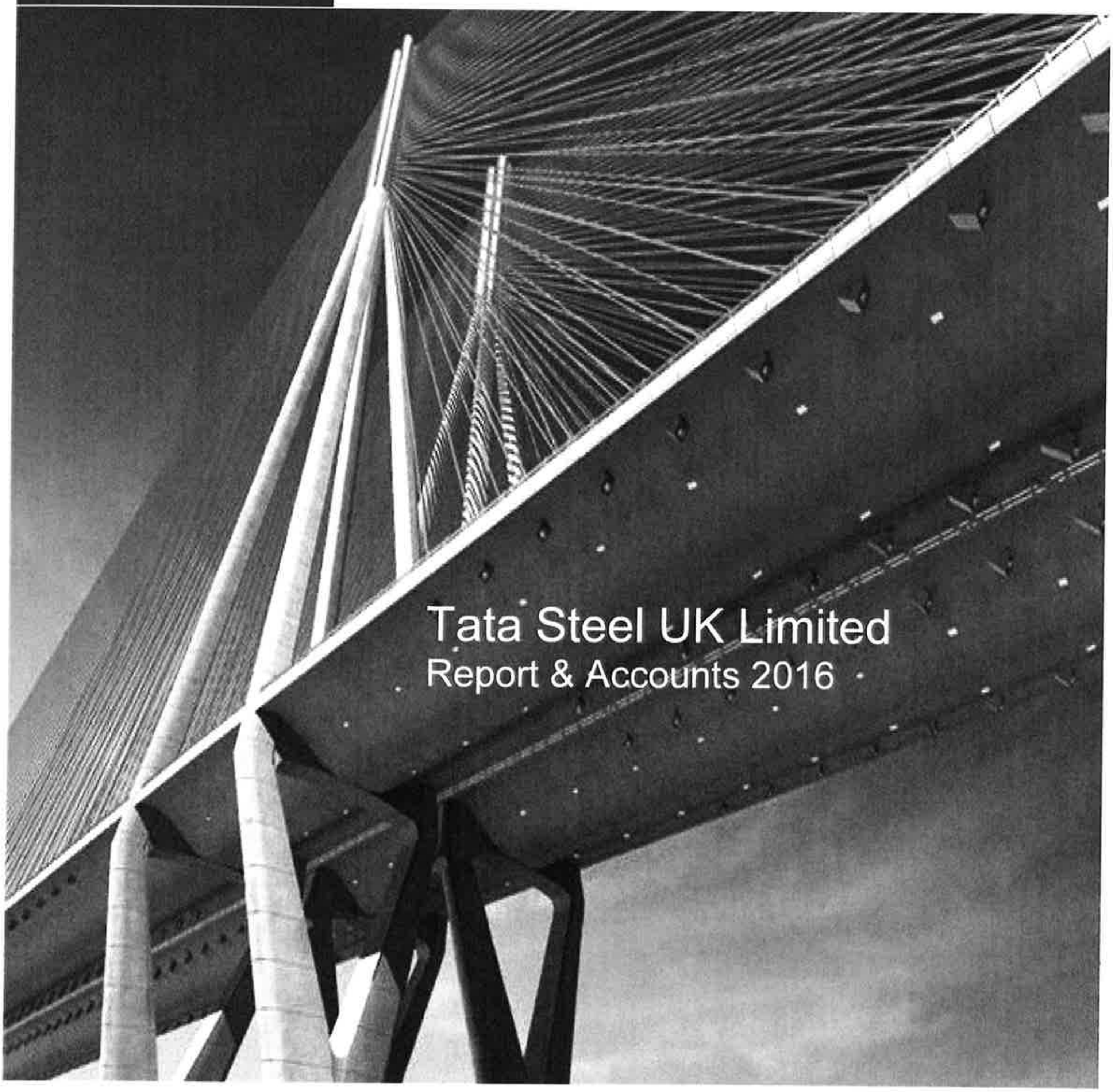

Tata Steel UK Limited

Report & Accounts 2016

F1. Income statement

For the financial year ended 31 March

	Note	2016 £m	Restated 2015 £m
Continuing operations			
Revenue	1	**2,258**	2,896
Operating costs	2	**(2,715)**	(3,168)
Operating loss		**(457)**	(272)
Finance costs	5	**(176)**	(196)
Finance income	5	**34**	38
Loss before taxation		**(599)**	(430)
Taxation credit/(charge)	6	**42**	(82)
Loss after taxation from continuing operations		**(557)**	(512)
Loss after taxation from discontinued operations	7	**(145)**	(339)
Loss after taxation		**(702)**	(851)

All references to 2016 in the Financial statements, the Presentation of accounts and accounting policies and the related notes 1 to 32 refer to the financial year ended 31 March 2016 or as at 31st March 2016 as appropriate (2015: the financial year ended 31 March 2015 or as at 31 March 2015).

As required by IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', TSUK's Long Products business has been classified as discontinued operations. The hive down of the assets and liabilities of this business to LSUK was completed on 2 August 2015. Turnover, operating loss and loss before taxation for all periods presented exclude the results of this business, which are shown as a single net amount in the income statement below loss after taxation from continuing operations. All comparative periods now reflect this reclassification.

Notes and related statements forming part of these accounts appear on pages 20 to 42.

F2. Statement of comprehensive income

For the financial year ended 31 March

	Note	**2016** **£m**	2015 £m
Loss after taxation		**(702)**	(851)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) on defined benefit pension and other post-retirement plans	27	**237**	(303)
Income tax relating to items not reclassified	6	**(43)**	61
Items that may be reclassified subsequently to profit or loss:			
Gains/(losses) arising on cash flow hedges	19	**5**	(4)
Other comprehensive income/(loss) for the year net of tax		**199**	(246)
Total comprehensive loss for the year		**(503)**	(1,097)

All items of other comprehensive income relate to continuing operations.

Notes and related statements forming part of these accounts appear on pages 20 to 42.

F3. Balance sheet

As at 31 March	Note	2016 £m	2015 £m
Non-current assets			
Intangible assets	8	**55**	123
Property, plant and equipment	9	**297**	983
Investments and loans to subsidiary and fellow group undertakings	10	**1,459**	1,414
Investments in joint ventures and associated undertakings	10	**-**	1
Other non-current assets	11	**15**	11
Retirement benefit assets	27	**1,206**	144
Deferred tax assets	20	**-**	-
		3,032	2,676
Current assets			
Inventories	12	**416**	828
Trade and other receivables	14	**414**	493
Cash and short term deposits	15	**36**	62
		866	1,383
TOTAL ASSETS		**3,898**	4,059
Current liabilities			
External borrowings	17	**446**	407
Inter-group borrowings	17	**291**	288
Trade and other payables	16	**1,254**	1,984
Current tax liabilities	13	**2**	3
Short term provisions and other liabilities	21	**98**	26
		2,091	2,708
Non-current liabilities			
Inter-group borrowings	17	**2,301**	1,394
External borrowings	17	**21**	50
Retirement benefit obligations	27	**10**	10
Provisions and other liabilities	21	**161**	84
Other non-current liabilities	18	**15**	11
Deferred income	22	**6**	6
		2,514	1,555
TOTAL LIABILITIES		**4,605**	4,263
NET LIABILITIES		**(707)**	(204)
Equity			
Called up share capital	23	**2,241**	2,241
Share premium account		**52**	52
Capital redemption reserve		**47**	47
Other reserves		**-**	153
Hedging reserve		**2**	(3)
Accumulated deficit		**(3,049)**	(2,694)
TOTAL EQUITY		**(707)**	(204)

The financial statements on pages 10 to 42 were approved by the board of directors and signed on its behalf by:

NK Misra

6 July 2016

Tata Steel UK Limited

Registered No: 2280000

Notes and related statements forming part of these accounts appear on pages 20 to 42.

F3. Balance sheet

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I Basis of preparation

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

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *'Reduced Disclosure Framework'*, which was early adopted in the prior year.

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

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

The Company has chosen to early adopt the changes to FRS 100 and 101 arising from the new EU accounting directive implemented in the UK by the Companies, Partnership and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980). One of the key aspects of the amendments relevant to TSUK include greater flexibility in relation to the format of the profit and loss account and balance sheet, allowing the use of a presentation close to IFRS-based financial statements. Other changes include the requirement to provide full disclosure of related undertakings in the accounts instead of the annual return (Note 32).

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

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

Group accounts have not been prepared as the Company is a wholly owned indirect subsidiary of TSE, which has prepared consolidated accounts for the year ended 31 March 2016.

On 29 March 2016, following a recommendation from Tata Steel Limited ('TSL'), the Company's ultimate shareholder, the Directors of TSE resolved to consider all possible restructuring options including the potential divestment of TSUK. Following the public announcement of the proposed restructuring or sale, the UK and Welsh Governments announced that a package of support worth hundreds of millions of pounds will be made available to potential purchasers and that equity co-investment is also available. In addition, in respect of the BSPS, the Department for Work and Pensions published a consultation document on 26 May 2016 in respect of potential secondary legislation that would enable TSUK to reduce the scheme's total liabilities so that the BSPS can remain outside the Pension Protection Fund ('PPF') on a self-sufficient basis.

This process has started and remains ongoing but, pending its conclusion and the conclusion of the current consultation period in respect of the BSPS, the outcome of the restructuring or sale, the form of any support package from the UK and Welsh Government and a legislative solution to the BSPS remain uncertain.

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

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

For these reasons, while the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that there exists a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

However, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

The trading performance of the Company in quarter one FY 2016/17 has been positive leading to an improved outlook for the remainder of the financial year.

II Use of estimates and critical accounting judgements

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

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

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

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

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

The recognition of 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 20.

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

Estimates in calculating provisions for rationalisation and related costs, environmental remediation and legal claims are based on previous experience and third party advice and are reassessed on a regular basis. Judgement is required in assessing the likely costs and the timing of those costs. Further details on the Company's redundancy and rationalisation provisions can be found in Notes 3 and 21.

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.

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

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

III Critical accounting policies

(a) Property, plant and equipment

Property, plant and equipment is recorded at fair value on acquisition less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and, for assets constructed by the Company, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. From 1 April 2009 this includes borrowing costs capitalised in respect of qualifying assets in accordance with the Company's policy. Amounts incurred in connection with capital projects that are not directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended (which the Company refers to as 'commissioning costs' and which include expenses such as initial operating losses incurred while technical deficiencies on new plant are rectified and incremental operating costs that are incurred while the new plant is operating at less than full capacity) are written off to profit and loss as incurred. Assets in the course of construction are depreciated from the date on which they are ready for their intended use.

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

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

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

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

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

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

		Life Years
Freehold and long leasehold buildings that house plant and other works buildings		25
Other freehold and long leasehold buildings		50
Plant and machinery:		
Iron and steelmaking	(maximum)	25
IT hardware and software	(maximum)	8

Office equipment and furniture		10
Motor vehicles		4
Other	(maximum)	15
Patents and trademarks		4
Product and process development costs		5

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

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

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

(c) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(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.

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

(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.

(f) 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.

(g) Other non-current investments and loan receivables

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

IV Other accounting policies

(a) Revenue

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

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

(b) Government grants

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

(c) Insurance

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

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

(d) Interest

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

Interest expense, excluding that related to financing the construction of qualifying property, plant and equipment, is expensed as incurred.

(e) Foreign currencies

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

(f) Financial instruments

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

(i) Trade receivables

Trade 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 the income statement.

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

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

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

(v) Trade payables
Trade 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, base metal prices and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts. The instruments are employed as economic hedges of transactions included in the accounts or forecast for firm contractual commitments. Contracts do not generally extend beyond 6 months.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken out. Following this, at each subsequent reporting period end the derivative is re-measured at its current fair value. For forward currency contracts are determined based on market forward rates at the end of the reporting period. The Company seeks to adopt hedge accounting for these currency contracts. This means that, at the inception of each hedge there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. This effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in 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 the income statement, and where a separate instrument with the same terms as the embedded component would itself meet the definition of a derivative.

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

Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is determined using the 'first in, first out' method. Inventories of partly processed materials, finished products and stores are individually valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution. Provisions are made to cover slow moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their local product lines and market conditions.

For the financial year ended 31 March

1. Revenue – continuing operations

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

	2016 £m	Restated 2015 £m
UK	**1,254**	1,681
Europe	**717**	878
Rest of world	**287**	337
	2,258	2,896

2. Operating costs – continuing operations

	2016 £m	Restated 2015 £m
Costs by type:		
Raw materials and consumables	**1,105**	1,440
Maintenance costs (excluding own labour)	**214**	216
Other external charges (including fuels & utilities, hire charges and carriage costs)	**485**	556
Employment costs (Note 4)	**(176)**	577
Depreciation and amortisation	**879**	157
Other operating items (including rents, rates, insurance and general expenses)	**93**	219
Changes in inventory of finished goods and work in progress	**127**	18
Own work capitalised	**(2)**	(3)
Profit on disposal of property, plant and equipment	**(10)**	(12)
	2,715	3,168

	Operating items before restructuring, impairment and disposals £m	Restructuring, impairment and disposals £m	Total £m
Costs by type:			
Raw materials and consumables	1,105	-	**1,105**
Maintenance costs (excluding own labour)	214	-	**214**
Other external charges (including fuels & utilities, hire charges and carriage costs)	485	-	**485**
Employment costs (Note 4)	(330)	154	**(176)**
Depreciation and amortisation	73	806	**879**
Other operating items (including rents, rates, insurance and general expenses)	94	(1)	**93**
Changes in inventory of finished goods and work in progress	127	-	**127**
Own work capitalised	(2)	-	**(2)**
Profit on disposal of property, plant and equipment	-	(10)	**(10)**
	1,766	949	**2,715**

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

	2016 £m	Restated 2015 £m
The above costs are stated after including:		
Impairment losses related to intangible assets (Note 8)	**60**	-
Amortisation of intangible assets (Note 8)	**13**	14
Depreciation of owned assets (Note 9)	**58**	96
Depreciation of assets held under finance leases (Note 9)	**2**	4
Impairment losses related to property, plant and equipment (Note 9)	**746**	7
Impairment losses related to investment in joint venture (Note 10)	**1**	-
Impairment losses related to investment in subsidiaries	**-**	36
Net exchange rate (gains)/losses	**(41)**	65
Operating lease rentals:		
Plant and machinery	**15**	14
Leasehold property	**19**	20
Release of grants relating to revenue (Note 22)	**(1)**	(2)
Sales of emission rights	**(108)**	-
Provision for emission rights deficit (Note 21)	**55**	-
Costs of research and development (gross)	**14**	17
Recoveries on research and development	**(6)**	(3)

The analysis of auditor's remuneration is as follows:

	2016 £m	2015 £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 2016. Fees payable to Deloitte LLP and its associates for non-audit services to the Company are not disclosed because the financial statements of TSE disclose such fees on a consolidated basis.

3. Net restructuring and impairment costs – continuing operations

	2016 £m	Restated 2015 £m
Provision for restructuring and related measures:		
Redundancy and related costs (Note 4)	**42**	9
Pension curtailment costs (Note 27)	**112**	4
Impairment losses related to intangibles (Note 8)	**60**	-
Impairment losses related to property, plant and equipment (Note 9)	**746**	7
Impairment losses related to investment in joint venture (Note 10)	**1**	-
Impairment losses related to investment in subsidiaries	**-**	36
Other rationalisation costs	**4**	1
	965	57
Credits for restructuring and related measures:		
Redundancy and related costs	**-**	(5)
Other rationalisation costs	**(6)**	-
	(6)	(5)
Total net restructuring and impairment costs	**959**	52

The provision for the redundancy and related costs of £42m in 2016 related to restructuring measures across a number of units including Strip Products UK, Speciality & Bar, Tubes UK, Packaging Trostre and the Company's central functions. The credit for other rationalisation costs relates to the release of rationalisation provisions in the Building Systems and Speciality & Bar units.

The provision for the redundancy and related costs of £9m in 2015 related to restructuring measures across a number of units including Strip Products UK, Tubes, Packaging and the Company's central functions, with the credit for redundancy and related costs of £5m relating mainly to a re-assessment of provisions previously recognised in respect of the Orb Electrical Steels site. The net curtailment impact in relation to pension schemes in 2016 was a charge of £112m (2015: £4m charge).

4. Employees – continuing operations

	2016 £m	Restated 2015 £m
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	**452**	459
Social security costs	**36**	37
Other pension costs	**(818)**	73
As included in operating costs	**(330)**	569
Net redundancy, pension curtailments and related costs (included within restructuring costs)	**154**	8
	(176)	577

(i) The average number of employees during the year was 13,138 (2015: 17,010). The decrease is due to the hive down of the Long Products business into a separate legal entity - LSUK, see Note 29. Although the employees of LSUK (2016: 4,670; 2015: 4,802) remain legally contracted to TSUK, their employment costs are borne by LSUK through a service agreement.

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

Dr K Köhler, Mr J L M Fischer and Mr NK Misra were directors of TSE and a number of other TSE subsidiaries during 2016. It is not possible to make an accurate apportionment of their 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 (2015: three) individuals who were directors during the period.

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

	2016 £m	Restated 2015 £m
Past service credit in BSPS defined benefit scheme (Note 27)	**(897)**	-
Other defined benefit scheme costs (Note 27)	**88**	96
Other defined contribution scheme costs (Note 27)	**4**	1
Costs incurred on behalf of Tata Steel UK Rail Consultancy Ltd	**6**	-
Recharge of BSPS costs to LSUK	**(19)**	(24)
	(818)	73

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

5. Financing items – continuing operations

	2016 £m	Restated 2015 £m
Interest expense:		
Bank and other borrowings	**19**	11
Finance lease interest	**2**	2
Interest on loans from other group companies	**48**	55
Interest on loans from parent undertakings	**36**	24
Discount on disposal of trade debtors within purchase agreement with group company	**76**	106
Amounts included in the cost of qualifying assets (Note 9 (iv))	**(5)**	(2)
Finance costs	**176**	196
Interest income:		
Dividends from joint ventures (Note 28)	**(1)**	(2)
Interest receivable on loans from other group companies	**(2)**	(1)
Interest receivable on loans from parent undertakings	**(30)**	(35)
Interest receivable on loans from subsidiaries	**(1)**	-
Finance income	**(34)**	(38)
	142	158

6. Taxation – continuing operations

	2016 £m	Restated 2015 £m
Current year tax charge	**-**	-
Prior year tax charge	**(1)**	-
Current tax charge	**(1)**	-
Deferred tax credit/(charge) (Note 20)	**43**	(82)
	42	(82)

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

	2016 £m	2015 £m
Loss before taxation from continuing operations	**(599)**	(430)
Loss multiplied by the standard corporation tax rate of 20% (2015: 21%)	**120**	90
Effects of:		
Adjustments to current tax in respect of prior periods	**(1)**	-
Tax losses not recognised	**(79)**	(163)
Other permanent differences	**2**	(9)
	42	**(82)**

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

	2016 £m	2015 £m
Relating to components of other comprehensive income:		
Actuarial (losses)/gains on defined benefit pension plans and other post-retirement plans	**(43)**	61
	(43)	61

7. Discontinued operations

On 2 August 2015 the Company disposed of the trade and assets of the Long Products business (a division of TSUK) by way of a hive down to a separate legal entity - LSUK.

The results of the discontinued operations in each of the periods, up until the point of disposal in the current year, are set out below:

		2016 £m	2015 £m
Revenue		**395**	1,279
Operating costs	(i), (ii)	**(539)**	(1,615)
Operating loss		**(144)**	(336)
Finance costs		**(1)**	(2)
Loss before taxation		**(145)**	(338)
Taxation charge	(iii)	**-**	(1)
Loss after taxation from discontinued operations		**(145)**	(339)

Whilst finance costs and taxation are managed centrally on behalf of TSUK as a whole, amounts have been included as attributable to the discontinued operations above, on a reasonable and consistent basis, for the purposes of the presentation required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* .

No gain arose on the disposal of the Long Products business, the consideration of £74m being equal to the net assets of the disposal group as at 2 August 2015 (Note 29).

(i) Operating costs

	2016 £m	2015 £m
Costs by type:		
Raw materials and consumables	**186**	656
Maintenance costs (excluding own labour)	**43**	127
Other external charges (including fuels & utilities, hire charges and carriage costs)	**102**	271
Employment costs (Note 4)	**75**	216
Depreciation and amortisation	**1**	288
Other operating items (including rents, rates, insurance and general expenses)	**127**	39
Changes in inventory of finished goods and work in progress	**5**	18
	539	1,615

Included within other operating items is an impairment charge of £110m to write down the value of loan receivables with LSUK to their recoverable amounts (Note 10 and Note 14).

(ii) Employees

	2016 £m	2015 £m
The total employment costs were:		
Wages and salaries	**61**	181
Social security costs	**5**	15
Other pension costs	**8**	24
Net redundancy and related costs	**1**	(4)
	75	216

(iii) Taxation

The tax charge in the prior year of £1m relates to current tax.

8. Intangible assets

2016	Computer software £m	Patents and trademarks £m	Total £m
Cost as at 1 April 2015	228	2	**230**
Additions	6	-	**6**
Hive down of assets to subsidiary undertaking (Note 29)	(12)	-	**(12)**
Cost as at 31 March 2016	222	2	**224**
Amortisation as at 1 April 2015	106	1	**107**
Charge for the period	13	1	**14**
Impairment for the period	60	-	**60**
Amortisation on hive down of assets to subsidiary undertaking (Note 29)	(12)	-	**(12)**
Amortisation as at 31 March 2016	167	2	**169**
Net book value as at 31 March 2016	**55**	**-**	**55**
Net book value as at 31 March 2015	122	1	123

The remaining amortisation period for computer software is approximately 4.2 years (2015: 7.9 years).

The Company recognised an impairment charge of £60m in the current year (2015: £nil) against computer software costs, £52m of which was previously capitalised as part of the Supply Chain Transformation (SCT) programme. The recoverable amount of this asset was tested for impairment using the Strip Products UK CGU (Note 9).

9. Property, plant and equipment

2016	Land and buildings £m	Plant and machinery £m	Loose plant and tools £m	Assets in course of construction £m	Total £m
Cost as at 1 April 2015	524	4,916	249	143	**5,832**
Additions	-	10	21	82	**113**
Disposals	(1)	(14)	(10)	-	**(25)**
Hive down of assets to subsidiary undertaking (Note 29)	(264)	(1,551)	(89)	(45)	**(1,949)**
Transfers	2	65	-	(67)	**-**
Cost as at 31 March 2016	261	3,426	171	113	**3,971**
Depreciation as at 1 April 2015	467	4,235	192	51	**4,945**
Charge for the period	30	21	9	-	**60**
Impairment losses recognised during the period (Note 3)	4	599	46	16	**665**
Disposals	(1)	(14)	(9)	-	**(24)**
Depreciation on hive down of assets to subsidiary undertaking (Note 29)	(264)	(1,551)	(89)	(45)	**(1,949)**
Transfers	-	15	-	(15)	**-**
Depreciation as at 31 March 2016	236	3,305	149	7	**3,697**
Net book value as at 31 March 2016	25	121	22	106	**274**
Spares (net book value)					**23**
Net book value as at 31 March 2016					**297**
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	57	681	57	92	983

The hive down of assets to LSUK also included spares, however all of the spares hived down were at nil net book value

(i)

As at 31 March	2016 £m
The net book value of land and buildings comprises:	
Freehold	20
Long leasehold (over 50 years unexpired)	1
Short leasehold	4
	25

Which may be further analysed as:	
Assets held under finance leases:	
Cost	14
Accumulated depreciation	(9)
	5
Owned assets	20
	25

(ii)

As at 31 March	2016 £m
The net book value of plant and machinery comprises:	
Assets held under finance leases:	
Cost	86
Accumulated depreciation	(86)
	-
Owned assets	121
	121

(iii)

As at 31 March	2016 £m
The net book value of spares comprises:	
Cost	283
Accumulated depreciation and impairment losses	(260)
	23

The Company recognised an impairment charge of £746m in the current year (2015: £273m) against property, plant and equipment (Note 3), with £81m of this impairment charge being allocated against spares (2015: £20m).

Property, plant and equipment was tested for impairment at 31 March 2016 where indicators of impairment existed. The outcome of this test indicated that the value in use of certain of the Company's property, plant and equipment, using a discount rate of 7.4% (2015: 8.0%), was lower than its carrying value due to a significant deterioration to trading conditions in the UK steel market, which are expected to remain weak over the medium term. Accordingly, an impairment charge of £746m has been recognised in the year (2015: £273m) comprising £688m in the Strip Products UK business (2015: £nil), consistent with the impairment recognised against the SCT programme (Note 8), Speciality & Bar £14m (2015: £nil), Packaging UK £14m (2015: £nil), Tubes £11m (2015: £nil) and £19m in mainly other smaller UK downstream businesses (2015: £9m).

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 2016 of £113m. At this site the value in use is dependent on an improvement to UK steel market margins and the implementation of a business transformation 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 disclose details of the movements normally disclosed in respect of property, plant and equipment.

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

10. Non-current investments

2016	Shares in subsidiary undertakings £m	Loans to parent, subsidiary and fellow group undertakings £m	Interests in joint ventures and associates £m	Loans to joint ventures £m	Total £m
Cost at 1 April 2015	1,162	725	5	20	**1,912**
Additions	-	110	-	-	**110**
Repayments	-	(39)	-	-	**(39)**
Exchange rate movement	-	48	-	-	**48**
Cost at end of period	1,162	844	5	20	**2,031**
Provisions at 1 April 2015	398	75	4	20	**497**
Impairment charge during the period	-	74	1		**75**
Provisions at end of the period	398	149	5	20	**572**
Net book value at 31 March 2016	**764**	**695**	**-**	**-**	**1,459**
Net book value at 31 March 2015	764	650	1	-	1,415

Included in the above net book value of loans to parents, subsidiaries and fellow group undertakings at 31 March 2016 are loans of £87m (2015: £86m) which are non-interest bearing and have no fixed repayment date.

During the year, there was an increase in loans to subsidiary undertakings mainly due to £74m (2015: £nil) of loan notes attributable to LSUK as payment for the acquisition of net assets from TSUK as part of the hive down to a stand-alone subsidiary (Note 29). During the year a provision of £74m was charged to the income statement (classified within discontinued operations) in order to write down the loan to its recoverable amount.

An impairment charge of £1m (2015: £nil) has been made against the Company's investment in Caparo Merchant Bar plc.

11. Other non-current assets

As at 31 March	2016 £m	2015 £m
Financial guarantees (Note 18)	**15**	11
	15	11

12. Inventories

As at 31 March	2016 £m	2015 £m
Raw materials and consumables	**164**	330
Work in progress	**163**	277
Finished goods and goods for resale	**89**	221
	416	828

The value of stocks above is stated after impairment for obsolescence and write-downs to net realisable value of £49m (2015: £81m).

13. Current tax

	Assets £m	Liabilities £m
2016		
UK corporation tax	-	**2**
	-	**2**
2015		
UK corporation tax	-	3
	-	3

14. Trade and other receivables

As at 31 March	2016 £m	2015 £m
Trade receivables	**48**	101
Less provision for impairment of receivables	**(1)**	(3)
	47	98
Amounts owed by immediate parent company	**5**	5
Amounts owed by parent undertakings	**30**	11
Amounts owed by group companies	**111**	140
Amounts owed by subsidiary undertakings	**63**	87
Interest owed by parent undertakings	**92**	55
Interest owed by group companies	**-**	1
Amounts owed by joint ventures (Note 28)	**9**	19
Derivative financial instruments (Note 19)	**16**	24
Other taxation	**9**	-
Prepayments	**4**	5
Other receivables	**28**	48
	414	493

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

During the year a provision of £36m was charged to the income statement (classified within discontinued operations) in order to write down amounts owed by subsidiary undertakings to their recoverable amount.

15. Cash and short term deposits

As at 31 March	2016 £m	2015 £m
Cash at bank and in hand	**31**	32
Short term deposits	**5**	30
	36	62

16. Trade and other payables

As at 31 March	2016 £m	2015 £m
Trade payables	**306**	540
Amounts owed to group companies	**615**	984
Amounts owed to parent undertakings	**214**	300
Amounts owed to subsidiaries	**11**	-
Amounts owed to joint ventures (Note 28)	**14**	12
Other taxation and social security	**20**	33
Interest payable to parent undertakings	**14**	3
Derivative financial instruments (Note 19)	**5**	5
Capital expenditure creditors	**24**	45
Other payables	**31**	62
	1,254	1,984

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

17. Borrowings

As at 31 March	2016 £m	2015 £m
Current:		
Intergroup:		
Amounts owed to parent undertakings	**291**	288
	291	288
External:		
Revolving credit facility (Note 19)	**441**	400
Obligations under finance leases	**5**	7
	446	407
	737	695

As at 31 March	2016 £m	2015 £m
Non-current:		
Inter-group:		
Amounts owed to parent undertakings	**1,186**	276
Amounts owed to fellow group companies	**150**	140
Amounts owed to subsidiary undertakings	**965**	978
	2,301	1,394
External:		
Obligations under finance leases	**21**	50
	21	50
	2,322	1,444
Total borrowings	**3,059**	2,139

The board of the Company granted a guarantee in relation to the debt raised as part of the Senior Facilities Agreement entered into by Tata Steel UK Holdings Limited ('TSUKH'), Tulip UK Holdings (No.3) Limited and Tata Steel Netherlands Holdings BV in October 2014. This guarantee is supported by security over the assets of the Company. At the same time an indemnity was provided by TSUKH in respect of this guarantee (Note 18).

Amounts payable under finance leases are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	**2016**	2015
	£m	£m	**£m**	£m
Not later than one year	**6**	10	**5**	7
Later than one year but not more than five years	**22**	39	**19**	28
More than five years	**3**	26	**2**	22
	31	75	**26**	57
Less: future finance charges on finance leases	**(5)**	(18)	**-**	
Present value of lease obligations	**26**	57	**26**	57

18. Other non-current liabilities

As at 31 March	2016 £m	2015 £m
Financial guarantees	**15**	11
	15	11

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

19. Financial instruments

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

As at 31 March	2016 £m	2015 £m
Derivative financial assets	**16**	24
Derivative financial liabilities	**(5)**	(5)
Total derivatives	**11**	19

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:

	2016		2015	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Current:				
Foreign currency contracts	**14**	**(5)**	24	(3)
Commodity contracts	**2**	**-**	-	(2)
	16	**(5)**	24	(5)

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

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

	2016 £m	2015 £m
Foreign currency contracts	-	-
Commodity contracts	2	(3)
Cash flow hedge reserve	2	(3)

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

	2016 £m	2015 £m
Opening cash flow hedge reserve:	(3)	1
Amounts charged to the cash flow hedge reserve:		
Foreign currency contracts	-	(2)
Commodity contracts	(2)	(5)
Amounts transferred to the income statement:		
Commodity contracts	7	3
Closing cash flow hedge reserve	2	(3)

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

20. Deferred tax

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

As at 31 March	2016 £m	2015 £m
Deferred tax assets	-	-
	-	-

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

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

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 income statement	30	(105)	(6)	(1)	(82)
Credited to equity	-	-	61	-	61
At 31 March 2015	(27)	43	(27)	11	-

No deferred tax assets have been recognised at 31 March 2016 (2015: £nil). In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including TSUK Board approved budgets and forecasts. Following this evaluation, it was determined that there would not be sufficient taxable income generated to realise the benefit of the deferred tax assets. Deferred tax assets have not been recognised in respect of total tax losses of £3,329m (2015: £3,796m).

21. Provisions for liabilities and charges

	Rationalisation costs (i) £m	Insurance (ii) £m	Other (iii) £m	Total 2016 £m	Total 2015 £m
At 1 April 2015	59	11	40	**110**	137
Charged to income statement	47	69	96	**212**	18
Released to income statement	(8)	(3)	(2)	**(13)**	(20)
Utilised in period	(20)	-	-	**(20)**	(25)
Hived down to LSUK (Note 29)	(2)	-	(28)	**(30)**	-
At 31 March 2016	**76**	**77**	**106**	**259**	110
Analysed as:					
Current liabilities	43	-	55	**98**	26
Non-current liabilities	33	77	51	**161**	84

(i) Rationalisation costs include redundancy provisions as follows:

	2016 £m	2015 £m
At beginning of period	**7**	20
Charged to income statement	**43**	9
Released to income statement	**-**	(9)
Utilised during the period	**(12)**	(13)
At end of period	**38**	7

	2016 £m	2015 £m
Other rationalisation provisions arise as follows:		
Onerous lease payments relating to unutilised premises	**26**	39
Environmental and other remediation costs at sites subject to restructuring/closure	**10**	11
Other	**2**	2
	38	52

(ii) 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 2016 the rationalisation provision included £26m (2015: £39m) in respect of onerous leases on a discounted basis and £28m (2015: £44m) on an undiscounted basis.

(iii) 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.

(iv) Other provisions include £58m (2015: £25m) for environmental provisions. During the period there were charges to the income statement of £56m (2015: £2m) of which provision for emission rights amounted to £55m (2015: £nil), and cash settlements of £nil (2015: £nil). The other provisions also include product warranty claims for which the timing of any potential expenditure is uncertain and provisions for employee benefits, which include long term benefits such as long service and sabbatical leave. All items are subject to independent actuarial assessments.

22. Deferred income

	Grants relating to revenue £m	Grants relating to property, plant & equipment £m	Total 2016 £m	Total 2015 £m
At 1 April 2015	6	-	**6**	8
New contributions received	-	1	**1**	-
Released to the income statement	(1)	-	**(1)**	(2)
At 31 March 2016	5	1	**6**	6

23. Called up share capital

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

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

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

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

24. Future capital expenditure

As at 31 March	2016 £m	2015 £m
Contracted but not provided for	**64**	62
Authorised but contracts not yet placed	**63**	78

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

25. Operating leases

As at 31 March	2016 £m	2015 £m
Future minimum lease payments at the end of the period are:		
Not later than one year	**46**	73
Later than one year and not later than five	**150**	244
More than five years	**37**	240
	233	557

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

This includes the time charter hire of three vessels that have been novated to a Tata group company as part of its provision of a full freight service to the Company on the basis that the pricing mechanism recovers all costs incurred by the Tata group company in the provision of that service to the Company, which means that the Company therefore effectively retains the liabilities under the lease contracts.

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

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

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

26. Contingencies

As at 31 March	2016 £m	2015 £m
Guarantees given under trade agreements	**6**	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.

27. Pensions and post-retirement benefits

Defined contribution schemes

The Company participates in defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Company at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to prior month contributions that were not due to be paid until after the end of the reporting period. The total cost charged to the income statement in 2016 amounted to £4m (2015: £1m).

Defined benefit schemes

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

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

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

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

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

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

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

The investment policy of the BSPS adopts a defensive strategic asset allocation (currently 70% maturity; 30% growth portfolios). The investment objective of the BSPS fund is to provide a high level of security of pension benefits at the lowest reasonable cost, taking into account the nature of the scheme's liabilities, the maturity of the scheme, and the characteristics of the Company's business. This leads to security for the maturity portfolio, which seeks to match a large part of the Scheme's pensioner liabilities with secure bonds, and performance for the growth portfolio, which seeks to achieve a higher level of long term investment return from an equity orientated investment policy. Following completion of the 2014 Valuation, the Scheme's investment strategy has been reviewed. The Company and Trustee have agreed to reduce volatility in funding levels as a key strategic priority.

Employer and active members' contributions to the scheme in 2016 amounted to £136m (2015: £129m) and £22m (2015: £28m) respectively, and for 2017 are estimated at £146m and £7m respectively. The continued increase and decrease to employer and active members' contributions respectively during the financial year was due to greater take up of 'Smart Pensions', a salary sacrifice scheme under which active members have the option to elect to stop making contributions and for the employer to make additional contributions on their behalf in return for an equivalent reduction in gross contractual pay. The weighted average duration of the scheme's liabilities at 31 March 2016 was 16 years (2015: 16 years).

As a result of the changes to Scheme benefits framework agreed during 2015, the joint contribution rate payable in respect of service from 1 April 2016 will decrease from 20.5% of pensionable earnings to 18.0%, of which the employer will pay 11.5% (previously 13%).

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

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

2016	**BSPS** %	**Other** %
Salary growth	1.50	1.50
Pension increases[1]	2.75	2.75
Discount rate	3.30	3.30
Inflation	2.75	2.75

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

2015	BSPS %	Other %
Salary growth	2.95	2.95
Pension increases[2]	2.95	2.95
Discount rate	3.30	3.30
Inflation	2.95	2.95

[2] Where applicable a CPI assumption of 1.75% 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.

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 1.2%
Salary growth	Increase/decrease by 25bps	Increase/decrease by 0.3%
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 balance sheet.

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

Income statement costs

Under IAS 19, costs in relation to pension and post-retirement plans mainly arise as follows:

- The current service cost is the actuarially determined present value of the pension benefits earned by employees in the current period. No charge or credit is reflected here for any surplus or deficit in the scheme and so the cost is unrelated to whether, or how, the scheme is funded.
- Net interest cost/(income) on the liability or asset recognised in the balance sheet.

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

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

Income statement pension costs arose as follows:

	2016 £m	2015 £m
Current service cost	**126**	118
Net interest income	**(30)**	(22)
Curtailments	**112**	4
Past service costs	**(897)**	-
Defined benefit schemes	**(689)**	100
Defined contribution schemes	**4**	1
Total (credit)/charge for the period	**(685)**	101

The total net credit for the period includes a charge of £112m (2015: £4m) included within net restructuring costs and £8m (2015: £24m) in respect of discontinued operations. In addition the charge includes a net credit of £13m in respect of BSPS member companies. The actual return on plan assets for the above schemes was a gain of £149m (2015: £1,815m).

Other plan assets

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

BSPS	**2016 %**	2015 %
Quoted:		
Equities – UK Entities	**8.1**	8.1
Equities – Non-UK Entities	**18.9**	17.1
Bonds – Fixed Rate	**17.7**	18.0
Bonds – Index Linked	**44.6**	43.6
Other	**0.0**	0.2
Unquoted:		
Property	**9.5**	8.6
Derivatives	**(0.5)**	(0.6)
Cash and cash equivalents	**0.2**	0.2
Other	**1.5**	4.8
	100	100

Balance sheet measurement

In determining the amounts to be recognised in the balance sheet the following approach has been adopted:
- Pension scheme assets are measured at fair value (for example for quoted securities this is the bid-market value on the relevant public exchange).
- Pension liabilities include future benefits that will be paid to pensioners and deferred pensioners, and accrued benefits which will be paid in the future for members in service taking into account projected earnings. As noted above, the pension liabilities are

discounted with reference to the current rate of return on AA rated corporate bonds of equivalent currency and term to the pension liability.

Amounts recognised in the balance sheet arose as follows:

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

2015	BSPS £m	Other £m	Total £m
Fair value of plan assets	13,988	-	13,988
Present value of obligation	(13,844)	(10)	(13,854)
Defined benefit asset/(liability)	144	(10)	134
Disclosed as:			
Defined benefit asset	144	-	144
Defined benefit liability – non-current	-	(10)	(10)
Arising from:			
Funded schemes	144	-	144
Unfunded schemes	-	(10)	(10)

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

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

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 obligation:			
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

Actuarial gains recorded in the Statement of Comprehensive Income for the period were £237m (2014: actuarial losses of £303m).

28. Related party transactions

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

	2016 £m	2015 £m
Amounts reported within the income statement:		
Sales to joint ventures	**7**	16
Purchases from joint ventures	**17**	21
Dividends from joint ventures (Note 5)	**1**	2
Amounts reported within the balance sheet:		
Amounts owed by joint ventures (Note 14)	**9**	19
Amounts owed to joint ventures (Note 16)	**14**	12

29. Disposal of Long Products business

On 2 August 2015, the Company disposed of the trade and assets relating to its Long Products Business (a division of TSUK) by way of a hive-down to a separate legal entity - LSUK. The value of the consideration was £74m which was equal to the net assets, resulting in a nil profit on disposal. The business represented a separate major line of business and has been classified as a discontinued operation (Note 7). The following table sets out the book values of the identifiable assets and liabilities disposed of:

	2016 £m
Current assets	
Inventories	186
Trade and other receivables	181
Total assets:	367
Current liabilities:	
External borrowings	2
Trade and other payables	237
	239
Non-current liabilities:	
Internal borrowings	24
Provisions and other liabilities	30
	54
Total liabilities	293
NET ASSETS DISPOSED	74
Consideration satisfied by:	
Loan notes issued	74
Total consideration	74

30. Events after the balance sheet date

On 31 May 2016 TSUK completed the divestment of its Long Products business to Greybull Capital LLP. The estimated loss on disposal arising from the transaction was £251m.

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

31. Ultimate and immediate parent company

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

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

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

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

32. Details of related undertakings

A list of the Company's subsidiary, joint venture and associated undertakings (direct and indirect) as at 31 March 2016 pursuant to the requirement of The Company, Partnership and Groups (Accounts and Reports) Regulation 2015.

The subsidiary undertakings, joint ventures and associates of the Company at 31 March 2016 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation.

Subsidiary undertakings
Steel producing, further processing or related activities:

Canada	
Cogent Power Inc. (ii) (iii)	845 Laurentian Drive, Burlington, Ontario, Canada, L7N 3W7
Germany	
Catnic GmbH (ii) (iii)	Am Leitzelbach 16, Sinsheim, 74889, Germany
China	
Tata Steel Speciality Service Centre Suzhou Co Limited (i) (iii)	Unit A, Building No 5, No 1 Qiming Road, Free Trade Zone B, Suzhou Industrial Park, Suzhou, China 215121
Tata Steel Speciality Service Centre Xian Co. Limited (ii) (iii)	A2-1, Xi'an Bonded Logistics Centre, 8 Gangwu Avenue, Xi'an International Trade and Logistics Park, Xi'an Shaanxi, China 710026
Greece	
Tata Steel International Hellas SA (i) (iii)	5, Pigis Avenue, Melissia, 15127, Athens, Greece
India	
Tata Steel International (India) Limited (i) (iii)	412 Raheja Chambers, 213 Backbay Reclamation, Nariman Point, Mumbai 400 021, India
Ireland (Republic of)	
Corus Republic Of Ireland Subsidiaries Pension Scheme Trustee Limited (i) (iii)	Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland
Gamble Simms Metals Limited (ii) (iii)	Tata Steel Steel Service Centre, Steel House, Bluebell Industrial Estate, Bluebell Avenue, Dublin 12
Lister Tubes Limited (ii) (iii)	Tata Steel Steel Service Centre, Steel House, Bluebell Industrial Estate, Bluebell Avenue, Dublin 12
Stewarts & Lloyds Of Ireland Limited (ii) (iii)	1 Stokes Place, St Stephens Green, Dublin 2
The Steel Company Of Ireland Limited (ii) (iii)	International Financial Services Centre, North Wall Quay, Dublin 1
Walkersteelstock Ireland Limited (ii) (iii)	Tata Steel Steel Service Centre, Steel House, Bluebell Industrial Estate, Bluebell Avenue, Dublin 12
Jersey	
Almana Steel Dubai (Jersey) Limited (i) (iv) (v)	Bedell & Cristin, Normandy House, Grenville Street, St Helier, Jersey
Mexico	
Cogent Power SA DE CV (ii) (iii)	Era 2, Real de Anahuac, 66600 Ciudad Apodaca, Nuevo Leon, Mexico
Nigeria	
Tata Steel International (Nigeria) Limited (i) (iii)	Block 69a, Plot 8, Admiralty Way, Lekki Phase 1, Lagos, Nigeria
Norway	
Tata Steel Norway Byggsystemer AS (ii) (iii)	Roraskogen 2, Skien, N 3739, Norway
Romania	
Corus International Romania SRL (i) (iii)	169 A Calea Floreasca, A Building, Campus 10, 4th Floor, Office 2039-2044, 1st District,, Bucharest, Romania
South Africa	
TS South Africa Sales Office Proprietary Limited (i) (xii)	1st Floor, Kamogelo Suites, 39 Lakefield Avenue, Benoni, Gauteng, 1501, South Africa
Sweden	
Surahammars Bruks AB (ii) (iii)	Box 201, S-735 23, Surahammar, Sweden
UAE	
Tata Steel International (Middle East) FZE (i) (iii)	PO Box 18294, Jebel Ali, Dubai, United Arab Emirates
Ukraine	
Corus Ukraine LLC (i) (iii)	Office 16, Building 11/23B, Chekhivskiy Provulok / Vorovskogo Street, 01054 Kiev, Ukraine

United Kingdom

Automotive Laser Technologies Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
B. S. Pension Fund Trustee Limited (ii) (iii)	17th Floor, 125, Old Broad Street, London, EC2N 1AR
Bell & Harwood Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Blastmega Limited (i) (iii) (vii)	30 Millbank, London, SW1P 4WY
Bore Samson Group Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Bore Steel Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Guide Rails Limited (ii) (iii) (x)	30 Millbank, London, SW1P 4WY
British Steel Corporation Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Directors (Nominees) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Engineering Steels (Exports) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Samson Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Service Centres Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Steel Trading Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
British Tubes Stockholding Limited (i) (iii)	30 Millbank, London, SW1P 4WY
C Walker & Sons Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Catnic Limited (i) (iii) (viii) (ix)	30 Millbank, London, SW1P 4WY
Cogent Power Limited (i) (iii) (x)	Orb Works, Stephenson Street, Newport, Gwent, NP19 0RB
Corby (Northants) & District Water Co. (i) (iii)	Po Box 101 Weldon Road, Corby, Northamptonshire, NN17 5UA
Cordor (C& B) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus CNBV Investments (50%) (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Cold Drawn Tubes Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Corus Engineering Steels (UK) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Engineering Steels Holdings Limited (i) (iii) (xi)	30 Millbank, London, SW1P 4WY
Corus Engineering Steels Limited (ii) (iii) (xi)	30 Millbank, London, SW1P 4WY
Corus Engineering Steels Overseas Holdings Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Engineering Steels Pension Scheme Trustee Limited (ii) (iii)	17th Floor 125 Old Broad Street, London, EC2N 1AR
Corus Group Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Holdings Limited (i) (iii)	15 Atholl Crescent, Edinburgh, EH3 8HA
Corus International Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Corus Investments Limited (ii) (iii)	15 Atholl Crescent, Edinburgh, EH3 8HA
Corus Liaison Services (India) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Management Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Corus Properties (Germany) Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Corus Property (50%) (ii) (iii)	30 Millbank, London, SW1P 4WY
Corus Service Centre Limited (ii) (iii)	Hull's Hill, Lisburn, Co.Atrim, BT28 2SR
Corus UK Healthcare Trustee Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Cpn (85) Limited (i) (iii)	30 Millbank, London, SW1P 4WY
DSRM Group Plc. (i) (iii)	30 Millbank, London, SW1P 4WY
Federated Property Services Limited (ii) (iii)	17th Floor 125 Old Broad Street, London EC2N 1AR
Firsteel Group Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Firsteel Holdings Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Firsteel Strip Mill Products Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Grant Lyon Eagre Limited (i) (iii)	30 Millbank, London, SW1P 4WY
H E Samson Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Hadfields Holdings Limited (62.5%) (i) (iii)	30 Millbank, London, SW1P 4WY
Hammermega Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Harrowmills Properties Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Ickles Cottage Trust Limited (ii) (iv) (v) (vi)	Stocksbridge Works, Manchester Road, Sheffield, South Yorkshire, S36 2JA
Kalzip Limited (i) (iii)	Haydock Lane, Haydock, St Helens, Merseyside, WA11 9TY
London Works Steel Company Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Longs Steel UK Limited (i) (iii) (Note 29)	30 Millbank, London, SW1P 4WY
Midland Steel Supplies Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Mistbury Investments Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Nationwide Steelstock Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Orb Electrical Steels Limited (ii) (iii)	Orb Works, Stephenson Street, Newport, NP19 0RB
Ore Carriers Limited (ii) (iv) (v) (viii)	30 Millbank, London, SW1P 4WY
Pension Services Limited (ii) (iii)	17th Floor 125 Old Broad Street, London, EC2N 1AR
Plated Strip International Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Round Oak Properties Limited (ii) (iv)	15 Great Marlborough Street, London, W1V 1AF
Round Oak Steelworks Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Runblast Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Runmega Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Seamless Tubes Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Steel Stockholdings Limited (ii) (iv) (v)	30 Millbank, London, SW1P 4WY
Steelstock Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Stewarts And Lloyds (Overseas) Limited (ii) (iii)	15 Atholl Crescent, Edinburgh, EH3 8HA
Stocksbridge Works Cottage Trust Limited (ii) (iv) (v) (vi)	Speciality Steels, PO Box 50, Aldwarke Lane, Rotherham, England, S60 1DW
Swinden Housing Association (i) (iii)	Swinden House, Moorgate, Rotherham, South Yorkshire, S60 3AR, England
Tata Steel UK Consulting Limited (i) (iii)	30 Millbank, London, SW1P 4WY

Tata Steel UK Rail Consultancy Limited (ii) (iii)	Meridian House, The Crescent, York, Yorkshire, YO24 1AW
The Newport And South Wales Tube Company Limited (i) (iii) (x)	30 Millbank, London, SW1P 4WY
The Stanton Housing Company Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
The Templeborough Rolling Mills Limited (i) (iv) (v)	30 Millbank, London, SW1P 4WY
Toronto Industrial Fabrications Limited (i) (iii) (x) (xi)	30 Millbank, London, SW1P 4WY
U.E.S. Bright Bar Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
UK Steel Enterprise Limited (i) (iii)	The Innovation Centre, 217 Portobello, Sheffield, S1 4DP
UKSE Fund Managers Limited (ii) (iii)	The Innovation Centre, 217 Portobello, Sheffield, S1 4DP
Walker Manufacturing And Investments Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Walkersteelstock Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
Westwood Steel Services Limited (i) (iii)	30 Millbank, London, SW1P 4WY
Whitehead (Narrow Strip) Limited (ii) (iii)	30 Millbank, London, SW1P 4WY
USA	
Cogent Power Inc. (ii) (iii)	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, New Castle County, USA

Classification key:

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

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

Joint arrangements

United Kingdom	
Afon Tinplate Company Limited (64%) (i) (iv) (vi) (JV)	Afon Works, Bryntywod, Swansea, UK, SA5 7LN
Air Products Llanwern Limited (50%) (i) (ii) (JO)	Hersham Place Technology Park, Molesey Road, Walton On Thames, Surrey, KT12 4RZ
BSR Pipeline Service Limited (50%) (i) (ii) (JO)	PO Box 101, Po Box 101 Weldon Road, Corby, Northamptonshire, NN17 5UA
Caparo Merchant Bar plc (25%) (i) (ii) (JV)	Caparo House Scunthorpe Steel Works, Brigg Road, Scunthorpe, South Humberside, England, DN16 1XA
Ravenscraig Limited (33%) (i) (iii) (JV)	15 Atholl Crescent, Edinburgh, EH3 8HA
Redcar Bulk Terminal Limited (50%) (i) (iii) (v) (JV)	Lackenby Main Office, Lackenby Works, Middlesbrough, TS6 7RP
Texturing Technology Limited (50%) (i) (iii) (JO)	30 Millbank, London, SW1P 4WY

Associates

United Kingdom	
Appleby Frodingham Cottage Trust Limited (33%) (i) (ii)	C/o Tata Steel UK Limited, PO Box 1, 1 Brigg Road, Scunthorpe, North Lincolnshire, DN16 1BP
Fabsec Limited (25%) (i) (iv)	Cellbeam Ltd, Unit 516 Avenue E East, Thorp Arch Estate, Wetherby, West Yorkshire, England, LS23 7DB
ISSB Limited (50%) (i) (ii)	Corinthian House, 17 Lansdowne Road, Croydon, Greater London, CR0 2BX

Classification key:

- (i) Owned by the Company
- (ii) Ordinary shares
- (iii) Ordinary A shares
- (iv) Ordinary B shares
- (v) Voting shares
- (vi) Preference shares

- (JV) Joint Venture
- (JO) Joint Operation

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