

TATA STEEL

A low-angle, upward-looking photograph of a modern cable-stayed bridge. The bridge's deck is a dark, textured steel structure with numerous bolts visible. Several thick, white cables extend from a central pylon (partially visible) down to the deck, creating a strong geometric pattern against the clear blue sky. The perspective is from below, looking up at the bridge's structure.

Tata Steel UK Limited
Report & Accounts 2015

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A. Directors and advisors

Directors

H Adam

T Farquhar

J Fischer

K Koehler

H Matheson

NK Misra

J Phillips

B Jha

Secretary and registered office

SV Gidwani

30 Millbank

London

SW1P 4WY

Company Number

2280000

Auditor

Deloitte LLP

London

B. Strategic report

Introduction

The Directors have pleasure in presenting the strategic report of Tata Steel UK Limited ('TSUK' or the 'Company') for the year ended 31 March 2015.

Principal activities

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

The principal activities are the manufacture and sale of steel throughout the world. There have not been any significant changes in the principal activities in the year under review. The Company produces carbon steel by the basic oxygen steelmaking method at two integrated steelworks in the UK at Port Talbot and Scunthorpe. Strip products are manufactured at Port Talbot and long products at Scunthorpe. On 15 October 2014 the Company announced a proposal to divest its long products operations. If the disposal proceeds, the Company's principal activities will, in future, be focused on the sale and manufacture of strip products.

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

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources (including the support of its ultimate parent, Tata Steel Limited ('TSL')) to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Business review

During the year the Company transitioned from United Kingdom Generally Accepted Accounting Practice (UK GAAP) to Financial Reporting Standard 101 '*Reduced Disclosure Framework*' (FRS 101) and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent company, Corus Group Limited, was

notified of and approved the use of the disclosure exemptions. Further details on the transition to FRS 101 are provided in Note 27.

The Company's revenue of £4,175m (£4,491m in 2013/14) was 7% lower than the previous year due to a 6% decrease to average revenue per tonne due to downward pressure on steel selling prices, caused primarily by lower raw material prices, and a 1% decrease to steel deliveries which was largely attributable to lower production.

Liquid steel production in 2014/15 at 8.2mt (2013/14: 8.5mt) was 0.3mt lower than 2013/14 due to a number of operational issues in the Company's steel making sites.

The operating loss in 2014/15 was £306m (2013/14: £191m), £115m worse than 2013/14 due to the financial impact of lower production and a negative impact from the strengthening of the sterling against the euro which adversely affected selling prices and the revaluation of foreign currency loans. Margins were broadly unchanged from the previous year as the reduction to selling prices was offset by lower raw material prices.

The loss on ordinary activities before finance charges was £608m in 2014/15 (2013/14: £193m), £415m worse than 2013/14 primarily because of a significant charge of £314m (2013/14: £4m) for restructuring and impairment costs. This included an impairment charge of £273m for property, plant and equipment (see Note 9) primarily relating to an impairment of the Company's long products business.

The Company's net interest cost in 2014/15 of £160m (2013/14: £161m) was £1m lower than the previous year. Taxation was a charge of £83m in 2014/15 (2013/14: credit of £51m) due primarily to a deferred tax loss to offset a deferred tax credit in reserves relating to actuarial losses on the British Steel Pension Scheme ('BSPS'). The loss after taxation in 2014/15 was £851m (2013/14: loss of £303m).

The balance sheet on page 10 of the financial statements shows the Company's financial position at the end of the financial year. Net assets decreased from £893m to a net liability position of £(204)m due to the loss after taxation of £851m and other comprehensive losses of £246m caused mainly by actuarial losses on the BSPS pension scheme.

B. Strategic report

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

Principal risks and uncertainties

The principal forward risks and uncertainties affecting the Company include health, safety and environmental matters, the general economic conditions in the UK and Europe, the impact of China and other exporters, long term competitiveness, pensions and exchange rates. Further information and discussion on these principal risks and uncertainties are included in the TSE Annual Report & Accounts.

Employees

Details of the number of employees and related costs can be found in Note 4 to the financial statements on page 18.

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

The Company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities, and employs them where suitable work can be found. The requirements of job applicants and existing members of staff who have a disability are reviewed to ensure that reasonable adjustments are made to enable them to perform as well as possible during the recruitment process and while employed. All reasonable measures are taken to ensure that disabled employees are given the opportunity and facilities to

participate fully in the workplace, in training and in career development and promotion opportunities. In addition, every effort is made to find appropriate alternative jobs for those who become disabled while working for the Company.

The principal pension scheme for TSUK is the BSPS, which is the main scheme for previous and present employees based in the UK. Consultation with employees is underway in connection with proposed changes to future pension provision in the BSPS. Following completion of this statutory consultation, the Company will give consideration to member feedback before confirming the terms of any revisions. The triennial actuarial valuation of the BSPS as at 31 March 2014 is currently on-going. The outcome of the consultation will be reflected in the 2014 valuation results. Further details on this scheme are provided in Note 23.

Research and development

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

Future developments and subsequent events

The Company has no significant future developments to report under this section.

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



SV Gidwani
Company Secretary
Registered Office:
30 Millbank,
London,
SW1P 4WY
25 June 2015

C. Directors' report

The Board

The directors of the Company are listed on page 2.

Directors' indemnity

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

Dividends

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

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

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

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

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

Auditor

Deloitte LLP have indicated their willingness to be reappointed as auditor to the Company for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an AGM. Deloitte Haskins & Sells in India is the auditor of the ultimate parent company, TSL.

Information disclosed in the strategic report

The following information has been disclosed in the strategic report:

- A review of the business for the year (see page 3);
- Policies on employment of disabled persons, recruitment, training, employee involvement, communication and consultation (see page 4); and
- Research & development activities (see page 4).

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



SV Gidwani

Company Secretary

Registered Office:

30 Millbank,

London,

SW1P 4WY

25 June 2015

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

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

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

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

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

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

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

We have audited the financial statements of Tata Steel UK Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Capital and Reserves, the Presentation of Accounts and Accounting Policies and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 '*Reduced Disclosure Framework*'.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is

apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 '*Reduced Disclosure Framework*'; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Andrew Kelly (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United

25 June 2015

F1. Profit and loss account

For the financial year ended 31 March

	Note	2015 £m	2014 £m
Revenue	1	4,175	4,491
Operating costs	2	(4,481)	(4,682)
Operating loss		(306)	(191)
Restructuring and impairment costs	3	(314)	(4)
Profit on disposal of fixed assets		12	3
Loss on disposal of fixed asset investments		-	(1)
Loss on ordinary activities before finance charges		(608)	(193)
Interest payable and similar charges	5	(198)	(201)
Interest receivable and similar income	6	38	40
Loss on ordinary activities before taxation		(768)	(354)
Taxation (charge)/credit	7	(83)	51
Loss after taxation		(851)	(303)

All references to 2015 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 27 refer to the financial year ended 31 March 2015 or as at 31st March 2015 as appropriate (2014: the financial year ended 31 March 2014 or as at 31 March 2014; 2013: the financial year ended 31 March 2013 or as at 31 March 2013).

Notes and related statements forming part of these accounts appear on pages 17 to 32.

F2. Statement of comprehensive income

For the financial year ended 31 March

	Note	2015 £m	2014 £m
Loss after taxation		(851)	(303)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (losses)/gains on defined benefit pension and other post-retirement plans	23	(303)	212
Income tax relating to items not reclassified	7	61	(43)
Items that may be reclassified subsequently to profit or loss:			
Losses arising on cash flow hedges	17	(4)	-
Other comprehensive (loss)/income for the year net of tax		(246)	169
Total comprehensive loss for the year		(1,097)	(134)

Notes and related statements forming part of these accounts appear on pages 17 to 32.

F3. Balance sheet

As at 31 March

	Note	2015 £m	2014 £m	2013 £m
Fixed assets				
Intangible assets	8	123	118	99
Tangible assets	9	983	1,251	1,181
Investments in subsidiary and fellow group undertakings	10	1,414	1,651	1,501
Investments in joint ventures and associated undertakings	10	1	1	1
		2,521	3,021	2,782
Current assets				
Stock	11	828	884	931
Debtors: amounts falling due within one year	12	493	409	500
Debtors: amounts falling due after more than one year	13	155	444	238
Short term investments	14	30	115	50
Cash at bank and in hand		32	53	124
		1,538	1,905	1,843
Creditors: amounts falling due within one year	15	(2,682)	(2,489)	(2,037)
Net current liabilities		(1,144)	(584)	(194)
Total assets less current liabilities		1,377	2,437	2,588
Creditors: amounts falling due after more than one year	16	(1,461)	(1,397)	(1,378)
Provisions for liabilities and charges	18	(120)	(147)	(183)
Net (liabilities)/assets		(204)	893	1,027
Capital and reserves				
Called up share capital	19	2,241	2,241	2,241
Share premium account		52	52	52
Capital redemption reserve		47	47	47
Other reserves		153	153	153
Hedging reserve		(3)	1	1
Profit and loss account		(2,694)	(1,601)	(1,467)
		(204)	893	1,027

The financial statements on pages 8 to 32 were approved by the board of directors and signed on its behalf by:



NK Misra

25 June 2015

Tata Steel UK Limited

Registered No: 2280000

Notes and related statements forming part of these accounts appear on pages 17 to 32.

F4. Statement of changes in capital and reserves

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Hedging reserve £m	Profit and loss account £m	Total capital & reserves £m
Balance as at 31 March 2013	2,241	52	47	153	1	(1,467)	1,027
Loss for the year	-	-	-	-	-	(303)	(303)
Other comprehensive income for the year	-	-	-	-	-	169	169
Total comprehensive loss for the year	-	-	-	-	-	(134)	(134)
Balance as at 31 March 2014	2,241	52	47	153	1	(1,601)	893
Loss for the year	-	-	-	-	-	(851)	(851)
Other comprehensive loss for the year	-	-	-	-	(4)	(242)	(246)
Total comprehensive loss for the year	-	-	-	-	(4)	(1,093)	(1,097)
Balance as at 31 March 2015	2,241	52	47	153	(3)	(2,694)	(204)

Notes and related statements forming part of these accounts appear on pages 17 to 32.

F5. Presentation of accounts and accounting policies

I Basis of preparation

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

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. As is permitted by that standard, the Company has chosen early application and, in the year ended 31 March 2015, the Company has undergone transition from reporting under United Kingdom Accounting Standards (UKGAAP) to FRS 101. As such these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the prior year financial statements were restated on adoption of FRS 101 in the current year. For more information on the transition to FRS 101 see note 27.

As permitted by FRS 101, the Company 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 (including intangible and tangible assets), presentation of a cash flow statement, standards not yet effective, and related party transactions with Tata Steel group companies. Where relevant, further disclosure exemptions have been taken including the requirement to provide disclosures on financial instruments on the basis that equivalent disclosures have been given in the group accounts of TSE. The group accounts of TSE are available to the public and can be obtained as set out in Note 25.

The Company has elected to measure its investments in subsidiaries and joint ventures at cost and on transition to FRS 101 has elected to measure its investments at the previous GAAP carrying value at the date of transition.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments and in accordance with the Companies Act 2006.

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

Group accounts have not been prepared as the Company is a wholly owned indirect subsidiary of TSE, which has prepared consolidated accounts for the year ended 31 March 2015.

As set out in the Strategic Report on page 3, the Board of Directors has assessed the ability of the Company to continue as a going concern and these financial statements have been prepared on a going concern basis.

II Use of estimates and critical accounting judgements

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

- (i) reported amounts of assets and liabilities;
- (ii) disclosure of contingent assets and liabilities at the date of the accounts; and

- (iii) reported amounts of income and expenses during the period.

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

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

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

The recognition of deferred tax assets is subject to estimations of the future available taxable profits that the directors consider to be more likely than not to occur, based on the Company's annual plans and future forecasts. Further information can be found in Note 13.

The Company's retirement benefit obligations are subject to a number of judgements including discount, inflation and mortality rates. Significant judgement is required when setting these criteria and a change in each of these assumptions would have a significant impact on the amounts recorded within the Company's balance sheet and income statement. The Company sets these judgements based on previous experience and third party actuarial advice. The Company's main defined benefit scheme, BSPS, is in a net surplus position at the balance sheet date, which is not immediately realisable. The final amounts realised may differ from those recognised within the balance sheet. Further details on the Company's retirement benefit obligations, including a sensitivity analysis of key judgements are included within Note 23.

Estimates in calculating provisions for rationalisation and related costs, environmental remediation and legal claims are based on previous experience and third party advice and are reassessed on a regular basis. Judgement is required in assessing the likely costs and the timing of those costs. Further details on the Company's redundancy and rationalisation provisions can be found in Notes 3 and 18.

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

III Critical accounting policies

(a) Tangible fixed assets

Tangible fixed assets are recorded at original cost less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and, for assets constructed by the Company, any related works and incremental overhead amounts, to the extent that these are directly attributable to the acquisition or construction of the

F5. Presentation of accounts and accounting policies

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

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

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

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

(b) Depreciation, amortisation and impairment of tangible fixed assets and intangible assets (including goodwill)

Depreciation or amortisation is provided so as to write off, on a straight-line basis, the cost of tangible and intangible fixed assets (excluding goodwill), 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 fixed 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

At each reporting period end, the Company reviews the carrying amounts of its tangible fixed assets and 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 Company estimates the recoverable amount of the CGU to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

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

(c) 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 profit and loss account because it excludes items of income or expense that are taxable or deductible in other years ("temporary differences") and it further excludes items that are never taxable or deductible ("permanent differences").

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax is charged or

F5. Presentation of accounts and accounting policies

credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, deferred tax is recognised in the profit and loss account.

(d) Retirement benefit costs

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

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at least triennially and updated at each reporting period end. The Company applies IAS 19 'Employee Benefits' (Revised in 2011) to recognise all actuarial gains and losses directly within retained earnings, presenting those arising in any one reporting period as part of the relevant statement of comprehensive income. In applying IAS 19, in relation to retirement benefits costs, the current service cost and net interest cost have been treated as a net expense within employment costs.

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

The retirement benefit asset 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.

(e) Provisions

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

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

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

TSUK participates in the EU Emissions Trading Scheme, initially measuring any rights received or purchased at cost, and recognises a provision in relation to carbon dioxide

quotas if there is any anticipated shortfall in the level of quotas received or purchased when compared with actual emissions in a given period. Any surplus is only recognised once it is realised in the form of an external sale.

IV Other accounting policies

(a) Revenue

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

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

(b) Government grants

Grants related to expenditure on tangible fixed assets are credited to profit and loss over the useful lives of qualifying assets. Total grants received less the amounts credited to profit and loss at the end of the reporting period are included in the balance sheet as deferred income.

(c) Insurance

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

In addition, the Company provides for insurance charges for historic industrial exposures of personnel. These provisions are subject to regular review and are adjusted as appropriate; the value of final insurance settlements is uncertain, as is the timing of expenditure.

(d) Interest

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

Interest expense, excluding that related to financing the construction of qualifying tangible fixed assets, is expensed as incurred.

(e) Foreign currencies

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

F5. Presentation of accounts and accounting policies

(f) Financial instruments

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

(i) Trade debtors

Trade debtors 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. When a trade debtor is determined to be uncollectable it is written off, firstly against any provision available and then to the profit and loss account. Subsequent recoveries of amounts previously provided for are credited to the profit and loss account. 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) Investments

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

(iii) Financial liabilities

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

(iv) Bank borrowings

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

(v) Trade creditors

Trade creditors are initially recorded at fair value and are subsequently measured at their amortised cost.

(vi) Equity instruments

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

(vii) Derivative financial instruments and hedge accounting

In the ordinary course of business the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange. The instruments are confined principally to forward foreign exchange contracts and forward rate agreements. The instruments are employed as economic hedges of transactions included in the accounts or forecast for firm contractual commitments. Contracts do not generally extend beyond 6 months.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken out. Following this, at each subsequent reporting period end the

derivative is re-measured at its current fair value. For forward currency contracts the fair values are determined based on market forward rates at the end of the reporting period. The Company seeks to adopt hedge accounting for these currency 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.

(g) Intangible assets

Patents, trademarks and software are included in the balance sheet as intangible assets where they are clearly linked to long term economic benefits for the Company. In

F5. Presentation of accounts and accounting policies

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.

(h) Leases

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

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the lease.

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

(i) Fixed asset investments

Fixed asset investments are stated at cost. Provisions are made if events or circumstances indicate that the carrying amount may not be recoverable. Income from fixed asset investments comprises dividends declared up to the balance sheet date and, where relevant, is shown before deduction of overseas withholding taxes.

(j) 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 Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

(k) Stocks

Stocks 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.

F6. Notes to the financial statements

For the financial year ended 31 March

1. Revenue

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

	2015 £m	2014 £m
UK	2,247	2,203
Europe	1,403	1,780
Rest of world	525	508
	4,175	4,491

2. Operating costs

	2015 £m	2014 £m
Costs by type:		
Raw materials and consumables	2,096	2,419
Maintenance costs (excluding own labour)	343	334
Other external charges (including fuels & utilities, hire charges and carriage costs)	827	862
Employment costs (Note 4)	788	789
Depreciation and amortisation	136	135
Other operating items (including rents, rates, insurance and general expenses)	258	158
Changes in inventory of finished goods and work in progress	36	(13)
Own work capitalised	(3)	(2)
	4,481	4,682

	2015 £m	2014 £m
The above costs are stated after including:		
Amortisation of intangible assets	15	15
Depreciation of owned assets	115	115
Depreciation of assets held under finance leases	6	5
Net exchange rate losses	65	11
Operating lease rentals:		
Plant and machinery	20	20
Leasehold property	33	30
Release of grants relating to revenue (Note 16)	(2)	-
Sale of emission rights	-	(12)
Costs of research and development (gross)	17	14
Recoveries on research and development	(10)	(6)

The analysis of auditor's remuneration is as follows:

	2015 £m	2014 £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts	0.6	0.6

The fees above reflect Deloitte LLP's provision of services during the year ended 31 March 2015. Fees payable to Deloitte LLP and its associates for non-audit services to the Company are not disclosed because the financial statements of TSE disclose such fees on a consolidated basis.

F6. Notes to the financial statements

3. Net restructuring and impairment costs

	2015 £m	2014 £m
Provision for restructuring and related measures:		
Redundancy and related costs	13	39
Impairment losses related to tangible fixed assets (Note 9)	273	-
Impairment losses related to fixed asset investments (Note 10)	36	-
Other rationalisation costs	1	6
	323	45
Credits for restructuring and related measures:		
Redundancy and related costs	(9)	(32)
Other rationalisation costs	-	(9)
	(9)	(41)
Total net restructuring and impairment costs	314	4

The provision for the redundancy and related costs of £13m in 2015 related to restructuring measures across a number of units including Strip Products UK, Tubes UK, and the Company's central functions, with the credit for redundancy and related costs of £9m relating mainly to a re-assessment of provisions previously recognised in respect of the Long Products hub and the Orb Electrical Steels site.

The provision for redundancy and related costs of £39m in 2014 related to restructuring mainly in the Long Products hub and Orb Electrical Steels site, and a re-assessment of the curtailment impact to the BSPS in respect of the UK restructuring announced in 2013, with the credit for redundancy and related costs of £32m relating mainly to the release of provisions in respect of restructuring in the UK operations announced in 2013 and a curtailment gain within the BSPS in respect of the UK restructuring announced in 2014.

The net curtailment impact in relation to pension schemes in 2015 was a charge of £4m (2014: charge £2m) (see Note 23).

4. Employees

	2015 £m	2014 £m
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	639	630
Social security costs	52	54
Other pension costs	97	105
As included in operating costs	788	789
Net redundancy and related costs (included within restructuring costs)	4	7
	792	796

(i) The average number of employees during the year was 17,010 (2014: 17,757).

(ii) The emoluments of Dr K Koehler and Mr NK Misra are paid by other companies within the TSE Group which make no recharge to TSUK.

Dr K Koehler and Mr NK Misra were directors of the parent company (TSE) and a number of fellow subsidiaries during 2015. It is not possible to make an accurate apportionment of the emoluments in respect of each of the subsidiaries. Accordingly, their emoluments are disclosed in the aggregate of the directors' emoluments in the financial statements with which they have their primary employment contracts.

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

Retirement benefits are accruing under defined benefit schemes to three (2014: three) individuals who were directors during the period.

F6. Notes to the financial statements

5. Interest payable and similar charges

	2015 £m	2014 £m
Bank and other borrowings	11	5
Interest payable to parent undertakings	24	18
Interest payable to other group companies	55	63
Discount on disposal of trade debtors within purchase agreement with group company	106	111
Finance lease interest	4	5
Amounts included in the cost of qualifying assets (Note 9 (iv))	(2)	(1)
	198	201

6. Interest receivable and similar income

	2015 £m	2014 £m
Dividends from joint ventures (Note 24)	2	1
Interest receivable from parent undertakings	35	32
Interest receivable from other group companies	1	2
Other interest receivable	-	5
	38	40

7. Taxation

	2015 £m	2014 £m
Current year tax charge	(1)	(2)
Prior year tax credit	-	12
Current tax (charge)/credit	(1)	10
Deferred tax (charge)/credit (Note 13)	(82)	41
	(83)	51

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

	2015 £m	2014 £m
Loss before taxation	(768)	(354)
Loss multiplied by the standard corporation tax rate of 21% (2014: 23%)	161	81
Effects of:		
Adjustments to current tax in respect of prior periods	-	12
Adjustments to deferred tax in respect of prior periods	-	(2)
Tax losses not recognised	(234)	(36)
Other permanent differences	(10)	(4)
	(83)	51

The adjustments to deferred tax in respect of prior periods include £nil (2014: £2m) in respect of corporate income tax rate changes that became substantively enacted in the UK during the year.

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

	2015 £m	2014 £m
Relating to components of other comprehensive income:		
Actuarial (losses)/gains on defined benefit pension plans and other post-retirement plans (Note 13)	61	(43)
	61	(43)

F6. Notes to the financial statements

8. Intangible Assets

2015	Computer software £m	Patents and trademarks £m	Total £m
Cost as at 1 April 2014	208	2	217
Additions	20	-	20
Disposals	-	-	(7)
Cost as at 31 March 2015	228	2	230
Amortisation as at 1 April 2014	91	1	99
Charge for the period	15	-	15
Amortisation on disposals	-	-	(7)
Amortisation as at 31 March 2015	106	1	107
Net book value as at 31 March 2015	122	1	123
Net book value as at 31 March 2014	117	1	118
Net book value as at 31 March 2013	98	1	99

The remaining amortisation period for computer software is approximately 7.9 years (2014: 7.5 years; 2013: 6.5 years).

9. Tangible Assets

2015	Land and buildings £m	Plant and machinery £m	Loose plant and tools £m	Assets in course of construction £m	Total £m
Cost as at 1 April 2014	530	4,855	239	187	5,811
Additions	6	2	27	107	142
Disposals	(18)	(85)	(18)	-	(121)
Transfers	6	144	1	(151)	-
Cost as at 31 March 2015	524	4,916	249	143	5,832
Depreciation as at 1 April 2014	462	4,053	171	2	4,688
Charge for the period	5	99	17	-	121
Impairment losses recognised during the period (Note 3)	16	166	21	50	253
Disposals	(16)	(84)	(17)	-	(117)
Transfers	-	1	-	(1)	-
Depreciation as at 31 March 2015	467	4,235	192	51	4,945
Net book value as at 31 March 2015	57	681	57	92	887
Spares (net book value)					96
Net book value as at 31 March 2015					983
Net book value as at 31 March 2014	68	802	68	185	1,123
Spares (net book value)					128
Net book value as at 31 March 2014					1,251
Net book value as at 31 March 2013	68	830	56	132	1,086
Spares (net book value)					95
Net book value as at 31 March 2013					1,181

F6. Notes to the financial statements

(i)

As at 31 March	2015 £m	2014 £m	2013 £m
The net book value of land and buildings comprises:			
Freehold	51	62	61
Long leasehold (over 50 years unexpired)	1	1	1
Short leasehold	5	5	6
	57	68	68
Which may be further analysed as:			
Assets held under finance leases:			
Cost	15	15	15
Accumulated depreciation	(10)	(10)	(10)
	5	5	5
Owned Assets	52	63	63
	57	68	68

(ii)

As at 31 March	2015 £m	2014 £m	2013 £m
The net book value of plant and machinery comprises:			
Assets held under finance leases:			
Cost	135	136	135
Accumulated depreciation	(119)	(91)	(86)
	16	45	49
Owned assets	665	757	781
	681	802	830

(iii)

As at 31 March	2015 £m	2014 £m	2013 £m
The net book value of spares comprises:			
Cost	398	409	396
Accumulated depreciation and impairment losses	(302)	(281)	(301)
	96	128	95

The company recognised an impairment charge of £273m in the current year (2014: £nil) against property, plant and equipment (see Note 3), with £20m of this impairment charge being allocated against spares (2014: £nil).

Property, plant and equipment was tested at 31 March 2015 for impairment at that date where indicators of impairment existed. The outcome of this test indicated that the value in use of certain of the Company's property, plant and equipment, using a discount rate of 8.0% (2014: 8.3%), was lower than its carrying value due to weaker market conditions in mainly the UK construction market, which is expected to remain weak over the near and medium term. Accordingly, an impairment charge of £273m has been recognised in the year (2014: £nil) comprising £267m in the Long Products business (including relevant distribution units) and £6m in the Bar business.

The Company has conducted sensitivity analysis on the impairment tests of the carrying value of the Company's property, plant and equipment. The directors believe that no reasonable possible change in any of the key assumptions used in the value in use calculations would cause the carrying value of property, plant and equipment in any CGU to materially exceed its value in use, other than in respect of property, plant and equipment at the Strip Products UK business which had a carrying value at 31 March 2015 of £753m. At this site the value in use is dependent on an improvement to European steel market margins and a return to operational stability following the implementation of a business transformation programme. A reasonably possible change in any of these key assumptions would increase the likelihood of impairment losses in the future.

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

(iv) There was £2m (2014: £1m) of borrowing costs capitalised in the period using a capitalisation rate of 0.9% (2014: 0.8%)

F6. Notes to the financial statements

10. Fixed Asset Investments

	Shares in subsidiary undertakings £m	Loans to parent, subsidiary and fellow group undertakings £m	Interests in joint ventures and associates £m	Loans to joint ventures and associates £m	Total £m
Cost at beginning of period	1,178	926	5	20	2,129
Additions	-	157	-	-	157
Disposals	(16)	-	-	-	(16)
Repayments	-	(285)	-	-	(285)
Exchange rate movement	-	(73)	-	-	(73)
Cost at end of period	1,162	725	5	20	1,912
Provisions at beginning of the period	378	75	4	20	477
Impairment charge during the period	36	-	-	-	36
Disposal	(16)	-	-	-	(16)
Provisions at end of the period	398	75	4	20	497
Net book value at 31 March 2015	764	650	1	-	1,415
Net book value at 31 March 2014	800	851	1	-	1,652
Net book value at 31 March 2013	802	699	1	-	1,502

Included in the above net book value of loans to subsidiaries and fellow group undertakings at 31 March 2015 are loans of £86m (2014: £86m; 2013: £86m) which are non-interest bearing and have no fixed repayment date.

During the year the company recognised an impairment of £36m in its investments in Cold Drawn Tubes Limited and Tata Steel UK Rail Consultancy Limited to reflect the estimated recoverable amount of these investments.

11. Stock

As at 31 March	2015 £m	2014 £m	2013 £m
Raw materials and consumables	330	350	409
Work in progress	277	302	294
Finished goods and goods for resale	221	232	228
	828	884	931

The value of stocks above is stated after impairment for obsolescence and write-downs to net realisable value of £81m (2014: £74m; 2013: £90m).

12. Debtors: amounts falling due within one year

As at 31 March	2015 £m	2014 £m	2013 £m
Trade debtors	101	67	127
Less provision for impairment of receivables	(3)	(9)	(8)
	98	58	119
Amounts owed by immediate parent company	5	1	1
Amounts owed by parent undertakings	11	1	17
Amounts owed by group companies	140	160	227
Amounts owed by subsidiary undertakings	87	86	54
Interest owed by parent undertakings	55	30	2
Interest owed by group companies	1	1	-
Interest owed by subsidiary undertakings	-	-	-
Amounts owed by joint ventures (Note 24)	19	28	19
Derivative financial instruments (Note 17)	24	4	35
Other taxation	-	8	10
Prepayments	5	7	4
Other receivables	48	25	12
	493	409	500

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

F6. Notes to the financial statements

13. Debtors: amounts falling due after more than one year

As at 31 March	2015 £m	2014 £m	2013 £m
Deferred tax assets	-	21	23
Financial guarantees	11	5	8
Retirement benefit assets (Note 23)	144	418	207
	155	444	238

The following is the analysis of the deferred tax balance:

2015	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Other £m	Total £m
At 1 April 2014	(57)	148	(82)	12	21
Credited/(charged) to profit and loss	30	(105)	(6)	(1)	(82)
Credited/(charged) to equity	-	-	61	-	61
At 31 March 2015	(27)	43	(27)	11	-
2014	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Other £m	Total £m
At 1 April 2013	(46)	98	(45)	16	23
Credited/(charged) to profit and loss	(11)	50	6	(4)	41
Credited/(charged) to equity	-	-	(43)	-	(43)
At 31 March 2014	(57)	148	(82)	12	21

No deferred tax assets have been recognised at 31 March 2015 (2014: £21m; 2013: £23m). 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 not be sufficient taxable income generated to recognise a deferred tax asset. Deferred tax assets have not been recognised in respect of total UK tax losses of £3,796m (2014: £3,052m; 2013: £2,651m).

14. Short term investments

As at 31 March	2015 £m	2014 £m	2013 £m
Deposits within three months of maturity when acquired	30	115	50

15. Creditors: amounts falling due within one year

As at 31 March	2015 £m	2014 £m	2013 £m
Obligations under finance leases	7	6	6
Revolving credit facility	400	-	-
Trade creditors	552	612	611
Amounts owed to group companies	989	1,191	1,040
Amounts owed to parent undertakings	583	504	181
Amounts owed to joint ventures (Note 24)	-	12	15
Other taxation and social security	33	21	19
Interest payable to parent undertakings	3	3	7
UK corporation tax	3	1	8
Derivative financial instruments (Note 17)	5	14	3
Capital expenditure creditors	45	67	87
Other creditors	62	58	60
	2,682	2,489	2,037

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

F6. Notes to the financial statements

16. Creditors: Amounts falling due after more than one year

As at 31 March	2015 £m	2014 £m	2013 £m
Obligations under finance leases	50	58	62
Amounts owed to parent undertakings	276	189	172
Amounts owed to fellow group companies	140	152	159
Amounts owed to subsidiary undertakings	978	985	977
Financial guarantees	11	5	8
Accruals and deferred income	6	8	-
	1,461	1,397	1,378

Amounts owed to subsidiary undertakings and fellow group undertakings represent loans with no fixed repayment date.

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

Amounts payable under finance leases are as follows:

	Minimum lease payments			Present value of minimum lease payments		
	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m
Not later than one year (Note 15)	10	10	10	7	6	6
Later than one year but not more than five years	39	40	39	28	28	26
More than five years	26	36	44	22	30	36
	75	86	93	57	64	68
Less: future finance charges on finance leases	(18)	(22)	(25)	-	-	-
Present value of lease obligations	57	64	68	57	64	68

17. Financial instruments

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

As a 31 March	2015 £m	2014 £m	2013 £m
Derivative financial assets	24	4	35
Derivative financial liabilities	(5)	(14)	(3)

Derivative financial instruments used by the Company include forward exchange contracts and commodity contracts. These financial instruments are utilised to hedge significant future transactions and cash flows and in some cases these are subject to hedge accounting under IAS 39 'Financial Instruments; Recognition and Measurement'. The Company does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

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

	2015		2014		2013	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Amounts falling due within one year:						
Foreign currency contracts	24	(3)	4	(14)	35	(3)
Commodity contracts	-	(2)	-	-	-	-
Total contracts	24	(5)	4	(14)	35	(3)

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

F6. Notes to the financial statements

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

	2015 £m	2014 £m	2013 £m
Foreign currency contracts	-	2	1
Commodity contracts	(3)	(1)	-
Cash flow hedge reserve	(3)	1	1

Amounts recognised in the cash flow hedge reserve, excluding deferred tax, are expected to affect profit and loss within one year.

	2015 £m	2014 £m	2013 £m
Opening cash flow hedge reserve:	1	1	-
Amounts (charged)/credited to the cash flow hedge reserve:			
Foreign currency contracts	(2)	1	1
Commodity contracts	(5)	(3)	(1)
Amounts transferred to the profit and loss account:			
Commodity contracts	3	2	1
Closing cash flow hedge reserve:	(3)	1	1

Ineffectiveness on cash flow hedges recognised in profit and loss was a charge of £nil in 2015 (2014: £nil)

18. Provisions for liabilities and charges

	Rationalisation costs (i) £m	Insurance (ii) £m	Retirement benefits £m	Other (iii) £m	Total 2015 £m	Total 2014 £m	Total 2013 £m
At beginning of period	83	14	10	40	147	183	155
Charged to profit and loss account	10	6	-	2	18	37	76
Released to profit and loss account	(9)	(9)	-	(2)	(20)	(43)	(24)
Utilised in period	(25)	-	-	-	(25)	(30)	(24)
At end of period	59	11	10	40	120	147	183

(i) Rationalisation costs include redundancy provisions as follows:

	2015 £m	2014 £m	2013 £m
At beginning of period	20	28	17
Charged to profit and loss account	9	20	30
Released to profit and loss account	(9)	(15)	(10)
Utilised during the period	(13)	(13)	(9)
At end of period	7	20	28

	2015 £m	2014 £m	2013 £m
Other rationalisation provisions arise as follows:			
Onerous lease payments relating to unutilised premises	39	50	61
Environmental and other remediation costs at sites subject to restructuring/closure	11	11	8
Other	2	2	5
	52	63	74

Although the precise timing in respect of rationalisation provisions including redundancy is not known, the majority is expected to be incurred within one year. At 31 March 2015 the rationalisation provision included £39m (2014: £50m; 2013: £61m) in respect of onerous leases on a discounted basis and £44m (2014: £56m; 2013: £69m) on an undiscounted basis.

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

(iii) For details of retirement benefit, see Note 23.

F6. Notes to the financial statements

(iv) Other provisions include £25m (2014: £24m; 2013: £28m) for environmental provisions. During the period there were charges to profit and loss of £2m (2014: £2m; 2013: £7m) and cash settlements of £nil (2014: £nil; 2013: £3m) against these claims. The other provisions also include product warranty claims for which the timing of any potential expenditure is uncertain and provisions for employee benefits, which include long term benefits such as long service and sabbatical leave. All items are subject to independent actuarial assessments.

19. Called up share capital

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

Authorised	2015 £m	2014 £m	2013 £m
4,999,999,998 (2014: 4,999,999,998; 2013: 4,999,999,998) ordinary shares of 50p each	2,499	2,499	2,499
Allotted, called up and fully paid	2015 £m	2014 £m	2013 £m
4,482,600,612 (2014: 4,482,600,612; 2013: 4,482,600,612) ordinary shares of 50p each	2,241	2,241	2,241

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

20. Future capital expenditure

	2015 £m	2014 £m	2013 £m
Contracted but not provided for	62	48	83
Authorised but contracts not yet placed	78	80	97

At the end of the period there was £21m (2014: £25m; 2013: £42m) of future expenditure planned in relation to intangible assets.

21. Operating leases

	2015 £m	2014 £m	2013 £m
Future minimum lease payments for the Company at the end of the period are:			
Not later than one year	73	76	77
Later than one year and not later than five	244	232	219
More than five years	240	270	206
	557	578	502

Of the total operating lease payments, £183m (2014: £212m; 2013: £258m) relates to the time charter hire of 11 (2014: 13; 2013: 11) vessels by the Company's supplies and transport function. The lease period for these assets ranges from one month to eight years (2014: one month to nine years).

TSUK has entered into an arrangement that includes the sub-letting of 2 (2014: 4; 2013: 4) of the time charter hire vessels, representing £65m (2014: £92m; 2013: £132m) of the total operating lease payments above. The total of future minimum sublease payments expected to be received under these sub-leases is £72m (2014: £87m; 2013: £124m) as shown below:

	2015 £m	2014 £m	2013 £m
Future minimum sub-lease receipts for the Company at the end of the period are:			
Not later than one year	13	19	20
Later than one year and not later than five	51	48	69
More than five years	8	20	35
	72	87	124

22. Contingencies

	2015 £m	2014 £m	2013 £m
Guarantees given under trade agreements	8	13	11
Others	-	8	8

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

F6. Notes to the financial statements

23. Pensions and post-retirement benefits

Defined contribution schemes

The Company participates in defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Company at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to prior month contributions that were not due to be paid until after the end of the reporting period. The total cost charged to the profit and loss account in 2015 amounted to £1m (2014: £nil).

Defined benefit schemes

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

The triennial funding valuation of the BSPS as at 31 March 2014 is currently on-going. This valuation is expected to conclude in the second half of 2015 following which a revised Recovery Plan will be agreed. In the meantime, deficit recovery contributions continue to be made to the BSPS in line with the Recovery Plan agreed in 2012. Under the terms of this plan, deficit recovery contributions of £40m were made to the BSPS during the year, which included the sixth (of seven) annual contributions of £10m payable following the merger of the Corus Engineering Steels Pension Scheme ('CESPS') into the BSPS on 6 April 2009.

The preliminary valuation results as at 31 March 2014 indicate a potential worsening of the on-going funding position and future service contribution rate of the Scheme. As part of the Group's strategy which seeks to ensure that pension provision is affordable and sustainable and that pension risks are mitigated as far as possible, consultation is currently on-going on a proposal to close the defined benefit Standard Section of the BSPS to future accrual. The employer will consider member feedback before confirming the terms of any revisions.

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. The Scheme's investment strategy will be reviewed as part of the 2014 valuation process.

Employer and active members' contributions to the scheme in 2015 amounted to £129m (2014: £106m) and £28m (2014: £40m) respectively, and for 2016 are estimated at £142m and £29m respectively. The increase and decrease to employer and active members' contributions respectively during the financial year was due to the introduction 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 2015 was 16 years (2014: 16 years).

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 profit and loss account can vary significantly with only small changes in these assumptions.

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

2015	BSPS %	Other %
Salary growth	2.95	2.95
Pension increases ¹	2.95	2.95
Discount rate	3.30	3.30
Inflation	2.95	2.95

¹ Where applicable a CPI assumption of 2.30% has been applied within BSPS

2014	BSPS %	Other %
Salary growth	3.30	3.30
Pension increases ²	3.30	3.30
Discount rate	4.40	4.40 to 4.80
Inflation	3.30	3.20 to 3.30

² 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 Sterling corporate bonds of equivalent currency and term to the scheme liabilities. Projected inflation rate and pension increases are long term predictions based, mainly, on the yield gap between long term fixed interest and index-linked gilts.

F6. Notes to the financial statements

Demographic assumptions are set having regard to the latest trends in life expectancy, plan experience and other relevant data, including externally published actuarial information. The assumptions are reviewed and updated as necessary as part of the periodic actuarial funding valuations of the BSPS. The liability calculations as at 31 March 2015 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 BSPS liabilities
Discount rate	Increase/decrease by 10bps	Decrease/increase by 1.5%
Inflation	Increase/decrease by 10bps	Increase/decrease by 1.4%
Salary growth	Increase/decrease by 25bps	Increase/decrease by 0.7%
Mortality	1 year increase/decrease in life expectancy	Increase/decrease by 3.8%

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 statement of financial position.

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

Profit and loss account 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 return on scheme assets (credited to profit and loss) and the actual return, the remeasurement 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.

Profit and loss account pension costs arose as follows:

	2015 £m	2014 £m
Current service cost	118	117
Net interest income	(22)	(12)
Settlements, curtailments and past service costs	4	2
Defined benefit schemes	100	107
Defined contribution schemes	1	-
Total charge for the period	101	107

The total charge for the period includes a charge of £4m (2014: £2m debit) included within net restructuring costs. The actual return on plan assets for the above schemes was a gain of £1,815m (2014: £191m).

F6. Notes to the financial statements

Plan Assets

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

BSPS	2015 %	2014 %
Quoted:		
Equities – UK Entities	8.1	8.9
Equities – Non-UK Entities	17.1	16.5
Bonds – Fixed Rate	18.0	19.9
Bonds – Index Linked	43.6	41.0
Other	0.2	1.2
Unquoted:		
Property	8.6	8.3
Derivatives	(0.6)	(0.1)
Cash and cash equivalents	0.2	0.3
Other	4.8	4.0
	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:

2015	BSPS £m	Other £m	Total £m
Fair value of plan assets at end of period	13,988	-	13,988
Present value of obligation at end of period	(13,844)	(10)	(13,854)
Defined benefit asset/(liability) at end of period	144	(10)	134
Disclosed as:			
Debtors: amounts falling due after more than one year	144	-	144
Provisions for liabilities and charges	-	(10)	(10)
Arising from:			
Funded schemes	144	-	144
Unfunded schemes	-	(10)	(10)
<hr/>			
2014	BSPS £m	Other £m	Total £m
Fair value of plan assets at end of period	12,668	-	12,668
Present value of obligation at end of period	(12,250)	(10)	(12,260)
Defined benefit asset/(liability) at end of period	418	(10)	408
Disclosed as:			
Debtors: amounts falling due after more than one year	418	-	418
Provisions for liabilities and charges	-	(10)	(10)
Arising from:			
Funded schemes	418	-	418
Unfunded schemes	-	(10)	(10)

F6. Notes to the financial statements

The movements in the present value of plan assets and defined benefit obligations in 2015 and 2014 were as follows:

2015	BSPS £m	Other £m	Total £m
Plan assets:			
At 1 April 2014	12,668	-	12,668
Interest income on plan assets	547	-	547
Return on plan assets greater than the discount rate	1,268	-	1,268
Contributions from the employer	129	-	129
Contributions from plan participants	28	-	28
Benefits paid	(652)	-	(652)
At 31 March 2015	13,988	-	13,988
Defined benefit obligations:			
At 1 April 2014	12,250	10	12,260
Current service cost	118	-	118
Interest cost on the defined benefit obligation	525	-	525
Past service cost - curtailments	4	-	4
Actuarial gain due to actuarial experience	(27)	-	(27)
Actuarial loss due to financial assumption changes	1,598	-	1,598
Benefits paid	(652)	-	(652)
Contributions from plan participants	28	-	28
At 31 March 2015	13,844	10	13,854
2014			
	BSPS £m	Other £m	Total £m
Plan assets:			
At 1 April 2013	12,942	-	12,942
Interest income on plan assets	546	-	546
Return on plan assets less than the discount rate	(355)	-	(355)
Contributions from the employer	106	-	106
Contributions from plan participants	40	-	40
Benefits paid	(611)	-	(611)
At 31 March 2014	12,668	-	12,668
Defined benefit obligations:			
At 1 April 2013	12,735	10	12,745
Current service cost	117	-	117
Interest cost on the defined benefit obligation	534	-	534
Past service cost - curtailments	2	-	2
Actuarial gain due to actuarial experience	(123)	-	(123)
Actuarial gain due to financial assumption changes	(327)	-	(327)
Actuarial gain due to demographic assumption changes	(117)	-	(117)
Benefits paid	(611)	-	(611)
Contributions from plan participants	40	-	40
At 31 March 2014	12,250	10	12,260

Actuarial losses recorded in the Statement of Comprehensive Income for the period were £303m (2014: gain of £212m).

24. Related party transactions

The table below sets out details of transactions which occurred in the normal course of business between the Company and its joint ventures.

	2015 £m	2014 £m	2013 £m
Amounts reported within the profit and loss account:			
Sales to joint ventures	16	78	43
Purchases from joint ventures	21	23	32
Dividends from joint ventures (Note 6)	2	1	2
Amounts reported within the balance sheet:			
Amounts owed by joint ventures (Note 12)	19	28	19
Amounts owed to joint ventures (Note 15)	-	12	15

F6. Notes to the financial statements

25. Ultimate and immediate parent company

Corus Group Limited is the Company's immediate parent company, which is registered in England and Wales. TSE and TSUKH are intermediate holding companies, registered in England and Wales, with TSUKH the smallest group to consolidate these financial statements.

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

Copies of the Report & Accounts for Corus Group Limited, TSUKH and TSE may be obtained from the Secretary, 30 Millbank, London, SW1P 4WY.

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

26. Main subsidiaries and investments

The main subsidiary undertakings, joint ventures and associates of the Company at 31 March 2015 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation except where otherwise stated.

Subsidiary undertakings

Steel producing, further processing or related activities:

England and Wales

Ashorne Hill Management College (limited by guarantee)
Blastmega Limited
Corus Management Limited
Cogent Power Limited
Corus Engineering Steels Holdings Limited
Corus International Limited
Kalzip Limited
Tata Steel UK Rail Consultancy Limited
UK Steel Enterprise Limited

Scotland

DSRM Group Plc

China

Tata Steel Speciality Service Centre Suzhou Co.Ltd

Dubai

Tata Steel International (Middle East) FZE

India

Tata Steel International (India) Limited

Romania

Corus International Romania SRL

Ukraine

Corus Ukraine Limited Liability Company

Unless otherwise indicated, subsidiary undertakings are wholly owned by the Company and the Company holding comprises ordinary shares and 100% of the voting rights.

Joint ventures & associates

	Nature of business	Annual sales £m		Issued capital Number of shares	% held
England and Wales					
Caparo Merchant Bar plc	Light sections	87	ordinary shares of £1	2,466,667	25

F6. Notes to the financial statements

27. Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The following disclosures are required in the year of transition. The last financial statements prepared under a previous GAAP (UK GAAP) were for the year ended 31 March 2014 and the date of transition to FRS 101 was therefore 1 April 2013.

Reconciliation of equity

	31 March 2014 £m	1 April 2013 £m
Equity reported under previous UK GAAP	825	953
Adjustments to Equity on transition to FRS 101		
Defined benefit pension and other post-retirement plans (i)	58	64
Capitalised Borrowing costs (ii)	4	3
Leases (iii)	7	7
Other	(1)	-
Equity reported under FRS 101	893	1,027

Reconciliation of total comprehensive income

	2014 £m
Total comprehensive loss for the financial year under previous UK GAAP	(128)
Adjustments to comprehensive loss on transition to FRS 101	
Defined benefit pension and other post-retirement plans (i)	(18)
Actuarial gains/(losses) on defined benefit pension and other post-retirement plans and associated income tax (i)	11
Capitalised Borrowing costs (ii)	1
Total comprehensive loss reported under FRS 101	(134)

Notes to the reconciliation of equity and total comprehensive income

(i) Retirement benefit schemes were reported under FRS 17 under UK GAAP, as opposed to IAS 19 (2011) for the purposes of FRS 101. The relevant adjustments result in an increase in equity and a net charge to total comprehensive income.

(ii) Under UK GAAP, borrowing costs were expensed to the profit and loss account as incurred, whilst under FRS 101 certain borrowing costs are capitalised in line with the Company's policy. The relevant adjustments result in an increase in equity and a credit to total comprehensive income.

(iii) Under UK GAAP certain leases relating to land were capitalised as finance leases. Under FRS 101 such leases must be treated as operating leases. The relevant adjustments result in an increase in equity.

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