**	72
Items that may be reclassified subsequently to the income statement:			
Available for sale investments	10	**2**	-
Gains arising on cash flow hedges	19	**12**	58
Income tax relating to items that may be reclassified	19	**(1)**	(15)
Exchange rate movements on currency net investments		**(34)**	83
Exchange rate movements recycled to income statement on disposal of Group company	32	**-**	(5)
Exchange rate movements recycled to the income statement on disposal of assets held for sale	15	**(2)**	-
Other comprehensive income/(loss) for the year net of tax		**147**	(199)
Total comprehensive loss for the year		**(844)**	(1,052)
Attributable to:			
Owners of the Company		**(844)**	(1,052)

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 allowing it not to present its own statement of comprehensive income.

Notes and related statements forming part of these accounts appear on pages 36 to 76.

E3. Balance sheets

As at 31 March		Group		Company	
	Note	**2016** £m	2015 £m	**2016** £m	2015 £m
Non-current assets					
Goodwill	6	**405**	405	**-**	-
Other intangible assets	7	**83**	144	**104**	61
Property, plant and equipment	8	**1,852**	2,425	**-**	-
Equity accounted investments	9	**29**	38	**-**	-
Investments in subsidiary and fellow group undertakings	9	**-**	-	**4,242**	3,627
Other investments	10	**51**	49	**-**	-
Retirement benefit assets	30	**1,206**	144	**-**	-
Deferred tax assets	21	**59**	73	**-**	-
		3,685	3,278	**4,346**	3,688
Current assets					
Inventories	11	**1,190**	1,558	**-**	-
Trade and other receivables	13	**919**	971	**249**	349
Current tax assets	12	**4**	3	**-**	-
Short term investments	14	**1**	2	**-**	-
Cash and short term deposits	14	**287**	224	**1**	2
Assets classified as held for sale	15	**2**	16	**-**	-
		2,403	2,774	**250**	351
TOTAL ASSETS		**6,088**	6,052	**4,596**	4,039
Current liabilities					
Inter-group borrowings	17	**(336)**	(360)	**(336)**	(359)
External borrowings	17	**(714)**	(660)	**-**	-
Trade and other payables	16	**(1,959)**	(2,433)	**(110)**	(67)
Current tax liabilities	12	**(6)**	(9)	**-**	-
Retirement benefit obligations	30	**(5)**	(6)	**-**	-
Short term provisions and other liabilities	20	**(120)**	(58)	**-**	-
		(3,140)	(3,526)	**(446)**	(426)
Non-current liabilities					
Inter-group borrowings	17	**(2,893)**	(1,844)	**(2,084)**	(1,083)
External borrowings	17	**(1,766)**	(1,626)	**-**	-
Deferred tax liabilities	21	**(1)**	(1)	**-**	-
Retirement benefit obligations	30	**(164)**	(176)	**-**	-
Provisions and other liabilities	20	**(255)**	(165)	**-**	-
Other non-current liabilities	18	**(32)**	(32)	**-**	-
Deferred income	22	**(16)**	(17)	**-**	-
		(5,127)	(3,861)	**(2,084)**	(1,083)
TOTAL LIABILITIES		**(8,267)**	(7,387)	**(2,530)**	(1,509)
NET (LIABILITIES)/ASSETS		**(2,179)**	(1,335)	**2,066**	2,530
Equity					
Called up share capital	23	**4,000**	4,000	**4,000**	4,000
Accumulated deficit		**(6,475)**	(5,654)	**(1,934)**	(1,470)
Other components of equity		**296**	319	**-**	-
Equity attributable to owners of the Company		**(2,179)**	(1,335)	**2,066**	2,530
Non-controlling interests		**-**	-	**-**	-
TOTAL EQUITY		**(2,179)**	(1,335)	**2,066**	2,530

Approved by the Board and signed on its behalf by:

N K Misra
Executive Director, Finance
1 July 2016
Tata Steel Europe Limited
Registered No: 05957565

E4. Consolidated statement of changes in equity

	Share capital £m	Accumulated deficit £m	Hedging reserve £m	Translation reserves £m	Investment revaluation reserves £m	Total £m	Non-controlling interests £m	Total equity £m
Balance as at 31 March 2014	**4,000**	**(4,481)**	**(60)**	**261**	**(3)**	**(283)**	**1**	**(282)**
Loss for the year	-	(853)	-	-	-	**(853)**	-	**(853)**
Other comprehensive (loss)/income for the year	-	(320)	47	74	-	**(199)**	-	**(199)**
Total comprehensive (loss)/income for the year	-	(1,173)	47	74	-	**(1,052)**	-	**(1,052)**
Adjustment arising from change in non-controlling interest	-	-	-	-	-	**-**	(1)	**(1)**
Balance as at 31 March 2015	**4,000**	**(5,654)**	**(13)**	**335**	**(3)**	**(1,335)**	**-**	**(1,335)**
Loss for the year	-	(991)	-	-	-	**(991)**	-	**(991)**
Other comprehensive income/(loss) for the year	-	170	11	(36)	2	**147**	-	**147**
Total comprehensive (loss)/income for the year	-	(821)	11	(36)	2	**(844)**	-	**(844)**
Balance as at 31 March 2016	**4,000**	**(6,475)**	**(2)**	**299**	**(1)**	**(2,179)**	**-**	**(2,179)**

Notes and related statements forming part of these accounts appear on pages 36 to 76.

E5. Consolidated statement of cash flows

For the financial year ended 31 March	Note	2016 £m	2015 £m
Operating activities			
Cash used in operations	27	**(292)**	(6)
Interest paid		**(251)**	(320)
Interest element of finance lease rental payments		**(6)**	(5)
UK corporation tax		**(2)**	1
Overseas taxation		**(4)**	(4)
Net cash flow used in operating activities		**(555)**	(334)
Investing activities			
Purchase of property, plant and equipment		**(287)**	(303)
Sale of property, plant and equipment		**13**	24
Purchase of other intangible assets		**(17)**	(26)
Sale of other fixed asset investments		**4**	2
Sale of businesses and subsidiary undertakings	32	**-**	13
Sale of investments in joint ventures		**11**	-
Sale of investments in associates		**8**	-
Dividends from joint ventures and associates		**2**	5
Interest received		**-**	2
Loans to external parties		**(6)**	-
Loans repaid by external parties		**2**	-
Acquisition of assets and subsidiaries	31	**(3)**	(6)
Net cash flow used in investing activities		**(273)**	(289)
Financing activities			
New loans (including drawdowns of revolving credit facility)		**1,643**	1,991
Repayment of borrowings (including repayments of revolving credit facility)		**(759)**	(1,531)
Capital element of finance lease rental payment		**(12)**	(21)
Proceeds used to restructure capital leases		**-**	10
Net cash flow from financing activities		**872**	449
Increase/(decrease) in cash and cash equivalents	29	**44**	(174)
Cash and cash equivalents at beginning of period	29	**221**	410
Effect of foreign exchange rate changes	29	**20**	(15)
Cash and cash equivalents at end of period	**29**	**285**	221
Cash and cash equivalents consist of:			
Cash and short term deposits	14	**287**	224
Bank overdrafts	17	**(2)**	(3)
		285	221

Notes and related statements forming part of these accounts appear on pages 36 to 76.

E6. Presentation of accounts and accounting policies

I Basis of preparation

TSE is a private limited company incorporated in the United Kingdom under the Companies Act 2006. The consolidated financial statements of the Group for the year ended 31 March 2016 comprise the Company and its subsidiaries and the Group's interest in its joint venture and associated undertakings.

The functional and presentational currency of the Company and the presentational currency of the Group is sterling. The Group has prepared its Report & Accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and in accordance with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS. IFRS as adopted by the EU differs in certain respects from IFRS as issued by the International Accounting Standards Board (IASB).

TSE meets the definition of a qualifying entity under FRS 100 *'Application of Financial Reporting Requirements'* issued by the Financial Reporting Council. As such the Company's financial statements have been prepared in accordance with FRS 101 *'Reduced Disclosure Framework'* ('FRS 101').

As permitted by FRS 101, the parent has taken advantage of the disclosure exemptions available under that Standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, Standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been included as part of the Group consolidated financial statements.

The financial statements for the parent company and Group have been prepared under the historical cost convention, with the exception of the Group financial statements which have been modified by the revaluation of available for sale investments and derivative financial instruments.

The Group has prepared consolidated financial statements under the IFRS accounting policies set out below and these policies have been applied consistently to all the periods.

On 29 March 2016, following a recommendation from TSL, the Company's ultimate shareholder, the Directors resolved to consider all possible restructuring options including the potential divestment of TSUK. Following public announcement of the proposed restructuring or sale, the UK and Welsh Governments announced on 21 April 2016 that a package of support worth hundreds of millions of pounds will be made available to potential purchasers and that equity co-investment is also available. In addition, in respect of the BSPS, the Department for Work and Pensions published a consultation document on 26 May 2016 in respect of potential secondary legislation that would enable TSUK to reduce the total liabilities of BSPS so that the scheme can remain outside the Pension Protection Fund ('PPF') on a self-sufficient basis. This process has started and remains ongoing but, pending its conclusion and the conclusion of the current consultation period in respect of the BSPS, the outcome of the restructuring or sale, the form of any support package from the UK and Welsh Government and a legislative solution to the BSPS remain uncertain.

The Company and its subsidiaries are financed in part through the Senior Facilities Agreement and other long term loans introduced by the parent from time to time and in part through working capital support provided by 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 and the operations of the Company's material subsidiaries, including in the Netherlands and the UK, subject to certain restrictions. The Netherlands subsidiary continues to be cash generative and trading performance of the Group, including the UK, in quarter one FY 2016/17 has been positive leading to an improved outlook for the remainder of the financial year.

Based on the mandate of the ultimate parent of the Company, TSL, on 29 March 2016, the Board of the Company is evaluating all options for TSUK, including the potential divestment. Currently, the process of evaluation of a potential divestment is underway and the Company is engaged in discussions with the UK and Welsh Government to facilitate the restructuring options. In the absence of a conclusive outcome of the restructuring or sale, there exists a material uncertainty for the future of TSUK.

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 there exists a material uncertainty which may cast significant doubt about TSUK's ability to continue as a going concern. The Company has considered the position of TSUK, its arrangements with TSUK and the mitigating actions that could be taken and on this basis the directors of the Company have concluded that it is appropriate to prepare these financial statements for the Company on a going concern basis. However, if TSUK were not a going concern, adjustments might be required to the consolidated financial statements (including to write-down fixed assets and to provide for any claims or obligations) and to write down the carrying value of the investment in and inter-company loans to subsidiary undertakings in the Company's own balance sheet.

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 from a potential sale or restructuring as it is not practicable to identify or quantify them.

II New Standards and interpretations applied

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

		Effective Date*
IAS 19 (Amendment)	Employee Benefits	1 Feb 2015
Annual Improvements	2010/2012 Cycle	1 Feb 2015
Annual Improvements	2011/2013 Cycle	1 Jan 2015

** periods commencing on or after*

The Amendments to the above Standards have had no impact on the TSE financial statements. All other accounting policies in the preparation of the financial statements remained consistent with those applied in the preparation of the Annual Report in 2015.

III New Standards and interpretations not applied

The International Accounting Standards Board has issued the following Standards, which are relevant to the Group's reporting but have either not been applied as they have not been adopted for use in the EU in the year ended 31 March 2016, or have an effective date after the date of these financial statements:

		Effective Date*
IFRS 9	Financial Instruments	1 Jan 2018
IFRS 14	Regulatory Deferral Accounts	1 Jan 2016
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018
IFRS 16	Leases	1 Jan 2019
IFRS 10 (Amendments)	Consolidated Financial Statements	1 Jan 2016
IFRS 11 (Amendments)	Joint Arrangements on Acquisition of an Interest in a Joint Operation	1 Jan 2016
IAS 7 (Amendments)	Statement of Cash Flows	1 Jan 2017
IAS 12 (Amendments)	Income Taxes	1 Jan 2017
IAS 16 (Amendments)	Property, Plant and Equipment	1 Jan 2016
IAS 38 (Amendments)	Intangible Assets	1 Jan 2016
IAS 27 (Amendments)	Separate Financial Statements	1 Jan 2016
IAS 1 (Amendments)	Presentation of Financial Statements	1 Jan 2016

** periods commencing on or after*

IFRS 9 'Financial Instruments' brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *'Financial Instruments: Recognition and Measurement'*. IFRS 9 adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The impairment model is based on the concept of providing for expected losses at inception of a contract, except in the case of purchased or originated credit-impaired financial assets, where expected credit losses are incorporated into the effective interest rate. The Standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. The company has assessed the impact of the new Standard and concluded that it will not have a material impact on the TSE financial statements.

IFRS 15 *'Revenue from contracts with customers'* specifies how and when revenue is recognised as well as describes more informative and relevant disclosures. The Standard supersedes IAS 18 *'Revenue'*, IAS 11 *'Construction Contracts'* and a number of revenue related interpretations. The new Standard provides a single, principles based five-step model to be applied to all contracts with customers. The core principle of IFRS 15 requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The Standard also introduces new guidance on costs of fulfilling and obtaining a contract, specifying the circumstances in which such costs should be capitalised. Costs that do not meet the criteria must be expensed when incurred. IFRS 15 must be applied for periods beginning on or after 1 January 2018. The Company has assessed the impact of the new Standard and concluded that it will not have a material impact on the TSE financial statements.

IFRS 16 *'Leases'* eliminates the classification of leases as either finance leases or operating leases. All leases are required to be reported on an entity's balance sheet as assets and liabilities. Leases are capitalised by recognising the present value of the lease payments and showing them either as lease assets or together with property, plant and equipment. If lease payments are made over time a financial liability representing its future obligation will be recognised. IFRS 16 will be effective from 1 January 2019, with early application being permitted for entities that also apply IFRS 15 '*Revenue from contracts with customers*'. The Company is currently assessing the impact of the new Standard and expects there to be a material increase to the asset and liabilities recognised in the TSE financial statements, as well as the corresponding impact of the classification on the income statement, once the new Standard is adopted.

The Company does not expect the remaining new Standards to have any material impact on the TSE financial statements.

IV Use of estimates and critical accounting judgements

The preparation of accounts in accordance with IFRS and 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.

Critical accounting judgements and the key sources of estimation or uncertainty in applying the Group's accounting policies arise in relation to the basis of preparation (see page 28), impairment of property, plant and equipment and goodwill, assets held for sale and discontinued operations, the recognition of deferred tax assets, retirement benefits, provisions created for rationalisation and related costs, environmental remediation, legal claims and employee benefits. 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 Group's capital is invested in property, plant and equipment and intangible assets (including goodwill). 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 Group's impairment review and key assumptions are set out in notes 6, 7 and 8.

The recognition of non-current assets (or disposal groups) as held for sale is dependent upon whether its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Significant judgement is required to assess whether the sale of the assets (or disposal group) is highly probable. A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. Judgement is required to assess whether the component represents a separate major line of business or geographical area of operation, and is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation Further information can be found in note 15.

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 Group's annual plans and future forecasts. Further information can be found in note 21.

The Group's retirement benefit obligations are subject to a number of judgements including discount rates, inflation, salary growth 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 Group balance sheet and income statement. The Group sets these judgements based on previous experience and third party actuarial advice. The Group's main defined benefit scheme, being BSPS in the UK, is in a net surplus position at the balance sheet date on an IAS 19 basis. The surplus in the BSPS is not immediately realisable. The final amount realised may differ from the amount recognised in the balance sheet. Further details on the Group's retirement benefit obligations, including a sensitivity analysis of key judgements are included within note 30.

Estimates in calculating provisions for rationalisation and related costs, environmental remediation, legal claims and employee benefits 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 Group's redundancy and rationalisation provisions can be found in note 2 and in note 20.

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

V 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 Group, 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 Group'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 Group 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 Group 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 other intangible assets (including goodwill)

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 Group reviews the carrying amounts of its property, plant and equipment and other intangible assets (including goodwill) 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 Group 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 Group'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, although impairments of goodwill are not subject to subsequent reversal.

(c) Non-current assets 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 groups, 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 Group 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.

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 post-tax profit or loss of this discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount on the face of the income statement, with all prior periods being presented on this basis.

(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 Group 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.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and they are in the same taxable entity, or a group of taxable entities where the tax losses of one entity are used to offset the taxable profits of another and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

(e) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

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 each reporting period end. The Group applies IAS 19 *'Employee Benefits'* 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 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. 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 scheme rules 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 Group 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.

TSE 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.

VI Other accounting policies

(a) Basis of consolidation

The consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows include the Company and its subsidiaries. They also include the Group's share of the profits, net assets and retained post acquisition reserves of joint ventures and associates that are consolidated using the equity method of consolidation. The profits or losses of subsidiaries, joint ventures and associates acquired or sold during the period are included from the date of acquisition or up to the date of their disposal. All intra-group transactions, balances, income and expenses are eliminated on consolidation, including unrealised profits on such transactions.

(b) Business combinations

On the acquisition of a subsidiary, joint venture or associate, fair values are attributed to the net assets acquired. Any excess of the fair value of consideration given (including the fair value of any contingent consideration) over the fair values of the Group's share of the identifiable net assets acquired is treated as goodwill. The costs of acquisition are charged to profit and loss in the period in which they are incurred. If the fair value of the net assets acquired exceeds the fair value of consideration then these fair values are reassessed before taking the remainder as a credit to profit and loss in the period of acquisition.

Goodwill is recognised as an asset. Although it is not amortised, it is reviewed for impairment annually and whenever there is a possible indicator. Any impairment is recognised immediately in profit and loss and cannot subsequently be reversed. On disposal of a subsidiary, joint venture or associate any residual amount of goodwill is included in the determination of the profit or loss on disposal.

Where an acquisition is achieved in stages, upon obtaining control the previously held equity interest is reassessed at fair value and any resulting gain or loss is recognised in profit and loss.

The Group has applied IFRS 3 (Revised) 'Business Combinations' to business combinations after 1 April 2010. The accounting for business combinations transacted prior to this date has not been restated.

(c) 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.

(d) 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.

(e) Insurance

Certain aspects of the Group's insurances are handled by its captive insurance company, Crucible Insurance Company Limited, which accounts for all insurance business on an annual basis and the net consolidated result is dealt with as part of the operating costs in these accounts. Insurance premiums in respect of insurance placed with third parties and reinsurance premiums in respect of risks not retained by the Group's captive insurance company are charged to profit and loss in the period to which they relate.

(f) Financing items

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest expense, excluding that related to financing the construction of qualifying property, plant and equipment from 1 April 2009, is expensed as incurred. Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related security and included within interest expense. Unamortised amounts are shown in the balance sheet as part of the outstanding balance of the related security. Premiums payable on early redemptions of debt securities, in lieu of future interest costs, are written off as interest expense when paid.

(g) 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 Group enters into forward contracts and options (see (h) below for details of the Group's accounting policies in respect of such derivative financial instruments). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Exchange differences on the retranslation of the opening net investment in foreign enterprises and the retranslation of profit and loss items from average to closing rate are recorded as movements on reserves. Such cumulative exchange differences are transferred to profit and loss on subsequent disposals of the foreign enterprise and for other substantial reductions in capital in these enterprises during the period. Under IAS 21, cumulative translation differences on the consolidation of subsidiaries are only being accumulated for each individual subsidiary from the date of acquisition, being 2 April 2007 for Corus and its subsidiaries.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group 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 profit and loss.

(ii) Other investments

Other investments include long term financial assets that 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 and equity related instruments

Financial liabilities and equity related instruments are classified according to the terms of the individual contractual arrangements.

(iv) Bank borrowings

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

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken out. Following this, at each subsequent reporting period end the derivative is re-measured at its current fair value. For forward currency contracts, interest rate swaps and commodity contracts the fair values are determined based on market forward rates at the end of the reporting period. The Group seeks to adopt hedge accounting for these currency, interest rate and commodity 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 profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in profit and loss in the same period in which the hedged item affects profit and loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes attributable to the risk being hedged with the corresponding entry in profit and loss. Gains or losses from re-measuring the associated derivative are also recognised in profit and loss.
Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is reclassified to net profit or loss for the period.

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 profit and loss, and where a separate instrument with the same terms as the embedded component would itself meet the definition of a derivative.

(i) Other 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 Group. In this case they are measured initially at fair value on acquisition or purchase cost and then amortised on a straight-line basis over their estimated useful lives. All other costs on patents, trademarks and software are expensed in profit and loss as incurred.

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

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

Costs are no longer recognised as an asset when the project is complete and available for its intended use, or if these criteria no longer apply. The approach to amortisation and impairment of other intangible assets is described in section V (b) above.

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

(j) Leases

The Group 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 TSE 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 Group 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.

(k) Joint ventures, joint operations and associates

The results and assets and liabilities of joint ventures and associates are incorporated in the accounts using the equity method of accounting, except where classified as held for sale (see section (c) above).

Investments in joint ventures and associates are initially measured at cost. Any excess of the cost of acquisition over the Group’s share of the fair values of the identifiable net assets acquired, being goodwill, is included within the carrying value of the joint venture or associate and is subsequently tested for impairment on an annual basis. Any deficiency of the cost of acquisition below the Group’s share of the fair values of the identifiable net assets acquired is credited to profit or loss in the period of acquisition. The Group’s share of post acquisition profits and losses is recognised in profit and loss, and its share of post acquisition movement in reserves are recognised directly in reserves. Losses of associates in excess of the Group’s interest in those associates are not recognised, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with joint ventures or associates are eliminated and, where material, the results of joint ventures and associates are modified to conform to the Group’s policies.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for by recognising the share of assets, liabilities, expenses and income relating to the joint operation.

(l) 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.

(m) Cash and cash equivalents

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

For the financial year ended 31 March

1. Operating costs

	2016 £m	2015 £m
Costs by type:		
Raw materials and consumables	**3,102**	3,659
Maintenance costs (excluding own labour)	**582**	620
Other external charges (including fuels & utilities, hire charges and carriage costs)	**1,243**	1,373
Employment costs (Note 3)	**765**	1,604
Depreciation, amortisation and impairments (Notes 7 and 8)	**1,084**	640
Regional development and other grants relating to property, plant and equipment released (Note 22)	**(1)**	(2)
Other operating items (including rents, rates, insurance and general expenses)	**446**	315
Changes in inventory of finished goods and work in progress	**203**	59
Own work capitalised	**(24)**	(28)
Profit on disposal of property, plant and equipment	**(3)**	(4)
Profit on disposal of group company	**-**	(4)
	7,397	8,232

	Operating items before restructuring, impairment and disposals £m	Restructuring, impairment and disposals £m	Total £m
The above costs in 2016 include:			
Raw materials and consumables	3,102	-	**3,102**
Maintenance costs (excluding own labour)	582	-	**582**
Other external charges (including fuels & utilities, hire charges and carriage costs)	1,243	-	**1,243**
Employment costs (Note 3)	578	187	**765**
Depreciation, amortisation and impairments (Notes 7 and 8)	258	826	**1,084**
Regional development and other grants relating to property, plant and equipment released (Note 22)	(1)	-	**(1)**
Other operating items (including rents, rates, insurance and general expenses)	441	5	**446**
Changes in inventory of finished goods and work in progress	203	-	**203**
Own work capitalised	(24)	-	**(24)**
Profit on disposal of property, plant and equipment	-	(3)	**(3)**
	6,382	1,015	**7,397**

Further analysis of restructuring and impairment costs is presented in Note 2.

	2016 £m	2015 £m
The above costs are stated after including:		
Impairment losses related to amortisation of intangible fixed assets (Note 7)	**61**	-
Amortisation of other intangible assets (Note 7)	**20**	21
Depreciation of owned assets (Note 8)	**232**	334
Impairment losses related to property, plant and equipment (Note 8)	**765**	276
Depreciation of assets held under finance leases (Note 8)	**6**	9
Net exchange rate losses/(gains)	**16**	(7)
Operating leases:		
Plant and machinery	**36**	37
Leasehold property	**35**	50
Costs of research and development (gross)	**54**	50
Recoveries on research and development	**(4)**	(6)
Release of grants relating to revenue (Note 22)	**(2)**	(2)
Impairments against trade receivables (Note 13(ii))	**5**	5

The analysis of the Group auditor's remuneration is as follows:

	2016 £m	2015 £m
Fees payable to the Group's auditor and their associates for the audit of the Group	**2.0**	2.0
Audit-related assurance services	**0.8**	0.9
Taxation services	**0.4**	0.4
Total non-audit fees	**1.2**	1.3
Total Group auditor's remuneration	**3.2**	3.3

Fees payable in respect of the audit of the Company were £10,900 (2015: £10,900). Fees payable for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis. Fees payable in respect of audit-related assurance services of £0.8m (2015: £0.9m) primarily relate to quarterly reviews undertaken by the Group's auditor.

2. Net restructuring and impairment costs

	2016 £m	2015 £m
Provision for restructuring and related measures:		
Redundancy and related costs	**75**	14
Pension curtailment costs (Note 30)	**112**	4
Impairment losses related to property, plant and equipment (Note 8)	**765**	276
Impairment losses related to intangible fixed assets (Note 7)	**61**	-
Other rationalisation costs	**13**	4
	1,026	298
Credits for restructuring and related measures:		
Redundancy and related costs	**-**	(7)
Pension curtailment credits	**-**	(1)
Other rationalisation costs	**(8)**	(3)
	(8)	(11)
Total net restructuring and impairment costs	**1,018**	287

The provision for redundancy and related costs of £75m in 2016 related to restructuring measures in mainly UK units including Strip Products UK, the UK Long Products business, Speciality & Bar and the Group's central functions. The pension curtailment costs of £112m in 2016 related to the impact on the BSPS of the restructuring measures announced in the UK in 2016.

The provision for redundancy and related costs of £14m in 2015 related to restructuring measures across a number of units including Strip Products UK, Tubes UK, and the Group's central functions, with the credit for redundancy and related costs of £7m relating mainly to a re-assessment of provisions previously recognised in respect of the Long Products hub and the UK electrical steels site.

3. Employees

	2016 £m	2015 £m
The total employment costs of all employees (including directors) in the Group were:		
Wages and salaries	**1,216**	1,303
Social security costs	**141**	145
Other pension costs (Note 30)	**(779)**	146
Redundancy and related costs (Note 2)	**187**	10
	765	1,604

(i) The average number of employees during the year was 29,800 (2015: 30,400).

(ii) Directors' remuneration

	2016 £m	2015 £m
The total employment costs of the directors in the Group were:	**2.3**	2.5

There are no retirement benefits accruing to any directors under defined benefit schemes (2015: nil).

The emoluments of Mr T V Narendran and Mr K Chatterjee are paid by TSL which makes no recharge to TSE. Mr T V Narendran and Mr K Chatterjee are directors of TSL, TSE and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments for the aforementioned, whose emoluments are disclosed in the financial statements of TSL with whom they have their primary employment contract.

(iii) Highest paid director

	2016 £m	2015 £m
Total amount of emoluments	**1.2**	1.5

There is no accrued lump sum falling due under a defined benefit pension scheme (2015: nil).

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

	2016 £m	2015 £m
Past service credit in BSPS defined benefit scheme (Note 30)	**(897)**	-
Settlement of SPH defined benefit scheme (Note 30)	**(57)**	-
Other defined benefit scheme costs (Note 30)	**128**	141
Other defined contribution scheme costs (Note 30)	**47**	5
	(779)	146

4. Financing items

	2016 £m	2015 £m
Interest expense:		
Bank and other borrowings	**119**	159
Finance leases	**6**	5
Interest on loans from immediate parent company (Note 33)	**111**	72
Interest on loans from other Group companies (Note 33)	**62**	74
Effective interest on redeemable non-cumulative preference shares issued to immediate parent company (Note 33)	**3**	2
Discount on disposal of trade receivables within purchase agreement with Group company (Note 33)	**76**	107
Amounts included in the cost of qualifying assets (Note 8 (iv))	**(5)**	(2)
Finance costs	**372**	417
Interest income:		
Cash and short term deposits and short term investments	**(1)**	(2)
Finance income	**(1)**	(2)
	371	415

5. Taxation

	2016 **£m**	2015 £m
UK prior year credit	**1**	-
UK taxes	**-**	1
Overseas prior year charge	**(2)**	-
Overseas taxes	**(6)**	(1)
Current tax	**(7)**	-
UK deferred tax	**(10)**	73
Overseas deferred tax	**3**	11
	(14)	84

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

	2016 **£m**	2015 £m
Loss before taxation	**(1,005)**	(769)
Loss multiplied by the applicable corporation tax rate of 20.0% (2015: 21.5%)	**(201)**	(166)
Effects of:		
Impact of tax rate change	**1**	-
Adjustments to current tax in respect of prior periods	**(1)**	-
Adjustments to deferred tax in respect of prior periods	**-**	(9)
Utilisation of tax losses not previously recognised	**(2)**	(1)
Tax losses not recognised	**175**	293
Fees previously capitalised on refinancing	**-**	(21)
Other permanent differences	**14**	(12)
	(14)	84

The applicable corporation tax rate is the average tax rate weighted in proportion to the accounting profits earned in each geographical area. The decrease in the rate is caused by a change in the profitability and statutory tax rates in the various geographical areas, to include a reduction from 21% to 20% in the UK.

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

	2016 **£m**	2015 £m
Relating to components of other comprehensive income:		
Actuarial losses on defined benefit pension plans and other post-retirement plans	**34**	(72)
Revaluation of financial instruments treated as cash flow hedges	**1**	15
	35	(57)

6. Goodwill

As at 31 March	**2016** **£m**	2015 £m
Net book value	**405**	405

The total net book value predominantly relates to the goodwill that arose on the acquisition of Corus Group and has been tested against the recoverable amount of the Strip Products Mainland Europe CGU. This goodwill related to expected synergies from combining Corus' activities with those of Tata Steel Limited and to assets, which could not be recognised as separately identifiable intangible assets. Goodwill acquired through this and other acquisitions is tested annually for impairment or more frequently if there are any indications that goodwill may be impaired.

The recoverable amount of the Strip Products Mainland Europe CGU has been determined from a value in use calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out to 15 years. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, exchange rates, and a discount rate of 7.4% (2015: 8.0%). Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources. A nil growth rate is used to extrapolate the cash flow projections beyond the three-year period of the financial budgets to year 15. The pre-tax discount rate of 7.4% (2015: 8.0%) is derived from the Group's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors. The outcome of the Group's goodwill impairment test as at 31 March 2016 for the Strip Products Mainland Europe CGU resulted in no impairment of goodwill (2015: £nil). The directors believe that no reasonably possible change in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

7. Other intangible assets

Group:

2016	**Computer software £m**	**Development costs £m**	**Patents and trademarks £m**	**Favourable contracts £m**	**Total £m**
Cost as at 1 April 2015	224	51	1	-	**276**
Additions	14	3	-	-	**17**
Disposals	(1)	-	(1)	-	**(2)**
Exchange rate movements	1	5	-	-	**6**
Change in classification	3	(3)	-	-	**-**
Cost as at 31 March 2016	241	56	-	-	**297**
Amortisation as at 1 April 2015	98	34	-	-	**132**
Charge for the period	14	5	1	-	**20**
Impairment losses recognised during the period (Note 2)	61	-	-	-	**61**
Amortisation on disposals	(1)	-	(1)	-	**(2)**
Exchange rate movements	1	2	-	-	**3**
Amortisation as at 31 March 2016	173	41	-	-	**214**
Net book value as at 31 March 2016	68	15	-	-	**83**

Group:

2015	Computer software £m	Development costs £m	Patents and trademarks £m	Favourable contracts £m	Total £m
Cost as at 1 April 2014	215	52	1	267	535
Additions	21	5	-	-	26
Disposals	(9)	-	-	(267)	(276)
Exchange rate movements	(3)	(6)	-	-	(9)
Cost as at 31 March 2015	224	51	1	-	276
Amortisation as at 1 April 2014	92	35	-	267	394
Charge for the period	16	5	-	-	21
Amortisation on disposals	(9)	-	-	(267)	(276)
Exchange rate movements	(1)	(6)	-	-	(7)
Amortisation as at 31 March 2015	98	34	-	-	132
Net book value as at 31 March 2015	126	17	1	-	144

The remaining amortisation period for computer software is approximately 4.3 years (2015: 7.9 years).

The Group recognised an impairment charge of £52m in the current year (2015: £nil) against computer software costs previously capitalised for the UK part of the Supply Chain Transformation (SCT) programme. The recoverable amount of this asset was tested for impairment using the Strip Products UK CGU (Note 8). The remaining £9m impairment was associated with the Long Product Business.

Company:

2016	Emission rights £m
Cost as at 1 April 2015	69
Additions in the period	78
Cost as at 31 March 2016	147
Accumulated impairment losses as at 1 April 2015	8
Impairment losses recognised in the period	35
Accumulated impairment losses as at 31 March 2016	43
Net book value as at 31 March 2016	**104**
Net book value as at 31 March 2015	61

In September 2015 the Company purchased 13.25mt of emission rights from TSUK for £78m at a price of €7.99 (£5.89) per tonne.

The carrying value of the emission rights were tested for impairment at 31 March 2016 resulting in an impairment charge of £35m (2015: £15m impairment reversal) caused by a decrease to the market price of the rights.

8. Property, plant and equipment

2016	Land and buildings £m	Plant and machinery £m	Loose plant and tools £m	Assets in course of construction £m	Total £m
Cost or valuation as at 1 April 2015	907	4,689	282	298	**6,176**
Additions	4	34	48	215	**301**
Disposals	(9)	(44)	(25)	-	**(78)**
Exchange rate movements	45	208	7	17	**277**
Transfers	7	125	-	(132)	**-**
Cost or valuation as at 31 March 2016	954	5,012	312	398	**6,676**
Depreciation as at 1 April 2015	450	3,199	198	66	**3,913**
Charge for the period	47	164	27	-	**238**
Impairment losses recognised during the period	2	601	52	28	**683**
Disposals	(4)	(44)	(24)	-	**(72)**
Exchange rate movements	23	139	4	1	**167**
Transfers	1	26	-	(27)	**-**
Depreciation as at 31 March 2016	519	4,085	257	68	**4,929**
Net book value as at 31 March 2016	435	927	55	330	**1,747**
Spares (net book value)					**105**
Net book value as at 31 March 2016					**1,852**

2015	Land and buildings £m	Plant and machinery £m	Loose plant and tools £m	Assets in course of construction £m	Total £m
Cost or valuation as at 1 April 2014	954	4,791	280	397	6,422
Additions	5	14	47	210	276
Disposals	(14)	(84)	(37)	-	(135)
Acquisition of Group undertakings	13	5	-	-	18
Disposal of Group undertakings	-	(4)	-	-	(4)
Exchange rate movements	(73)	(300)	(9)	(19)	(401)
Transfers	22	267	1	(290)	-
Cost or valuation as at 31 March 2015	907	4,689	282	298	6,176
Depreciation as at 1 April 2014	444	3,010	176	19	3,649
Charge for the period	26	282	35	-	343
Impairment losses recognised during the period	15	169	22	50	256
Disposals	(7)	(70)	(35)	-	(112)
Disposal of Group undertakings	-	(3)	-	-	(3)
Exchange rate movements	(30)	(184)	(5)	(1)	(220)
Transfers	2	(5)	5	(2)	-
Depreciation as at 31 March 2015	450	3,199	198	66	3,913
Net book value as at 31 March 2015	457	1,490	84	232	2,263
Spares (net book value)					162
Net book value as at 31 March 2015					2,425

(i) The Group recognised an impairment charge of £765m in the current year (2015: £276m) against property, plant and equipment (Note 2), with £82m of this impairment charge being allocated against spares (2015: £20m).

Consistent with the annual test for impairment of goodwill as at 31 March 2016 (Note 6), property, plant and equipment was also tested 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 Group's CGUs against which property, plant and equipment is included, using a discount rate of 7.4% (2015: 8.0%), was lower than its carrying value due to a significant deterioration to trading conditions in the UK steel market, which are expected to remain weak over the medium term. Accordingly, an impairment charge of £765m was recognised in the year (2015: £276m) contained in the following units: Strip Products UK £677m (2015: £nil), consistent with the impairment recognised against the UK part of the SCT programme (Note 7), the UK Longs Products Business £44m (2015: £267m), Speciality & Bar £14m (2015: £nil), Packaging UK £14m (2015: £nil) and £16m mainly in other smaller UK downstream businesses (2015: £9m).

The Group has conducted sensitivity analysis on the impairment tests of the carrying value of the Group's CGUs and property, plant and equipment. The directors believe that no reasonably possible change in any of the key assumptions used in the value in use calculations (Note 6) 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 2016 of £113m. At this site the value in use is dependent on an improvement to UK steel market margins and the implementation of a business transformation plan, which may be impacted by a potential divestment of TSE's UK operations as disclosed on page 28. A reasonably possible change in any of these key assumptions would increase the likelihood of further 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.

(ii)

As at 31 March	2016 £m	2015 £m
The net book value of land and buildings comprises:		
Freehold	**396**	420
Long leasehold (over 50 years unexpired)	**13**	11
Short leasehold	**26**	26
	435	457
Which may be further analysed as:		
Assets held under finance leases:		
Cost	**45**	39
Accumulated depreciation	**(21)**	(19)
	24	20
Owned assets	**411**	437
	435	457

(iii)

As at 31 March	2016 £m	2015 £m
The net book value of plant and machinery comprises:		
Assets held under finance leases:		
Cost	**189**	168
Accumulated depreciation and impairment losses	**(168)**	(148)
	21	20
Owned assets	**906**	1,470
	927	1,490

(iv)

As at 31 March	2016 £m	2015 £m
The net book value of spares comprises:		
Cost	**572**	541
Accumulated depreciation and impairment losses	**(467)**	(379)
	105	162

(v) There was £5m (2015: £2m) of borrowing costs capitalised in the period using a capitalisation rate of 1.0% (2015: 0.9%).

9. Equity accounted investments

Group:

As at 31 March	Interests in joint ventures £m	Investments in associates £m	2016 Total £m	2015 Total £m
Cost				
At beginning of period	28	8	**36**	68
Disposals	(7)	-	**(7)**	(11)
Exchange rate movements	1	1	**2**	(4)
Transfers to assets held for sale	(4)	-	**(4)**	(17)
At end of period	18	9	**27**	36
Post acquisition reserves				
Share at beginning of period	1	4	**5**	1
Share of retained results in the period	(1)	1	**-**	-
Disposals	(1)	-	**(1)**	8
Exchange rate movements	1	-	**1**	(2)
Transfers to assets held for sale	2	-	**2**	(2)
Share at end of period	2	5	**7**	5
Cost at end of period	20	14	**34**	41
Cost at beginning of period	29	12	**41**	69
Provision				
Provision at beginning of period	3	-	**3**	**-**
Charge for the period	3	-	**3**	**3**
Transfer to assets held for sale	(1)	-	**(1)**	-
Provision at end of period	5	-	**5**	3
Net book value at end of period	15	14	**29**	38
Net book value at beginning of period	26	12	38	69

(i) The Group's equity accounted investments are listed in Note 36.

(ii) Summarised information in respect of the Group's joint ventures is presented below:

As at 31 March	2016 £m	2015 £m
Share of the assets and liabilities of the Group's joint ventures:		
Non-current assets	**37**	41
Current assets	**32**	51
Current liabilities	**(28)**	(42)
Non-current liabilities	**(21)**	(21)
Group's share of net assets	**20**	29

Share of the revenue and expenses of the Group's joint ventures:		
Revenue	**87**	207
Expenses	**(87)**	(202)
Group's share of joint ventures' profit for the period after taxation	**-**	5
Dividends received	**(1)**	(5)
Group's share of retained results in the period	**(1)**	-

(iii) Summarised information in respect of the Group's associates is presented below:

As at 31 March	2016 £m	2015 £m
Summarised balance sheet information:		
Total assets	**66**	65
Total liabilities	**(22)**	(27)
Net assets	**44**	38
Group's share of net assets	**14**	12
Summarised income statement information:		
Revenue	**190**	186
Profit for the period	**6**	4
Group's share of associate's profit for the period after taxation	**2**	1
Dividends received	**(1)**	(1)
Group's share of retained results in the period	**1**	-

(iv) The share of post-tax profits of joint ventures and associates as disclosed in the income statement arose as follows:

	2016 £m	2015 £m
Group's share of joint ventures' profit for the period	**-**	5
Group's share of associates' profit for the period	**2**	1
	2	6
Impairment due to Danieli Corus Technical Services BV reclassified to assets held for sale (Note 15)	**-**	(3)
Profit on disposal of Danieli Corus Technical Services BV previously classified as held for sale	**2**	-
Provision for impairment	**(3)**	(3)
Revaluation of equity investment in Norsk Stål Tynnplater AS to fair value	**-**	(1)
Share of post-tax results of joint ventures and associates	**1**	(1)

(iv) On 31 March 2015 the Group reclassified its 50% investment in Danieli Corus Technical Services BV to assets held for sale for a fair value of £16m. For further information please refer to Note 15. On 7 May 2016, the Group completed the sale of its 50% investment in Danieli Corus Technical Services BV. This resulted in a profit on disposal of £2m recognised in share of post-tax results of joint ventures and associates.

(v) In 2016, the Group recognised an impairment charge of £3m to reflect the diminution in value of Caparo Merchant Bar plc. In 2015, the Group recognised an impairment charge of £3m to reflect the diminution in value of certain of its joint ventures in Greece which have been adversely impacted by the Greek financial crisis and its impact on the local construction market.

(vi) On 31 March 2016 the Group reclassified its 50% investment in Corus Kalpinis Simos Cladding Industry SA to assets held for sale for a fair value of £1m. For further information please refer to Note 15.

(vii) On 22 June 2015, the Group completed the sale of its 50% investment in Norsk Stal AS, which resulted in a profit on disposal of £nil.

Company:

	Shares in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total £m
Cost at 1 April 2015	3,503	1,568	**5,071**
Additions	-	968	**968**
Foreign exchange movements	-	61	**61**
Cost at 31 March 2016	3,503	2,597	**6,100**
Impairment as at 1 April 2015	1,444	-	**1,444**
Impairment losses recognised in the period	414	-	**414**
Impairment as at 31 March 2016	1,858	-	**1,858**
Net book value at 31 March 2016	**1,645**	**2,597**	**4,242**
Net book value at 31 March 2015	2,059	1,568	3,627

During the year ended 31 March 2015, the Company loaned £871m to Tulip UK Holdings No.3 Limited. Interest is charged at LIBOR +5% and is being rolled into the loan on a 6 monthly basis.

The Company's subsidiaries and investments are listed in Note 36 of the consolidated accounts.

The carrying values of the Company's investments are tested annually for impairment using an enterprise value calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out into perpetuity. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, exchange rates, and a discount rate of 7.4% (2015: 8.0%). Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources. A nil (2015: nil%) growth rate is used to extrapolate the cash flow projections beyond the three-year period of the financial budgets to year 15 and then 2.0% (2015: nil%) for the period thereafter for the non-UK based businesses. The pre-tax discount rate of 7.4% (2015: 8.0%) is derived from the Group's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors. The outcome of the test at 31 March 2016 resulted in a permanent diminution of £414m in the value of the Company's investment in Tulip UK Holdings No.2 Limited due to weaker market conditions mainly in the UK construction market, which is expected to remain weak over the near and medium term.

As disclosed on page 28 if TSUK was not a going concern adjustments might be required to write down the carrying value of the investment in and inter-company loans to subsidiary undertakings in the Company balance sheet.

10. Other investments

	Loans and receivables £m	Available for sale investments £m	2016 Total £m	2015 Total £m
Carrying value as at 1 April 2015	7	42	**49**	52
Additions	6	6	**12**	15
Disposals	(2)	(10)	**(12)**	(18)
Revaluations	-	2	**2**	-
Carrying value as at 31 March 2016	11	40	**51**	49

None of the loans and receivables or available for sale investments are either overdue or impaired.

(i) The currency and interest exposure of other investments of the Group is as follows:

	2016			2015		
	Fixed rate long term financial assets £m	**Floating rate long term financial assets £m**	**Total £m**	Fixed rate long term financial assets £m	Floating rate long term financial assets £m	Total £m
Sterling	**19**	**4**	**23**	20	5	25
Euros	**15**	**2**	**17**	11	2	13
US Dollars	**11**	**-**	**11**	11	-	11
	45	**6**	**51**	42	7	49
Disclosed as:						
Loans and receivables	**9**	**2**	**11**	5	2	7
Available for sale investments	**36**	**4**	**40**	37	5	42

	2016		2015	
	Weighted average effective fixed interest rate %	**Weighted average time for which rate is fixed Years**	Weighted average effective fixed interest rate %	Weighted average time for which rate is fixed Years
Sterling	**4.4**	**3.9**	4.2	3.6
Euros	**1.9**	**4.5**	2.2	4.9
US Dollars	**1.6**	**2.9**	2.6	3.5

(ii) Contractual maturities of other investments are as follows:

As at 31 March	2016 £m	2015 £m
Within one year	**2**	4
Between two and five years	**26**	28
Greater than five years	**12**	9
No contractual maturity date	**11**	8
	51	49

(iii) Of the available for sale investments of £41m above (2015: £42m), £36m (2015: £39m) are held by TSE's subsidiary company Crucible Insurance Company Limited to fund insurance liabilities of the Group analysed as follows:

As at 31 March	2016 £m	2015 £m
UK listed investments	**14**	18
Overseas listed investments	**22**	21
	36	39

11. Inventories

As at 31 March	2016 £m	2015 £m
Raw materials and consumables	**374**	572
Work in progress	**447**	494
Finished goods and goods for resale	**369**	492
	1,190	1,558

The value of inventories above is stated after impairment of £103m (2015: £97m) for obsolescence and write-downs to net realisable value.

12. Current tax

	Assets £m	Liabilities £m
2016		
UK corporation tax	**-**	**1**
Overseas taxation	**4**	**5**
	4	**6**
2015		
UK corporation tax	-	3
Overseas taxation	3	6
	3	9

13. Trade and other receivables

Group:

As at 31 March	2016 £m	2015 £m
Trade receivables	**741**	721
Less provision for impairment of receivables	**(14)**	(13)
	727	708
Amounts owed by other Group companies (Note 33)	**10**	11
Amounts owed by ultimate parent undertaking (Note 33)	**-**	1
Amounts owed by joint ventures (Note 33)	**16**	25
Amounts owed by associates (Note 33)	**5**	3
Derivative financial instruments (Note 19)	**31**	67
Other taxation	**20**	28
Prepayments	**31**	27
Deferred proceeds on sale of business (Note 15)	**5**	-
Other receivables	**74**	101
	919	971

(i) Trade receivables are further analysed as follows:

As at 31 March 2016	Gross credit risk amount £m	Subject to credit insurance cover £m	Impairment provision made £m	Net credit risk amount £m
Amounts not yet due	**659**	**(558)**	**(1)**	**100**
One month overdue	**45**	**(40)**	**-**	**5**
Two months overdue	**5**	**(4)**	**-**	**1**
Three months overdue	**3**	**-**	**-**	**3**
Greater than three months overdue	**29**	**(15)**	**(13)**	**1**
	741	**(617)**	**(14)**	**110**

As at 31 March 2015	Gross credit risk amount £m	Subject to credit insurance cover £m	Impairment provision made £m	Net credit risk amount £m
Amounts not yet due	664	(576)	(1)	87
One month overdue	15	(12)	-	3
Two months overdue	10	(7)	-	3
Three months overdue	7	(6)	-	1
Greater than three months overdue	25	(11)	(12)	2
	721	(612)	(13)	96

The Group considers its maximum exposure to credit risk with respect to customers at 31 March 2016 to be £110m (2015: £96m), which is the fair value of trade receivables (after impairment provisions) less those that are subject to credit insurance cover as shown in the table above. The other classes of financial assets within trade and other receivables do not contain impaired assets. There is no concentration of credit risk with any particular customers.

Credit risk management is discussed further in Note 19.

(ii) Movements in the provision for impairment of receivables are as follows:

As at 31 March	2016 £m	2015 £m
At beginning of period	13	20
Impairments in the period (Note 1)	5	5
Amounts utilised, exchange rate and other movements	(4)	(12)
At end of period	14	13

Company:

As at 31 March	2016 £m	2015 £m
Trade receivables	-	11
Amounts owed by subsidiary undertakings	221	310
Interest owed by subsidiary undertakings	27	22
Other taxation	1	6
	249	349

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

14. Cash, short term deposits and short term investments

As at 31 March	2016 £m	2015 £m
Cash at bank and in hand	279	190
Short term deposits	8	34
Cash and short term deposits	287	224
Short term investments	1	2
	288	226

The currency and interest exposure of cash, short term deposits and short term investments of the Group is as follows:

As at 31 March	2016				2015			
	Cash £m	Short term deposits £m	Short term investments £m	Total £m	Cash £m	Short term deposits £m	Short term investments £m	Total £m
Sterling	32	5	-	37	44	31	-	75
Euros	170	-	-	170	108	-	-	108
US Dollars	62	-	-	62	22	-	-	22
Other	15	3	1	19	16	3	2	21
	279	8	1	288	190	34	2	226
Floating interest rate	279	5	1	285	190	1	2	193
Fixed interest rate	-	3	-	3	-	33	-	33

Short term deposits are highly liquid investments with original maturities of three months or less and short term investments are deposits for periods not exceeding one year. The weighted average interest rate across both these types of investment was 1.2% (2015: 0.4%). During each of the periods above cash earned interest based on LIBOR or other official local rates.

15. Assets held for sale

As at 31 March	2016 £m	2015 £m
Investment in Corus Kalpinis Simos Cladding Industry SA	**1**	-
Investment in Danieli Corus Technical Services BV	**-**	16
Land held by Tata Steel International (India) Limited	**1**	-
	2	16

On 7 April 2016, the Group's wholly owned subsidiary British Steel Nederland International B.V. completed the sale of its 50% interest in Corus Kalpinis Simos Cladding Industry SA to Elastron S.A. (the other 50% shareholder) which resulted in a profit on disposal of £nil. Prior to the classification as held for sale, the Group's interest in Corus Kalpinis Simos Cladding Industry SA was accounted for as an equity investment with a carrying value of £1m (Note 9).

On 6 May 2015, the Group's wholly owned subsidiary Tata Steel Nederland Consulting and Technical Services B.V. completed the sale of its 50% interest in Danieli Corus Technical Services B.V. to Industrielle Beteiligung S.A. (the other 50% shareholder) for proceeds of £17m, of which £5m is related to deferred consideration (Note 13). Prior to the classification as held for sale, the Group's interest in Danieli Corus Technical Services B.V. was accounted for as an equity investment with a carrying value of £19m (see Note 10). On classification as held for sale at 31 March 2015, the Group recognised an impairment of £3m to write down the carrying value of the equity investment to the fair value less costs to sell of the asset. The impairment was included in the income statement within 'share of post-tax profits of joint ventures and associates'. On completion the Group recognised a profit on disposal of £2m, including foreign exchange recycled to the income statement. These have been included in the income statement within 'share of post-tax profits of joint ventures and associates'.

16. Trade and other payables

Group:

As at 31 March	2016 £m	2015 £m
Trade payables	**867**	930
Amounts owed to other Group companies (Note 33)	**577**	918
Amounts owed to joint ventures (Note 33)	**-**	5
Amounts owed to associates (Note 33)	**2**	3
Other taxation and social security	**49**	52
Interest payable to ultimate parent company (Note 33)	**3**	20
Interest payable to immediate parent company (Note 33)	**27**	20
Interest payable to other Group companies (Note 33)	**5**	7
Interest payable	**-**	1
Capital expenditure creditors	**67**	80
Derivative financial instruments (Note 19)	**40**	65
Advances from customers	**11**	20
Deferred consideration on business purchase	**-**	3
Other payables	**311**	329
	1,959	2,433

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

Company:

As at 31 March	2016 £m	2015 £m
Trade creditors	**43**	35
Interest payable to subsidiary undertakings	**-**	1
Interest payable to immediate parent company	**22**	16
Interest payable to other Group companies	**5**	4
Amounts owed to subsidiary undertakings	**40**	11
	110	67

17. Borrowings

Group:

As at 31 March	2016 £m	2015 £m
Current:		
Inter-group:		
Amounts owed to other Group companies (Note 33)	**336**	360
	336	360
External:		
Bank overdrafts	**2**	3
Floating rate guaranteed Loan Notes	**1**	1
Revolving credit facility	**699**	646
Obligations under finance leases	**12**	10
	714	660
	1,050	1,020

As at 31 March	2016 £m	2015 £m
Non-current:		
Inter-group:		
Amounts owed to immediate parent company (Note 33)	**2,735**	1,699
Amounts owed to Group companies (Note 33)	**119**	109
Redeemable non-cumulative preference shares (Note 33)	**39**	36
	2,893	1,844
External:		
Bank loans	**1,749**	1,626
Obligations under finance leases	**79**	68
Capitalisation of transaction costs	**(62)**	(68)
	1,766	1,626
	4,659	3,470
Total borrowings	**5,709**	4,490

Interest payable on the above borrowings is included within trade and other payables (Note 16).

(i) The currency and interest exposure of gross borrowings of the Group at the end of the period is as follows:

As at 31 March	2016			2015		
	Fixed rate borrowings £m	Floating rate borrowings £m	Total £m	Fixed rate borrowings £m	Floating rate borrowings £m	Total £m
Sterling	**89**	**2,839**	**2,928**	94	1,882	1,976
Euros	**43**	**2,533**	**2,576**	23	2,298	2,321
US Dollars	**-**	**264**	**264**	-	255	255
Other	**-**	**3**	**3**	-	6	6
Capitalisation of transaction costs	**-**	**(62)**	**(62)**	-	(68)	(68)
	132	**5,577**	**5,709**	117	4,373	4,490

	2016		2015	
	Weighted average effective fixed interest rate	**Weighted average time for which rate is fixed**	Weighted average effective fixed interest rate	Weighted average time for which rate is fixed
	%	**Years**	%	Years
Sterling	**7.0**	**6.6**	7.0	7.5
Euros	**5.2**	**6.2**	5.1	4.3

The majority of floating rate borrowings are bank borrowings bearing interest rates based on EURIBOR or official local rates. Of the total floating rate borrowings of £5,577m, £1,128m (2015: £1,368m) has been converted into fixed rates with interest rate swaps, with contracts covering a period more than 1 year. Interest rate risk management is discussed further in Note 19 on page 55.

The weighted average interest rate on current borrowings was 4.66% (2015: 4.87%) and on non-current borrowings was 4.98% (2015: 4.69%).

(ii) The maturity of borrowings is as follows:

As at 31 March	2016 £m	2015 £m
In one year or less or on demand	**1,056**	1,024
Between one and two years	**17**	13
Between two and three years	**17**	1,034
Between three and four years	**490**	13
Between four and five years	**738**	450
More than five years	**3,481**	2,047
	5,799	4,581
Less: future finance charges on finance leases	**(28)**	(23)
Less: capitalisation of transaction costs	**(62)**	(68)
	5,709	4,490
Analysed as:		
Current liabilities	**1,050**	1,020
Non-current liabilities	**4,659**	3,470

Amounts payable under finance leases are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Not later than one year	**18**	14	**12**	10
Later than one year but not more than five years	**60**	49	**46**	37
More than five years	**41**	38	**33**	31
	119	101	**91**	78
Less: future finance charges on finance leases	**(28)**	(23)	**-**	-
Present value of lease obligations	**91**	78	**91**	78

(iii) The maturity of undrawn committed borrowing facilities of the Group is as follows:

As at 31 March	2016 £m	2015 £m
More than two years	**-**	53

The Group's senior facility limits the amount of other uncommitted, unsecured credit facilities to £430m (2015: £430m) with a sub-limit of £55m (2015: £55m) for overdrafts, bill discounting, financial guarantees and other debt classed as such on the balance sheet.

(iv) The majority of the external borrowings of the Group are accounted for by the SFA which was successfully refinanced in October 2014. The transaction costs of £72m arising from the refinancing have been capitalised and amortised over the term of the loan. The SFA is secured by guarantees and debentures granted by material subsidiaries of TSE (other than Tata Steel

Nederland B.V. ('TSN') and its subsidiaries) and by a share pledge over the shares in TSN. The SFA has a financial covenant which sets an annual maximum capital expenditure level. The SFA comprises:

- a bullet term loan facility of €370m for five years;
- an amortising term loan facility of €1,500m for seven years (amortisation starts from the end of year five);
- an amortising term loan facility of US$379.5m for seven years (amortisation starts from the end of year five); and
- a revolving credit facility of £700m for six years (this facility may be extended by a further year if certain conditions are satisfied).

The SFA term loans are denominated in euros and US dollars. However, 100% of the proceeds received in US dollars have been hedged into euros. The refinancing of the SFA was accompanied by a €800m subordinated loan injection into TSE from Tata Steel Global Holdings. The balance on the term loan tranches of the SFA totalled £1,744m at 31 March 2016 (31 March 2015: £1,620m). In addition, £699m (31 March 2015: £646m) of the revolving credit facility was drawn down at 31 March 2016.

Company:

As at 31 March	2016 £m	2015 £m
Current:		
Inter-group:		
Amounts owed to other Group companies	**336**	359
	336	359

As at 31 March	2016 £m	2015 £m
Non-current:		
Inter-group:		
Redeemable non-cumulative preference shares	**39**	36
Amounts owed to immediate parent company	**2,045**	1,047
	2,084	1,083

Redeemable non-cumulative preference shares of £63m were issued in 2012 at an issue price of £1 per share. The shares have a 20 year term and can be redeemed at any point between 1 July 2022 and 30 June 2032. The shares attract a non-cumulative 3.5% dividend, payable each year if there are sufficient distributable reserves available. The shares have been recognised at £39m at 31 March 2016 (2015: £36m), consisting of an initial fair value of £31m and accrued effective interest of £8m.

As at 31 March 2016, the total amount outstanding with T S Global Holdings Pte Limited, including principal and rolled interest, is £2,045m (2015: £1,047m). Interest is charged at LIBOR +5% and is rolled into the loan on a 6 monthly basis. The loan balance is due for repayment in December 2021.

18. Other non-current liabilities

As at 31 March	2016 £m	2015 £m
Derivative financial instruments (Note 19)	**4**	-
Other creditors	**28**	32
	32	32

As at 31 March	2016 £m	2015 £m
An analysis of other creditors by currency is set out below:		
Sterling	**28**	30
Euros	**4**	2
	32	32

Other creditors, which predominantly relate to long term insurance liabilities, are due for repayment within five years and are not subject to interest.

19. Financial instruments and risk management

(i) Capital risk management
The Group manages its capital with the aim of ensuring that the entities in the Group are able to continue as a going concern. Further details are included in the basis of preparation on page 28. The Group's overall strategy remains unchanged from 2015. The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Note 17, after deducting cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

(ii) The carrying amounts of the Group's financial assets and financial liabilities (excluding derivative assets and liabilities) are:

As at 31 March	2016 £m	2015 £m
Financial assets:		
Loans and receivables:		
Other investments (Note 10)	**10**	7
Trade receivables (Note 13)	**727**	708
Other receivables [1] (Note 13)	**110**	141
Other short term investments (Note 14)	**1**	2
Cash and short term deposits (Note 14)	**287**	224
	1,135	1,082
Financial liabilities:		
Financial liabilities held at amortised cost:		
Trade and other payables [2] (Note 16)	**(1,859)**	(2,296)
Current borrowings (Note 17)	**(1,050)**	(1,020)
Non-current borrowings (Note 17)	**(4,659)**	(3,470)
Other non-current liabilities (Note 18)	**(28)**	(32)
	(7,596)	(6,818)
	(6,459)	(5,736)

[1] Excludes other taxation and prepayments
[2] Excludes other taxation and social security, and advances from customers

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values with the exception of current and non-current borrowings. The fair values of these are £1,029m (2015: £1,009m) and £4,447m (2015: £3,350m) respectively. The fair value of borrowings would be classified as Level 3 within the fair value hierarchy. The fair value is based on discounted cash flows and reflects the credit risk of counterparties.

(iii) Fair value measurements recognised in the balance sheet
The following table categorises the Group's financial instruments held at fair value by the valuation methodology applied in determining this value. Where possible, quoted prices in active markets for identical assets and liabilities are used (Level 1 and this includes the Group's holdings of listed investments). Where such prices are not available, the asset or liability is classified as Level 2, provided all significant inputs to the valuation model used are based on observable market data (this includes the Group's forward currency and commodity contracts and interest rate swaps). The Group's derivative financial assets and liabilities are also 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. If one or more of the significant inputs to the valuation model is not based on observable market data, the instrument is classified as Level 3.

	2016			
As at 31 March	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value:				
Derivative financial assets	-	31	-	31
Available for sale financial assets (Note 10)	41	-	-	41
	41	31	-	72
Financial liabilities at fair value:				
Derivative financial liabilities	-	(44)		(44)
	-	(44)	-	(44)

As at 31 March	2015 Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value:				
Derivative financial assets	-	67	-	67
Available for sale financial assets (Note 10)	42	-	-	42
	42	67	-	109
Financial liabilities at fair value:				
Derivative financial liabilities	-	(65)	-	(65)
	-	(65)	-	(65)

There were no transfers between any of the levels during the periods presented above.

(iv) Financial risk management
The Group uses a variety of financial instruments, including derivatives, to finance its operations and to manage risks arising from those operations. The principal financial risks to which the Group is exposed are those of foreign exchange, commodity, interest rate and liquidity which are largely managed by the centralised Group treasury functions whose activities are governed by policies and procedures approved by the TSE Executive committee. The TSE Treasury committee meet at least quarterly to review activities and to monitor treasury performance against policies.

(a) Market risk: foreign exchange risk and management
At 31 March 2016, the Group had £5,709m (2015: £4,490m) in borrowings, of which £2,514m (2015: £2,253) net of capitalised transaction costs of £62m (£68m) is denominated in euros, £2,928m (2015: £1,976m) is denominated in sterling, £264m (2015: £255m) is denominated in US dollars, and £3m (2015: £6m) is denominated in other currencies. As described in Note 17, the majority of the Group's borrowings relate to the SFA and is held by the euro-denominated subsidiary company Tata Steel Netherlands Holdings BV ('TSNH'). As at 31 March 2016, in order to reduce the Group's exposure to foreign exchange risk, all of the US dollar borrowings have been covered by a euro short term forward rate agreement.

It is the Group's policy that substantially all of the net currency transaction exposure arising from contracted sales and purchases over an approximate 6 month time horizon is covered by selling or purchasing foreign currency forwards. At 31 March 2016, the Group held forward currency sales of principally euros and US dollars amounting to £494m (2015: £390m) and purchases of principally US dollars and sterling amounting to £1,506m (2015: £1,434m).

A 10% appreciation of sterling at 31 March 2016 would increase the Group's net assets by approximately £225m (2015: £214m), increase equity by approximately £225m (2015: £214m) and decrease operating profit by approximately £nil (2015: £nil). This sensitivity analysis has been based on the composition of the Group's financial assets and liabilities at 31 March, excluding trade payables, trade receivables, other non-derivative financial instruments not in net debt and finance lease obligations which do not present a material exposure.

(b) Market risk: commodity risk and management
The Group makes use of commodity futures contracts and options to manage its purchase price risk for certain commodities. Across the Group forward purchases are also made of zinc, tin, nickel and iron ore to cover sales contracts with fixed metal prices.

At 31 March 2016, a 10% appreciation of market prices would decrease the Group's equity by approximately £5m (2015: £5m). There was no significant market risk relating to the income statement since the majority of commodity derivatives are treated as cash flow hedges with movements being reflected in equity and the timing and recognition in the income statement would depend on the point at which the underlying hedged transactions were also recognised.

(c) Market risk: interest risk and management
The objective of the Group's interest risk management is to reduce its exposure to the impact of changes in interest rates in the currencies in which debt is borrowed. It is a requirement of the SFA that a minimum of 50% of the debt be converted into fixed rates of interest. At 31 March 2016, of the total SFA term loan borrowings of £1,744m, 66% was subject to interest rate swaps, which swaps floating rates based on EURIBOR to a fixed rate of 0%.

Based on the composition of net debt at 31 March 2016, a 100 basis points increase in interest rates over the 12 month period would increase the Group's net finance expense by approximately £54m (2015: £43m), and increase equity by approximately £10m (2015: £3m).

(d) Credit risk
Cash deposits, trade receivables and other financial instruments give rise to credit risk for the Group arising from the amounts and obligations due from counter-parties. The credit risk on short term deposits is managed by limiting the aggregate amounts and duration of exposure to any one counter party, depending on its credit rating and other credit information, and by regular reviews of these ratings. The possibility of material loss arising in the event of non-performance is considered unlikely.

Individual operating units are responsible for controlling their own credit risk arising from the Group's normal commercial operations, although they must act within a series of centrally agreed guidelines. Trade receivables are, where appropriate, subject to a credit insurance programme, and regular reviews are undertaken of exposure to key customers and those where known risks have arisen or still persist. Any impairment to the recoverability of debtors is reflected in the income statement.

Credit risk also arises from the possible failure of counter-parties to meet their obligations under currency and commodity hedging instruments, and interest rate swaps. However, counter parties are established banks and financial institutions with high credit ratings and the Group continually monitors each institution's credit quality and limits as a matter of policy the amount of credit exposure to any one of them. The Group's theoretical risk is the cost of replacement at current market prices of these transactions in the event of default by counter-parties. The Group believes that the risk of incurring such losses is remote and underlying principal amounts are not at risk.

(e) Liquidity risk

The management of liquidity risk is co-ordinated and controlled centrally by the Group's treasury operations. Liquidity risk is managed by maintaining access to a level of committed and uncommitted borrowing facilities to ensure liquidity is appropriate to forecasted cash flows to satisfy general corporate or working capital requirements. As shown in Note 17 on page 52, the total undrawn committed borrowing facilities at 31 March 2016 is £nil (2015: £53m).

The TSE Board and Executive committee review the Group's liquidity and any associated risk on a monthly basis, which includes a review of the Group's funding position and cash flow forecasts.

The following table is a maturity analysis of the anticipated contractual cash flows including interest payable for the Group's derivative and non-derivative financial liabilities on an undiscounted basis, which therefore differs from both the carrying value and fair value. Floating rate interest is estimated using the prevailing interest rate at the end of the reporting period. Cash flows in foreign currencies are translated using the period end spot rates at 31 March 2016.

As at 31 March		**2016**		
	Contractual cashflows	**Less than 1 year**	**Between 1 – 5 years**	**More than 5 years**
	£m	£m	£m	£m
Non-derivative financial liabilities:				
Trade and other payables [1]	**(1,859)**	**(1,859)**	**-**	**-**
Floating rate guaranteed loan notes	**(1)**	**(1)**	**-**	**-**
Finance lease obligations	**(119)**	**(18)**	**(60)**	**(41)**
Bank and other loans	**(6,957)**	**(1,108)**	**(1,478)**	**(4,371)**
Other creditors	**(28)**	**-**	**(28)**	**-**
	(8,964)	**(2,986)**	**(1,566)**	**(4,412)**
Derivative financial liabilities:				
Foreign currency contracts:				
Payables	**(2,013)**	**(2,013)**	**-**	**-**
Receivables	**2,010**	**2,010**	**-**	**-**
Interest rate swaps	**(4)**	**(4)**	**-**	**-**
Forward rate agreement				
Payables	**(274)**	**(274)**	**-**	**-**
Receivables	**263**	**263**	**-**	**-**
Total financial liabilities	**(8,982)**	**(3,004)**	**(1,566)**	**(4,412)**

[1] Excludes other taxation and social security, and advances from customers

As at 31 March	2015			
	Contractual cashflows	Less than 1 year	Between 1 – 5 years	More than 5 years
	£m	£m	£m	£m
Non-derivative financial liabilities:				
Trade and other payables [1]	(2,296)	(2,296)	-	-
Floating rate guaranteed loan notes	(1)	(1)	-	-
Finance lease obligations	(101)	(14)	(49)	(38)
Bank and other loans	(5,308)	(1,168)	(1,963)	(2,177)
Other creditors	(32)	-	(32)	-
	(7,738)	(3,479)	(2,044)	(2,215)
Derivative financial liabilities:				
Foreign currency contracts:				
Payables	(1,778)	(1,778)	-	-
Receivables	1,800	1,800	-	-
Interest rate swaps	(22)	(22)	-	-
Forward rate agreement				
Payables	(244)	(244)	-	-
Receivables	255	255	-	-
Total financial liabilities	(7,727)	(3,468)	(2,044)	(2,215)

[1] Excludes other taxation and social security, and advances from customers

(v) Derivative financial instruments

Derivative financial instruments used by the Group include forward exchange contracts, commodity contracts and interest rate swaps. These financial instruments are utilised to hedge significant future transactions and cash flows and in the majority of cases these are subject to hedge accounting under IAS 39. The Group does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

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

	2016		2015	
	Assets	**Liabilities**	Assets	Liabilities
	£m	**£m**	£m	£m
Non-current:				
Interest rate swaps	**-**	**(4)**	-	-
	-	**(4)**	**-**	-
Current:				
Foreign currency contracts	**26**	**(29)**	56	(34)
Commodity contracts	**5**	**-**	-	(9)
Interest rate swaps	**-**	**-**	-	(22)
Forward rate agreements	**-**	**(11)**	11	-
	31	**(40)**	67	(65)
	31	**(44)**	67	(65)

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

	Foreign currency contracts £m	**Commodity contracts £m**	**Interest rate swap £m**	**Taxation £m**	**2016 £m**
Cash flow hedge reserve net of taxation at beginning of period	**17**	**(11)**	**(22)**	**3**	**(13)**
Transfer to income statement	**(30)**	**22**		**-**	**(8)**
Charged/(credited) to cash flow hedge reserve	**10**	**(7)**	**17**	**(1)**	**19**
Cash flow hedge reserve net of taxation at end of period	**(3)**	**4**	**(5)**	**2**	**(2)**

	Foreign currency contracts £m	Commodity contracts £m	Interest rate swap £m	Cross currency swaps £m	Taxation £m	2015 £m
Cash flow hedge reserve net of taxation at beginning of period	(7)	(3)	(72)	3	19	(60)
Transfer to income statement	(12)	12	-	47	-	47
Charged/(credited) to cash flow hedge reserve	37	(20)	44	(50)	(15)	(4)
Foreign exchange movements	(1)	-	6	-	(1)	4
Cash flow hedge reserve net of taxation at end of period	17	(11)	(22)	-	3	(13)

At the end of the reporting period the total notional amount of outstanding foreign currency and commodity contracts and interest rate swaps that the Group has committed to are as follows:

	2016 **£m**	2015 £m
Foreign currency contracts	**2,000**	1,824
Commodity futures and options	**59**	77
Interest rate swaps	**1,128**	1,368
Forward rate agreements	**264**	255

Ineffectiveness on cash flow hedges recognised in profit and loss was a charge of £nil in 2016 (2015: £nil).

20. Provisions for liabilities and charges

	Rationalisation costs (i) £m	**Insurance (ii) £m**	**Employee benefits (iii) £m**	**Other (iv) £m**	**Total 2016 £m**	Total 2015 £m
At beginning of period	66	32	45	80	**223**	260
Charged to income statement	88	73	41	10	**212**	46
Released to income statement	(8)	-	(2)	(5)	**(15)**	(20)
Utilised in period	(44)	(4)	-	(5)	**(53)**	(52)
Exchange rate movements	-	-	4	4	**8**	(11)
At end of period	**102**	**101**	**88**	**84**	**375**	223
Analysed as:						
Current liabilities	66	-	2	52	**120**	58
Non-current liabilities	36	101	86	32	**255**	165

(i) Rationalisation costs include redundancy provisions as follows:

	2016 **£m**	2015 £m
At beginning of period	**11**	30
Charged to income statement	**75**	14
Released to income statement	**-**	(7)
Utilised during the period	**(32)**	(25)
Exchange rate movements	**-**	(1)
At end of period	**54**	11

	2016 **£m**	2015 £m
Other rationalisation provisions arise as follows:		
Onerous lease payments relating to unutilised premises	**26**	40
Environmental and other remediation costs at sites subject to restructuring/closure	**17**	11
Other	**5**	4
	48	55

Although the precise timing in respect of utilising the redundancy provisions is not known, the majority is expected to be incurred within one year. At 31 March 2016 the rationalisation provision included £26m (2015: £40m) in respect of onerous leases on a discounted basis. This provision would have amounted to £28m (2015: £44m) on an undiscounted basis. The outstanding term on these leases ranges between 1 and 17 years.

(ii) The insurance provisions include Crucible Insurance Company Limited which underwrites marine cargo, employers' liability, public liability and retrospective hearing impairment policies for the Group. These provisions represent losses incurred but not yet reported in respect of risks retained by the Group rather than passed to third party insurers and include amounts in relation to certain disease insurance 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) Provisions for employee benefits include long term benefits such as long service and sabbatical leave, disability benefits and sick leave. All items are subject to independent actuarial assessments.

(iv) Other provisions include environmental provisions of £46m (2015: £40m), early retirement provisions of £19m (2015: £20m) and product warranty claims of £6m (2015: £7m). The timing in respect of utilising these provisions is uncertain.

(v) As disclosed on page 28 potential liabilities arising from the proposed restructuring or sale of TSUK have not been included in the financial statements.

21. Deferred tax

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

	2016 £m	2015 £m
Deferred tax assets	**59**	73
Deferred tax liabilities	**(1)**	(1)
	58	72

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

2016	**Accelerated tax depreciation £m**	**Tax losses £m**	**Retirement benefit obligations £m**	**Inventory £m**	**Other £m**	**Total £m**
At 1 April 2015	(83)	198	(20)	(20)	(3)	**72**
Credited/(charged) to profit and loss	77	80	(156)	5	1	**7**
Exchange rate movements	(6)	10	-	(3)	4	**5**
(Charged)/credited to equity	-	-	(34)	-	8	**(26)**
At 31 March 2016	**(12)**	**288**	**(210)**	**(18)**	**10**	**58**

2015	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Inventory £m	Other £m	Total £m
At 1 April 2014	(143)	350	(81)	(36)	6	96
Credited/(charged) to profit and loss	52	(136)	(10)	12	(2)	(84)
Exchange rate movements	8	(16)	(1)	4	2	(3)
Credited/(charged) to equity	-	-	72	-	(9)	63
At 31 March 2015	(83)	198	(20)	(20)	(3)	72

Deferred tax assets of £59m (2015: £73m) have been recognised at 31 March 2016. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including TSE Board approved budgets and forecasts. Following this evaluation, it was determined there would 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 £5,609m (2015: £5,177m). These losses comprise UK losses of £4,251m (2015: £4,078m) and non-UK losses of £1,358m (2015: £1,099m). The non-UK losses include losses of £1,028m (2015: £894m) that expire between the years 2016 to 2034.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, joint ventures and associates for which deferred tax liabilities have not been recognised is £223m (2015: £205m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

22. Deferred income

	Grants relating to revenue £m	Grants relating to property, plant & equipment £m	**2016 £m**	2015 £m
At 1 April	6	11	**17**	22
New contributions received	-	1	**1**	-
Exchange rate movements	-	1	**1**	(1)
Released to income statement	(2)	(1)	**(3)**	(4)
At 31 March	4	12	**16**	17

23. Share capital

Group and Company:

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

Authorised	**2016 £m**	2015 £m
5,000,000,000 ordinary shares of £1 each	**5,000**	5,000

Allotted, called up and fully paid	**2016 £m**	2015 £m
3,999,894,347 ordinary shares of £1 each	**4,000**	4,000

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

Company reconciliation of share capital and equity:

	Ordinary share capital £m	**Profit and loss reserves £m**	**Total £m**
At 1 April 2015	4,000	(1,470)	**2,530**
Loss retained	-	(50)	**(50)**
At 31 March 2016	**4,000**	**(1,520)**	**2,480**

	Ordinary share capital £m	Profit and loss reserves £m	Total £m
At 1 April 2014	4,000	(112)	3,888
Loss retained	-	(1,358)	(1,358)
At 31 March 2015	4,000	(1,470)	2,530

24. Future capital expenditure

	2016 £m	2015 £m
Contracted but not provided for	**255**	157
Authorised but contracts not yet placed	**248**	130

At the end of the period there was £17m (2015: £21m) of future expenditure planned in relation to intangible assets.

25. Operating leases

	2016 £m	2015 £m
Future minimum lease payments for the Group at the end of the period are:		
Not later than one year	**76**	80
Later than one year and not later than five	**259**	262
More than five years	**129**	244
	464	586

Of the total operating lease payments, £164m (2015: £183m) relates to the time charter hire of 6 (2015: 11) vessels by the Group's central supplies and transport function. The lease period for these assets ranges from two to seven years (2015: one month to eight years).

This includes the time charter hire of three vessels that have been novated to Proco as part of its provision of a full freight service to TSE (see note 33) on the basis that the menu pricing mechanism is designed to recover all costs incurred by Proco in the provision of that service to TSE, and TSE therefore effectively retains the liabilities under the lease contracts.

TSE has entered into an arrangement that includes the sub-letting of 2 (2015: 2) of the time charter hire vessels, representing £61m (2015: £65m) of the total operating lease payments above. The total of future minimum sublease payments expected to be received under these sub-leases is £61m (2015: £72m) as shown below:

	2016 £m	2015 £m
Future minimum sub-lease receipts for the Group at the end of the period are:		
Not later than one year	**13**	13
Later than one year and not later than five	**48**	51
More than five years	**-**	8
	61	72

A further two vessels have been sublet to Proco but excluded from the sublet analysis above on the basis the cost is retained by TSE under the Proco freight services agreement.

26. Contingencies

	2016 £m	2015 £m
Guarantees given under trade agreements	**59**	59
Others	**55**	55

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.

The Group is party to a number of environmental obligations where there is a possibility that an obligation may crystallise. No provision has been made in these financial statements where the Group does not consider that there is any probable loss.

The Group is party to a number of claims which may provide the Group with a future inflow of cash. No amount has been recorded in these financial statements on the basis that the Group does not consider it virtually certain that an amount will be received.

27. Reconciliation of cash generated from total operations

	2016 **£m**	2015 £m
Loss after taxation	**(991)**	(853)
Adjustments for:		
Taxation	**(14)**	84
Depreciation and amortisation including impairment items (net of grants released)	**1,083**	638
Profit on disposal of property, plant and equipment and Group companies	**(3)**	(8)
Finance income	**(1)**	(2)
Finance expense	**372**	417
Gain on bargain purchases (Note 31)	**-**	(8)
Share of post tax results of joint ventures and associates	**(1)**	1
Movement in pensions and post-retirement benefits	**(881)**	(52)
Movement in provisions for impairments of trade receivables	**-**	(6)
Movement in insurance and other provisions	**108**	4
Movement in spares	**(19)**	20
Movement in inventories	**417**	95
Movement in receivables	**107**	(122)
Movement in payables	**(505)**	(182)
Net rationalisation costs provided	**80**	8
Utilisation of rationalisation provisions	**(44)**	(40)
Net cash flow generated from operations	**(292)**	(6)

28. Reconciliation of net cash flow to movement in net debt

	2016 **£m**	2015 £m
Movement in cash and cash equivalents	**44**	(174)
Movement in short term investments	**(1)**	-
Movement in total debt excluding bank overdrafts	**(872)**	(449)
Change in net debt resulting from cash flows in period	**(829)**	(623)
Exchange rate movements	**(184)**	248
Fair value of forward rate agreements	**(22)**	8
Other non cash changes	**(144)**	(67)
Movement in net debt in period	**(1,179)**	(434)
Net debt at beginning of period	**(4,253)**	(3,819)
Net debt at end of period	**(5,432)**	(4,253)

29. Analysis of net debt

	2015 £m	Cash flow £m	Exchange rate movements £m	Other non-cash movements £m	**2016 £m**
Cash and short term deposits	224	43	20		**287**
Bank overdrafts	(3)	1			**(2)**
Cash and cash equivalents	221	44	20	-	**285**
Short term investments	2	(1)	-	-	**1**
Liquid resources	223	43	20	-	**286**
Other non-current borrowings	(3,402)	(871)	(190)	(117)	**(4,580)**
Fair value of forward rate agreement	11			(22)	**(11)**
Bank/other loans and loan notes	(1,007)	(13)	(12)	(4)	**(1,036)**
Obligations under finance leases	(78)	12	(2)	(23)	**(91)**
Total debt excluding bank overdrafts	(4,476)	(872)	(204)	(166)	**(5,718)**
	(4,253)	(829)	(184)	(166)	**(5,432)**

The other non-cash movements in respect of non-current borrowings relate to the rolling up of interest of £104m into principal in respect of the loans from the parent company, £3m of effective interest on the debt element of the preference shares and £10m of loan transaction costs amortised during the year. The other non-cash movements in respect of other loans relate to the rolling up of interest of £4m into principal in respect of loans from Group companies.

30. Pensions and post-retirement benefits

Defined contribution schemes

The Group participates in a number of 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 Group at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior month's contributions that were not due to be paid until after the end of the reporting period. The total cost charged to income in 2016 amounted to £47m (2015: £5m). Of the total cost of £47m, £39m related to payments to the SPH following the change in classification to a defined contribution scheme on 7 July 2015.

Defined benefit schemes

The Group operates a number of defined benefit pension and post-retirement schemes covering the majority of employees. Benefits offered by these schemes are largely based on pensionable pay and years of service at retirement. With the exception of plans in Germany, France and certain unfunded arrangements in the UK, the assets of these schemes are held in administered funds that are legally separated from the company. For those pension schemes set up under a trust, the trustees are required by law to act in the best interests of the schemes beneficiaries in accordance with the scheme rules and relevant pension legislation. The trustees are generally responsible for the investment policy with regard to the assets of the fund, after consulting with the sponsoring employer.

The Group accounts for all pension and post-retirement defined benefit arrangements using IAS 19 *'Employee Benefits'*, with independent actuaries being used to calculate the costs, assets and liabilities to be recognised in relation to these schemes. The present value of the defined benefit obligation, the current service cost and past service costs are calculated by these actuaries using the projected unit credit method. However, the ongoing funding arrangements of each scheme, in place to meet their long term pension liabilities, are governed by the individual scheme documentation and national legislation. The accounting and disclosure requirements of IAS 19 do not affect these funding arrangements.

The principal defined benefit pension scheme of the Group at 31 March 2016 was the BSPS, which is the main scheme for historic and present employees based in the UK. The main scheme for historic and present employees in the Netherlands is the SPH which, from 7 July 2015, switched from being classified as a defined benefit scheme to a defined contribution scheme.

a) BSPS

On 31 July 2015 a Deed of Amendment was executed to amend the BSPS Trust Deed and Rules to reflect the 'Post Consultation Pension Package' implemented following consultation with employees and their representatives. Key features of the package include:

- Pensionable earnings growth cap of 1.75% pa with an individual defined contribution top-up on excess pensionable earnings above the cap. The agreement also includes a restoration process for capped pensionable earnings growth if the scheme funding level is equal to 104% or more on a technical provision basis after restoration;
- Early retirement reduction factors implemented equal to 5% for each year the member retires 'with employer's consent' prior to age 65. The new factors will be phased in over a 5 year period from 1 October 2015 to 30 September 2020; and
- For service from 1 April 2016, increases to pensions in payment and deferment limited to statutory minimum (currently CPI capped at 2.5% each year).

The IAS 19 impact of the above pension scheme changes crystallised in 2016 a past service credit of £897m in the income statement with a reduction to the scheme's liabilities for the same amount.

The triennial funding valuation of the BSPS as at 31 March 2014 was concluded during the second half of 2015. Whilst assets continued to perform strongly, historically low bond yields had the effect of increasing significantly the value placed on Scheme liabilities. The actuarial valuation as at 31 March 2014 reported a funding level of 93% (2011: 95%) on a "technical provisions" (on-going) basis. Taking account of the changes in the Post Consultation Pensions Package, the funding level increased to 99% (equivalent to a residual deficit on a technical provisions basis of £90m). This shortfall will be addressed by deficit recovery contributions through to March 2018.

Under the terms of the Recovery Plan agreed with the BSPS Trustee, deficit recovery contributions of £45m were made to the BSPS during the year, which included the final contribution of £10m payable following the merger of the Corus Engineering Steels Pension Scheme ('CESPS') into the BSPS on 6 April 2009. Deficit contributions of £60m and £65m are due in 2017 and 2018 respectively.

On 26 May 2016 the UK Government issued a public consultation paper outlining possible regulatory support to facilitate potential changes to the BSPS. This forms part of a wider package of UK Government support to assist the UK steel industry and follows intense discussions between TSE, the UK government, the BSPS trustees and regulators to find the best option for members of the scheme. TSE will consider its position once the consultation process has been concluded and the UK Government has announced the actions it will take or has taken.

The investment policy of the BSPS adopts a defensive strategic asset allocation (currently 70% maturity; 30% growth portfolios). 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. Following completion of the 2014 Valuation, the Scheme's investment strategy has been reviewed. The Company and Trustee have identified to reduce volatility in funding levels as a key strategic priority.

Employer and active members' contributions to the scheme in 2016 amounted to £136m (2015: £129m) and £22m (2015: £28m) respectively, and for 2017 are estimated at £146m and £7m 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 2016 was 16 years (2015: 16 years).

As a result of the changes to the Schemes benefits framework agreed during 2015, the joint contribution rate payable in respect of service from 1 April 2016 will decrease from 20.5% of pensionable earnings to 18%, of which the employer will pay 11.5% (previously 13%).

b) SPH

On 15 December 2014, the Group's subsidiary TSN and the Dutch trade unions agreed to implement with effect from 1 January 2015 a new pension agreement ('pension protocol') which included the following plan changes: switching the calculation of pensions from final to average pay, reducing the accrual rate from 1.900% and 2.150% for final and average pay respectively to 1.875% for just average pay (in line with the above change and new tax rules in the Netherlands), and introducing an individual defined contribution plan for earnings over €100k. These plan amendments resulted in the recognition of a past service credit of £35m in the 2015 income statement with a related reduction to the scheme's liabilities for the same amount. In addition, as part of the new pension agreement the Group agreed with the Dutch trade unions to fix the Group's contribution level at 28% of pensionable earnings for the 3 year period from 1 January 2015 to 31 December 2017.

On 7 July 2015 a new SPH execution agreement was signed by TSN and the SPH. The agreement specifies that the Company's contribution level to the SPH is no longer dependent upon the funding ratio of the scheme, and the Company will no longer have a legal or constructive obligation to pay further contributions if the scheme does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, the SPH has been reclassified and accounted for as a defined contribution scheme with effect from 7 July 2015 rather than a defined benefit scheme. The classification change to a defined contribution scheme resulted in the recognition of a settlement credit of £57m in the 2016 income statement equal to the net defined benefit liability on the scheme at that date.

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. Furthermore the actuarial assumptions used may vary according to the country in which the plans are situated.

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

2016	BSPS %	SPH[2] %	Other %
Salary growth	1.50	-	1.00 to 2.50
Pension increases[1]	2.75	-	1.30 to 2.00
Discount rate	3.30	-	0.40 to 4.10
Inflation	2.75	-	1.00 to 3.00

[1] Where applicable a CPI assumption of 1.75% has been applied within BSPS

[2] The key assumptions applied in relation to SPH are nil as a consequence of the reclassification to a defined contribution scheme from 7 July 2015.

2015	BSPS %	SPH %	Other %
Salary growth	2.95	1.85	1.00 to 3.00
Pension increases[3]	2.95	0.95 to 1.14	1.30 to 3.00
Discount rate	3.30	1.60	0.80 to 4.50
Inflation	2.95	1.85	1.00 to 3.00

[3] Where applicable a CPI assumption of 1.95% has been applied within BSPS

The discount rate is set with reference to the current rate of return on AA rated 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 2016 use the Self-Administered Pension Schemes (SAPS) base tables, S1NMA adjusted by a multiplier of 0.94 for males and S1DFA for females. In addition, future mortality improvements are allowed for in line with the 2009 CMI Projections from 2011 onwards subject to 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 scheme liabilities
		Impact on BSPS scheme liabilities
Discount rate	Increase/decrease by 10bps	Decrease/increase by 1.5%
Inflation	Increase/decrease by 10bps	Increase/decrease by 1.2%
Salary growth	Increase/decrease by 25bps	Increase/decrease by 0.3%
Mortality	1 year increase in life expectancy	Increase/decrease by 3.8%

Sensitivities for the BSPS have been provided as it is a material scheme. Sensitivities for SPH are no longer disclosed as the scheme was reclassified to a defined contribution scheme with effect from 7 July 2015.

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 Group and, therefore, any change can have a material impact on the Group's financial statements as well as impacting the level of company pension contributions. The Group 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 Group 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.
- Net interest cost/(income) on the liability or asset recognised in the balance sheet

These items are treated as a net operating cost in profit and loss 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 comprehensive income. Examples of such variations are differences between the discount rate used for calculating the return on scheme assets (credited to profit and loss) 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:

2016	**BSPS £m**	**SPH £m**	**Other £m**	**Total £m**
Current service cost	126	24	3	**153**
Net interest (income)/cost	(30)	1	4	**(25)**
Settlements	-	(57)	-	**(57)**
Curtailments	112	-	-	**112**
Past service credit	(897)	-	-	**(897)**
Defined benefit schemes	(689)	(32)	7	**(714)**
Defined contribution schemes	4	39	4	**47**
Total credit for the period	**(685)**	**7**	**11**	**(667)**

2015	BSPS £m	SPH £m	Other £m	Total £m
Current service cost	118	71	4	193
Net interest (income)/cost	(22)	2	4	(16)
Curtailments	4	-	(1)	3
Past service credit	-	(35)	-	(35)
Defined benefit schemes	100	38	7	145
Defined contribution schemes	-	-	5	5
Total credit for the period	100	38	12	150

The total charge for the period includes a charge of £112m (2015: £3m) included within net restructuring costs and a charge of £nil (2015: £1m) included within share of expenses of the Group's joint ventures. The actual return on plan assets for the above schemes was a loss of £111m (2015: gain of £2,917m).

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 was as follows:

2016	**BSPS %**	**SPH %**	**Other %**
Quoted:			
Equities – UK Entities	**8.1**	**-**	**0.5**
Equities – Non-UK Entities	**18.9**	**-**	**35.3**
Bonds – Fixed Rate	**17.7**	**-**	**17.0**
Bonds – Index Linked	**44.6**	**-**	**2.0**
Derivatives	**-**	**-**	**2.3**
Other	**-**	**-**	**2.2**
Unquoted:			
Property	**9.5**	**-**	**2.5**
Derivatives	**(0.5)**	**-**	**-**
Cash and cash equivalents	**0.2**	**-**	**7.0**
Other	**1.5**	**-**	**31.2**
	100.0	**-**	**100.0**

SPH has zero plan assets due to it being classified as a defined benefit scheme from 7 July 2015.

2015	BSPS %	SPH %	Other %
Quoted:			
Equities – UK Entities	8.1	1.1	0.5
Equities – Non-UK Entities	17.1	34.0	38.0
Bonds – Fixed Rate	18.0	41.0	17.6
Bonds – Index Linked	43.6	1.4	1.5
Derivatives	-	-	2.3
Other	0.2	-	2.7
Unquoted:			
Property	8.6	6.2	2.1
Derivatives	(0.6)	11.1	-
Cash and cash equivalents	0.2	5.0	7.8
Other	4.8	0.2	27.5
	100.0	100.0	100.0

Balance sheet measurement

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

• Pension scheme assets are measured at fair value (for example for quoted securities this is the bid-market value on the relevant public exchange).

• 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:

2016	**BSPS £m**	**SPH £m**	**Other £m**	**Total £m**
Fair value of plan assets	13,639	-	152	**13,791**
Present value of obligation	(12,433)	-	(321)	**(12,754)**
Defined benefit asset/(liability) at end of period	1,206	-	(169)	**1,037**
Disclosed as:				
Defined benefit asset	1,206	-	-	**1,206**
Defined benefit liability – current	-	-	(5)	**(5)**
Defined benefit liability – non-current	-	-	(164)	**(164)**
Arising from:				
Funded schemes	1,206	-	(65)	**1,141**
Unfunded schemes	-	-	(104)	**(104)**

2015	BSPS £m	SPH £m	Other £m	Total £m
Fair value of plan assets	13,988	5,983	143	20,114
Present value of obligation	(13,844)	(5,991)	(317)	(20,152)
Defined benefit asset/(liability) at end of period	144	(8)	(174)	(38)
Disclosed as:				
Defined benefit asset	144	-	-	144
Defined benefit liability – current	-	-	(6)	(6)
Defined benefit liability – non-current	-	(8)	(168)	(176)
Arising from:				
Funded schemes	144	(8)	(70)	66
Unfunded schemes	-	-	(104)	(104)

The movements in the present value of plan assets and defined benefit obligations in 2016 and 2015 were as follows:

2016	**BSPS £m**	**SPH £m**	**Other £m**	**Total £m**
Plan assets:				
As at 1 April 2015	13,988	5,983	143	**20,114**
Interest income on plan assets	453	25	4	**482**
Return on plan assets less than the discount rate	(304)	(285)	(4)	**(593)**
Contributions from the employer	136	14	12	**162**
Contributions from plan participants	22	6	-	**28**
Benefits paid	(656)	(49)	(7)	**(712)**
Exchange rate movements	-	36	4	**40**
Settlement of defined benefit scheme	-	(5,730)	-	**(5,730)**
As at 31 March 2016	13,639	-	152	**13,791**

Defined benefit obligations:				
As at 1 April 2015	13,844	5,991	317	**20,152**
Current service cost	126	24	3	**153**
Interest cost on the defined benefit obligation	423	26	8	**457**
Past service credit - plan amendments	(897)	-	-	**(897)**
Past service cost - curtailments	112	-	-	**112**
Actuarial gain due to actuarial experience	(121)	(22)	(4)	**(147)**
Actuarial gain due to financial assumption changes	(420)	(224)	(6)	**(650)**
Benefits paid	(656)	(49)	(11)	**(716)**
Contributions from plan participants	22	6	-	**28**
Exchange rate movements	-	35	14	**49**
Settlement of defined benefit scheme	-	(5,787)	-	**(5,787)**
As at 31 March 2016	12,433	-	321	**12,754**

Included within other schemes above are post-retirement medical and similar net obligations of £7m (2015: £7m).

2015	BSPS £m	SPH £m	Other £m	Total £m
Plan assets:				
As at 1 April 2014	12,668	5,755	127	18,550
Interest income on plan assets	547	178	5	730
Return on plan assets greater than the discount rate	1,268	910	9	2,187
Contributions from the employer	129	56	6	191
Contributions from plan participants	28	24	-	52
Benefits paid	(652)	(196)	(8)	(856)
Exchange rate movements	-	(744)	5	(739)
Settlement	-	-	(1)	(1)
As at 31 March 2015	13,988	5,983	143	20,114

Defined benefit obligations:				
As at 1 April 2014	12,250	5,736	264	18,250
Current service cost	118	71	4	193
Interest cost on the defined benefit obligation	525	180	9	714
Past service credit - plan amendments	-	(35)	(1)	(36)
Past service cost - curtailments	4	-	-	4
Actuarial (gain)/loss due to actuarial experience	(27)	41	14	28
Actuarial loss due to financial assumption changes	1,598	909	40	2,547
Actuarial loss due to demographic assumption changes	-	4	-	4
Benefits paid	(652)	(196)	(12)	(860)
Contributions from plan participants	28	24	-	52
Exchange rate movements	-	(743)	1	(742)
Settlement	-	-	(2)	(2)
As at 31 March 2015	13,844	5,991	317	20,152

Actuarial gains recorded in the statement of comprehensive income for the period were £204m (2015: loss of £392m).

31. Acquisition of assets and subsidiaries

In March 2015 the Group incorporated two new wholly owned subsidiaries - Halmstad Steel Service Centre AB (owned by Tata Steel IJmuiden BV) and Naantali Steel Service Centre Oy (owned by Tata Steel Nederland BV). On 31 March 2015, these subsidiaries purchased certain assets and liabilities from SSAB, including two steel service centres in Sweden and Finland. In addition the Group purchased the 50% of the shares it did not previously hold in Norsk Stål Tynnplater AS. The acquisitions will enable the Group to improve the range of products and services it can offer to customers in the Nordic region.

The Group previously accounted for its 50% share of its investment in Norsk Stål Tynnplater AS using the equity method. The Group has accounted for the acquisition of the 50% it did not previously hold as a step acquisition. Immediately prior to its purchase of the other 50% of the shares, the carrying value of the equity investment was £3m. This was revalued to a fair value of £4m with a £1m gain recognised in the income statement under the heading 'share of post tax results of joint ventures and associates' in 2015.

Given that SSAB sold the businesses as a condition of its takeover of Rautaruukki, the consideration paid by the Group for the two businesses was less than the fair value of the net assets acquired. This led to a gain on bargain purchase of £8m which has been recognised in the income statement as a credit to operating costs within 'other operating charges' in 2015.

The total consideration of £6m was settled in cash with 50% paid in March 2015 and the remaining 50% paid in October 2015. In addition the Group also acquired £3m worth of cash and cash equivalents in the form of bank overdrafts. There were no material acquisition costs.

(i) Net assets acquired during the year were as follows:

	2016 **£m**	2015 £m
Property, plant and equipment	-	18
Inventories	-	6
Trade and other receivables	-	6
Current borrowings (bank overdrafts)	-	(3)
Trade and other payables	-	(4)
Current tax liabilities	-	(2)
Non current borrowings	-	(3)
Net assets acquired	-	18
Total consideration	-	(6)
Carrying value of previously held equity interest	-	(3)
Gain on revaluation of previously held equity investment	-	(1)
Gain on bargain purchases	-	8

(ii) Net cash flow arising on acquisition was as follows:

	2016 £m	2015 £m
Total consideration	-	(6)
Less: deferred consideration	(3)	3
Add: cash and cash equivalents acquired (bank overdrafts)	-	(3)
Net cash flow	(3)	(6)

32. Disposal of subsidiary

On 14 April 2014 TSE disposed of its interest in Tata Steel (Australasia) Limited.

(i) The net assets disposed of were as follows:

2015	£m	£m
Property, plant and equipment	(1)	
Inventories	(11)	
Trade receivables	(7)	
Cash and cash equivalents	(1)	
Trade payables	5	
Net assets disposed of		(15)
Gross consideration due to TSE	14	
Foreign exchange recycled to the income statement	5	
Profit on disposal		4

(ii) Net cash flow arising on disposal was as follows:

	£m	£m
Consideration received in cash and cash equivalents	14	
Less: cash and cash equivalents disposed of	(1)	
Net cash flow		13

33. Related party transactions

The table below sets out details of transactions which occurred in the normal course of business at market rates and terms, and loans between the Group, its parent and its joint ventures and associates. The loan owed to the immediate parent company carries interest at 5% above LIBOR per annum charged on the outstanding loan balance.

	2016 **£m**	2015 £m
Amounts reported within the consolidated income statement:		
Sales to joint ventures	**90**	102
Sales to associates	**63**	70
Sales to ultimate parent company	**-**	1
Sales to other Group companies	**28**	65
Other operating income with other Group companies	**3**	4
Purchases from joint ventures	**6**	9
Purchases from associates	**27**	25
Purchases from ultimate parent company	**5**	1
Purchases from other Group companies	**960**	1,269
Interest on loans from immediate parent company (Note 4)	**111**	72
Interest on loans from other Group companies (Note 4)	**62**	74
Effective interest on redeemable non-cumulative preference shares issued to immediate parent company (Note 4)	**3**	2
Discount on disposal of trade receivables within purchase agreement with Group company (Note 4)	**76**	107
Amounts reported within the Consolidated balance sheet:		
Amounts owed by joint ventures (Note 13)	**16**	25
Amounts owed by associates (Note 13)	**5**	3
Amounts owed by ultimate parent company (Note 13)	**-**	1
Amounts owed by other Group companies (Note 13)	**10**	11
Amounts owed to joint ventures (Note 16)	**-**	5
Amounts owed to associates (Note 16)	**2**	3
Amounts owed to other Group companies (Note 16)	**577**	918
Interest payable to ultimate parent company (Note 16)	**3**	20
Interest payable to immediate parent company (Note 16)	**27**	20
Interest payable to other Group companies (Note 16)	**5**	7
Loans owed to immediate parent company (Note 17)	**2,735**	1,699
Loans owed to other Group companies (Note 17)	**455**	469
Redeemable non-cumulative preference shares issued to immediate parent company (Note 17)	**39**	36

Included in the transactions and balances above are arrangements that have been put in place with T S Global Procurement Co. Pte Limited (Proco), its subsidiary Proco Issuer Pte Limited (Proco Issuer), Tata Steel International (Singapore) Pte Limited (TSIS), ABJA Investment Co. Pte Limited (ABJA) and Tata Sons. These include:

Proco and Proco Issuer
(a) During 2010/11, an arrangement for extended payment terms was reached between TSE, Proco and certain raw material suppliers where the supplier agrees to extend the payment terms in return for an increase in the purchase price, which extension and increase are maintained only if the applicable receivable is purchased from the supplier by Proco. During 2011/12, this was extended to include a further arrangement whereby Proco acts as principal within certain supply agreements (e.g. raw material and fuel). Under this arrangement, Proco makes the payment to the supplier when due and then Proco provides the extended credit terms to TSE in return for an increase in purchase price. During 2015/16 TSE entered into a further procurement arrangement whereby Proco purchases sea freight and related services from third party suppliers in order to provide a full freight service to TSE under a menu based pricing mechanism. As at 31 March 2016 £511m (2015: £729m) was owed to Proco under these arrangements collectively, with total financing costs in the period of £38m (2015: £47m). Total purchases in the year in relation to this agreement were £946m (2015: £1,252m).

(b) A non-recourse securitisation arrangement is in place with Proco Issuer whereby it purchases certain trade receivables from TSE in the UK, Netherlands, France, Germany and Spain. The purchase price of these transactions is set with reference to the carrying value of the underlying receivables less a default deduction and a discount charge, with the receivables de-recognised by the applicable TSE Group member at the time of sale to Proco Issuer and a discount on disposal (representing the default deduction and discount charge) recognised at the same time. The discount on disposal for the period to March 2016 amounted to £76m (2015: £107m). As at 31 March 2016 £64m (2015: £166m) was owed to Proco Issuer under this arrangement. During the year TSE recognised £4m (2015: £4m) of servicing income with Proco which reflects the administration costs incurred by TSE for collecting the debtors on behalf of Proco.

(c) Up to 31 March 2016, TSE received loans from Proco to settle various external creditors. This included the settlement of insurance premiums, the funding of energy procurement from external suppliers for onward sale to TSUK and the funding of the sale of emission rights from TSUK and TSN to TSE. This also included an extended supplier credit arrangement between TSE, TSUK and certain third party suppliers under which TSE receives loans from Proco to purchase the TSUK receivables from the third party suppliers and thereby settles the external creditor. As at 31 March 2016 £341m (2015: £364m) (including £5m interest accrued (2015: £4m)) was owed to Proco under this arrangement, with total financing costs in the period of £17m.

Tata Steel International Asia Limited ('TSIA')
During the December 2013 quarter TSUK received £18.1m advance payment from TSIA in relation to 50kt of wire rod to be sold between December 2013 and 30 November 2014, with provisional value of £22.6m. The amount received was net of a finance charge of 2.2% of the provisional value, equal to £0.5m. During the June 2015 quarter, 5.2kt was delivered resulting in a release of £1.7m of the prepayment and a £0.1m finance charge. No prepaid balances remain as at 31 March 2016.

In July 2014 TSUK received a £11.6m advance payment from TSIA in relation to 32kt of beams to be sold between July 2014 and March 2015, with a provisional value of £14.5m. The amount received was 80% of the provisional value of £14.5m and net of a finance charge of 2.5% of the total provisional value, equal to £0.4m. During the September 2015 quarter, the arrangement was unwound, with payment to TSIA of the remaining £0.5m prepaid balance.

ABJA Investment Co. Pte Limited (ABJA)
During the December 2013 quarter, and the March 2014 quarter Tata Steel Netherlands Holdings BV issued unsecured loan notes both with value of £63m (€75m) to ABJA, redeemable on 2 May 2023. The notes are interest bearing at an arm's length rate, which is payable on a semi annual basis. The cumulative finance costs for these notes were £7m (2015: £8m) in the year.

Tata Sons
There is also a branding fee payable to Tata Sons under a brand equity and business promotion agreement, based on net income and profit before tax, with £6m being payable for 2016 (2015: £7m).

Aggregate compensation for key management personnel, being the TSE Board of Directors and other TSE Executive Committee members was as follows:

	2016 **£m**	2015 £m
Short term employee benefits	**4**	5
	4	5

34. Events after the balance sheet date

On 31 May 2016 TSE completed the divestment of its Long Products Europe business to Greybull Capital LLP. The estimated loss on disposal arising from the transaction was £370m.

On 23 June 2016 the British public voted in a referendum for the UK to leave the European Union. The political and economic impact of this decision is uncertain and may represent a risk but also opportunity to TSE's business. TSE is currently assessing the impact of the decision on its business.

35. Ultimate and immediate parent company

T S Global Holdings Pte. Limited is the company's immediate parent company, which is incorporated and registered in Singapore.

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

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

36. Subsidiaries and investments

The subsidiary undertakings, joint ventures and associates of the Group at 31 March 2016 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:

Austria
Kalzip GmbH (ii) (iii)

Belgium
Societe Europeenne De Galvanisation (Segal) Sa (ii) (iii)
Tata Steel Belgium Packaging Steels N.V. (ii) (iii)
Tata Steel Belgium Services N.V. (ii) (iii)

Brazil
Tata Steel International (South America) Representacoes Limited (ii) (iii)

Bulgaria
Corus Building Systems Bulgaria AD (65%) (ii) (iii)

Canada
Cogent Power Inc. (ii) (iii)
Tata Steel International (Canada) Holdings Inc (ii) (iii)

China
Kalzip (Guangzhou) Limited (ii) (iii)
Tata Steel Speciality Service Centre Suzhou Co Limited (ii) (iii)
Tata Steel Speciality Service Centre Xian Co. Limited (ii) (iii)

Czech Republic
Tata Steel International (Czech Republic) S.R.O (ii) (iii)

Denmark
Tata Steel Denmark Byggsystemer A/S (ii) (iii)
Tata Steel International (Denmark) A/S (ii) (iii)

Finland
Naantali Steel Service Centre OY (ii) (iii)
Tata Steel International (Finland) OY (ii) (iii)

France
Cbs Investissement SAS (ii) (iii)
Corus Building Systems SAS (ii) (iii)
Inter Metal Distribution (I.M.D.) SAS (ii) (iii)
SCI Corbeil Les Rives (67.31%) (ii) (iii)
Tata Steel France Bâtiment et Systèmes SAS (ii) (iii)
Tata Steel France Holdings SAS (ii) (iii)
Tata Steel France Rail SAS (ii) (iii)
Tata Steel International (France) SAS (ii) (iii)
Tata Steel Maubeuge SAS (ii) (iii)
Unitol SAS (ii) (iii)

Germany
Augusta Grundstücks GmbH (ii) (iii)
Blume Stahlservice GmbH (ii) (iii)
Catnic GmbH (ii) (iii)
Corus Aluminium Verwaltungsgesellschaft mbH (ii) (iii)
Corus Beteiligungs GmbH (ii) (iii)
Degels GmbH (ii) (iii)
Fischer Profil GmbH (ii) (iii)
Hille & Müller GmbH (ii) (iii)
Kalzip GmbH (ii) (iii)
S.A.B Profil GmbH (ii) (iii)
Service Center Gelsenkirchen GmbH (ii) (iii)
Tata Steel International (Germany) GmbH (ii) (iii)
Trierer Walzwerk GmbH (ii) (iii)

Greece
Tata Steel International Hellas SA (ii) (iii)

India
Kalzip India Private Limited (ii) (iii)
Tata Steel International (India) Limited (ii) (iii)

Ireland (Republic of)
Corus Ireland Limited (ii) (iii)
Corus Republic Of Ireland Subsidiaries Pension Scheme Trustee Limited (ii) (iii)
Gamble Simms Metals Limited (ii) (iii)
Lister Tubes Limited (ii) (iii)
Stewarts & Lloyds Of Ireland Limited (ii) (iii)
The Steel Company Of Ireland Limited (ii) (iii)
Walkersteelstock Ireland Limited (ii) (iii)

Isle of Man
Crucible Insurance Company Limited (ii) (iii)

Italy
Kalzip Italy Srl (ii) (iii)
Tata Steel International (Italia) Srl (ii) (iii)

Jersey
Almana Steel Dubai (Jersey) Limited (ii) (iv) (v)

Latvia
Tata Steel Latvia Buildings Systems SIA (ii) (iii)

Mexico
Cogent Power SA DE CV (ii) (iii)

Netherlands
Beheermaatschappij Industriële Produkten B.V. (ii) (iii)
British Steel Nederland International B.V. (ii) (iii)
C. V. Bénine (76.93%) (ii) (iii)
Corus Primary Aluminium B.V. (ii) (iii)
Demka B.V. (ii) (iii) (vii)
Esmil B.V. (ii) (iii)
Hoogovens Finance B.V. (ii) (iii)
Huizenbezit Breesaap B.V. (ii) (iii)
S.A.B Profiel B.V. (ii) (iii)
Service Centre Maastricht B.V. (ii) (iii)
Staalverwerking En Handel B.V. (ii) (iii)
Stainless Velsen-Noord B.V. (ii) (iii)
Tata Steel Europe Distribution B.V. (ii) (iii)
Tata Steel Europe Metals Trading B.V. (ii) (iii)
Tata Steel IJmuiden B.V. (ii) (iii)
Tata Steel International (Benelux) B.V. (ii) (iii)
Tata Steel Nederland B.V. (ii) (iii)
Tata Steel Nederland Consulting & Technical Services B.V. (ii) (iii)
Tata Steel Nederland Services B.V. (ii) (iii)
Tata Steel Nederland Star-Frame B.V. (ii) (iii)
Tata Steel Nederland Technology B.V. (ii) (iii)

Tata Steel Germany GmbH (ii) (iii)

Tata Steel Nederland Tubes B.V. (ii) (iii)

Tata Steel Netherlands Holdings B.V. (ii) (iii)

Nigeria
Tata Steel International (Nigeria) Limited (ii) (iii)

Norway
Norsk Stal Tynnplater AS (ii) (iii)
Tata Steel Norway Byggsystemer A/S (ii) (iii)

Poland
Blume Stahlservice Polska Spólka z.o.o (ii) (iii)
Corus Tubes Poland Spólka z.o.o (ii) (iii)
Tata Steel International (Poland) Spólka z.o.o (ii) (iii)

Romania
Corus International Romania SRL (ii) (iii)

Russia
Corus Steel Service STP LLC (ii) (iii)

Singapore
Kalzip Asia Pte Limited (ii) (iii)

South Africa
TS South Africa Sales Office Proprietary Limited (ii) (xii)

Spain
Kalzip Spain S.L. (ii) (iii)
Layde Steel S.L. (ii) (iii)
Tata Steel International Iberica SA (ii) (iii)

Sweden
Erik Olsson & Soner Forvaltnings AB (ii) (iii)
Halmstad Steel Service Centre AB (ii) (iii)
Skruv Erik AB (ii) (iii)
Surahammars Bruks AB (ii) (iii)
Tata Steel International (Sweden) AB (ii) (iii)
Tata Steel Sweden Byggsystem AB (ii) (iii)
Norsk Stal Tynnplater AB (ii) (iii)

Switzerland
Montana Bausysteme AG (ii) (iii)
Tata Steel International (Schweiz) AG (ii) (iii)

Turkey
Tata Steel Istanbul Metal Sanayi ve Ticaret AS (ii) (iii)

UAE
Kalzip FZE (ii) (iii)
Tata Steel International (Middle East) FZE (ii) (iii)

Ukraine
Corus Ukraine LLC (ii) (iii)

United Kingdom
Automotive Laser Technologies Limited (ii) (iii)
B.S.Pension Fund Trustee Limited (ii) (iii)
Bell & Harwood Limited (ii) (iii)
Blastmega Limited (ii) (iii) (vii)
Bore Samson Group Limited (ii) (iii)
Bore Steel Limited (ii) (iii)
British Guide Rails Limited (ii) (iii) (x)
British Steel Corporation Limited (ii) (iii)
British Steel Directors (Nominees) Limited (ii) (iii)
British Steel Engineering Steels (Exports) Limited (ii) (iii)
British Steel Samson Limited (ii) (iii)
British Steel Service Centres Limited (ii) (iii)
British Tubes Stockholding Limited (ii) (iii)
C Walker & Sons Limited (ii) (iii)
Catnic Limited (ii) (iii) (viii) (ix)
Cladding & Decking (UK) Limited (ii) (iii)
Cogent Power Limited (ii) (iii) (x)
Color Steels Limited (ii) (iii)
Corby (Northants) & District Water Co. (ii) (iii)
Cordor (C& B) Limited (ii) (iii)
Corus CNBV Investments (ii) (iii)
Corus Cold Drawn Tubes Limited (ii) (iii)
Corus Engineering Steels (UK) Limited (ii) (iii)
Corus Engineering Steels Holdings Limited (ii) (iii) (xi)
Corus Engineering Steels Limited (ii) (iii) (xi)
Corus Engineering Steels Overseas Holdings Limited (ii) (iii)
Corus Engineering Steels Pension Scheme Trustee Limited (ii) (iii)
Corus Group Limited (ii) (iii)
Corus Holdings Limited (ii) (iii)
Corus International (Overseas Holdings) Limited (ii) (iii)
Corus International Limited (ii) (iii)
Corus Investments Limited (ii) (iii)
Corus Large Diameter Pipes Limited (ii) (iv) (v) (viii)
Corus Liaison Services (India) Limited (ii) (iii)
Corus Management Limited (ii) (iii)
Corus Properties (Germany) Limited (ii) (iii)
Corus Property (ii) (iii)
Corus Service Centre Limited (ii) (iii)
Corus UK Healthcare Trustee Limited (ii) (iii)
Cpn (85) Limited (ii) (iii)
Dsrm Group Plc. (ii) (iii)
Europressings Limited (ii) (iii) (x)
Federated Property Services Limited (ii) (iii)
Firsteel Group Limited (ii) (iii)
Firsteel Holdings Limited (ii) (iii)
Firsteel Strip Mill Products Limited (ii) (iii)
Grant Lyon Eagre Limited (ii) (iii)
H E Samson Limited (ii) (iii)
Hadfields Holdings Limited (62.5%) (ii) (iii)
Hammermega Limited (ii) (iii)
Harrowmills Properties Limited (ii) (iii)
Hoogovens (UK) Limited (ii) (iii)
Hoogovens Aluminium UK Limited (ii) (iii)
Ickles Cottage Trust Limited (ii) (iv) (v) (vi)
Kalzip Limited (ii) (iii)
London Works Steel Company Limited (ii) (iii)
Longs Steel UK Limited (ii) (iii)
Midland Steel Supplies Limited (ii) (iii)
Mistbury Investments Limited (ii) (iii)
Nationwide Steelstock Limited (ii) (iii)
Orb Electrical Steels Limited (ii) (iii)
Ore Carriers Limited (ii) (iv) (v) (viii)
Pensions Services Limited (ii) (iii)
Plated Strip International Limited (ii) (iii)
Precoat International Limited (ii) (iii)
Precoat Limited (ii) (iii) (x)
Round Oak Properties Limited (ii) (iv) (xi)
Round Oak Steelworks Limited (ii) (iii)
Runblast Limited (ii) (iii)
Runmega Limited (ii) (iii)
Seamless Tubes Limited (ii) (iii)
Steel Stockholdings Limited (ii) (iv) (v)
Steelstock Limited (ii) (iii)
Stewarts And Lloyds (Overseas) Limited (ii) (iii)
Stocksbridge Works Cottage Trust Limited (ii) (iv) (v) (vi)
Swinden Housing Association (ii) (iii)
Tata Steel UK Consulting Limited (ii) (iii)

British Steel Trading Limited (ii) (iii)	Tata Steel UK Holdings Limited (ii) (iii)

Tata Steel UK Limited (ii) (iii)
Tata Steel UK Rail Consultancy Limited (ii) (iii)
The Newport And South Wales Tube Company Limited (ii) (iii) (x)
The Stanton Housing Company Limited (ii) (iii)
The Templeborough Rolling Mills Limited (ii) (iv) (v)
Toronto Industrial Fabrications Limited (ii) (iii) (x) (xi)
Tulip UK Holdings (No.2) Limited (i) (iii)
Tulip UK Holdings (No.3) Limited (ii) (iii)
U.E.S. Bright Bar Limited (ii) (iii)
UK Steel Enterprise Limited (ii) (iii)
UKSE Fund Managers Limited (ii) (iii)
Walker Manufacturing And Investments Limited (ii) (iii)
Walkersteelstock Limited (ii) (iii)
Westwood Steel Services Limited (ii) (iii)
Whitehead (Narrow Strip) Limited (ii) (iii)

USA
Apollo Metals, Limited (ii) (iii)
Cogent Power Inc. (ii) (iii)
Hille & Müller USA, Inc. (ii) (iii)
Hoogovens Usa, Inc. (ii) (iii)
Kalzip Inc. (ii) (iii)
Oremco, Inc. (ii) (iii)
Rafferty-Brown Steel Co Inc Of Conn. (ii) (iii)
Tata Steel International (Americas) Holdings Inc. (ii) (iii)
Tata Steel International (Americas) Inc. (ii) (iii)
Tata Steel USA, Inc. (ii) (iii)
Thomas Processing Company (ii) (iii)
Thomas Steel Strip Corp. (ii) (iii)
Tuscaloosa Steel Corporation (ii) (iii)

Classification key:
(i) Directly owned by Tata Steel Europe Limited
(ii) Owned by the Group
(iii) Ordinary shares
(iv) Ordinary A shares
(v) Ordinary B shares
(vi) Ordinary C shares
(vii) Preference shares
(viii) Deferred shares
(ix) Deferred A shares
(x) Cumulative redeemable preference shares
(xi) Non-cumulative preference shares
(xii) No share capital

All subsidiaries are included in the consolidation of these accounts.

Unless indicated otherwise, subsidiary undertakings are wholly owned within the Group.

There are two companies which are consolidated but not by virtue of the majority of voting rights held. These are:

- Stocksbridge Works Cottage Trust Limited
- Ickles Cottage Trust Limited

Tata Steel Europe Limited is the ultimate controlling party of the above two companies by virtue of it bearing the cost of managing the company, including costs of directors and administration.

Joint ventures, joint operations and associates

England and Wales
Afon Tinplate Company Limited (64%) (i) (iv) (vi) (JV)
Air Products Llanwern Limited (50%) (i) (ii) (JO)
Appleby Frodingham Cottage Trust Limited (33%) (i) (ii) (AS)
BSR Pipeline Service Limited (50%) (i) (ii) (JO)
Caparo Merchant Bar plc (25%) (i) (ii) (JV)
Fabsec Limited (25%) (i) (iv) (JV)
ISSB Limited (50%) (i) (ii) (AS)
Texturing Technology Limited (50%) (i) (iii) (JO)
Ravenscraig Limited (33%) (i) (iii) (JV)
Redcar Bulk Terminal Limited (50%) (i) (iii) (v) (JV)

Greece
Corus Kalpinis Simos Cladding Industry SA (50%) (i) (ii) (JV)
Tata Elastron Steel Service Center SA (50%) (i) (ii) (JV)

Netherlands
Gietwalsonderhoudcombinatie B.V. (50%) (i) (ii) (AS)
Hoogovens Court Roll Surface Technologies VOF (50%) (i) (viii) (JO)
Hoogovens Gan Multimedia S.A. De C.V. (50%) (i) (vii) (AS)
Industrial Rail Services Ijmond B.V. (50%) (i) (ii) (JV)
Laura Metaal Holding B.V. (49%) (i) (ii) (JV)
Wupperman Staal Nederland B.V. (30%) (i) (ii) (AS)

France
Albi Profils SAS (30%) (i) (ii) (AS)
Isolation Du Sud SAS (33%) (i) (ii) (AS)

Turkey
Tata Steel Ticaret AS (50%) (i) (ii) (JV)

Financial information relating to joint venture and associate companies is disclosed in Note 9.

Classification key:
(i) Owned by the Group
(ii) Ordinary shares
(iii) Ordinary A shares
(iv) Ordinary B shares
(v) Voting shares
(vi) Preference shares
(vii) 455,000 shares of the variable part ; 25,000 of the minimum fixed part of the capital stock
(viii) Partnership by agreement

(JV) Joint Venture
(JO) Joint Operation
(AS) Associate

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