TATA STEEL

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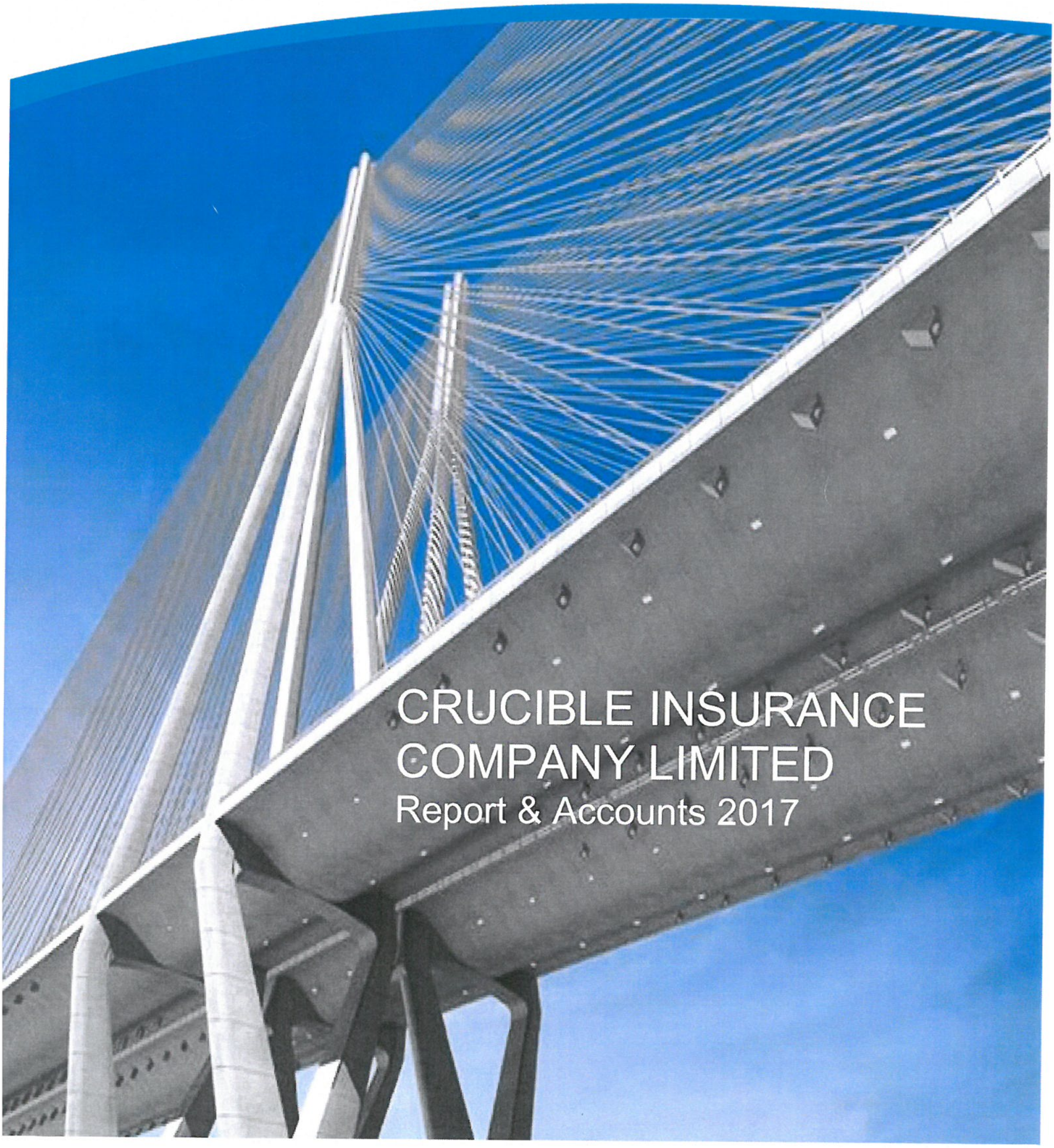

CRUCIBLE INSURANCE COMPANY LIMITED

Report & Accounts 2017

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A. Directors and advisors

Directors

J Booth

C Gardner

M Wilson (resigned 27 July 2016)

I M McArdle

Secretary and registered office

Thomas Miller Captive Management Limited
Level 2, Samuel Harris House
5-11 St Georges Street
Douglas
Isle of Man
IM1 1AJ

Company Number

037784C

Auditor

Deloitte LLP
The Old Courthouse
PO Box 250
Athol Street
Douglas
Isle of Man
IM1 1LD

B. Strategic report

Introduction

The Directors have pleasure in presenting the strategic report of Crucible Insurance Company Limited.

Principal activity and review of the business

The Company is authorised to carry out insurance business in accordance with the Isle of Man Insurance Act 2008. The principal activity throughout the year has been that of an insurance company. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of accounts.

Risk Management

The Company is exposed to financial risk through its assets and liabilities. The most significant risks are market risk, insurance risk, credit risk and liquidity risk. The Company has policies and procedures in place to manage these risks.

Market risk is the risk of changes in the financial markets affecting the value of the Company. It is managed by the Company's investment policy, which is monitored by means of reports from the Investment Managers to the Directors at each Board meeting.

Insurance risk is associated with claims on the Company. Exposure is primarily mitigated by a combination of factors, including extremely stringent Tata Steel Europe Limited Health and Safety initiatives with a zero harm focus. The Company exclusively insures Tata entities and consequently controls the risk management culture within the insured entities. The level of risk transfer into Crucible on the Cross Class programme, which is measured by the risk gap, is relatively conservative particularly in the context of net assets. In relation to the deafness liability the Crucible board, via the managers, actively tracks trends in relation to this liability and maintain regular dialogue with the claims handlers. The Company's underwriting policy, which the Board reviews at least once a year, is also used to manage this risk.

Credit risk is the risk of losses caused by other parties failing, in whole or in part, to meet obligations to the Company. Debtor exposure is mitigated because it is contained to entities within the TSL group. This exposure is monitored by means of reports from the Managers to the Directors at each Board meeting.

Liquidity risk is the risk of losses caused by assets not being liquid enough to meet obligations of the Company as they fall due. This exposure is monitored regularly by both the Managers and the Board, and significant levels of assets are maintained in very tradable instruments to minimise this exposure.

Going concern

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

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

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

For these reasons, while the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that until the RAA process is concluded there exists a material uncertainty which may cast significant doubt about 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 on a going concern basis. However, if TSUK were not a going concern, adjustments might be required to the financial statements, in particular to write down the carrying value of an inter-company loan receivable with TSUK which at 31 March 2017 was £39.3m.

However, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if TSUK was not a going concern as it is not practicable to identify or quantify them.

Future developments and subsequent events

The Company ceased writing insurance on 1 April 2016 but continues to manage the development of the remaining claims for those policy years in which insurance policies were written. This is expected to continue for the foreseeable future.

C. Directors report

The Board

The Directors of the Company, who served throughout the year, are listed on page 2.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of IOM legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in their exercise of their powers, including any liabilities relating to the defense of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted by them as officers or employees of the Company.

Results and dividends

The Company made a profit for the year of £5,277,404 (2016: loss £1,649,086).

During the preceding year, Financial Reporting Standard 101 ("FRS 101") "Reduced Disclosure Framework" came into effect replacing old Generally Accepted Accounting Practice in the UK ("UK GAAP") and the Statement of Recommended Practice issued by the Association of British Insurers ("the ABI SORP").

On 1 April 2014, the Company transitioned from old UK GAAP to FRS 101 and has taken advantage of the disclosure exemptions allowed under this standard.

The Directors do not recommend payment of any dividends for the year ended 31 March 2017 (2016: £nil) and the retained profit for the year has been transferred to reserves (2016: loss transferred from reserves).

Independent Auditors

The auditor, Deloitte LLP, being eligible, have expressed their willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

By order of the Board

Ross Dennett on behalf of
Thomas Miller Captive Management Limited
Secretary
14 July 2017

Level 2, Samuel Harris House
5-11 St Georges Street
Douglas
Isle of Man
IM1 1AJ

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

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Isle of Man law and regulations.

Isle of Man company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law), including FRS 101 *'Reduced Disclosure Framework'*, the Isle of Man Companies' Acts 1931 to 2004, and the Insurance Act 2008. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Isle of Man Companies' Acts 1931 to 2004 and the Insurance Act 2008. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

E. Independent auditor's report to the members of Crucible Insurance Company Limited

We have audited the financial statements of Crucible Insurance Company Limited for the year ended 31 March 2017 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in capital and reserves, the Presentation of accounts and accounting policies and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 *'Reduced Disclosure Framework'*.

This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Isle of Man Companies Acts 1931 to 2004 and the Insurance Act 2008.

Emphasis of Matter – Adequacy of provision for claims incurred but not reported in relation to Retrospective Deafness

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note III on page 13 of the financial statements relating to the uncertainty associated with the provisions for claims incurred for Retrospective Deafness. The actual total claims and the cost of settling those claims may differ from the estimates that have been used to calculate the provisions as at 31 March 2017, which may result in the ultimate liability, being greater or less than the amount that has been provided.

E. Independent auditor's report to the members of Crucible Insurance Company Limited

Emphasis of Matter – carrying value of assets relating to Tata Steel UK Limited ('TSUK')

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in page 15, section II j) of the financial statements concerning the material uncertainty relating to completion of the RAA in respect of the British Steel Pension Scheme ('BSPS'). The completion of the RAA in relation to the BSPS constitutes a material event for Tata Steel UK ('TSUK'), and in its absence it is expected that there would be a very large BSPS funding deficit which could cast significant doubt about TSUK's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business. Until the conclusion of the process, there continues to be a material uncertainty as to whether the BSPS restructuring will be completed. The directors have considered the position of TSUK, its arrangements with TSUK and the mitigating actions it could take and on this basis the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. However, if TSUK were not a going concern, adjustments might be required to the financial statements, in particular to write down the carrying value of an inter-company loan receivable with TSUK which at 31 March 2017 was £39.3m.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Company and that proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the books of account and returns; or
- certain disclosures of Directors' loans and remuneration specified by law have not been complied with; or
- We have not received all the information and explanations which to the best of our knowledge and beliefs, are necessary for the purpose of our audit.

Deloitte LLP

Deloitte LLP
The Old Courthouse
PO Box 250
Athol Street
Douglas
Isle of Man
IM1 1LD

14 July 2017

F1. Profit and loss account

For the financial year ended 31 March

	Note	2017 £	2016 £
Insurance premium revenue			
Gross premiums written	1	-	6,089,524
Net insurance premium revenue		-	6,089,524
Claims			
Insurance claims		**(8,381,287)**	(9,935,337)
Movement in outstanding loss reserve and IBNR		**13,372,481**	1,311,561
Net insurance claims		**4,991,194**	(8,623,777)
Insurance profit/(loss)		**4,991,194**	(2,534,253)
Investment return			
Investment income		**725,487**	968,747
Net fair value (losses)/gains on assets at fair value through profit or loss		**(417,202)**	(88,772)
Discount for loan	7	**192,367**	241,212
		500,652	1,121,187
Administration expenses		**(214,442)**	(236,020)
Profit/(loss) from operations before taxation		**5,277,404**	(1,649,086)
Taxation charge		-	-
Profit/(loss) after taxation		**5,277,404**	(1,649,086)

All activities detailed in the Profit and loss account derive from continuing operations.

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

Notes and related statements forming part of these accounts appear on pages 12 to 21.

F2 Balance sheet

	Note	2017 £	2016 £
Investments	3	**30,195,965**	36,204,350
Other assets			
Accrued investment income		**222,285**	203,038
Other debtors	4	**-**	307,155
Prepayments		**-**	-
Bank balances and cash	5	**749,785**	62,936
Inter-company loan	7	**39,314,944**	42,026,951
		40,287,014	42,600,080
Total assets		**70,482,979**	78,804,430
General business insurance provisions and funds			
Claims (including claims incurred but not reported)	8	**(35,986,232)**	(49,358,713)
Other liabilities			
Other creditors	9	**-**	(229,399)
Miscellaneous		**(16,529)**	(13,504)
		(16,529)	(242,903)
Net assets		**34,480,218**	29,202,814
Representing:			
Share capital	11	**500,000**	500,000
Share premium account	12	**9,500,000**	9,500,000
Profit and loss account		**24,480,218**	19,202,814
Shareholders' funds		**34,480,218**	29,202,814

The financial statements were approved and authorised for issue by the Board of Directors on 14 July 2017 and signed on their behalf by:

John Booth

Ita McArdle

Crucible Insurance Company Limited

Registered number: 037784C

Notes and related statements forming part of these accounts appear on pages 12 to 21.

F3. Statement of changes in capital and reserves

	Note	Share capital £	Share premium account £	Profit and loss account £	**Total capital & reserves £**
Balance as at 31 March 2016		500,000	9,500,000	**19,202,814**	**29,202,814**
Total comprehensive loss for the year		-	-	5,277,404	**5,277,404**
Balance as at 31 March 2017		**500,000**	**9,500,000**	**24,480,218**	**34,480,218**

Balance as at 31 March 2015		500,000	9,500,000	20,851,900	**30,851,900**
Total comprehensive loss for the year		-	-	(1,649,086)	**(1,649,086)**
Balance as at 31 March 2016		**500,000**	**9,500,000**	**19,202,814**	**29,202,814**

Notes and related statements forming part of these accounts appear on pages 12 to 21.

F4. Presentation of accounts and accounting policies

I. Basis of Preparation

Crucible Insurance Company Limited is a private limited company incorporated in the Isle of Man under the Companies Acts 1931 to 2004. The functional and presentational currency of the Company is sterling.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. FRS 101 'Reduced Disclosure Framework' ('FRS 101') as issued by the Financial Reporting Council becomes effective for accounting periods beginning on or after 1 January 2015. In the year ended 31 March 2016, the Company underwent transition from reporting under United Kingdom Accounting Standards (UK GAAP) to FRS 101. As such these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Insurance Act 2008.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information in respect of certain assets (including intangible and tangible assets), presentation of a cash flow statement, standards not yet effective, and related party transactions with Tata Steel group companies. The group accounts of TSE are available to the public and can be obtained as set out in Note 15.

The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments and derivatives at fair value.

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

The Directors are satisfied with the financial position of the Company and believe that the Company is well placed to meet its liabilities as they fall due, despite the current uncertain economic outlook and material uncertainty disclosed on page 15. The Company is operating comfortably within its statutory solvency requirements and it is not dependent on support from group companies. The Directors believe that there are adequate resources for the Company to continue in operational existence for the foreseeable future and that there are sufficient funds to support the current and planned activities, accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

II. Principal accounting policies

a) Underwriting

Insurance business written by the Company comprises public/products liability, employer's liability, financial loss, professional indemnity, UK motor and personal accident, industrial disease, marine cargo and retrospective deafness. This business is accounted for using the Annual Accounting basis through the profit and loss account. Premiums written and reinsurance premiums ceded are shown gross of commissions, accounted for on an accruals basis and earned on a time apportioned basis.

The Company's claims reserving policy is documented reviewed and agreed by the Board of Directors. The outcome of the review is minuted. Provision has been made for reported claims as at 31 March 2017 and for claims incurred but not reported (IBNR). Although provisions for claims are based upon the information currently available to the Directors, information at each subsequent year end may show that the ultimate liability is less than or in excess of the amount provided. The methods used and estimates made are continually reviewed and any resulting adjustments are reported in the financial year in which they are made. In summary and by class of business, the claims reserving policy is as follows:

I. Marine cargo insurance

Claims provisions are established in accordance with claims bordereaux provided by the fronting insurers. In addition, IBNR provisions were usually maintained for the most recent underwriting years in accordance with the Company's reserving strategy, being equivalent to net earned premium in the first year, 75% of net earned premium for the preceding year and specific provisions for earlier years. This policy has not been renewed since 1 January 2014.

II. Employer's liability, public/products liability and professional indemnity insurance

Claims provisions are established in accordance with claims bordereaux provided by the fronting insurers. In calculating these provisions care is taken to ensure that the occurrence limits and the annual aggregate limits are not exceeded.

III. Retrospective Deafness

Throughout the year to 31 March 2017, the Board of Directors has continued to regularly monitor the level of provision required in respect of the Company's retrospective deafness liability. An appropriate reserving strategy has been approved by the Board, including a methodology for establishing the level of overall provision required. As a result, the overall provision held at 31 March 2017 has decreased to £17,302,000 from £23,174,000 at 31 March 2016. No aggregate limit is in place for retrospective deafness and this, therefore, gives rise to uncertainty about the appropriate level of provision. The provision has been set by reference to claims already received, an estimated number of total possible claims and an estimated average cost of settling those claims. Changes in these estimates may result in the ultimate liability being greater or less than the amount provided.

IV. Cross class insurance

The Cross Class package covers business previously written under Employer's Liability, Public/products liability, financial loss, professional indemnity, UK motor, UK personal accident and industrial disease.

Retentions are £1m each and every loss of series of losses arising out of one originating cause, which were limited to £10.75m in the aggregate for the year ended 31 March 2016.

Part of the business under the employer's liability section, the Vibration White Finger ("VWF") cover, is written on a claims made basis. Following the given period of insurance, this cover closed.

Due to the aggregate limit representing all four classes of business, an IBNR formula has been agreed that caters for the different classes within the Cross Class policy. The formula is based on actuarial expectations of claim numbers and claim values provided by the primary insurer, the former influenced by exposure and changes to risk strategy and controls, the latter by inflation and legislative developments.

This policy has not been renewed since 1 April 2016.

V. Credit insurance

Historically provisions have been made for specific notified claims. There have been no claims notified in the current year. This policy has not been renewed since 1 January 2007.

b) Commissions and expenses

Commissions on marine cargo business are taken to the profit and loss account on an accruals basis. All expenses are taken directly to the profit and loss account.

c) Investment valuation

Investments are held in portfolios managed by a third party fund manager. Investments are carried at fair value through profit and loss. This is disclosed in more detail in section (e)(i). In the normal course of investing, forward currency contacts were entered into as a means of hedging against adverse movements in exchange rates so as to preserve the value of foreign investments.

d) Investment return

Investment return comprises income from fixed interest securities, certificates of deposit, quoted shares and bank deposits and is accounted for on an accruals basis, along with realised and unrealised capital gains and losses. Investment return also includes income on discounted loan notes, which are recorded at discounted cost with the return accounted for under the effective interest rate method.

e) Financial instruments

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

I. Investments

Investments within the scope of IAS 39 are initially measured at fair value through profit and loss, including transaction expenses. They are classified as either fair value through profit and loss or loans and receivables.

For investments at fair value through profit and loss, gains and losses arising from changes in fair values are recognised directly 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, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, inter-company loan and other debtors fall into this category of financial instrument.

II. Financial liabilities

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

III. Derivative financial instruments

The Company has used certain derivative financial instruments to reduce business risks which arose from its exposure to foreign exchange. The instruments were confined principally to forward currency 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 the fair values are determined based on market forward rates at the end of the reporting period.

Changes in the fair value of derivative financial instruments are recognised immediately in profit and loss.

f) Cash flow statement

Under FRS 101, the Company is exempt from the requirement to prepare a cash flow statement.

g) Insurance risk

Insurance risk is associated with claims on the Company. Exposure is primarily mitigated by a combination of factors, including extremely stringent Tata Steel Europe Limited Health and Safety initiatives with a zero harm focus. The Company exclusively insures Tata entities and consequently controls the risk management culture within the insured entities. The level of risk transfer into Crucible on the Cross Class programme, which is measured by the risk gap, is relatively conservative particularly in the context of net assets. In relation to the deafness liability the Crucible board, via the managers, actively tracks trends in relation to this liability and maintain regular dialogue with the claims handlers. The Company's underwriting policy, which the Board reviews at least once a year, is also used to manage this risk.

h) Credit risk

Credit risk is the risk of losses caused by other parties failing, in whole or in part, to meet obligations to the Company. Debtor exposure is mitigated because it is contained to entities within the TSE group. The loan to Tata Steel UK is short-term and subject to strict repayment terms. This exposure is monitored by means of reports from the Managers to the Directors at each Board meeting.

i) Liquidity risk

Liquidity risk is the risk of losses caused by assets not being liquid enough to meet obligations of the Company as they fall due. This exposure is monitored regularly by both the Managers and the Board, and significant levels of assets are maintained in very tradable instruments to minimise this exposure. (The liquidity risk of the Company is analysed in more detail in note 18).

j) Significant accounting judgements, estimates and assumptions

The following are significant management judgements, estimates and assumptions in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the Company estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, the Company makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Going Concern

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

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

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

For these reasons, while the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that until the RAA process is concluded there exists a material uncertainty which may cast significant doubt about 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 on a going concern basis. However, if TSUK were not a going concern, adjustments might be required to the financial statements, in particular to write down the carrying value of an inter-company loan receivable with TSUK which at 31 March 2017 was £39.3m.

However, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if TSUK was not a going concern as it is not practicable to identify or quantify them.

Claims

Provision has been made for claims notified and for claims incurred but not reported at the balance sheet date. Although provisions for claims are based upon the information currently available to the Directors, subsequent information and events may show that the ultimate liability is less than, or in excess of, the amount provided. The methods used, and estimates made, are continually reviewed and any resulting adjustments are reported in the general business revenue account in the financial year in which they are made.

Financial instruments measured at fair value

Financial assets and liabilities measured at fair value in the balance sheet in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities

The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the balance sheet are grouped into the fair value hierarchy as follows:

	2017	2016
	£	£
Listed securities (Level 1)	**30,195,965**	36,204,350
Unlisted securities receivable (Level 2)	**-**	307,155
Unlisted securities payable (Level 2)	**-**	(229,399)
	30,195,965	36,282,106

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Gains or losses recognised in profit or loss for the period are presented under investment return in the profit and loss account.

Changing inputs to level 2 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

There have been no transfers into or out of Levels 2 or 3 in the reporting periods under review.

For the financial year ended 31 March 2017

1. Gross premiums receivable

	2017	2016
	£	£
Cross Class policy	-	6,089,524
	-	6,089,524

The level of the Company's income from the Cross Class ("CC") premiums was primarily determined by three factors (1) number of insured employees (headcount) (2) sales turnover and (3) claims experience. Headcount was representative of the policy exposure for employers liability ("EL"), and revenue represented the standard insurance market practice for gauging public liability ("PL") exposures. The EL and PL elements comprised the main parts of the CC policy. Claims experience, including claims triangulations which are used to track claim settlement patterns, were closely monitored by the brokers and the board and were taken into consideration when negotiating an appropriate premium level. In that context, interest rates were also a factor as the settlement patterns, particularly on EL claims which average out at 48 months, would influence the amount of investment income that could be earned on collected premium prior to ultimate claim settlement.

The Cross Class policy was not renewed on 1 April 2016 and the Company entered a state of run-off.

2. Other expenses

	2017	2016
	£	£
Other expenses include:		
Auditors remuneration - audit services	3,626	1,624
Directors' remuneration	18,941	19,200
	22,567	20,824

3. Investments

As at 31 March	2017	2016
	£	£
Investments at fair value through profit and loss:		
Fixed interest securities	28,793,836	35,700,870
Floating rate notes	1,402,129	-
Other investments	-	503,480
	30,195,965	36,204,350
Loans and receivables	-	-
	30,195,965	36,204,350

The market value of the Company's investments in bonds may be affected by changes in the prevailing level of interest rates. At the balance sheet date, the investments in bonds had effective interest rates between 0.75% and 6.25% (2016 effective interest rates for bonds between 0.25% and 5.15%).

The risk of changes in interest rates, and other market risks, are managed by the Company's investment policy. The Investment Manager keeps asset allocation under review, adjusting it according to the prevailing interest rates and other changes in the financial markets.

As at 31 March	2017	2016
	£	£
Opening balance	36,204,350	39,359,236
Realised/Unrealised FX loss	(1,889,327)	(1,266,304)
Additions	2,456,479	7,297,607
Withdrawals	(8,092,265)	(10,363,721)
Realised gain/(loss)	2,455,883	(31,924)
Unrealised (loss)/gain	(939,155)	1,209,456
Closing balance	30,195,965	36,204,350

Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The modified duration is an indicator of the sensitivity of the assets and liabilities to changes in the current interest rates. The Company manages this risk through the specific investment guidelines under which the Investment Manager operates. At 31 March, an increase / decrease of 50 basis points in interest yields, with all other variables held constant, profit for the year would have been £1,603 lower / higher.

No loans have been made to Directors, Officers or Managers and none are contemplated.

All quoted investments are listed on major stock exchanges.

4. Other debtors

As at 31 March	2017	2016
	£	£
Derivative financial instruments at fair value through profit and loss	-	307,155
	-	**307,155**

5. Bank balances and cash

As at 31 March	2017	2016
	£	£
Barclays Bank plc	**749,785**	-
HSBC plc	-	62,936
	749,785	62,936

6. Cash and investments

(i) Fair value through profit and loss

As at 31 March	2017	2016
	£	£
Fixed interest securities (note 3)	**28,793,836**	35,700,870
Floating rate notes (note 3)	**1,402,129**	-
Unit trusts (note 3)	-	503,480
Bank balances and cash (note 5)	**749,785**	62,936
Foreign currency forward contracts (notes 4 & 9)	-	77,756
	30,945,750	36,345,042

(ii) Maturity summary

As at 31 March	2017	2016
	%	%
Unit trusts	-	1.39
Bank balances and cash	**2.42**	0.17
Foreign currency forward contracts	-	0.21
Interest bearing securities repayable:		
Within one year	**61.27**	4.22
One to three years	**36.31**	41.63
Three to seven years	-	35.39
Over seven years	-	16.99
	100.00	100.00

(iii) Concentration exposure

As at 31 March	2017	2016
	%	%
Barclays Bank plc	**100.00**	-
HSBC plc	-	100.00
	100.00	100.00

(iv) Currency exposure

As at 31 March	2017	2016
	%	%
Sterling	100.00	38.65
Euro	-	30.40
United States Dollar	-	30.95
	100.00	**100.00**

7. Inter-company loan

On 21 February 2017, the Company issued a discounted loan note of £39,334,486 with a discount rate of 0.9991233% to Tata Steel UK Limited, a fellow group subsidiary. This discounted loan matured on 22 May 2017.

On 22 May 2017, the Company issued a discounted loan note of £38,809,685 with a discount rate of 0.9992351% to Tata Steel UK Limited, a fellow group subsidiary. This discounted loan matures on 22 August 2017.

Total income for the year arising from this loan and its previous placements amounted to £192,367 (2016: £241,212).

The loan is unsecured and is conducted on an arm's length basis.

8. Claims development

Estimate of cumulative claims	2012	2013	2014	2015	2016	Total
	£	£	£	£	£	£
As at end of first financial year	10,375,000	9,450,000	10,975,000	6,877,500	6,794,750	
One year later	10,079,186	9,815,946	7,491,391	6,969,997	6,563,522	
Two years later	7,693,135	7,834,887	7,380,252	6,222,274	-	
Three years later	6,992,699	7,741,782	7,699,731	-	-	
Four years later	8,084,730	7,223,180	-	-	-	
Five years later	9,099,367	-	-	-	-	
Current Estimate	9,099,367	7,223,180	7,699,731	6,222,274	6,563,522	
Cumulative payments	(8,029,610)	(6,021,825)	(4,139,686)	(1,991,003)	(892,407)	
	1,069,757	1,201,355	3,560,045	4,231,271	5,671,115	**15,733,543**
Claims on earlier years						**20,252,689**
Claims (including claims incurred but not reported)						**35,986,232**

9. Other creditors

As at 31 March	2017	2016
	£	£
Derivative financial instruments at fair value through profit and loss	-	229,399
	-	**229,399**

10. Charge on assets

There has been in previous years a specific charge over a cash balance of £1 in favour of Pool Reinsurance Limited. The Company terminated its membership in Pool Reinsurance Limited on 21 February 2017 and the charge was released on that date.

F5. Notes to the financial statements

11. Called up share capital

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

Authorised	2017 £	2016 £
500,000 ordinary shares of £1 each	**500,000**	500,000

Allotted, called up and fully paid	2017 £	2016 £
500,000 ordinary shares of £1 each	**500,000**	500,000

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

12. Share premium

As at 31 March	2017 £	2016 £
Premium on issue of 500,000 £1 ordinary shares at a premium of £19 each	**9,500,000**	9,500,000

13. Taxation

The Company is resident for tax purposes in the Isle of Man and subject to Manx Corporate Income tax at the standard rate of 0%.

14. Related party transactions

Under FRS 101, the Company has taken advantage of the exemption to provide disclosure of related party transactions in accordance with IAS 24.

15. Ultimate and immediate parent company

The Company is a wholly owned subsidiary of Corus International (Overseas Holdings) Limited, a company incorporated in the UK. The ultimate parent company and controlling party is Tata Steel Limited, a company incorporated in India.

The financial statements of the Company are consolidated into the financial statements of Tata Steel UK Holdings Limited, which is the parent company of the smallest group to consolidate these financial statements.

The financial statements of Tata Steel UK Holdings Limited can be obtained from the Company Secretary, Tata Steel UK Holdings Limited, 30 Millbank, London, SW1P 4WY.

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

16. Segmental analysis

The Directors are of the opinion that the Company does not operate in more than one business segment or from more than one geographical area. All business is written from the Isle of Man.

17. Letters of credit

The Company has a Letter of Credit Facility in place with Barclays Bank plc. There is 1 (2016: 1 with HSBC Bank plc) evergreen Letter of Credit in existence under this facility issued by Barclays Bank plc of £23,500,000. See section V within the Supplementary information for further details. The overall facility limit is £23,500,000.

18. Financial risk management

Credit Risk

Credit risk is the risk of losses caused by other parties failing, in whole or in part, to meet obligations to the Company. Debtor exposure is mitigated because it is contained to entities within the TSE group. This exposure is monitored by means of reports from the Managers to the Directors at each Board meeting. The loan to Tata Steel UK Limited is short-term and subject to strict repayment terms (see note 7).

Concentrations of credit risk exist to the extent that, as at 31 March 2017, investments, cash and cash equivalents were held as follows:

As at 31 March	S& P Rating	2017 £	2016 £
Barclays Bank plc	A-	**30,945,750**	-
HSBC plc	AA-	-	36,345,042
		30,945,750	**36,345,042**

The Company monitors credit risk on a regular basis and manages risk by placing funds with counterparties that have high credit ratings as assigned by international credit rating agencies.

Liquidity Risk

Liquidity risk is the risk of losses caused by assets not being liquid enough to meet obligations of the Company as they fall due. This exposure is monitored regularly by both the Managers and the Board, and significant levels of assets are maintained in very tradable instruments to minimise this exposure.

The table below analyses the Company's debt into relevant maturity groupings based on the remaining years from the balance sheet date to the contractual maturity date. This is at best estimate as the timing of claims settlement will be subjective. The amounts in the table are the contractual undiscounted cash flows:

As at 31 March	2017 £	2016 £
Within one year	**59,247,867**	44,409,048
One to three years	**11,235,112**	15,128,771
Three to seven years	-	12,860,865
Over seven years	-	6,176,347
	70,482,979	**78,575,031**

Risk and Capital Management

As a Class 12 licence holder under Isle of Man Insurance Regulations, the Company is required to maintain shareholders' funds in excess of £50,000 together with 10% of net written premium up to £2,000,000 and 5% of net written premium in excess of £2,000,000. The Board consider this, together with a calculation of capital adequacy, on a regular basis. During the year the Company complied with all externally imposed requirements.

The Company currently holds funds of £34,430,218 (2016: £28,748,338) in excess of the regulatory minimum solvency margin.

Crucible Insurance Company Limited
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Douglas

Isle of Man

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