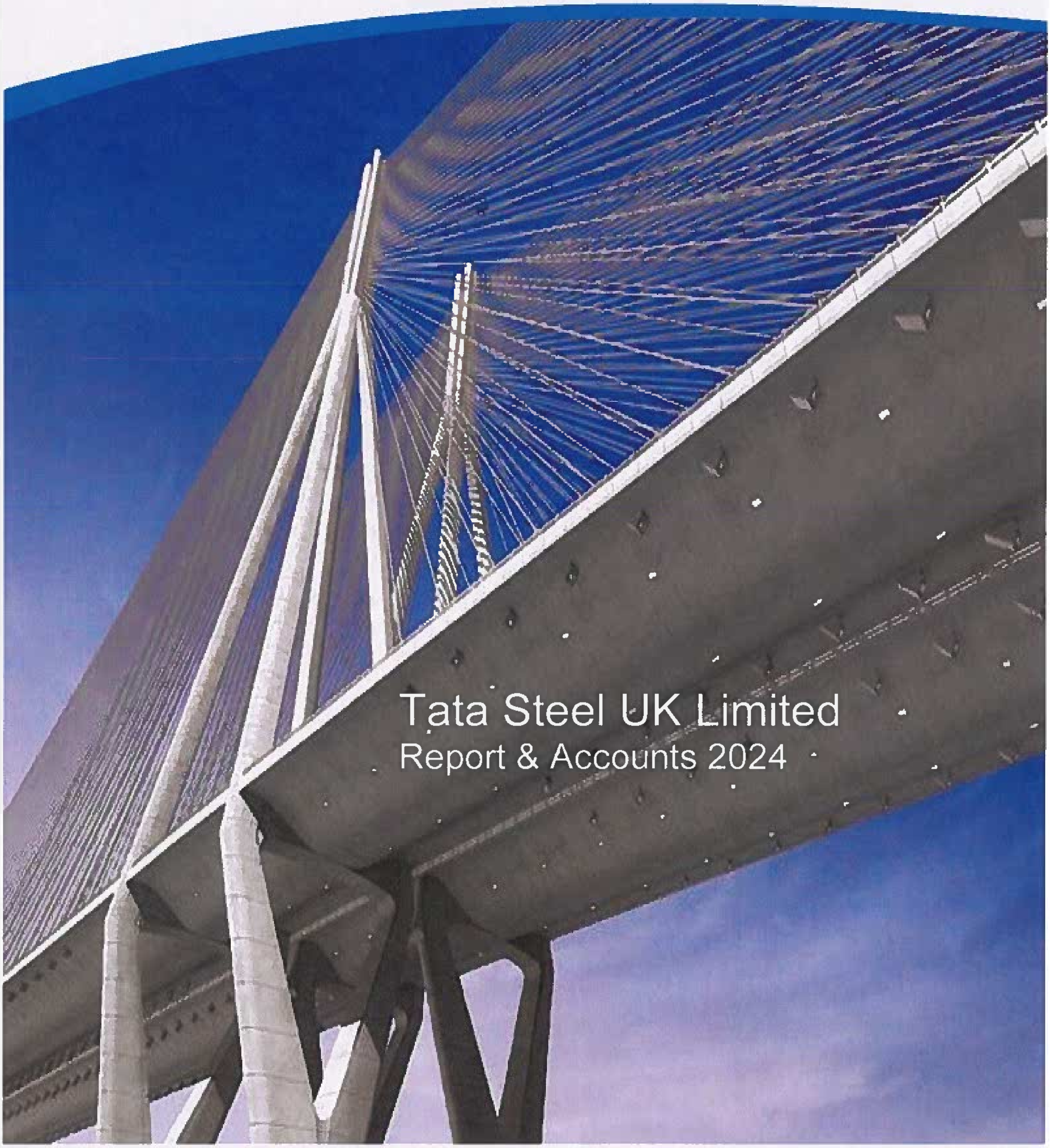
TATA STEEL

TATA



Tata Steel UK Limited

Report & Accounts 2024

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A. Directors and advisors

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B1. Strategic Report

Introduction

The directors have pleasure in presenting their Strategic Report, together with the audited accounts of Tata Steel UK Limited ('TSUK' or the 'Company'), for the year ended 31 March 2024.

The Company has chosen to present the financial statements in accordance with FRS 101 'Reduced Disclosure Framework' 'FRS 101', a framework for entities which apply the presentation, recognition, measurement and disclosure requirements of UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006, but also ensure compliance with any relevant legal requirements applicable to it.

Ownership

TSUK is a subsidiary within the Tata Steel Europe Limited ('TSE') Group. The ultimate parent company is Tata Steel Limited ('TSL'), which is a company incorporated in India with shares listed on BSE Limited (formerly the Bombay Stock Exchange Limited), Mumbai and the National Stock Exchange of India, and with global depositary receipts listed on the London and the Luxembourg Stock Exchanges.

Principal activities

The principal activities of TSUK are the manufacture and sale of steel products throughout the world. The Company produced carbon steel by the basic oxygen steelmaking method at its integrated steelworks in the UK at Port Talbot. During 2023/24, this plant produced 3.0mt of liquid steel (2022/23: 3.0mt).

The Company owns or has access to sales offices, stockholders, service centres and joint venture or associate arrangements in a number of markets for the distribution and further processing of steel products. This includes a branch office of the Company in France. Principal end-user markets for the Company's steel products are engineering, construction, automotive, retail and packaging.

Further information on TSUK can be obtained from either the company's website (www.tatasteeleurope.com) and/or the TSL 2023/24 Annual Report & Accounts which may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001.

Strategic activities

On 15 September 2023, TSUK announced a joint agreement with the UK Government on a proposal to invest in state-of-the-art electric arc furnace ('EAF') at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. The proposed agreement in principle with the UK Government was captured in a term sheet between UK Government, TSL and TSUK. The term sheet sets out TSL's intention that if the proposal proceeded, it would inject equity of at least £1,000m into TSUK in order to fund the remaining part of the capital cost not covered by the government grant and to cover certain restructuring costs which TSUK would be expected to incur as part of a deep restructuring of its heavy end facilities in Port Talbot. The formal Grant Funding Agreement ('GFA') between TSUK, TSL and the UK Government was signed on 11 September 2024 which documented the agreement as set out in the term sheet and conditionally committed all parties to the proposal.

On 19 January 2024, TSUK announced a proposal to restructure and transform its business. As part of the proposal, Port Talbot's two high-emission blast furnaces would be closed in a phased manner. The first blast furnace closed on 4 July 2024 with the remaining Heavy End assets to be wound down by the end of September 2024. The proposal also included the wider restructuring of other locations and functions across the business, including the proposed closure of the Continuous Annealing Processing Line (CAPL) in March 2025. On 2 February 2024, TSUK initiated the start of a minimum 45 day statutory consultation period in connection with the proposal which is expected to lead to a reduction of up to 2,800 roles across the business, of which 2,500 could potentially be affected by September 2025, and a further 300 in three years' time. After detailed discussions with relevant parties and careful consideration of the multi-union plan, TSUK announced on 25 April 2024 that it would proceed with its restructuring and transformation proposal.

The Drive to Save (D2S) programme was developed and launched at the start of the year to focus on the cash position on the UK business. The programme delivered important savings with c. £56m in cash improvements in H1 2023/24.

During the year, a final insurance transaction between the British Steel Pension Scheme ('BSPS') and Legal & General was completed meaning that TSUK's exposure to the BSPS has been substantially completely de-risked.

B2. Principal risks and uncertainties

The principal risks and uncertainties affecting the Company and the actions taken are as follows:

Risks	Mitigating factors
Health, safety, environmental and other compliance matters	
TSUK's priority at all times is the health, safety and wellbeing of staff and contractors. Available capital expenditure funding is therefore prioritised to this area. The Company has policies, systems and procedures in place aimed at ensuring compliance and there is a strong commitment from the TSUK board to continuously improve health and safety performance, enforce compliance and to minimise the impact of the Company's operations on the environment. The Company is subject to numerous laws, regulations and contractual commitments relating to health, safety, the environment and regulatory compliance in the UK. The risk of substantial costs, liabilities and damage to reputation related to these laws and regulations are an inherent part of the Company's business. Improving environmental performance and its linkage to "license to operate" is a key focus of the Company. The "license to operate" of the Company depends on the balance which it achieves between the value of its products and services to society, the jobs it creates, its contributions to communities and local economies, and its environmental footprint. Environmental issues, such as dust emissions in the vicinity of the Company's manufacturing sites, are key areas of concern for local communities which may negatively harm the "licence to operate" of its business.	TSUK deploys a positive culture of managing safety, health and environmental ('SHE') risks. This includes the escalation of these risks to a TSL SHE Committee. A key area of focus for TSUK's operations and procurement has been to minimise environmental impacts by selecting raw materials on their environmental credentials (as well as quality) in order to minimise landfill tonnages and to identify external opportunities for use/sale of by-products. The Company continues to engage with legislators to secure a level playing field, for example in areas such as the REACH (Registration, Evaluation, Authorisation & restriction of Chemicals) scheme. The disparities in legislation across steel producers in different countries reinforce the continued need to build brand reputation and customer loyalty. The Company has been increasing its contact with local communities closest to its manufacturing operations to explain the measures taken by the Company to reduce emissions and avoid environmental nuisance and to listen to their main concerns regarding TSUK's steel making activities.
Digital Resilience	
The cyber environment in which TSUK operates requires continuous scanning of threats and constant review of controls to prevent an increasing risk exposure, utilising new technology and maintaining existing hardware at all levels. TSUK is committed to setting and maintaining appropriate cyber security standards and practices to ensure the company is equipped to defend itself from cyber incidents. The threat of cyber-attacks has continued as a genuine business risk due to large scale criminal activity targeting major businesses across all industries. TSUK therefore has a focus on preventative measures to help maintain a low level of vulnerability.	Significant investment has been committed to combat the increasing global threat from cyber incidents to manufacturing companies, including continuing investment in a central Operational Security Service (including a Security Operations Centre), and both IT and process control security projects to improve resilience, manage security incidents and improve event detection. Specific focus and investment has been placed on awareness and education, protection from viruses, malicious software and external hacking, managing core network components, and contingency planning and resilience for digital business critical components.

B2. Principal risks and uncertainties

Risks	Mitigating factors
Climate Change	
Climate-related risks are central to the TSUK risk register. This includes climate change-induced physical risks such as those linked to rising sea levels and extreme weather events disrupting supply chains (e.g. storms, flooding, droughts, severe winds), and transition risks which include technological, policy and market changes to adapt to a lower-carbon economy. For the steel industry, transition risks include increased unit costs within UK Emissions Trading Systems and a reduction in the free allocation of CO2 allowances under this scheme. There is an expectation that in the future the allocation of CO2 allowances is likely to be substantially lower than projected emissions which is likely to expose TSUK to higher operating costs. Carbon taxes continue to absorb additional resources when compared to competitors not subject to the same legislation. One of the major challenges facing the steel sector is the ambition to move towards low carbon steelmaking with key stakeholders putting pressure on the industry to make a step change in CO2 emissions. TSUK is working in partnership with the UK government on the shared objective of creating an achievable, long-term plan to support the steel sector's transition to a competitive, sustainable and low carbon future. Due to the significant amount of capital that is required in order to invest in greener steelmaking, a risk remains that without sufficient government support in the UK, the Company may not be able to meet long term sustainability objectives, leading to higher carbon taxes and potentially a reduction in orders from environmentally conscious customers.	Physical risks for which mitigations are in place include flood-risk management on TSUK sites and resilience planning in respect of raw material suppliers declaring Force Majeure because of mine inundation or shipping delays. In the early part of 2021/22, TSUK started to pass on costs of carbon taxes to customers in the form of an additional surcharge which is adjusted when carbon costs change. Transparency in pricing of steel products is important and end customers and society as a whole should recognise that decarbonisation is likely to involve higher costs. Future anticipated regulatory changes, including a Carbon Border Adjustment Mechanism in the UK and EU, are required to protect European steel producers from imports from countries that are not subject to the same level of carbon taxes. TSUK is supportive in principle of a proposed Carbon Border Adjustment Mechanism, but care will be needed in its design if it is to have the intended effect of incentivising rapid decarbonisation amongst steelmakers. On 11 September 2024, Tata Steel UK announced that it had reached a Grant Funding Agreement with the UK Government on proposals that would see the two blast furnaces at Port Talbot replaced with an electric arc furnace (EAF). See page 13 for further detail. Following the signing of the GFA, climate change transition risks are significantly reduced although further action, including the continued support of the UK Government, will be required to complete the transition to low carbon steelmaking.

B2. Principal risks and uncertainties

Risks	Mitigating factors
Long term competitiveness	
TSUK's manufacturing facilities are based in the UK which is a relatively high cost area and where demand growth for steel products is lower than in developing parts of the world. Increasing raw material costs as well as high energy and CO2 costs challenge the long-term competitiveness of its products. One of the major challenges facing the steel sector is the ambition to move towards low carbon steelmaking with key stakeholders putting pressure on the industry to make a step change in CO2 emissions. TSUK is working alongside the United Kingdom government on the shared objective of creating an achievable, long-term plan to support the steel sector's transition to a competitive, sustainable and low carbon future. TSUK's long-term plan to achieve this involves the transition away from steel making using traditional blast furnaces to modern, low-carbon electric arc furnaces.	In order to maintain its ability to successfully compete in the long term the Company is undertaking a number of initiatives, including cost reduction measures and business specific improvement plans. The most significant of these initiatives is the restructuring proposal announced by the company to close its aged and obsolete heavy end assets with associated reduction of fixed costs of over £200m in 2024/25 and up to £400m in 2025/26.
Performance and operations	
Whilst the Company seeks to increase differentiated/premium business which is less dependent on steel market price movements, it still retains focus in the UK on improving its operations, consistency, and taking measures to protect against unplanned interruptions and property damage.	Best practices in asset management, enhancing technical knowledge and skills, improving process safety, targeted capital expenditure and focused risk management remain as priorities for the business.
Financing	
TSUK has external financing facilities in place with certain additional support provided by other TSE group companies. TSUK is committed to long-term financial independence and in recent years significant sums outstanding as loans to TSUK from TSL Group companies have been converted into equity or waived. Short term facilities have been put in place for the TSUK in order to help manage liquidity Access to finance may be required to enable the Company's transition to a low carbon future with the total costs of the proposed new electric arc furnace expected to be £1.25bn. Following the signing of the Grant Funding Agreement in September 2024, TSUK will have access to funding of at least £1bn of equity (compared to the equity levels at June 2023) from its parent company and £500m from the UK Government to contribute towards the costs of the project.	In order to effectively manage this risk, the forecast requirements of the Company continue to be closely monitored and 'downside' sensitivities are undertaken regularly to ensure the adequacy of facilities. As part of the wider TSL Group, TSUK has good relationships with external banks and has a proven ability to access sources of financing when required. As referenced on page 32, TSUK benefits from a letter of support from TSL Group companies in order to help refinance or repay certain of its funding facilities if required. Following the signing of the Grant Funding Agreement with the UK Government in September 2024, there is a greater level of certainty on financing with demonstrable support from both the UK Government and the wider Tata Steel Group. .

B2. Principal risks and uncertainties

Risks	Mitigating factors
Trading in the global steel market	
The Company's financial performance is influenced by the global steel market and the economic climate in the UK and EU. TSUK is one of a number of European steel producers which are being squeezed between rising import pressures and a long term decline in demand, with the situation being particularly acute for producers of hot rolled flat products. The surge in imports in recent years forced TSUK and other EU producers to pursue antidumping (AD) actions, investigation of unfair imports and imposition of trade remedy measures. Despite measures being in place to support UK producers, vulnerabilities remain as safeguards to manage volumes do not address prices. Furthermore, the Tariff Rate Quotas (TRQs) set a cap on imports, but at a high level which varies by product, and are based around historical EU imports, when demand was higher than today. TSUK is monitoring the current status and utilisation of safeguard quotas and their impact on stabilising traditional import flows and prevention of market-disrupting import concentration.	The Company's commercial strategies aim to identify opportunities to focus on less import-sensitive sectors/markets, product differentiation and a customer focus that will enable longer-term contracts. The Company expects changes to the TRQ regime in the UK to reflect the impact on the UK steel market of the Company's decision to close its heavy end operations in Port Talbot. TSUK has been actively engaging with the TRA to communicate the effect on the UK steel market and seeks a solution that ensures steel producers in the UK are not unfairly disadvantaged and that end users continue to have access to high quality steel products.
Raw materials and energy	
The Company did not have access in the financial year to captive iron ore and coal supplies, therefore access to and pricing of raw materials supplies was, to a large extent, dependent on worldwide supply and demand relationships, notably iron ore, metallurgical coal and scrap. TSUK's restructuring proposal whereby the blast furnace assets will be closed will require TSUK to be able to access imported slab and coil in order to continue to supply its customers. Whilst steel is a globally traded product and not in short supply, TSUK's plan includes securing a number of long term supply agreements from key strategic partners in order to guarantee supply and maintain flexibility over these imports. A significant part of the purchased slab and coil is expected to come from Tata Steel's other operations in India and the Netherlands.	Within TSUK's Transformation programme, opportunities are being sought with suppliers to extract greater value from contracts by strengthening partnerships, negotiating better payment terms and leveraging the buying power of the TSL Group to lower costs of consumables. The programme also investigates opportunities in the supply chain, for example by reducing inbound freight costs. Exposure to energy shortages and price increases are a present risk due to disruption caused by the ongoing war in Ukraine and sanctions on Russian businesses and products. These risks are closely monitored and extreme volatility in the market is partly mitigated by short-term price hedging. In addition, the Company continues to target measures to reduce its energy requirements, e.g. by increasing self-generation of electricity and efficiency improvements.

B3. Business Review

Business environment and prospects

Dynamics of the business

The steel industry is cyclical. Financial performance is affected by general macroeconomic conditions that set the demand for steel from downstream industries, as well as by available global production capacity, raw material prices and exchange rate relativities. As integrated steel players seek to maintain high capacity utilisation, changes in margins across regions lead to changes in the geographical sales pattern. As a result, in addition to market developments in the UK and mainland Europe, changes in the global market for steel influence the financial performance of TSUK.

Macroeconomic environment

Economic growth again decelerated globally in 2023 calendar year. The rise of central bank rates to fight inflation continued to negatively impact consumption and investments. Global GDP growth increased by 2.7% (2022: 3.1%). Inflation, at 6.1%, was lower than the 7.8% in 2022 calendar year but still significantly above levels seen in earlier years (2.9% in 2016-2020). In China GDP growth was 5.3% (2022: 3.0%) as economic activity increased due to the reopening of the Chinese economy in January 2023 after being shut down during the pandemic. Growth in China was held back during the year by a weak property market with house prices declining which led to issues for real estate developers.

The EU economy decelerated to 0.5% (2022: 3.6%) and the UK economy to 0.1% (2022: 4.0%). Monetary tightening and high energy costs impacted the economy. Output at the manufacturing sector was particularly low, whilst services provided more support to the economy, contrary to the post-pandemic rebound in 2021 during which manufacturing was relatively strong. Growth across the EU was uneven across the individual economies. Germany experienced a mild recession with -0.1% and France and Italy grew by 0.9% and 0.7% respectively.

Steel demand and production

Global steel demand declined in 2023 calendar year for the second year in a row by -1.1%, in line with the weak macroeconomic conditions, after a -3.2% decline in 2022 calendar year. Demand in China decreased by -3.3% (2022: -3.5%). This decline was mainly driven by the downturn in the Chinese real estate sector whilst steel demand from the manufacturing sectors continued to grow. Chinese steel demand is gradually shifting from construction to manufacturing and from long steel products to flat steel products. Demand in the EU decreased by -10.0% (2022: -8.0%). Activity growth in the main steel-using sectors decelerated but remained slightly positive in 2023 calendar year. Although construction output was negatively impacted by the high interest rates, especially for real estate, automotive output grew strongly due to backlogs.

In 2023 calendar year global steel production decreased by -0.2% to 1,848Mt (2022: -4.7%). Steel production in China decreased by -0.4% to 1,015Mt (2022: -2.6%) and equated to 55% of global steel production. In the EU production decreased by -7.3% to 126Mt (2022: -10.8%) as ~20% of blast furnaces were idled in response to lower demand for steel.

Raw materials and steel prices

The principal raw materials used in TSUK's carbon steelmaking processes are iron ore, metallurgical coal and steel scrap. The market reference price for iron ore fines (China CFR 62%) remained relatively stable in calendar year 2023 at US$120/t (-$1/t), with a low of US$105/t in May and a high of US$137/t in December. The hard coking coal spot price (Australia FOB) declined to US$296/t (-$69/t). In March 2022 the price was at an all-time high of US$594/t due to the loss of supply from Russia as a result of the war in the Ukraine. The German benchmark scrap price (Sorte 2/8) decreased to €340/t (-€74/t) compared to the previous calendar year. The price of CO2 (UKAs) decreased in 2024 to £36/t (-€35/t) due to an oversupply of allowances in the market and weaker demand from power and industrial sectors.

The European steel spot Hot Rolled Coil price (Germany, parity point) decreased in calendar year 2023 to €713/t (-€193/t). In April 2022 the steel price was at an all-time high of €1,346/t due to the loss of supply from Ukraine and Russia. In 2023 the price was relatively low due to declining demand for steel.

Prospects for 2024

In calendar year 2024 economic growth is expected to gradually accelerate in both the UK and the EU due to a lowering of the bank rates as inflation normalises. However, the high interest rates will continue to impact the economy leading to a gradual recovery. In 2024 growth of 0.5% for the UK is expected and 0.8% for the EU. Economic growth is expected to return to the longer-term levels from before the pandemic in 2026. Output growth in the steel-using sectors is forecast to be low in 2024 due to the tight monetary policy. A recovery in real demand is not foreseen in 2024 but a rebound of steel demand of 2.9% is expected due to restocking as the steel-using sectors start to anticipate higher demand for their products.

Civil society advocacy

TSUK continuously engages with UK Government at various levels and other civil society stakeholders, such as non-governmental organisations, to inform the elements of public policy and regulation relevant to the business. The objective is to help create the right conditions for a sustainable steel industry through adoption of policies which would create a level playing field with international competitors, a competitive cost base and attractive conditions for innovation and investment, including energy prices, taxation, carbon pricing and leakage, public procurement and international trade.

TSUK continues to engage civil society stakeholders on competitiveness issues, including energy prices and business property taxation.

Climate change and decarbonisation is the most significant area of engagement with civil society stakeholders. Engagement with UK Government has centred on how plans for decarbonisation can be funded and ensuring the business secures the right policy environment for industrial decarbonisation. See page 14 for details of decarbonisation activities across Tata Steel UK.

TSUK has continued to closely monitor trade and regulatory changes and is in dialogue with the UK's Trade Remedies Authority to ensure a level playing field against unfairly priced steel imports 'dumped' into the UK and continues to make the case for the renewal of existing steel safeguards in the UK.

Employees

Health and safety

Health and safety continues to be the Company's first priority as it strives to achieve its goal of ensuring zero harm to our employees, contractors and the communities in which we operate. The Company's ambition remains to be the health and safety benchmark in steel.

For the UK business, the combined lost time injury frequency (LTIF) rate in 2023/24 for employees and contractors improved slightly to 2.64 compared to 2.77 in the previous year along with the recordables rate, which includes lost time injuries, medical treatment cases and restricted work day cases, also improved slightly from 4.34 in 2022/23, to 4.04 in 2023/24. The business continued with hazard studies and developing process safety leadership. This is reflected overall in improvement in reporting from all the sites on process safety metrics and the increasing capability and knowledge in this area.

Good progress was made with the key occupational safety items in the annual plan: one person one lock, deployment of mechanical safety rules, deployment of the cranes and lifting codes of practice, Provision and Use of Work Equipment (PUWER) compliance and deployment of a single incident and investigation reporting system across the organisation. Face-to-face senior leadership safety tours, which are an effective way of engaging with employees were deployed widely to improve standards.

The focus for the Company remains on high severity and potential high severity events. This increased concentration resulted in more focused incident investigations, increased sharing and learning around high potential events and management team members visiting potential high severity events to review and bring management attention. These now feature in regular processes and reviews to ensure the organisation learns from such events and to minimise the likelihood of repeat events.

Working in collaboration with universities and experts, TSUK continues to embrace technical innovation. As well as further digitising our key processes such as the single incident reporting system (SALUS), the use of a safety app was further developed to increase engagement, and TSUK continues to use and trial other technology to either help eliminate or reduce risk.

Healthy Tata Steel

Healthy Tata Steel, a programme to embed a positive culture for health and wellbeing, strives to increase awareness, involvement and confidence. A regular focus on health, wellbeing and mental health, has been integrated into the day-to-day business, aiming to prevent work-related illness, encourage health surveillance, promote health and wellbeing, and support recovery and rehabilitation. Mindfulness sessions were also introduced in 2023/24.

Dedicated resources have been put in place to support deployment of the Company's mental health policy, with over 350 trained Mental Health First Aiders across TSUK to allow people to step out and have a conversation to support their mental health. In Port Talbot a wellbeing hub was established to support people back to the workplace following mental health issues. TSUK also recognised world mental health day and awareness week with a number of activities to reinforce the work we have been doing throughout the year. A range of other support is available including an Employee Assistance Programme (EAP) which was fully available for all employees as well as a dedicated occupational health and hygiene team.

Employee numbers

At 31 March 2024, the number of employees in the Company was 7,753 (2023: 7,939). Further details of the number of employees and related costs can be found in Note 4 to the financial statements.

Employment policies

There are well established and effective arrangements at each business location for communication and consultation with trade union representatives to systematically provide employees with information on matters of concern to them. The Company strives to ensure that well-developed policies and procedures are in place for consulting and negotiating with trade unions so that views of employees can be considered in making decisions that are likely to affect their interests.

The Company is committed to provide an environment that recognises and values the differences in employee backgrounds and skills. The aim is to provide equal opportunity for all employees to maximise the benefits available from a diverse workforce. Following on from the adaptations made during the pandemic, the Company has continued to embed flexibility and adaptive working as a part of supporting its diversity and inclusivity action plan.

During the year ended 31 March 2024, the TSUK Inclusion and Diversity Steering Group supported National Inclusion Week by hosting a series of educational sessions focused on imposter syndrome & masking, the importance of allyship, and how to hold inclusive meetings.

TSUK's Steel Women's Network has continued on its trailblazing path by running events tackling some difficult and challenging topics, such as women's health and unconscious bias.

In addition, the TSUK Menopause Support Group held various awareness and engagement sessions during the year. By continuing to raise awareness and challenge these important topics, the Group aims to continue to break down potential barriers to inclusion which our employees may face.

The Company continues to promote the development of our future talent through apprentice, higher apprentice, degree apprentice and graduate programmes and has developed a new suite of leadership development programmes to ensure the continued enhancement of management and leadership capability as employees progress the different stages of their career.

The requirements of job applicants and existing members of staff who have a disability are reviewed to ensure that reasonable adjustments are made to enable them to perform as well as possible during the recruitment process and while employed by the Company. Opportunities for promotion, access to benefits and facilities of employment will not be unreasonably limited and all reasonable adjustments will be made. All reasonable measures will be taken to ensure that disabled staff are given the opportunity to participate fully in the workplace, in training and career development opportunities.

UK Steel Enterprise is the Company's subsidiary that helps the economic regeneration of communities affected by changes in the UK steel industry and it continues to deliver packages of support measures to a variety of businesses across all steel manufacturing regions of the UK to help support and create new job opportunities for steel communities.

UK Gender pay

In the UK, under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, employers with more than 250 employees are required to publish annually their gender pay gap information by reporting the percentage differences in pay between their male and female employees for the previous year. TSUK first published results in 2018 and again this year has published its results on the UK Government website.

Relative to national and industry statistics TSUK's gender pay gap (3.9% mean gender pay gap and 7.0% median gender pay gap) continues to be at the lower end. The Company continues to focus on steps to further enhance the diversity in its organisation because it believes having the right people in the right job is important.

Pension arrangements

The principal defined benefit pension scheme in the Company at 31 March 2024 is the British Steel Pension Scheme ('BSPS') in the UK which is closed to future accrual. This came into existence on 28 March 2018 as part of the regulated apportionment arrangement ('RAA') agreed between TSL, the Trustee of the old BSPS, the UK Pensions Regulator and the Pension Protection Fund ('PPF'). Pension arrangements for employees in the UK are now provided by way of a defined contribution scheme.

Further details on this scheme is provided in Note 25.

Modern Slavery Act

Section 54 of the Modern Slavery Act 2015 requires relevant organisations carrying on business in the UK to publish a statement setting out the steps taken to ensure no slavery or human trafficking is taking place within the organisation or its supply chains. On 22 August 2024 the TSUK Board approved a statement for the financial year ended 31 March 2024 which has been issued by TSUK on behalf of itself and its relevant subsidiary companies and published on the TSE website.

Community Engagement

Tata Steel strives to enrich its local communities and contribute to their future economic and social wellbeing.

As part of its restructuring proposal announced during the year (see page 3), Tata Steel has committed a one-time £20m to a Transition Board (with £80m to be provided by the UK Government) in order to mitigate any impact to the local community. Tata Steel will work closely with the Transition Board and a range of regional and national stakeholders to ensure that this investment, coming at the same time as the establishment of the Celtic Freeport in Port Talbot, provides a catalyst for the economic regeneration of south Wales and creates high skilled, well-paid jobs for local people in the coming decades.

TSUK's programme of proactive community partnerships embraces three aspects: health and wellbeing, environment, and education and learning. TSUK sponsors a running event – the Richard Burton 10K near Port Talbot which is now in its 41st year and raised more than £107,000 for local charities and good causes in 2023.

In the UK, the business encourages employees to make an active contribution to their local community. Examples include food donations to food banks and donations to charities supporting victims of domestic abuse and families facing poverty and hardship. TSUK has also continued to raise thousands of pounds every Christmas for local communities, to ensure families have something to celebrate.

Sustainability & Environment

Sustainable in Every Sense

TSUK endeavours to be sustainable in every sense. In order to strengthen its sustainability programme and to secure third party validation of its progress, the Company (through its parent company, Tata Steel Limited) became a member of ResponsibleSteel™ in 2020. This is the first globally-present sustainability standard development and certification scheme for the steel industry. TSUK is actively pursuing certification against the ResponsibleSteel™ standard for its integrated steelmaking sites at Port Talbot.

During 2023/24, TSUK made further, concrete steps towards transforming their businesses in response to the need to decarbonise steelmaking.

Recognition

The Tata Steel Group has signed the World Steel Association (worldsteel) Sustainability Charter for the period 2022 – 2024 inclusive. In April 2024, Tata Steel Group was named as a Steel Sustainability Champion by worldsteel (the World Steel Association). Now in its seventh year, the Steel Sustainability Champions Programme commends those worldsteel members that are most clearly demonstrating their commitment and action to sustainable development through their involvement in worldsteel sustainability activities.

The Tata Steel Group secured a worldsteel Steelie award at its 2022 awards ceremony in the category 'Excellence in Life Cycle Assessment (LCA),' adding further to its already strong international reputation for its LCA expertise and activities.

TSUK's manufacturing operations continue to be independently certified as meeting the international environmental management system standard, ISO 14001:2015. In July 2022 and March 2023, Tata Steel secured ongoing certification of all of its products manufactured in the UK to the sustainability standard, BES6001. Certification against this standard is increasingly being specified by customers in the construction and other market sectors.

Climate Action

Steel and climate change

Steel is a fundamental material in the modern world. It is often said that 'if something is not made from steel, it is made using steel.' It is a vital and familiar component of our everyday lives. It is increasingly recognised as also being fundamental to efforts to transition to a low-carbon economy. Indeed, there can be no low-carbon economy without steel. It is needed for renewable energy, sustainable homes, low-CO_2 transportation, infrastructure schemes for large-scale hydrogen production and distribution, and carbon capture, usage & storage. It will be needed to build and power the electric vehicles of tomorrow, as well as creating sustainable buildings and delivering major infrastructure projects which will help nations across the globe to achieve their climate goals.

Steel's role in the net zero world of the future is clear, but it is also recognised that the steelmaking process itself creates substantial CO_2 emissions. The steel sector globally accounts for between 7% and 9% of man-made emissions of CO_2. It is recognised as being a 'hard to abate' sector. The combination of steel's intrinsic importance to global development, prosperity, well-being on one hand, and the carbon intensity of its production on the other have resulted in steel becoming a priority for governments around the world who are committed to playing their part in achieving the goals of the Paris Agreement.

Government action

The UK Government has sought to take a leadership position in global climate action. The European Commission adopted its 'Fit for 55' package of proposals in July 2021 to align the EU's climate, energy, land use, transport and taxation policies with the legal objective of reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.

The UK Government has legislated for net zero by 2050 and, in early 2021, announced its acceptance of the recommendations of its statutory advisory committee on climate change (UKCCC) and legislate to ensure the UK achieves a 78% reduction in emissions by 2035 (compared to 1990) and that ore-based steelmaking in the UK achieves 'near-zero' emissions by 2035. The UK Government has signalled its intent to tighten the trajectory of emissions reduction across the traded sector (i.e. those in UK Emissions Trading System (UK ETS)) in line with net zero by 2050 aspirations. This will equate to ~53% reduction in emissions by 2030 compared to 2019.

Market expectations

A large proportion of the TSUK customer base will not accept a supplier that does not have the plans and credentials to be a zero CO_2 supply partner. Increasingly, the ability of steel companies to demonstrate not only that they already perform to a very high standard in terms of carbon efficiency, but that they have clear and credible plans to make the transformative changes needed to become carbon neutral before 2050, are becoming part of their 'licence to sell.' Steel companies are increasingly seeking to differentiate themselves from competitors on grounds of their climate ambition and performance in addition to their product capability, reliability and service. The stakeholder expectations and pressures driving steel companies to enhance their climate credentials go beyond those of the market and the governments in the jurisdictions in which they operate. TSUK is also intent on responding to the expectations of its parent company and its shareholders and to the strengthening public attitudes in the UK towards climate change and environmental protection. Only companies that can be seen to be making a positive contribution to climate solutions will command the support of the public and will be able to attract the best talent.

Commitment

Against the backdrop of the myriad risks and opportunities arising from climate change summarised in this section, TSUK has responded with a comprehensive suite of actions to reduce its emissions, innovate in the products and services that will enable society to decarbonise and to disclose its performance, plans and progress to all interested parties.

In 2023, Tata Steel adopted a target to be net zero across the entire Group – including its European entities - by 2045. TSUK established in 2020 a target to reduce its direct emissions by 30% by 2030, compared to 2018, and has since announced its plans to transition to electric arc furnace steelmaking at its only UK steel plant in Port Talbot – a plan that will achieve a reduction in annual direct emissions from the site of over 5 million tonnes.

TSUK has set out its intent to establish science-based targets (SBT), which are medium-term emissions reductions targets consistent with the speed and extent of decarbonisation that the steel sector will need to make in order for the world to meet the 1.5°C goal of the Paris Agreement.

Public Policy Environment

TSUK is supportive of the strong leadership position on climate action that the UK Government has taken. It is committed to working closely with policy-makers to deliver a profoundly important contribution to the achievement of national aspirations. TSUK's emission reduction commitments, participation in global initiatives and other actions to date are evidence of this. Yet, the Company cannot achieve its decarbonisation aspirations alone. Tackling climate change is an effort that concerns the whole of society and accelerating the pace of decarbonisation of the steel sector will require a set of policy interventions that rapidly strengthen the business case for public and private investment in low-CO_2 steel.

It would be counter-productive if the cost of decarbonising TSUK's steelmaking operations were to give a competitive advantage to steelmakers in less carbon-constrained jurisdictions; policy measures are thus needed to enable the Company to remain competitive whilst pioneering the steel sector transition to net-zero. These measures should take the form of public procurement and product policies that incentivise the use by society of low-CO_2 steel, measures that accelerate the deployment of clean energy infrastructure and interventions that ensure that steelmakers can access low-cost finance to commercialise high-risk, innovative and first-of-a-kind technologies.

In the UK, the Government announced that it will implement a UK CBAM from January 2027 at the latest. In March 2024 it launched a consultation on the precise design and implementation of the policy, which remains open at the time of writing.

TSUK is supportive in principle of the EU's CBAM policy and the expression of intent by the UK Government to continue to ensure carbon leakage mitigations remain a core feature of UK ETS. Care continues to be needed to ensure these mechanisms have the intended effect of incentivising rapid decarbonisation amongst steelmakers whilst ensuring their adoption of a leadership position on climate action does not come at the expense of their competitiveness.

Decarbonisation Activities across Tata Steel UK

On 15 September 2023, Tata Steel UK Limited announced that it had reached an agreement in principle with the UK Government on proposals that would see the two blast furnaces at Port Talbot replaced with an electric arc furnace (EAF). The £1.25bn investment will encompass a new 3.2mtpa, state-of-the-art EAF, new secondary steelmaking ladle metallurgy furnaces and upgrades to casting capabilities and hot and cold rolling facilities. Under the agreement, the UK Government will contribute £500 million and Tata Steel will fund the balance. The proposals, once implemented, will bolster UK's steel security and would be the first major step towards decarbonisation of the UK steel industry, resulting in a 90% reduction in direct CO_2 emissions from Port Talbot and a 1.5% reduction in the UK's national, territorial emissions. The proposal, once implemented, will also be a transformation in terms of the UK's progress towards a more circular economy, leveraging strategic, domestically available scrap steel and promoting value addition within the UK.

Further to the investment proposal, as part of Tata Steel's commitment to advance global research and innovation in materials science for a sustainable future, the company also announced its intention to invest approximately £20 million over four years to set up two additional Centres of Innovation and Technology in the UK at the Henry Royce Institute at Manchester (for advanced materials research) and at Imperial College London (for research in sustainable design and manufacturing).

CO_2 Emissions Performance and Emissions Trading

Even with the Company's decarbonisation activities moving forward at pace, it is nevertheless still important to ensure that its assets remain efficient in the short term. TSUK reports its CO_2 emissions using a standardised methodology adopted by worldsteel, which enables performance benchmarking. The methodology comprises a number of different emission scopes, such as direct emissions only (Scope 1 emissions), direct emissions plus indirect emissions associated with imported electricity (Scope 1 + Scope 2) and a holistic scope which also takes account of the emissions associated with producing raw materials (Scopes 1+2+3). It is important when comparing the emissions performance of different installations to define which methodology and which scope are being used.

TSUKs weighted average emission from its steelmaking facility (worldsteel Scopes 1+2+3) was 2.02 tCO_2/tonne crude steel (tCO_2/tcs) in 2023/24, taking into account the application of credits associated with blast furnace slag production. This performance level was broadly in line with that in recent years, indicative of the fact that the integrated steelworks are operating close to the optimal CO_2 intensity levels for the technologies and asset configurations.

The Company met its environmental obligations for calendar year 2023, the third year of the operation of the UK ETS.

Product innovation

Decarbonisation of its operations is only a part of the positive contribution that the Company is making, as its products are also part of the solution to climate change. Steel is a fundamental material for a low-carbon economy. CO_2

emissions in steel production can be offset by reductions in direct and indirect emissions through the life-cycle of steel products, achieved through effective product development and design, and through recycling at end-of-life. The Company has developed a tool to assess the sustainability of all new products against the products they replace, in a semi-quantitative manner. The Sustainability Assessment Profiler is a unique framework supporting the company's mission to become sustainable in every sense, creates value propositions related to sustainability and supports customer engagement. The framework considers environmental, social and economic aspects over the complete product life cycle in a consistent manner in an approach that puts the Company ahead of other international steel companies.

Carbon Lite

During 2022/23, the Company launched commercial propositions that allow customers to take a stake in its decarbonisation journey, whilst demonstrating their own contribution to societal CO_2 emission reductions. Under the brand names Optemis Carbon Lite, the propositions are based on an approach described as carbon 'insetting,' in which actual emissions reductions are third-party verified, banked and then offered to customers as a way of off-setting their own Scope 3 emissions of CO_2. The CO_2 savings are real and are subject to verification by leading assurance organisation DNV. Revenues from the sale of certificates are used to fund projects generating further CO_2 savings to be verified by DNV, speeding up decarbonisation of TSUK processes.

Transparency & Disclosure

TSUK is committed to open communication of its carbon emissions and climate action. In 2023 it again provided a comprehensive disclosure as part of a consolidated TSL annual submission to CDP (formerly Carbon Disclosure Project). Tata Steel attained a rating of A-, placing it firmly amongst the best performing of the steel companies reporting to CDP.

Increasingly, the Company is working with customers in all market sectors on all aspects of sustainability. Its knowledge and transparency about the performance of its products allows customers to understand the sustainability of steel applications, enabling them in turn to develop their approach to material usage and meet their environmental goals.

Life cycle assessment

Life cycle assessment (LCA) is a powerful tool for identifying opportunities to reduce the environmental impact of a product – whether that is a building, a vehicle, a piece of machinery or packaging – throughout its life cycle. Tata Steel is widely recognised for its expertise in LCA. Taking a supply chain perspective allows it to demonstrate how improvements in material utilisation and right-first-time manufacturing can reduce emissions during the production phase. Tata Steel's LCA models allow it to consider the complete value chain, for instance, the impact of the carbon intensity of regional grid electricity (gCO_2 / kWh) on the carbon footprint of a vehicle or building.

To extend its capability in this area, Tata Steel has developed the PACI (Product Assessment Carbon Indicator) tool. This streamlines the process of undertaking life cycle studies of products and enables an understanding of greenhouse gas (GHG) emission hot spots and trade-offs in the steel product value chain, which can be used to inform new product developments and optimise existing manufacturing routes. PACI has been used to support collaborative projects with customers, for example, to examine the greenhouse gas emission impact of materials selection and part design, or the trade-off between motor efficiency versus embodied GHG emissions associated with different grades of electrical steels. The tool was recognised by worldsteel in 2022, winning a Steelie award for Excellence in Life Cycle Assessment.

In construction, the Company has been supplying life cycle data on its building envelope products for 15 years, publishing environmental declarations for its supply chain partners' cladding systems that use our Colorcoat HPS200 Ultra® or Colorcoat Prisma® prefinished steel. Work in this area has been recognised with four worldsteel awards for Excellence in LCA.

The Company was the world's first steel manufacturer to operate an Environmental Product Declaration (EPD) programme and can produce product-specific EPDs that comply with EN 15804 and ISO 14025 standards and which are third-party validated. An EPD contains a description of the manufacturing route and a technical description of the product. Along with quantified environmental information, it covers specific aspects of the product life cycle, from raw material extraction, manufacture, and fabrication through to use and end-of-life.

Environment

Environmental Policy

The Company is committed to minimising the environmental impact of its operations and its products through the adoption of sustainable practices and continuous improvement in environmental performance.

Environmental Improvements

TSUK continued in 2023/24 to pursue targeted investment in environmental control technology to achieve reductions in its impact but, following the decision to close iron and steelmaking activities at Port Talbot, focus has shifted to ensuring excellent control of its those activities in their current configurations up to the cessation of operations in FY25, followed by the responsible and safe decommissioning of the facilities. Concurrently, TSUK is designing its proposed new electric arc furnace and ancillary assets to ensure full adoption of best available techniques. The transition is expected to yield a very profound reduction in emissions to air of substances such as particulate matter (PM), small particulates (e.g. PM10), nitrogen oxides, sulphur dioxide and carbon monoxide, in addition to carbon dioxide.

Energy and carbon emissions reporting

SECR

In April 2019, the UK Government introduced legislation called Streamlined Energy and Carbon Reporting (SECR), which mandates that defined companies include energy and carbon emissions in their annual reports. In addition, a narrative on the principal measures taken for the purpose of increasing the business's energy efficiency is required. Both parts of the required information are provided below.

Energy Efficiency of Tata Steel UK's Activities

Most of the carbon emissions associated with TSUK's activities during the financial year occurred at Port Talbot integrated steelworks, where iron ore and coal have been brought together in the blast furnace process. This was already a very efficient steelworks and, although the opportunities for standard energy efficiency measures have become progressively smaller, the Company remains committed to making marginal gains wherever the opportunity arises to do so and continues to invest substantially in evaluating and optimising its processes. A significant reduction in direct carbon emissions will take place once the heavy end facilities in Port Talbot are closed in September 2024, with a step change in embedded emissions occurring once the EAF is built and producing low carbon steel.

A key process optimisation tool involved using a so-called energy efficiency 'wave' approach which systematically targeted energy efficiency opportunities at the Company's main operations around the UK. The Company has also developed MONICA, a state-of-the-art monitoring and benchmarking tool for energy and CO_2 emissions from its processes.

TSUK is part of the UK's Energy Saving Opportunities Scheme (ESOS) and has fulfilled its obligations under this regime by delivering a rolling programme of audit and assessment.

In November 2023, TSUK completed a £5 million project to install electric induction furnaces at its Corby site. This has reduced emissions by at least 2,000 tonnes of CO_2 a year.

TSUK also commissioned an innovative system in the reheating furnaces at the Port Talbot hot rolling mill during the year, which uses lasers to measure the efficiency of combustion, to enable optimisation of fuel rates and therefore emissions.

As part of a UK-wide approach on comprehensive energy management, the Catnic and Corby sites attained ISO5001 certification during 2023/24, joining others such as Shotton and Hartlepool that had already secured this third party assurance for their energy management systems.

GHG emissions and energy use 2023/24	Scope	Units	UK[1]
Gaseous fuel for combustion[3]	1	kWh	8,358,895,468
Fuel for transport and business travel[2]	1	kWh	17,214,344
Purchased electricity[3]	2	kWh	720,868,774
Fuel for transport and business travel[2]	3	kWh	21,261,414
Energy consumption based on above		**kWh**	**9,118,240,000**
Emissions from gaseous fuel[3]	1	tCO_2e	4,934,709
Emissions from fuel for transport and business travel[2]	1	tCO_2e	4,126
Emissions from purchased electricity[3]	2	tCO_2e	140,088
Emissions from fuel for transport and business travel[2]	3	tCO_2e	5,190
Total gross emissions		**tCO_2e**	**5,084,113**
Total gross emission per tonne of liquid steel		**tCO_2e/tls**	**1.701**

GHG emissions and energy use 2022/23	Scope	Units	UK[1]
Gaseous fuel for combustion[3]	1	kWh	8,499,295,663
Fuel for transport and business travel[2]	1	kWh	22,097,922
Purchased electricity[3]	2	kWh	694,455,490
Fuel for transport and business travel[2]	3	kWh	19,648,221
Energy consumption based on above		**kWh**	**9,235,497,296**
Emissions from gaseous fuel[3]	1	tCO_2e	5,025,848
Emissions from fuel for transport and business travel[2]	1	tCO_2e	5,829
Emissions from purchased electricity[3]	2	tCO_2e	125,435
Emissions from fuel for transport and business travel[2]	3	tCO_2e	5,190
Total gross emissions		**tCO_2e**	**5,162,302**
Total gross emission per tonne of liquid steel		**tCO_2e/tls**	**1.708**

<u>Notes</u>

1. The data for UK assets is based on the scope of the organisation as covered in the Financial Accounts 23/24; the derogation to exclude legal subsidiaries that did not meet the definition of "large" was applied. The reporting methodology was based on the Green House Gas Protocol Corporate Reporting Standard and the UK Emission Trading System (UK ETS). Where available, site specific conversion factors were used and where not, national government factors were used. The financial control approach (as opposed to equity split) was used to define the organisational boundaries; deductions were made for onward third party supplies. Greenhouse gas emissions are reported as CO2e except for the combustion of works arising gases (WAGs), these only include CO2 emissions.

2. Scope 1 was defined to include on-site vehicular re-fuelling and mileage/ fuel claims relating to fuel used in company-owned or leased (capitalised on balance sheet as per IFRS 16) vehicles, both on and off-site. Scope 3 was defined to include fuel consumption of time-chartered vessels plus mileage claims and fuel claims relating to fuel used in employee-owned vehicles off-site. Where clarity on the lease status was unavailable, the fuel was divided evenly between scopes 1 and 3. Conversion to energy and CO2 was based on factors provided by UK government. If unknown, vehicle type and fuel consumption per km, were based on national averages.

3. Only imported electricity was reported, that is, electricity generated on-site was not included; the associated emissions were included in the gaseous fuel emissions. The grid emission factor taken for the UK was 0.207 kg CO2e/kWh.

4. Part of the data was subject to third party verification conforming to UK ETS rules and regulations. This covered the period April-December 2023 only and included 83.5% of the UK natural gas consumption and 100% of the consumption of WAGs at Port Talbot.

Research & development

Research & Technology programme

The Company's R&D focus has been on products and product solutions targeting the market facing sectors – automotive, construction and packaging. Two themes – Sustainability and Digitalisation – lie at the core of all the developments. Achievements in each of these areas include:

- Collaboration with Aberystwyth University, developing a process to manufacture high value sugar substitutes from preprocessing of various biomasses which yields high quality biochars, suitable for use in steelmaking processes.
- Continuous engagement with automotive customers (Nissan and JLR) through VAVE and EVI programs, helping TSUK to strengthen the position of new grades of its steel products in comparison to competitive products e.g. Aluminium.
- Development and further population of the material database, Aurora Online UK – a software tool that offers OEM automotive customers instant access to accurate, production based material data for engineers to use in computer simulations and thus reduce tool try-outs and avoid surprises in forming parts and/or crash testing.
- Development of new paint and curing technologies such as ultra-violet and electron beam curing that will allow for a reduction in carbon emissions.
- Looking into new bio-based or inorganic insulation materials as well as recycling options for existing PIR (Polyisocyanurate) based composite panels.
- Developing new structural concepts for Offshore Wind Mills potentially offering light weighting as well as lower embedded carbon benefits.
- Collaboration with the University of Warwick, to produce a full set of tools to manufacture easy open end (EOE) and sanitary can lids with a view to support the UK packaging business.
- Using data analytics and process simulation technologies to improve plant processes, such as analysing product specific bottlenecks of the Cold Mill line, speed optimisation of Hot Mill pacing system and control of the heating section of the Zodiac galv-annealing line.

Process development

The process technology programme in 2023/24 was focused on lean and robust manufacturing processes, better use of raw materials and resolution of quality issues. Key achievements during 2023/24 were:

- New sustainable nickel-plating technology that does not form toxic by-products and can be scaled up easily.
- Using Artificial Intelligence to optimise ladle logistics; minimising the heat loss during the transfer of hot metal to reduce the direct CO_2 emissions, and allowing for additional scrap intake.
- Adaptation of in-house control system for the new reheating furnace that achieves better product quality and reduces fuel consumption and emissions.
- Development of galvanising process without submerged stabiliser rolls to improve yield and quality.
- Implementation of new control model for coating weight resulting in a better product quality and a reduction of zinc consumption.
- Installation of a new sensing system in the run-out-table of the hot strip mill that provides real-time data. This technique can be used to fine tune the cooling process for the optimisation of quality and yield across the whole product portfolio, but also accelerates line trials and hence reduces the time to market for new products.

Product market sector developments

A key element of the Company's strategy is the development of new steel products. Structured programmes are initiated for all market segments identified by strategic marketing with particular emphasis on the automotive, engineering, construction and packaging sectors.

8 new products were launched during the year which included ComFlor™ & RoofDek products containing the MagiZinc™ substrate for construction applications. These products provide increased durability and improved in-service performance due to the superior corrosion resistance offered by the novel Zinc – Aluminium – Magnesium coating. In the packaging sector, the Company launched new specialist steel grades for aerosol and welded food can applications, helping customers to meet sustainability targets either through improved container performance or lightweighting. Additionally, the Company continued to develop the MagiZinc product offering and successfully launched a range of highly formable grades for automotive end applications. Initially targeting Jaguar Land Rover leading to supply chain efficiency gains by localising supply to the UK, whilst opening future opportunities with other UK Automotive OEMs.

B4. Financial Review

£m	2023/24	2022/23
Liquid steel production (mt)	3.0	3.0
Steel deliveries (mt)	2.8	2.9
Revenue	**2,629**	**3,127**
EBITDA	**(385)**	**(162)**
Depreciation and amortisation (net of grants)	(50)	(60)
Operating loss before restructuring, impairment and disposals	**(435)**	**(222)**
Restructuring, impairment and disposals	(619)	-
Operating loss	**(1,054)**	**(222)**
Net finance costs	(102)	(57)
Share of post-tax results of joint ventures and associates	41	-
Loss before taxation	**(1,115)**	**(279)**
Taxation charge	(114)	(395)
Loss for the financial year	**(1,229)**	**(674)**

Profit and loss

The Company's revenue of £2,629m in 2023/24 was lower than the previous year due to a 13% decrease in average revenue per tonne and a 4% decrease in deliveries. The decrease in average revenue per tonne was mainly due to lower prices across most sectors since the peak level in the first quarter of 2022/23. Deliveries were lower reflecting subdued market demand in the second half of 2023/24 alongside certain operational issues at the Port Talbot site which resulted in lower liquid steel production.

The operating result before restructuring, impairment and disposals in 2023/24 was a loss of £435m compared to a loss of £222m in 2022/23. The increased loss was due to reduced margins on the back of lower prices following the general deterioration in macro-economic conditions combined with an increase in power and fuel costs. TSUK's heavy end assets in Port Talbot struggled throughout the year with operational issues causing production to be lower than planned and leading to under-recovery of fixed costs. Due to their age, further deterioration in the efficiency of the assets was experienced leading to higher costs through increased energy usage and more expensive mix of raw materials consumed.

Restructuring, impairment and disposals was £619m in 2023/24 (2022/23: £nil). Impairment losses for the year were £260m which relates to the full impairment of heavy end assets in Port Talbot due to the decision to close these assets during the first half of 2024/25. This decision also led to a provision of £152m in respect of redundancy and related costs and a provision of £95m in respect of expected costs of closing the assets at the Port Talbot site. Separate to the restructuring decision at Port Talbot site, there was also a past service cost of £115m in relation to the BSPS due to changes in the Scheme rules which mean that members are entitled to any surplus of the Scheme following the completion of the purchase of certain insurance policies in the current year (see note 3).

Taxation was a net charge of £114m in 2023/24 compared to a net charge of £395m in 2022/23. The tax charge in 2023/24 includes a deferred tax charge of £145m due to a decrease in tax credits recognised for deferred tax purposes required to offset the deferred tax effects of actuarial movements on the UK defined benefit pension scheme (BSPS) and a credit of £27m due to an increase in tax credits recognised for deferred tax purposes in relation to cash flow hedge reserve movements. The prior year primarily comprised of a £353m charge to offset a net deferred tax credit in other comprehensive income relating to BSPS actuarial losses and a charge of £38m due to a decrease in UK tax losses recognised for deferred tax purposes in relation to cash flow hedge reserve movements.

The loss after tax in 2023/24 was £1,229m compared to a loss of £674m in 2022/23 due to the lower operating result, the restructuring costs recognised from the decision to close the heavy end assets in Port Talbot and the tax charge noted above.

Financing

In September 2023, TSUK entered into a new £100m three year committed facility with an external bank. As of 31 March 2024, the facility was fully drawn.

In October 2023, TSUK increased its revolving credit facility with a syndicate of lenders with a new limit of £350m.

previously £200m. As of 31 March 2024, the facility was fully drawn.

In January 2024, TSUK increased an uncommitted working capital facility with an external bank to £75m. As at 31 March 2024, the facility was undrawn.

In January 2024, TSUK entered into a new £80m revolving credit facility with an external bank. As at 31 March 2024, the facility was fully drawn.

As at 31 March 2024, the Company had access, either directly or indirectly via its parent company Tata Steel Europe Limited, to debt facilities totalling £1,005m of which £100m was undrawn. This £100m was drawn in April 2024 subsequent to the balance sheet date. Furthermore, on 13 May 2024, TSUK successfully completed the refinancing of two of its existing facilities into a new three year committed revolving credit facility with a value of £400m.

TSUK continues to have access to a trade receivables securitisation arrangement. Under the uncommitted arrangement, an external bank has agreed to purchase all receivables from TSUK up to a programme maximum of £450m on a non-recourse basis (page 31).

Acquisitions and Disposals

Across the wider Tata Steel Group there is a continuing focus on simplifying the corporate structure by reducing the number of separate legal entities. This is intended to reduce costs, reduce complexity, aid in transparency and improve corporate governance. During the current year 6 subsidiaries were placed into liquidation via members voluntary liquidation (MVL) and the Company completed dissolution of 8 subsidiaries, (including 5 subsidiaries which entered into MVL in prior years). As at 31 March 2024 there were 3 non-trading subsidiaries in voluntary liquidation and it is anticipated these will enter into dissolution within 2024/25.

Full details of TSUK's subsidiary companies can be found in Note 30 of the accounts.

Capital expenditure

Capital expenditure on property, plant and equipment in 2023/24 at £53m (2022/23: £97m) included spend on a number of major capital projects throughout the UK.

The main projects within the UK in 2023/24 include investments at Corby on the transformation programme to consolidate the operation onto a smaller site, which includes the investment in a new cold form mill. The new mill will roll steel into tubes which can be used in construction and various engineering applications from farm machinery to bridges and heavy goods vehicles. The work is expected to be completed in 2024. Corby has also benefited from an investment to convert the gas furnaces on the SR2 mill to electric as the first part of plans to make the site CO2 neutral. At Hartlepool work continued on an investment in a new slitter which will enable the tubes site to process coils of steel delivered from both Port Talbot and external sources.

Balance sheet

TSUK's net liabilities at 31 March 2024 were £1,085m (31 March 2023: net assets £397m).

The decrease of £1,482m was due to the loss for the financial year of £1,229m (2022/23: loss of £674m) caused mainly by the difficult trading conditions during the year including the uncompetitive nature of the aged heavy end assts in Port Talbot, along with other comprehensive loss of £353m (2022/23: loss of £1,185m) caused mainly by actuarial losses arising on the BSPS following the completion of the final insurance buy-in during the year and partly offset by £100m issue of share capital (2022/23: £nil).

Net debt at 31 March 2024 amounted to £1,441m (31 March 2023: £1,063m). Of the net debt, approximately 24% was owed to TSUK parent companies and 32% was owed to TSUK subsidiaries (31 March 2023 16% and 47% respectively). Cash and short term deposits at 31 March 2024 amounted to £22m (31 March 2023: £52m). Further details on borrowings can be found in Note 15.

Financial risk management

TSUK's financial risk management is based upon sound economic objectives and good corporate practice. The Company's main financial risks are related to the availability of funds to meet its business needs, movements in exchange rates, and commodity costs. Derivative and other financial instruments are used to manage any exposures where considered appropriate. Further details of its financial risks, and the way the Company mitigates them, are set out in Note 22.

B5. Non-Financial Sustainability Information Statement

Effective for periods commencing after 6 April 2022, The Climate-related Financial Disclosure Regulations 2022 ("the Regulations") have been introduced in the UK to report on material climate-related matters and its impact on TSUK. The regulations comprise eight climate-related financial disclosure ('CFD') requirements (A-H) based around the four pillar framework (Governance, Risk Management, Strategy, Metrics & Targets) developed by the Taskforce on Climate-related Financial Disclosures ('TCFD'). For the year ended 31 March 2024, TSUK meets the relevant threshold of having 500 employees and turnover of more than £500m.

TSUK's strategy, along with the wider TSL group is to become a Net Zero Organisation by 2045 with an interim target of reducing direct emissions by 30% by 2030 (compared to 2018 levels). Implementing carbon reduction across TSUK's activities requires the development of various governance processes as the climate challenge permeates across TSUK's strategic decision-making channels.

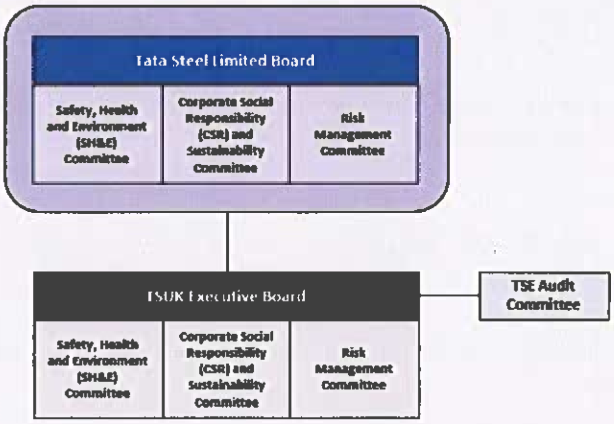
TSUK recognises that climate change poses several physical (e.g. severe environmental shifts) and transition-related (e.g. demonstrably moving toward a greener economy) risks and opportunities for its business and wider industry.

The following sections set out climate-related financial disclosures covering how climate change is addressed in corporate governance; how climate-related risks and opportunities are managed; what impacts these have on strategy; and the performance metrics and targets applied in managing these issues.

Section 1: Governance

This section addresses CFD requirement (A) and outlines: (1) the climate risk governance structure, and; (2) board and management responsibilities.

1.1 Board and Committee responsibilities



The Board of Tata Steel Limited ('TSL'), the ultimate parent company of TSUK, leads the climate risk assessment and identification of mitigations for the whole Tata Steel Group. TSUK adopts a similar Board and committee governance structure to TSL in relation to addressing climate-related matters. While the Board of TSUK is responsible for its own environment and sustainability matters, this is done within a common framework aligned to achieve Tata Steel's Net Zero ambition of 2045.

B5. Non-Financial Sustainability Information Statement

The following Board committees are responsible for and have a specific remit on climate change risk assessment and strategy on behalf of the Board:

Board Committee	Key Governance and Oversight Functions in Relation to Climate-related Risks and Opportunities
Corporate Social Responsibility (CSR) and Sustainability Committee	• Providing overall governance and oversight of CSR activities of the company including recommendation of the Annual Business Plan for CSR to the Board for its approval. • Overseeing the response by Tata Steel entities to sustainability-related risks and opportunities, including those presented by climate change.
Safety, Health and Environment Committee (SH&E Committee)	• Providing oversight of the policies relating to Safety, Health and Environment and their implementation across Tata Steel Group. A number of Climate-related risks and opportunities fall within the scope of the oversight this committee provides including, but not limited to, compliance with and costs of carbon trading policies.
Risk Management Committee	• Overseeing key risks, including strategic, financial, operational and compliance risks • Assisting the Board in framing, implementing and monitoring the Risk Management Plan for the Company and reviewing and guiding the Risk Policy • Developing risk management policy and risk management system framework for the Company

1.2 Individual responsibilities

Tata Steel Group's Global Chief Executive Officer & Managing Director (CEO & MD) and the Executive Director & Chief Financial Officer (ED & CFO) are members of the Company's Board in an executive capacity and are also members of the CSR & Sustainability Committee and Risk Management Committee. The CEO & MD is also on the SH&E Committee.

Under the Board governance arrangements, Tata Steel's CEO & MD periodically review the status of the action plan for long term strategy including climate change mitigation plans. While the CEO & MD set leadership direction, the team under that role evaluate various options, engage with relevant internal & external stakeholders, pursues responsible advocacy to inform policy in a proactive manner and develops & implements strategy. The CEO & MD also sit on the Boards of TSN and TSUK.

Section 2: Risk Management

This section addresses CFD requirements B and C and explains: (1) TSUK's approach to climate risk management, and; (2) how this approach is integrated into the overall risk management process.

2.1 Identifying and assessing climate risk

Enterprise Risk Management

Tata Steel uses its Enterprise Risk Management (ERM) process for managing climate change risks across the company and its subsidiaries, including TSUK, in an integrated and uniform manner. The process identifies and assesses business risks using a two-pronged approach, i.e., bottom-up and top-down, to ensure comprehensive risk identification and to minimise 'blind spots'.

Climate change related risks are assigned likelihood and impact values to arrive at the risk score. Likelihood & impact scores are assigned from a 5-point scales, as tabulated below which aides management to prioritise risks and opportunities. Scores for these parameters are assigned after a rigorous due-diligence process including scenario-analysis to stress test the assumptions and assess various pathways in which the risk may play out. The impact assessment is based on five metrices – financial, market /customer, brand / reputation, environment and business continuity and the worst-case risk scenario is considered for assigning the risk impact.

Likelihood Score			Impact Score	
Score	Category	Probability	Score	Category
5	Almost Certain	81-99%	5	Critical
4	Likely	61-80%	4	Major
3	Possible	41-60%	3	Moderate
2	Unlikely	21-40%	2	Minor
1	Rare	1-20%	1	Low

Materiality assessment

In 2023, Tata Steel undertook a detailed and systematic assessment of Physical and Transition risks in a Climate Risk assessment focusing on its key steel making sites in India, the Netherlands and the UK. The assessment was conducted by an independent third party advisor. As part of the review, scenario analysis was conducted to evaluate the company in a base case and a low carbon range.

The risk assessment exercise complemented the pre-existing ERM process operated within Tata Steel and material risks identified were incorporated into the ERM process so that they could be managed and subject to Board oversight in accordance with the existing risk management processes in place across Tata Steel.

Further detail of the impact of these scenarios on TSUK is set out in Section 4.

2.2 Managing climate risks

Appropriate early warning indicators and mitigation strategies are identified for review by the Risk Management Committees for TSUK.

TSUK's Risk Committee meets quarterly and comprises of the TSUK Chairman and its Chair and the UK Management team which is composed of cross functional senior leaders. The Risk Committee also has representation from the ultimate parent company, TSL. Its principal purpose is to assess and identify TSUK's most significant and emerging risks which are aligned to TSUK's strategy and the delivery of its objectives.

In addition, monthly risk management sub-committees are held by each of TSUK's Chief Operations Officer, Chief Financial Officer and the Chief Commercial Officer.

2.3 Integration processes for identifying, assessing and managing climate-related risks into the overall risk management process

The integration of climate risk into the overall risk management process has been enabled through:

i) Raising awareness amongst risk owners and the operators of the ERM process of climate-related risks and opportunities through regular internal communications.
ii) Integrating climate into the risk appetite reporting (Principal risk & uncertainties / significant risk on Risk register).
iii) Embedding climate-related reporting into Boards and key Committees.
iv) Integrating climate risks in scenario analysis / appraisals (incorporating climate considerations on all assessments).

Section 3: Strategy

This section addresses CFD requirements D, E and F and explores the principal climate-related risks (actual and potential) and opportunities, and their impacts on TSUK's business, strategy and financial planning. It also describes methods used to understand and measure these climate-related risks, and TSUK's resilience under different climate-related scenarios.

3.1 Climate-related risks and opportunities

The table below outlines the principal climate-related risks and opportunities that arise in connection with TSUK's operations, alongside: (1) affected business areas; (2) time horizons, and; (3) current and future mitigating actions. A short term (S) horizon is considered to be between 0 to 5 years, Medium term (M) 5 to 20 years and long term (L) greater than 20 years.

Risks

a) Transition risks

Climate factor	Risk	Term	Impact	Like-lihood score	Impact score	Mitigating actions
Policy and Legal	Carbon pricing and Carbon Border Adjustment Mechanism (CBAM). TSUK is subject to a wide range of government policy measures to incentivise the reduction of greenhouse gas emissions. The most important is the UK Emissions Trading System (UKETS). Under the UKETS, industrial installations considered to be at significant risk of CO_2 leakage are allocated free allowances based on benchmark levels of performance to safeguard competitiveness. These free allowances decrease every year, and hence the cost of UKETS compliance increases.	S	Opex	4 4	4 3	Structural transformation of steelmaking assets at UK to significantly reduce CO_2 emissions. (See opportunities section below for further detail). Systematic targeting of incremental improvements in carbon emissions and energy efficiency in downstream processing assets across the UK operational portfolios. Key measures include electrification of steel re-heating), evaluation of options to fuel switch, use of renewables (either through construction of on-site renewable projects, private wire arrangements to 3rd party developments or procurement of certificates of renewable origin).
Markets	Procurement of low-carbon energy net of ability to pass on the higher costs to its customers.	S / M	Opex	4 4	5 4	Systematic targeting of incremental improvements in energy efficiency in downstream processing assets across the TSUK operational portfolios (see above). Providing innovative commercial offerings to the market that increase the willingness of customers to pay a price premium for lower-CO_2 products.
		S	Market share / revenue	4 4	4 4	Decarbonising production activities with a particular focus on the transformation of steelmaking activities. Providing innovative commercial offerings to the market ahead of the transformation Providing Excellent Information to Customers on Environmental Footprint of Products
Technology	Cost of transitioning to low carbon steel making technologies. The ability to realise transformational decarbonisation of steelmaking assets is critically dependent on adequate and timely support from governments in terms of (i) financial support, (ii) granting of permits, (iii) provision of enabling infrastructure (e.g. abundant and affordable green hydrogen and green electricity), (iv) maintaining a level playing field for steelmakers, (v) creating demand and markets for 'green' steel.	S M	Cash flow / Capex	2 3	5 4	**GHG reduction commitments** On 15th September 2023, the UK business announced that it had reached an agreement in principle with the UK Government on proposals that would see the two blast furnaces at Port Talbot replaced with an electric arc furnace (EAF). The proposed EAF and associated investments are expected to cost £1.25 billion. Under the agreement, the UK Government would contribute £500 million and Tata Steel would fund £750 million. The project will bolster UK's steel security and would be the first major step towards decarbonisation of the UK steel industry, potentially reducing direct emissions by 50 million tonnes over 10 years.
Acute & chronic	Water stress and drought.	M / L	Opex/ Capex	3	1	Implement water conservation measures in accordance with recognised global best practice.
Acute & chronic	Storms and high winds	M / L	Opex / Capex	3	1	Implementation of robust asset condition management process across TSUK sites. Consideration of changing climate taken into account in all new construction design.

b) Opportunities

Climate factor	Opportunity	Term	Impact	Likelihood score	Impact score
Technology / Resource efficiency	Transition to lower CO_2 technology (e.g Electric Arc Furnace (EAF)) steel making process will significantly reduce carbon emissions. Steelmaking by EAF uses scrap as the main raw material instead of iron ore. The UK is currently a net exporter of scrap iron so there is a readily available source of scrap in the UK. Transition to EAF will significantly reduce TSUK's input cost base, its exposure to carbon compliance costs and reduce exposure to exchange rate effects (when a bigger proportion of raw material comes from domestic sources).	S / M / L	Revenue/ operating costs/ Capex	5	4
Products & services	Enhanced demand for low carbon steel products enabling revenue uplift for 'Green-steel' premiums. Failure to respond to increased market demand for low-CO_2 steel products (A growing number of customers across all the market sectors supplied by TSUK are making procurement decisions based upon the comparative carbon and wider-ESG credentials of prospective suppliers. Inter-material competition is also increasing in some market sub-sectors. These developments present both a risk and an opportunity to TSUK. They are a downside risk if TSUK cannot decarbonise its operations at the pace of its key competitors but they are an opportunity if TSUK can decarbonise quicker than its competitors and if it can demonstrate to the market that its commercial proposition is more attractive than that of its competitors.	S / M / L M / L	Revenue	4	4
Products & services	Increased demand for high strength steels (which can be used to lightweight end-user products such as cars, thereby making them more carbon efficient during their operational life).	S / M	Revenue	4	3
Products & services	TSUK has launched commercial propositions that allow customers to take a stake in its decarbonisation journey, whilst demonstrating their own contribution to societal CO_2 emission reductions. Under the brand name Optemis Carbon Lite, the propositions are based on an approach described as carbon 'insetting,' in which actual emissions reductions are third-party verified, banked and then offered to customers as a way of off-setting their own Scope 3 CO_2 emissions. The CO_2 savings are real, part of the customer's value chain, and are subject to verification by leading assurance organisation DNV. Revenues from the sale of certificates are used to fund projects generating further CO_2 savings to be verified by DNV, speeding up the Company's decarbonisation.	S / M / L	Revenue	3	3
Markets	Increased access to capital markets – Banks may be more willing to lend to 'Greener' companies to meet their own sustainability targets and to enhance their own green credentials. Funding may also be provided on more favourable terms	S / M	Cash flow	3	2

3.2 Resilience of the business model and strategy, considering difference climate-related scenarios

Scenario analysis has been carried out for the NL and UK businesses as part of a TSL Group wide materiality assessment. The objectives of the analysis were to assess materiality, prioritise key risks and opportunities and provide insight to the resilience of the business models and strategy under different climate scenarios.

The assessment was performed using a four-stage process as follows:

1. Climate-Related Risk & Opportunity (CRRO) Assessment	2. Transition scenarios & indicators are identified	3. Company exposure ratings are applied	4. Summary Heat Map
Generate a list of risks and opportunities relevant to TSUK, assessed based on impact likelihood and timeframe.	Select climate scenarios and time horizons. Assign a climate scenario indicator for climate-related risks and opportunities (CRRO) to act as a proxy to explore how the CRRO may change with each scenario.	Combine scenario exposure ratings with scenario indicator deltas to calculate the risk / opportunity score.	Present the overall risk / opportunity scores for each CRRO

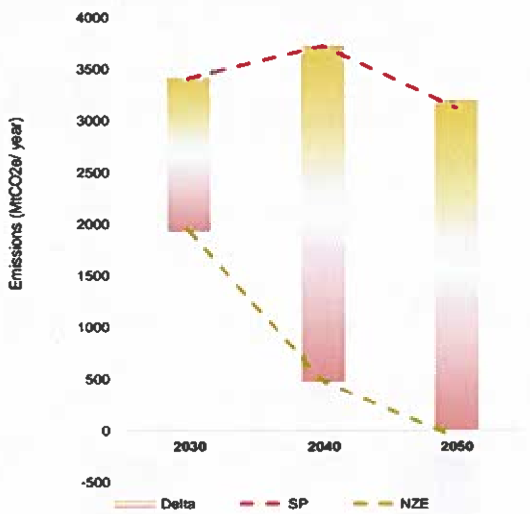
A low carbon and high carbon scenario were selected for the scenario analysis.

Time periods were also selected for the analysis to align with the TSUK's decarbonisation targets.

Scenarios were used to evaluate TSUK in a base case and a low carbon range. Accordingly, two forward-looking climate scenarios were used to do this:

- **Stated Policies** – This scenario is most aligned with stated and announced policies (including those aligned with Nationally Determined Contributions (NDCs)), with an expected temperature outcome of ~2.5°C by 2100.
- **Net Zero Emissions by 2050 (NZE)** – This is an ambitious scenario that limits global warming to around 1.5 °C through stringent climate policies and innovation, reaching Net Zero CO_2 emissions around 2050. This scenario assumes that ambitious climate policies are introduced immediately. The global temperature rise peaks below 1.6 °C around 2040, before dropping to ~1.4 °C in 2100.

Scenario deltas were multiplied by exposure ratings to give a risk/opportunity score. The graph below shows indicative data for a scenario indicator under the Stated policies (SP) and Net Zero Emissions by 2050 (NZE) scenarios. The difference between the two scenarios at each time point was used to represent the inherent risk posed by a given climate-related risk or opportunity. Where there is a greater difference between the higher and lower carbon scenario, it is assumed there is a higher inherent risk or opportunity. The key risks and opportunities identified from the assessment are set out in section 3.1.



Section 4: Targets and Metrics

This section addresses CFD requirements G and H and how TSUK has set climate-related targets and KPI measures to assess progress in managing climate-related risks and opportunities.

4.1 GHG emissions

TSUK, along with the wider TSE and TSL groups has a target to become a Net Zero Organisation by 2045. TSUK established in 2020 a target to reduce its direct emissions by 30% by 2030, compared to 2018, and has since announced its plans to transition to electric arc furnace steelmaking at its UK steel plant in Port Talbot – a plan that will achieve a reduction in annual direct emissions from the site of over 5 million tonnes.

Methodology

TSUK calculates and reports emission intensity based on the guidelines provided by the World Steel Association (worldsteel). These were originally derived from the GHG Protocol methodology and are designed specifically for and been widely adopted by the steel sector. TSUK, as part of the wider TSE Group was a founder participant in worldsteel's Climate Action programme and has been recognised as an accredited Climate Action member ever since.

The GHG Protocol is sector agnostic and enables investors in their capital allocation decision making across sectors. It has been prepared by World Resources Institute and World Business Council for Sustainable Development and is the world's most widely used greenhouse gas accounting standards for companies. The use of GHG Protocol has also been recommended for use by the draft standards issued by the International Sustainability Standards Boards (ISSB) under the IFRS Foundation, the Science Based Target initiative (SBTi) and CDP (formerly Carbon Disclosure Protocol).

The guidelines provide for site-wise emission reporting by steel companies based on common definitions and agreed boundaries. The data collection programme enables individual steel plants to compare themselves against both average and best performance in the sector and identify the scope for improvement.

Over time, the emission reporting landscape has evolved, and investors and global reporting standards have been coalescing behind emission reporting based on the original Greenhouse Gas Protocol (GHG Protocol) methodology. Recognising the likely changes in reporting methodologies in future, TSUK is beginning to make a transition towards reporting its emission as per the GHG Protocol. However, in order to ensure continued comparability against peer sites, TSUK will continue to report its emission intensity as per the worldsteel methodology.

Historic trends

The table below shows TSUK's CO_2 over the past five years which forms the baseline against which future performance is to be measured

TSUK	UOM	FY20	FY21	FY22	FY23	FY24
Scope 1	MT	6.6	6.2	6.4	5.7	5.5
Scope 2	MT	0.2	0.2	0.2	0.2	0.2
Scope 3	MT	0.3	0.2	0.2	0.1	0.2
Scope 1 +2 + 3	MT	7.1	6.6	6.8	6.0	5.9
CO2 emissions intensity	tCO2/tcs	2.09	2.00	2.02	2.05	2.02

B6. Section 172, Companies Act 2006

This report sets out how the Directors have had regard to the matters set out in section 172 (1) (a) to (f) when performing their duties under section 172 of the Companies Act 2006. This requires directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so have regard (amongst other matters) to:

a) The likely consequences of any decision in the long term;
b) The interests of the Company's employees;
c) The need to foster the Company's business relationships with suppliers, customers and others;
d) The impact of the Company's operations on the community and the environment;
e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
f) The need to act fairly as between members of the Company.

Tata Steel UK Limited (TSUK) is Tata Steel's principal operating company in the UK and an indirect material subsidiary of the Tata Steel Europe Limited (TSE) and Tata Steel Limited (TSL) Groups. The TSUK Board is responsible for governance and oversight of the Company's business, including setting strategic priorities and monitoring the performance of the TSUK Group.

The TSUK board promotes high standards of corporate governance throughout the UK Value Chain. The TSUK Board holds regular meetings to consider key proposals and material matters affecting TSUK and its subsidiaries. During the year the TSUK Board has met 8 times and considered matters via circulation where it was considered appropriate. During the year, the Board appointed Mr Nair to the role of Chief Executive Officer and one new member of the UK leadership team responsible for financial matters joined the Board to replace an outgoing colleague. Since all Directors are also senior managers employed within the Tata Steel Group, regular management interactions have taken place between Board members outside of formal Board meetings.

New Directors are made aware of their duties, including under section 172(1) of the Companies Act 2006. Induction materials are refreshed and made available to all TSUK Directors via a Board portal. The TSUK Board is conscious of the impact its business decisions have on stakeholders as well as the wider impact on society. The Board recognises that given the complexity of the TSUK business not all decisions taken will align with all stakeholder interests. Accordingly, the TSUK Board has taken decisions in the year that it believes best support TSUK's strategic objectives.

The likely consequences of any decision in the long term

Each year, the TSUK Board approves an Annual Plan for the TSUK Group. Annual Plan and capital allocation are monitored throughout the year through reviews of operational and financial performance.

The Board reviews proposals for key matters affecting TSUK and its subsidiaries, for example, health, safety and environmental matters, pensions matters, liquidity and funding and restructuring.

Certain decisions also require endorsement and reporting to the board of the Company's ultimate shareholder. As set out in the Corporate Governance statement from pages 32 to 36 of the 2023/24 Annual Report, any Board proposal is required to include detailed criteria to inform directors in their decision making.

During 2023/24, the Board spent time considering the significant long term implications for all stakeholders of decisions relating to the decarbonisation and modernisation of its business, including the terms of potential funding arrangements with His Majesty's Government and the timing and preparations for safe cessation of its heavy end steelmaking business at Port Talbot. In addition, the TSUK leadership team under the supervision of the Board has continued to focus on the financial stability and sustainability of the UK Value Chain and continued to monitor and assess liquidity in the shorter term. The Board has also considered proposals with respect to the Company's plans for sustainability reporting, equity restructuring, group structure simplification, capital investments, strategic procurement, pensions, financing arrangements, contract renewals, and health and safety matters. Consideration of all of these matters is required to support the Company in the longer term.

The interests of the Company's employees

Disclosures in relation to TSUK's employees are set out on page 35 of the 2023/24 Annual Report.

The Board has had regard to the interests of the Company's employees in its decision-making and the Company has, in particular, engaged at length and in detail with employees and their representatives in relation to the significant decarbonisation changes faced by the Company, including many months of formal and informal consultation. Throughout this period of change, management has recognised, and taken steps to address, the importance of attracting, retaining and motivating employees to enable TSUK to operate effectively and deliver its strategic objectives.

The Company prioritises the health, safety and wellbeing of its workforce and those of its partners who work at TSUK's sites. Health and safety performance is considered at Board meetings and the Board reflected on improvements and challenges during the year. Health, safety and wellbeing matters also feature prominently in communications from senior management with employees to reinforce that this is and remains a core value of the Company. Members of the Board conducted a number of leadership safety tours on TSUK's sites and the Board has considered the control of major accident hazards within the business.

The Board also addressed the interests of TSUK's pensioner community and resolved on pensions matters during the year which have substantially de-risked the British Steel Pension Scheme.

The need to foster the Company's business relationships with suppliers, customers and others

The Board has had regard to a range of stakeholder relationships in its decision making.

Relationships with suppliers and customers are principally managed through the engagement of the procurement and commercial functions within the Company which were represented in the Board through the responsible senior managers for these parts of the business. The Company monitors its supplier relationships and all facets of its supply chain to ensure the continued, sustainable supply of utilities, transportation and raw materials to deliver on customer demand.

As the Company has announced its plans to transition from its existing primary steelmaking operations, the Company has maintained regular dialogue and communication with customers, suppliers and other stakeholders to explain the Company's plans and the steps it is able to take to mitigate their impact.

The Company also has regard to its relations with the UK Government, the devolved administrations (especially in Wales) and local politicians and Directors and senior managers have participated in numerous discussions with of all these stakeholders during the year both in general and, in particular, in connection with developing the Company's plans for transition to decarbonised primary steelmaking. Further information can be found in the Corporate Governance statement under Principle 6 on page 35 of the 2023/24 Annual Report.

The impact of the Company's operations on the community and the environment

The Board is conscious of the impact of steel manufacturing on the environment and the communities in which TSUK operates and have considered these in particular as part of the proposed changes to steelmaking operations at Port Talbot. A key ambition is that TSUK should be carbon neutral by 2045. The Board has now announced the intended decarbonisation strategy of the Company and receives regular updates as to implementation. The Board is also conscious that this is an effort that concerns the whole of society and requires positive industrial policy and funding interventions from UK Government to enable the steel industry to make the very substantial investments required to become carbon neutral.

In any case, the Company is committed to minimising the environmental impact of its operations through the systematic implementation of environmental control and through continuous improvement in environmental performance wherever possible and the Board takes into account the impact of its operations on the communities in which it operates. All TSUK's manufacturing operations are independently certified as meeting the international environmental management system standard, ISO 14001:2015. Furthermore, almost all products manufactured in the UK are independently certified as meeting the requirements of the sustainable sourcing standard, BES6001.

TSUK continues to be a participant in the South Wales Industrial Decarbonisation Cluster, a network of industries in South Wales working together to develop shared decarbonisation infrastructure and drive net zero carbon in heavy industry in South Wales. More information with regards to TSUK's progress and commitment in relation to sustainability can be found in TSUK's sustainability report. As a major employer in the areas of its operations, TSUK acts as a cornerstone for local businesses. TSUK also supports a number of community initiatives along with its contracting partners, more information is available in the Corporate Governance report on page 35 of the 2023/24 Annual Report.

B6. Section 172, Companies Act 2006

The desirability of the Company maintaining a reputation for high standards of business conduct

The Board is committed to maintain the reputation of TSUK and high standards of business conduct in all its business dealings. The five Tata values are set out in the Corporate Governance statement on pages 32 to 36 of the 2023/24 Annual Report. In addition, the Tata Code of Conduct, which is a series of principles supporting the Tata values and ethical conduct, is expected to apply to all Tata branded companies. TSUK expects honesty, integrity, and transparency in all aspects of its business dealings from employees, contractors and other partners. Control measures and frameworks to uphold ethical principles and high standards of corporate and personal conduct are reviewed and approved by the TSUK Board and management has in particular taken steps to communicate and reinforce the importance of the Code of Conduct during the year. The Company has a number of compliance policies including competition, anti-bribery and corruption, gifts and hospitality, responsible procurement, anti-slavery, insurance-hedging and human trafficking, cybersecurity and data privacy. Board directors, senior management and relevant employees are required to undertake compliance training and assessments.

The need to act fairly as between members of the Company

TSUK's ultimate parent company is TSL, a listed company in India.

Following a Regulated Apportionment Arrangement in 2017, in respect of which the British Steel Pension Scheme (BSPS) separated from TSUK and a number of affiliated companies, and a further exercise in which all BSPS members could opt to transfer to a new scheme or remain in the BSPS and transfer to the Pension Protection Fund (PPF), a non-controlling minority interest in TSUK was held by the BSPS Trustee on behalf of the new scheme. Following debt restructuring and subsequent equity issuances, this minority interest was diluted to less than 0.001% of the rights to share in distributions and during the year the Company and the BSPS Trustee agreed the terms of the disposal of this interest such that all shares in the Company are now owned by the Company's immediate parent company.

TSUK has mechanisms in place for reporting to its parent boards.

B7. Approval of Strategic Report

Section A of this Annual Report comprises a strategic report for the Company which has been prepared in accordance with, and in reliance upon, applicable English and Welsh company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of the directors in connection with this report shall be subject to the limitations and restrictions provided by the law.

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

Koushik De

K De
Director
8 November 2024

C. Directors' Report

The Board

The directors of the Company are listed on page 2.

Directors' indemnity

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

Dividends

The directors do not recommend that a dividend be paid, and no dividends were paid or proposed during the year (2022/23: nil).

Political donations

The Company does not make any donations to political parties and none were made during the year.

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

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

a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and

b) the directors have taken all the relevant steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed as auditors to the Company for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an AGM.

Price Waterhouse & Co Chartered Accountants LLP in India are the auditors of the ultimate parent company, TSL.

Going concern

The directors have assessed the future funding requirements of the Company and have compared these funding requirements to the level of borrowing facilities which are assumed to be available, including working capital facilities.

The directors have considered a number of possible scenarios for the financial position of Tata Steel UK Limited ('TSUK'), with reference to the Company's Annual Plan ("the base case") and the mitigating actions TSUK could take to limit any adverse consequences to liquidity.

In previous years, as part of the wider TSL group, TSUK has benefited from significant financial support from its parent companies in order to settle historic financial indebtedness and to invest in working capital. This support included equity proceeds of £1,366m in 2021/22 and support in arranging bank finance facilities which TSUK either has direct access to or indirect access via other TSL group companies. In March 2024, additional equity support of £100m was provided to the Company with a further £320m in the period April to September 2024.

On 15 September 2023, TSUK announced a joint agreement with the UK Government on a proposal to invest in state-of-the-art electric arc furnace ('EAF') steelmaking at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. As part of this joint agreement, TSL agreed that if the proposal proceeded, it would inject equity of at least £1,000m into TSUK in order to fund £750m of the capital cost not covered by the government grant and £250m to cover certain restructuring costs including interim cash losses which TSUK would be expected to incur as part of its proposal to close the heavy end facilities in Port Talbot. The formal Grant Funding Agreement ('GFA') between TSUK, TSL and the UK Government reflecting all the key points contained in the term sheet was signed on 11 September 2024. The GFA is conditional upon TSUK and TSL making the Final Investment Decision on the EAF project which is expected to follow in the weeks after the signing of the GFA. Once the Final Investment Decision has been made, TSUK will have access to £1,500m of funding - £1,000m from TSL (of which £420m has already been provided up to September 2024) and £500m from the UK Government in order to fund the EAF and make the transition from its current operating model.

As well as the funding mentioned above, TSUK will continue to have access to its own financing facilities to support its day to day liquidity requirements. However £255m of these facilities are uncommitted and two committed facilities amounting to £250m are due to expire in the next 18 months. As such, under the base case scenario TSUK will, as a minimum, require additional forms of financial support to refinance or repay these facilities. As the Company is an integral part of the TSL Group, a letter of support has been provided by T S Global Holdings Pte Limited ('TSGH'), a subsidiary of TSL, which confirms that TSGH will support the refinancing, or the repayment, of any committed facilities falling due within the next 18 months as well as any uncommitted bank facilities which TSUK has access to.

Under the base case scenario and a severe but plausible downside scenario, the directors of the Company believe that the TSUK has access to adequate liquidity given the support undertakings provided by TSGH as described above and the commitments from the UK Government and TSL contained in the Grant Funding Agreement in order to enable the execution of its decarbonisation strategy.

For these reasons, the directors have determined that it is appropriate for the financial statements of the Company to be prepared on a going concern basis.

Corporate Governance

For the year ended 31 March 2024, the Company has applied the Wates Corporate Governance Principles for Large Private Companies as an appropriate framework for its governance arrangements.

Principle 1 – Purpose and Leadership

Tata Steel UK Limited (TSUK) is Tata Steel's principal operating company in the UK and an indirect material subsidiary of the Tata Steel Europe Limited (TSE) and Tata Steel Limited (TSL) Groups. The TSUK Board is responsible for governance, management and oversight of the Company's business.

In 2023/24 the Board continued to review the TSUK Group's governance arrangements including new delegations of authority and adaptations to the Company's management structure. The Board delegates authority for day-to-day management of the business to a management team responsible for operations and key functions in the business. In May 2023, the Company appointed one of those persons as Chief Executive Officer to act as single point of leadership for the management team and the business. The Chief Executive Officer continues to be supported by the leadership team and is joined on the Board by two members of that team.

Tata Steel was established in India in 1907. Sir Jamsetji Tata, founder of the Tata group, believed that "in a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence". The vision of the TSL Group is to strive to be the global steel industry benchmark for value creation and corporate citizenship. The Company continues to: work with suppliers to shape a more sustainable future through partnering to source sustainable raw materials originating from responsible supply chains in line with the Group's Responsible Procurement Policy; to engage with customers to create sustainable solutions and products that society needs; to be an innovator of carbon-neutral steelmaking and demonstrate a commitment to the way sustainable steel is produced and delivered; to empower its people and engage and work with its communities, whilst creating value for the shareholder. All of these activities are underpinned by the Tata values, which are outlined below.

There are five core values which are shared by all Tata companies worldwide and which continue to direct the growth and business of these companies and inform expected behaviours and practices. These values are Pioneering, Responsibility, Excellence, Unity and Integrity and underpin the way the Company does business.

The Company's purpose, values, strategy and key messages are communicated through internal communications and senior manager updates. The management team also use regular live streaming events to communicate key information, such as information on business performance, to enable the cascade of information to the Company's employees. These have included updates wherever possible on discussions with key stakeholders on the Company's announced transition towards the decarbonisation goals of the Company.

Members of the Board and leadership team have also participated in numerous discussions over many months with stakeholders at all levels – inside and outside the Company – to present the case for the Company's transition plans and to listen and respond to different points of view.

Principle 2 – Board Composition

During the FY2023/24 financial year the board membership comprised of six Directors. Three Directors hold senior positions in the TSL Group and two are also directors on the TSL board. Three senior representatives from the Company's management team, being the Chief Executive Officer (formerly the Chief Operating Officer), the Chief Commercial Officer and the Chief Financial Officer are also members of the Board, which is chaired by one of the Directors who acts in a non-executive capacity in relation to the affairs of the Company.

The Board's current composition is expected to allow it to continue to meet the strategic needs of the Company and the UK Value Chain and support effective decision-making to meet its future challenges. All members of the Board have extensive experience of the steel manufacturing sector, the wider Tata Steel Group and the markets in which the Company operates. The size and composition of the Board therefore remains appropriate for the size and complexity of the Company.

During the year, day-to-day management of the Company's business was carried out by a team comprising the Chief Executive Officer, the Chief Commercial Officer, the Chief Financial Officer together with selected functional senior leaders. With effect from May 2023, other members of the management team report to the Chief Executive Officer who provides a single point of day-to-day leadership for the Company.

The Board continues to have representation from different ethnic backgrounds. While the Board currently has no women directors, the Board and the UK leadership team is conscious of the need to take steps to further enhance its diversity and that of the UK Value Chain. As is further reported on page 10, during the year the Company increased its focus on Diversity & Inclusion with a review of the Diversity and Inclusion and Dignity at Work policies. The business also established a Steering Group, which is developing the strategy in this area.

TSUK does not have its own Nominations Committee as this is dealt with at TSL level. Any appointments to boards of companies in the UK Value Chain are considered and approved by senior management in the business.

The Securities and Exchange Board of India (SEBI) monitors and regulates the corporate governance of TSL, which is a listed Company in India. Announcements relating to developments in the UK business may be required to comply with SEBI disclosure requirements.

Principle 3 – Directors' Responsibilities

The Board convened meetings as and when required to discuss material matters affecting the Company and its subsidiaries.

During the year, the Board in particular spent time considering the implications of decisions relating to the decarbonisation and modernisation of its business, including the terms of potential funding arrangements with His Majesty's Government and the timing and preparations for safe cessation of its heavy end steelmaking business at Port Talbot.

In addition, the Board considered matters including health, safety and wellbeing, financial performance and liquidity, sustainability reporting, equity restructuring, group structure simplification, capital investments, strategic procurement provisions, pensions matters, financing arrangements and contract renewals. Directors' interests are reported at each Board meeting.

The TSE Audit Committee has historically taken responsibility for the review and assurance of all audit and legal compliance matters across Tata Steel's European business and matters arising in the UK are reviewed there, as well as in the TSUK Board whenever required.

In addition to their consideration at UK Board meetings, Safety, Health and Environment (SHE) matters are reviewed at a TSL Group level by a SHE committee. TSUK is represented at the SHE committee by the TSUK Chairman and, following his appointment, by the Chief Executive Officer. The UK Value Chain has adopted governance arrangements for health and safety which recognise the responsibility of the TSUK Board as well as the role of the Chief Executive Officer and the leadership team working through the UK Health & Safety Committee, comprised of management team members and other senior leaders, including those with specialist health and safety expertise. Under these arrangements TSUK continues to report material health, safety and environmental matters which impact TSUK to the TSL SHE Committee.

Members of the Board receive regular information on all key aspects of the business including health and safety statistics, operational and financial performance, strategic matters, compliance and risk matters, stakeholder engagement, commercial and technical updates and market conditions. Board papers setting out proposals are designed to include sufficient background, financial analysis, risk assessment and stakeholder context to help inform Directors with their decision making. In addition, the Audit and Assurance function provides additional assurance on specific key risks to ensure systems and controls are operating effectively.

The TSUK Board has a Policy for Delegations of Authority which reflect operating and managing structures of the UK Value Chain. During the year, many areas of the business contributed to an update to the Company's Policy Framework which has now been adopted and published.

Principle 4 – Opportunity and Risk

The Board has considered for approval material and strategic projects, partnerships, contracts and other opportunities (as defined by value and duration) in addition to monitoring the performance of the Company and the TSUK Group's longer term financial sustainability. Climate change, supply chain risk and decarbonisation continue to be key risks and the Company continues to seek opportunities to work with third parties and the wider Tata group to address TSUK's sustainability and CO2 reduction objectives for a sustainable business in the long term. More information is contained in the Sustainability and Environment section of the 2023/24 Annual Report.

The principal risks and uncertainties affecting TSUK and mitigating actions taken in respect of them are set out in the Strategic Report on pages 4-7 of the annual report.

An Enterprise Risk Management (ERM) framework has been deployed by the Company, in alignment with TSL's ERM framework. TSUK's Risk Committee meets quarterly and includes all members of the management team. The Risk Committee also has representation from the ultimate parent company, TSL. Its principal purpose is to assess and identify TSUK's most significant and emerging risks. In addition, monthly risk management sub-committees are held by each of TSUK's Chief Executive Officer, Chief Financial Officer and Chief Commercial Officer. Among the Company's compliance policies include competition, anti-bribery and corruption, gifts and hospitality, responsible procurement, anti-slavery, insurance-hedging and human trafficking, cybersecurity and data privacy. Where risks or potential breaches are identified the Company takes action to discuss the appropriate response and revise policies to capture any such compliance risks effectively.

The UK Value Chain has a Compliance and Integrity Committee which meets quarterly. In addition, there are regular interactions with persons responsible for these matters in Tata Steel's mainland European business to discuss matters of common interest. Reports are submitted to the TSE Audit Committee on a six-monthly basis.

Principle 5 – Remuneration

The Company has a policy which sets out TSUK's reward and recognition principles and the criteria describing key drivers for base and variable pay. TSUK follows a reward philosophy that will enable it to attract, retain and motivate the people it needs to deliver its objectives, is competitive in relevant markets, links to the achievement of the corporate objectives and follows the principles of being simple, objective and fair. TSUK reward processes support talent management and career development. External benchmarking is undertaken periodically to ensure alignment with good practice and the market, the input from which is used to inform decision making with respect to TSUK's reward and recognition principles.

Recommendations relating to the remuneration of Company employees are referred for approval to Directors not affected by the decision. The remuneration of TSUK Company Directors who hold positions in the wider TSL Group is a matter for the parent company, TSL.

TSUK has published its Gender Pay Gap Report for 2024. Further information in relation to the Gender Pay Gap is available on page 14 of the 2023/24 Annual Report and on the Corporate Governance pages of the Tata Steel Europe Website (www.tatasteeleurope.com).

Principle 6 – Stakeholder Relationships and Engagement

The TSUK Board recognises the importance of effective communication with its stakeholders in order to deliver its purpose, vision, mission and strategy and ensure protection of TSUK's relationships, reputation and brand. TSUK's stakeholders include its shareholders, customers, suppliers, employees and employee representatives, pensioners, banks, Government bodies, and the local communities in which it operates. In addition to its customary engagements with these groups, during the year the Company engaged in significant dialogue with all stakeholders affected by its proposals to transition to a new and decarbonised form of steelmaking.

TSUK prioritises the health, safety and wellbeing of its employees, contractors and other partners. Health and safety is prominently discussed in management team and senior leadership communications and management reviews. TSUK's ambition is Zero Harm and the health and safety annual plan and framework supports this ambition through engagement and communication with all employees, trade union representatives and contracting partners. Reflecting in particular on the tragic fatal incident at Llanwern in September 2022, during the year the Board and leadership team have supported and led increased focus and engagement on safety matters as described on page 9 of the 2023/24 Annual Report.

The Company engages with its employees in a number of ways and there are well-established arrangements at each business location for communication and consultation with trade union representatives to provide employees with information on matters of concern to them. The Company strives to ensure that well-developed policies and procedures are in place for consulting and negotiating with trade unions so that views of employees can be considered in making decisions that are likely to affect their interests. In this year, these measures have included significant additional engagements with the UK Steel Committee in relation to the proposed transition to decarbonised steelmaking and the impacts on employees.

Digital media continues to be used for regular live streaming events with employees such as performance updates and team meetings and to communicate the strategy and goals for the financial year. Employee surveys have also been conducted in segments of the business, the results of which have used to drive areas for employee engagement. Through the Peoplelink system, TSUK offers online learning and development courses accessible by all employees, including a series of mental health modules as well as other health, safety, and wellbeing training.

In relation to its shareholders, the TSUK Board includes directors of the ultimate parent company, TSL, and is therefore able to consider key matters in a wider Tata Steel Group context and to consider the interests of the shareholder on relevant matters.

Following the Regulated Apportionment Arrangement in 2017, which separated the British Steel Pension Scheme (BSPS) for TSUK and certain affiliated companies, the Trustee of the BSPS ultimately became a minority shareholder in the Company holding less than 1% of the shares. TSUK provided regular relevant information to this minority shareholder as required in the Company's shareholders' agreement. During the year, the Company and the BSPS Trustee agreed the terms of the disposal of this interest such that all shares in the Company are now owned by the Company's immediate parent company.

Directors and senior managers with relevant areas of expertise liaise with both national and devolved Government bodies, including regulators, as appropriate. Further participation by Directors and senior managers in these discussions is expected in 2024/25, especially in relation to the transition to cessation of current primary steelmaking operations and the transition to decarbonised steelmaking.

The Company encourages suppliers to work with the TSUK Group to create value for end customers, society and the TSUK group shareholders. The TSUK Group continues to operate to a Responsible Procurement Policy which underpins TSUK's commitment to ensuring supply chain transparency which applies to all goods and services supplied to TSUK and their respective supply chains. A due diligence management system for the complete supply base has been implemented in order to identify applicable risks and take appropriate steps to mitigate them. Further information can be found on the Supply Chain Transparency pages of the Tata Steel in Europe website.

Delivering an excellent customer experience continues to be a key strategic priority for Tata Steel, and its business model, centered around direct engagement with customers aligned to market sectors allows for continuous feedback to support this ambition. The Commercial function continues to engage with customers including through 'The Voice of the Customer' process which provides regular and efficient feedback opportunities through brief surveys, and ad hoc customer research with deep dive studies to understand a particular aspect of TSUK's performance from the customer's perspective and identify ways to improve.

As currently the UK's largest steel producer, the Company and the TSUK group is dedicated to managing its operations responsibly and to create a sustainable business in the long term. These considerations have underpinned the Company's announcement of plans to transition to decarbonised steelmaking and more information with regards to TSUK's decarbonisation activities can be found on page 13 of the 2023/24 Annual Report and in TSUK's sustainability report https://www.tatasteeleurope.com/sites/default/files/Gender%20Pay%20Report%20April%202024.pdf(tatasteeleurope.com)

TSUK is committed to working in partnership with its local communities to support their social and economic wellbeing. During 2023/24, the Company held a number of community events near its sites, including those described on page 11 of the 2023/24 Annual Report.

In addition to these active means of engagement with its employees and contractors, the TSUK Group continues to operate a confidential reporting line which allows employees and others to report potential concerns while remaining anonymous.

Statement of engagement with suppliers, customers and others in a business relationship with the company

TSUK's engagement with suppliers, customers and others with whom it is in a business relationship is addressed in the Strategic Report and under Corporate Governance, Principle 6 on page 35 of the 2023/24 Annual Report.

Statement of engagement with employees

TSUK's engagement with employees and the workforce is addressed in the Strategic Report and under Corporate Governance, Principle 6 on page 35 of the 2023/24 Annual Report.

Post balance sheet events

In Port Talbot TSUK closed Blast Furnace 5 on 4 July 2024 and Blast Furnace 4 on 30 September 2024 in line with its restructuring plans.

On 10 April 2024 the Company disposed its 25% stake held in Fabsec Limited, an associate of the Company. The financial impact of this transaction is not material.

Since the year end, TSUK has received £320m equity injection from Corus Group Limited.

Subsequent to the balance sheet date, the Company has drawn £100m of external debt from its existing facilities and successfully completed the refinancing of two of its existing facilities into a new three year committed revolving credit facility.

On 11 September 2024 TSUK signed a Grant Funding Agreement with the UK Government in respect to TSUK's decarbonisation investments under which the UK Government would provide up to £500m of grant funding.

Information disclosed in the Strategic Report

The following information has been disclosed in the strategic report

- A review of the strategic activities (see page 3);
- Details of branch offices (see page 3);
- Principal risks and uncertainties (see page 4);
- Business environment and prospects (see page 8);
- Employee information (see page 10);
- Sustainability & Environment (see page 11);
- Climate Action (see page 12);
- Financial risk management objectives (see page 19)

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

Kaushik De

K De
Director
Registered Office:
18 Grosvenor Place,
London,
SW1X 7HS
8 November 2024

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

The directors are responsible for preparing the Report & Accounts 2024 in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- (iii) make judgements and accounting estimates that are reasonable and prudent; and
- (iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- (i) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (ii) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Kaushik De

K De
Director
Registered Office:
18 Grosvenor Place,
London,
SW1X 7HS
8 November 2024

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

Report on the audit of the financial statements

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph below, Tata Steel UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report & Accounts 2024 (the "Annual Report"), which comprise: the balance sheet as at 31 March 2024; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; the presentation of accounts and accounting policies; and the notes to the financial statements.

Basis for qualified opinion

On 15 September 2023, Tata Steel Limited announced a joint agreement with the UK Government on a proposal to invest in an Electric Arc Furnace in Tata Steel UK Limited. Accordingly, as at 31 March 2024, Tata Steel UK Limited recognised an impairment charge against certain assets that were scheduled to be mothballed or closed, primarily in July and September 2024. The impairment charge on the assets that were scheduled for closure later in 2024 was overstated by £81m as at 31 March 2024 because, under relevant accounting standards, Tata Steel UK Limited would continue to receive economic benefit from those assets and through the associated cash generating until the assets were closed or abandoned. As such, the 'Restructuring, impairment and disposals' charge of £619m within the income statement should be reduced by £81m and the Property, Plant and Equipment should also be increased in value by £81m as at and for the year ended 31 March 2024.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 2, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Verifying the integrity and mathematical accuracy of the directors' going concern model as well as agreeing underlying cash flow projections to management forecasts;
- Assessing historic forecasting accuracy by performing lookback tests on actual performance whilst also considering the cash flow implications for the transition period prior to the installation of the Electric Arc Furnace;
- Evaluating and challenging the reasonableness of the key assumptions in the directors' model and agreeing the data and assumptions to supporting third party information, where available;
- Evaluating and assessing the severe but plausible downside scenarios modelled;
- Reviewing and challenging the basis of preparation disclosure presented by the directors in the financial statements;
- Reviewing and assessing the terms of the Grant Funding Agreement and letter of financial support provided by T S Global Holdings Pte Limited ('TSGH'), and considering the ability of those counter parties to make the committed funds available as required; and
- Reviewing and challenging the basis of preparation disclosure presented by the directors in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement on the Company's financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, employment legislation, and climate-related regulations such as the Environmental Protection Act 1990 and the Pollution Prevent and Control Act 1999, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and potential management bias in significant accounting estimates in order to manipulate financial results and overstate profits. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal representatives, including consideration of known or suspected non-compliance with laws, regulations and fraud, and confirming such matters with external legal counsel where applicable;
- Reviewing Board minutes and reports that set out the Company's compliance and monitoring of legal and internal control matters;
- Inquiring with relevant personnel to understand management's processes for identifying and reporting risks and threats within the Company;
- Identifying and testing journals, in particular those that have unusual account combinations involving credits to revenue and other income statement items; and
- Challenging assumptions made by management in its significant accounting estimates; in particular in relation to asset impairment assessments and restructuring provisions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Stuart Couch

Stuart Couch (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cardiff

8 November 2024

F1. Income statement

For the financial year ended 31 March

	Note	2024 £m	2023 £m
Revenue	1	**2,629**	3,127
Operating costs	2	**(3,683)**	(3,349)
Operating loss		**(1,054)**	(222)
Income from subsidiaries and joint arrangements	5	**41**	-
Loss before interest and taxation		**(1,013)**	(222)
Finance income	6	**3**	-
Finance costs	6	**(105)**	(57)
Loss before taxation		**(1,115)**	(279)
Taxation	7	**(114)**	(395)
Loss after taxation		**(1,229)**	(674)

All references to 2024 in the Financial statements, the presentation of accounts and accounting policies and the related Notes 1 to 30 refer to the financial year ended 31 March 2024 or as at 31 March 2024 as appropriate (2023: the financial year ended 31 March 2023 or as at 31 March 2023).

Notes and related statements forming part of these accounts appear on pages 45 to 73.

F2. Statement of comprehensive income

For the financial year ended 31 March	Note	2024 £m	2023 £m
Loss after taxation		**(1,229)**	(674)
Items that will not be reclassified to the income statement:			
Actuarial losses on defined benefit pension and other post-retirement plans	25	**(578)**	(1,410)
Income tax relating to items that will not be reclassified	7	**145**	353
Items that may be reclassified to the income statement:			
Gains/(losses) arising on cash flow hedges	22	**107**	(166)
Income tax relating to items that may be reclassified	7	**(27)**	38
Other comprehensive loss for the year net of tax		**(353)**	(1,185)
Total comprehensive loss for the year		**(1,582)**	(1,859)

Notes and related statements forming part of these accounts appear on pages 45 to 73.

F3. Balance sheet

As at 31 March	Note	2024 £m	2023 £m
Non-current assets			
Intangible assets	8	**18**	20
Property, plant and equipment	9	**280**	598
Investments and loans to subsidiary and fellow group undertakings	10	**277**	315
Deferred tax assets	11	**112**	102
Retirement benefit assets	25	**-**	685
		687	1,720
Current assets			
Inventories	12	**562**	619
Trade and other receivables	13	**143**	138
Cash and short term deposits	14	**22**	52
		727	809
TOTAL ASSETS		**1,414**	2,529
Current liabilities			
Inter-group borrowings	15	**185**	175
External borrowings	15	**505**	234
Trade and other payables	16	**702**	873
Current tax liabilities	17	**8**	4
Provisions and other liabilities	18	**195**	80
		1,595	1,366
Non-current liabilities			
Inter-group borrowings	15	**615**	503
External borrowings	15	**158**	203
Retirement benefit obligations	25	**7**	7
Provisions and other liabilities	18	**122**	51
Other non-current liabilities	19	**1**	1
Deferred income	20	**1**	1
		904	766
TOTAL LIABILITIES		**2,499**	2,132
NET (LIABILITIES)/ASSETS		**(1,085)**	397
Equity			
Called up share capital	21	**2,342**	2,242
Share premium account		**4,523**	4,523
Capital redemption reserve		**47**	47
Hedging reserve		**(2)**	(82)
Accumulated losses		**(7,995)**	(6,333)
TOTAL EQUITY		**(1,085)**	397

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

K De

Director

8 November 2024

Tata Steel UK Limited

Registered No: 02280000

Notes and related statements forming part of these accounts appear on pages 45 to 73.

F4. Statement of changes in equity

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Hedging reserve £m	Accumulated losses £m	Total equity £m
Balance as at 1 April 2022	**2,242**	**4,523**	**47**	**46**	**(4,602)**	**2,256**
Loss for the year	-	-	-	-	(674)	**(674)**
Other comprehensive loss for the year	-	-	-	(128)	(1,057)	**(1,185)**
Total comprehensive loss for the year	-	-	-	(128)	(1,731)	**(1,859)**
Balance as at 31 March 2023	**2,242**	**4,523**	**47**	**(82)**	**(6,333)**	**397**
Loss for the year	-	-	-	-	(1,229)	**(1,229)**
Other comprehensive loss for the year	-	-	-	80	(433)	**(353)**
Total comprehensive loss for the year	-	-	-	80	(1,662)	**(1,582)**
Issue of ordinary shares	100	-	-	-	-	**100**
Balance as at 31 March 2024	**2,342**	**4,523**	**47**	**(2)**	**(7,995)**	**(1,085)**

Notes and related statements forming part of these accounts appear on pages 45 to 73

F5. Presentation of accounts and accounting policies

I Basis of preparation

TSUK is a private company limited by shares incorporated and domiciled 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 the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 *'Reduced Disclosure Framework'*.

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

(i) IFRS 7, 'Financial instruments: Disclosures';
(ii) Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' in relation to the disclosure of valuation techniques and inputs used for fair value measurements of assets and liabilities;
(iii) Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
(iv) paragraph 79(a)(iv) of IAS 1;
(v) paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
(vi) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
(vii) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
(viii) IAS 7, 'Statement of cash flows';
(ix) The requirements of paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' in relation to the disclosure of standards not yet effective; and
(x) Paragraph 17 of IAS 24, 'Related party disclosures' requirements to disclose key management compensation and paragraph 18A to disclose related party transactions with Tata Steel group companies.

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

The company is a wholly owned subsidiary of Corus Group Limited and of its ultimate parent, Tata Steel Limited. It is included in the consolidated financial statements of Tata Steel Europe Limited, which are publicly available. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is Bombay House, 24 Homy Mody Street, Mumbai, 400 001.

The directors have assessed the future funding requirements of the Company and have compared these funding requirements to the level of borrowing facilities which are assumed to be available, including working capital facilities.

The directors have considered a number of possible scenarios for the financial position of Tata Steel UK Limited ('TSUK'), with reference to the Company's Annual Plan ("the base case") and the mitigating actions TSUK could take to limit any adverse consequences to liquidity.

In previous years, as part of the wider TSL group, TSUK has benefited from significant financial support from its parent companies in order to settle historic financial indebtedness and to invest in working capital. This support included equity proceeds of £1,366m in 2021/22 and support in arranging bank finance facilities which TSUK either has direct access to or indirect access via other TSL group companies. In March 2024, additional equity support of £100m was provided to the Company with a further £320m in the period April to September 2024.

On 15 September 2023, TSUK announced a joint agreement with the UK Government on a proposal to invest in state-of-the-art electric arc furnace ('EAF') steelmaking at the Port Talbot site with a capital cost of £1.25 billion inclusive of a grant from the UK Government of up to £500 million, subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. As part of this joint agreement, TSL agreed that if the proposal proceeded, it would inject equity of at least £1,000m into TSUK in order to fund £750m of the capital cost not covered by the government grant and £250m to cover certain restructuring costs including interim cash losses which TSUK would be expected to incur as part of its proposal to close the heavy end facilities in Port Talbot. The formal Grant Funding Agreement ('GFA') between TSUK, TSL and the UK Government reflecting all the key points contained in the term sheet was signed on 11 September 2024. The GFA is conditional upon TSUK and TSL making the Final Investment Decision on the EAF project which is expected to follow in the weeks after the signing of the GFA. Once the Final Investment Decision has been made, TSUK will have access to £1,500m of funding - £1,000m from TSL (of which £420m has already been provided up to September 2024) and £500m from the UK Government in order to fund the EAF and make the transition from its current operating model.

As well as the funding mentioned above, TSUK will continue to have access to its own financing facilities to support its day to day liquidity requirements. However £255m of these facilities are uncommitted and two committed facilities amounting to £250m are due to expire in the next 18 months. As such, under the base case scenario TSUK will, as a minimum, require additional forms of financial support to refinance or repay these facilities. As the Company is an integral part of the TSL Group, a letter of support has been provided by T S Global Holdings Pte Limited ('TSGH'), a subsidiary of TSL, which confirms that TSGH will support the refinancing, or the repayment, of any committed facilities falling due within the next 18 months as well as any uncommitted bank facilities which TSUK has access to.

Under the base case scenario and a severe but plausible downside scenario, the directors of the Company believe that the TSUK has access to adequate liquidity given the support undertakings provided by TSGH as described above and the commitments from the UK Government and TSL contained in the Grant Funding Agreement in order to enable the execution of its decarbonisation strategy.

For these reasons, the directors have determined that it is appropriate for the financial statements of the Company to be prepared on a going concern basis.

All accounting policies used in the preparation of the financial statements remained consistent with those applied in the preparation of the Annual Report in 2023.

F5. Presentation of accounts and accounting policies

II New Standards and interpretations applied

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

		Effective Date*
IFRS 17	Insurance Contracts	1 Jan 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
IAS 1 (Amendments)	Disclosure of Accounting Policies	1 Jan 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	1 Jan 2023

** periods commencing on or after*

None of these amendments had a material impact on the TSUK financial statements.

III New Standards and interpretations not applied

The International Accounting Standards Board ('IASB') has issued the following Standards, which are relevant to the Company's reporting but have either not been applied as they have not been adopted for use under UK-adopted international accounting standards in the year ended 31 March 2024, or have an effective date after the date of these financial statements:

		Effective Date*
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 Jan 2024
IAS 1 (Amendments)	Presentation of financial statements on Non-current liabilities with covenants	1 Jan 2024
IFRS 16 (Amendments)	Lease liability in a sale and leaseback	1 Jan 2024
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements	1 Jan 2024

** periods commencing on or after*

Management have performed a review of the expected impact from other standards and interpretations not applied as shown above. Management do not expect a material impact as a result of other new standards and interpretations not applied.

IV 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 judgements in applying the Company's accounting policies

The critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are presented below.

1) Definition of cash generating units ('CGU')

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 fair value less costs to sell of the CGU to which the asset relates. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In previous years these have usually been taken to be individual businesses, although these are combined or split into base entities where deemed appropriate to reflect the specific economic risks or operational inter-dependence of particular locations and operations based on the governance structure and lines of reporting. This process of defining CGU's requires the exercise of significant judgement.

The definition of the Company's CGUs in the current year is consistent with those used in the prior year.

Following the Company's announcement to close its blast furnaces and associated assets during 2024, the Company assessed the carrying value of the assets which will be closed and concluded that those specific assets should be separated from the CGU as their value in use and fair value was nil as they would remain loss making until the time that they will be taken out of service. The Company considered an alternative approach whereby the net book value of the heavy end assets would be depreciated up until the date of closure rather than being impaired but concluded such treatment would be misleading and overstate the value of the assets in the balance sheet as at 31 March 2024 by £81m. Subsequent to the balance sheet date the Company confirmed that no positive cash flows were generated from the identified assets up until the point that they closed and therefore the directors believe that this judgement to impair the assets remained appropriate and provided a clear picture regarding the valuation of it assets as at 31 March 2024. For further details see disclosure included within Note 9.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period end that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

1) Impairment of non-current assets

Value in use and fair value less costs to sell calculations require an estimation of future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The present value is sensitive to changes in the discount rate used in the models, the forecast profitability of the Company in the third year of the Annual Plan, and the expected impact of decarbonisation on the Company. Further details on the Company's impairment review, key assumptions, and sensitivity analyses are set out in Note 9.

2) Recognition of deferred tax assets

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 11.

3) Post-retirement benefits

The Company's retirement benefit obligations are assessed by selecting key assumptions. The selection of inflation and mortality rates are key sources of estimation uncertainty which could lead to a material adjustment in the defined benefit obligations within the next financial year. The Company sets these judgements with close reference to market conditions and third party actuarial advice.

The Company's defined benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

The Company's main defined benefit scheme, being BSPS in the UK, is in a net surplus position at the balance sheet date on an IAS 19 basis. An 'asset ceiling' has been applied to reflect the fact that the Company no longer has an unconditional right to a refund from the Scheme and the net surplus has been restricted to nil on the Company's balance sheet. Further details on the Company's retirement benefit obligations, including a sensitivity analysis of key judgements are included within note 25.

4) Recognition of provision

A provision is recognised when the Company has a present obligation, legal or constructive, as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. They include provisions on restructuring and rationalisation, decommissioning and environmental provisions which may change where changes in facts and circumstances affect expectations about the timing or cost of underlying activities. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Further details on the Company's redundancy and rationalisation provisions can be found in Notes 3 and 18

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

V Material 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 and fair value less costs to sell, 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.

The retirement benefit asset or liability recognised in the balance sheet represents the fair value of scheme assets less the present value of the defined benefit obligation. 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.

On 29 September 2023, TSUK and the Scheme Trustee signed a Deed of Amendment that stipulated that the Trustee shall apply any surplus assets at the time of winding up of the Scheme to augment member benefits to the fullest extent possible after allowing for any expenses necessary to wind up the Scheme. The Deed of Amendment means that there is no longer an ability for TSUK to access any of the surplus of the Scheme. In accordance with IAS 19 an 'asset ceiling' has been applied to reflect the fact that TSUK no longer has an unconditional right to a refund from the Scheme and the net surplus has been restricted to nil on the Company's balance sheet from 29 September 2023.

(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 for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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

TSUK participates in the UK 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) 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.

VI Other accounting policies

(a) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. An impairment loss is recognised for any initial or subsequent write-down of a disposal group to fair value less costs to sell.

Where a disposal group represents a separate major line of business or geographical area of operation, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, then it is treated as a discontinued operation. The result of the discontinued operation are presented on the face of the income statement, with all prior periods being presented on this basis.

Where intercompany transactions have occurred between continuing and discontinued operations, these are eliminated against discontinued operations except for interest costs on intercompany financing arrangements that will not continue after disposal which are eliminated against continuing operations.

(b) Revenue

The Company's revenue is primarily derived from the single performance obligation to transfer steel products under arrangements in which the transfer of control of the products and the fulfilment of the Company's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

The Company manufactures and sells a range of steel products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The steel is often sold with volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts.

Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are normally made with a credit term of 60 days, which is consistent with market practice. Any obligation to provide a refund is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(c) Government grants

Grants related to expenditure on property, plant and equipment are credited to the income statement over the useful lives of qualifying assets. Grants related to revenue are credited to the income statement in line with the timing of when costs associated with the grants are incurred. Total grants received less the amounts credited to income statement at the end of the reporting period are included in the balance sheet as deferred income.

(d) 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.

(e) 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. Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related security and included within interest expense. Unamortised amounts are shown in the balance sheet as part of the outstanding balance of the related security. Premiums payable on early redemptions of debt securities, in lieu of future interest costs, are written off as interest expense when paid.

(f) 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 (g) 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.

(g) 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.

Financial assets and financial liabilities are initially measured at fair value. The detailed accounting treatment for such items can differ, as described in the following sections:

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Where the Company transfers substantially all the risks and rewards of ownership of a financial asset, the financial asset is derecognised and any rights and obligations created or retained in the transfer are recognised separately as assets or liabilities. This includes arrangements where the Company securitises trade receivables on a non-recourse basis.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Where the Company purchases emission rights from an emission trading scheme, it recognises these as an asset, and values the asset at cost. No amortisation is recognised, provided that the Company intends to utilise the asset to settle emission rights liabilities.

(ii) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. For all other financial instruments which includes intercompany receivables, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

(iii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

(iv) 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, energy and CO2 prices, and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, forward rate agreements, interest rate swaps and London Metal Exchange (LME) contracts. The instruments are employed as economic hedges of transactions included in the accounts or forecast for firm contractual commitments. Contracts do not generally extend beyond 6 months, except for certain interest rate swaps and commodity contracts.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken out. Following this, at each subsequent reporting period end the derivative is re-measured at its current fair value. For forward currency contracts, interest rate swaps and commodity contracts the fair values are determined based on market forward rates at the end of the reporting period. The Company seeks to adopt hedge accounting for these currency, interest rate and commodity contracts. At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. This effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in profit and loss in the same period in which the hedged item affects profit and loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes attributable to the risk being hedged with the corresponding entry in profit and loss. Gains or losses from re-measuring the associated derivative are also recognised in profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit and loss as they arise.

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

(v) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Company generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

(h) 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. Costs incurred on individual development projects are recognised as intangible assets from the date that all of the following conditions are met:

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

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

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

(i) Leases

As a lessee, the Company assesses if a contract is or contains a lease at the inception of the contract. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the commencement date, except for short-term leases of twelve months or less and leases for which the underlying asset is low value, which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the incremental borrowing rate. The incremental borrowing rate is calculated with reference to the businesses cost of funding, length of the lease and the suitability of the assets to leasing.

Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date and extension options, if the Company is reasonably certain to exercise the option.

The associated right-of-use asset is capitalised equal to the lease liability and disclosed together with property, plant and equipment. The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term. Right-of-use assets are also subject to testing for impairment if there is an indicator for impairment.

Variable lease payments not included in the measurement of the lease liabilities are expensed in the income statement in the period in which the events or conditions which trigger those payments occur.

As a lessor, the Company recognises leases at cost which are then amortised over the life of the leases with interest recognised as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. These leases relate to property and vessels that are sublet in relation to the head lease. The risk associated with any rights retained in the underlying asset is managed via safeguards within the sub lease contract and vetting and monitoring of lessees.

(j) Inventories

Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is generally determined using the weighted average cost 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.

(k) Cash and cash equivalents

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

For the financial year ended 31 March

1. Revenue

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

	2024	2023
	£m	£m
Revenue by destination:		
UK	**1,481**	1,777
Europe excluding UK	**1,021**	1,185
Rest of the world	**127**	165
	2,629	3,127

2. Operating costs

	2024	2023
	£m	£m
Costs by type:		
Raw materials and consumables	**1,540**	1,632
Maintenance costs (excluding own labour)	**340**	334
Other external charges (including fuels & utilities, hire charges and carriage costs)	**673**	709
Employment costs (Note 4)	**673**	367
Depreciation, amortisation and impairment (Notes 3,8, 9 & 10)	**315**	60
Other operating items (including rents, rates, insurance and general expenses)	**149**	167
Changes in inventory of finished goods and work in progress	**(1)**	84
Own work capitalised	**-**	(2)
Profit on disposal of property, plant and equipment	**(4)**	(2)
Profit on disposal of group undertakings (Note 29)	**(2)**	(10)
Waiver of loan to subsidiary undertaking	**-**	10
	3,683	3,349

	Operating items before restructuring, impairment and disposals	Restructuring, impairment and disposals	**Total**
	£m	£m	**£m**
The above cost in 2024 includes:			
Raw materials and consumables	1,540	-	**1,540**
Maintenance costs (excluding own labour)	340	-	**340**
Other external charges (including fuels & utilities, hire charges and carriage costs)	673	-	**673**
Employment costs (Note 4)	406	267	**673**
Depreciation, amortisation and impairment (Notes 3,8, 9 & 10)	50	265	**315**
Other operating items (including rents, rates, insurance and general expenses)	56	93	**149**
Changes in inventory of finished goods and work in progress	(1)	-	**(1)**
Profit on disposal of property, plant and equipment	-	(4)	**(4)**
Profit on disposal of group undertakings (Note 29)	-	(2)	**(2)**
	3,064	619	**3,683**

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

	2024 £m	2023 £m
The above costs are stated after including:		
Amortisation of intangible assets (Note 8)	5	5
Depreciation of owned assets (Note 9)	22	21
Depreciation of right of use assets	23	33
Impairment losses related to property, plant and equipment (Note 9)	167	-
Impairment losses related to right of use assets (Note 9)	54	1
Impairment losses related to loose plant and tools and spares (Note 9)	39	-
Impairment losses related to investment in subsidiaries (Note 10)	5	-
Expenses relating to variable lease payments not included in lease liabilities	-	82
(Credit)/charge on provision for emission rights deficit	(38)	70
Net exchange rate losses/(gains)	6	(14)
Costs of research and development (gross)	9	9
Credits on research and development	(31)	(14)

The analysis of auditors' remuneration is as follows:

	2024 £m	2023 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	0.8	0.4

The fees above reflect PricewaterhouseCoopers LLP's provision of services, including fees payable for non-audit services £20,000 during the year ended 31 March 2024.

3. Net restructuring and impairment costs

	2024 £m	2023 £m
Provision for restructuring and related measures:		
Redundancy and related costs (Note 4 & 18)	152	1
Pension restructuring costs (Note 4 & 25)	115	-
Other rationalisation costs (Note 18)	93	2
Impairment losses related to investment in subsidiaries (Note 10)	5	-
Impairment losses related to property, plant and equipment (Note 9)	167	-
Impairment losses related to right of use assets (Note 9)	54	1
Impairment losses related to loose plant and tools and spares (Note 9)	39	-
	627	4
Credits for restructuring and related measures:		
Redundancy and related costs	-	(1)
Other rationalisation costs	-	(1)
	-	(2)
Total net restructuring and impairment costs	626	2

During the year the Company announced its intent to restructure its UK Business by closing heavy end assets relating to its Blast Furnace steel making facilities at Port Talbot with the loss of 2,500 roles by September 2025. Included in the above are £252m of impairment losses related to property, plant and equipment, £148m redundancy and related costs, and £93m of rationalisation costs related to this announcement.

Pension restructuring costs of £115m represents past service cost arising from the amendment of British Steel Pension Scheme (BSPS) wherein the Company no longer has an unconditional right to refund of any surplus of the scheme with any such surplus now to be used to fund additional benefits to members of the Scheme.

Provision for other net redundancy and related costs of £4m (2023: £1m) is related to restructuring measures across other business units within the Company.

4. Employees

	2024 £m	2023 £m
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	**333**	331
Social security costs	**35**	37
Pension costs (Note 25)	**38**	(1)
Redundancy and related costs (Note 3)	**152**	-
Pension restructuring costs (Note 3)	**115**	-
	673	367

(i) The monthly average number of employees during the year was 7,914 (2023: 7,913). This total includes operations staff of 6,591 (2023: 6,654), and functional support of 1,323 (2023: 1,259).

(ii) Directors' remuneration

The total employment costs of the directors in the Company were:	2024 £m	2023 £m
Short term employee benefits	**1.1**	1.0
Other long term benefits	-	0.1
Compensation for loss of office	-	0.4

There are no retirement benefits accruing to any directors under defined benefit schemes (2023: nil).

The emoluments of Mr T V Narendran, Mr K Chatterjee and Dr H Adam are paid by other companies within the TSL Group which make no recharge to TSUK. Mr T V Narendran, Mr K Chatterjee and Dr H Adam were directors of TSE and a number of fellow subsidiaries during 2023. It is not possible to make an accurate apportionment of the emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments for the aforementioned, whose emoluments are disclosed in the aggregate of the directors' emoluments in the financial statements of TSE or TSL, with whom they have their primary employment contract.

(iii) Highest paid director

Total amount of emoluments:	2024 £m	2023 £m
Short term employee benefits	**0.4**	0.4
Other long term benefits	-	0.1

There is no accrued lump sum falling due under a defined benefit pension scheme (2023: nil).

(iv) Pension costs can be further analysed as follows:

	2024 £m	2023 £m
Defined benefit scheme credit (Note 25)	**(8)**	(47)
Defined contribution scheme costs (Note 25)	**46**	46
	38	(1)

5. Income from subsidiaries and joint arrangements

	2024 £m	2023 £m
Dividends from subsidiaries (i)	**41**	-
	41	-

(i) During 2024, dividend income of £39m has been recognised in relation to dividends in specie declared by subsidiary undertakings prior to their entry into voluntary liquidation.

6. Financing items

	2024 £m	2023 £m
Interest expense:		
Bank and other borrowings	28	12
Interest on leases	8	11
Interest on loans from other group companies	22	13
Interest on loans from parent undertakings	23	6
Discount on disposal of trade debtors within purchase agreement with external companies	24	15
Finance costs	105	57
Interest income relating to:		
financial assets measured at amortised cost	3	-
Finance income	3	-
	102	57

7. Taxation

	2024 **£m**	2023 £m
Current year tax charge	**2**	2
Prior year tax charge	**4**	1
Deferred tax charge (Note 11)	**108**	392
	114	395

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

	2024 **£m**	2023 £m
Loss before taxation	**(1,115)**	(279)
Loss before taxation multiplied by the standard corporation tax rate of 25% (2023: 19%)	**(278)**	(53)
Effects of:		
Adjustments to current tax in respect of prior periods	**4**	1
Impact of change in tax rates (i)	**-**	91
Change in unrecognised losses and other tax credits	**390**	353
Non-taxable dividend income	**(10)**	-
Group relief	**5**	-
Other permanent differences	**3**	3
	114	395

(i) The £91m charge in 2023 represents the impact of the Spring Budget 2021 (enacted 24 May 2021) whereby the Government announced that the UK corporation tax rate would increase to 25% from 1 April 2023.

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

	2024 **£m**	2023 £m
Relating to components of other comprehensive income:		
Actuarial movements on defined benefit pension plans and other post-retirement plans	**(145)**	(353)
Revaluation of financial instruments treated as cash flow hedges	**27**	(38)
	(118)	(391)

Pillar Two legislation has been substantively enacted in certain jurisdictions in which the TSUK Group operates. The legislation will be effective for the TSE Group for the year ending 31 March 2025. The TSE Group is in scope of the substantively enacted legislation and has performed an assessment of the potential exposure to Pillar Two income taxes under the OECD model rules. The assessment of the potential exposure is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment of the transitional safe harbours, the Pillar Two simplified effective tax rates in most of the jurisdictions in which the TSE Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour may not apply. The TSE Group does not expect a material accounting profits exposure in those jurisdictions.

8. Intangible assets

2024	Computer software £m	Patents and trademarks £m	Intangibles under development £m	Total £m
Cost as at 1 April 2023	223	4	10	**237**
Additions	-	-	3	**3**
Cost as at 31 March 2024	223	4	13	**240**
Amortisation and Impairment as at 1 April 2023	214	3	-	**217**
Charge for the year	5	-	-	**5**
Amortisation and Impairment as at 31 March 2024	219	3	-	**222**
Net book value as at 31 March 2024	**4**	**1**	**13**	**18**
Net book value as at 31 March 2023	9	1	10	20

The remaining amortisation period for computer software is approximately 1 year (2023: 2 years).

(i) The Company recognised nil impairment charge (2023: £nil) against computer software.

9. Property, plant and equipment

2024	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 2023	331	3,420	148	147	**4,046**
Additions	5	10	13	25	**53**
Disposals	(1)	(14)	(8)	-	**(23)**
Adjustment related to remeasurement of lease liability	(10)	(66)	-	-	**(76)**
Transfers	1	16	-	(17)	**-**
Cost as at 31 March 2024	326	3,366	153	155	**4,000**
Depreciation and Impairment as at 1 April 2023	244	3,144	95	22	**3,505**
Charge for the year	9	27	9	-	**45**
Impairment losses recognised during the year	43	90	25	88	**246**
Disposals	(1)	(14)	(9)	-	**(24)**
Depreciation and Impairment as at 31 March 2024	295	3,247	120	110	**3,772**
Net book value as at 31 March 2024	31	119	33	45	**228**
Spares (net book value)					**52**
Net book value as at 31 March 2024					**280**
Net book value as at 31 March 2023	87	276	53	125	**541**
Spares (net book value)					**57**
Net book value as at 31 March 2023					**598**

During the year, following the announcement on UK decarbonisation strategy, the Company reassessed its lease liability position relating to the heavy end operations at Port Talbot site and recognised an amount of remeasurement of lease liability £76m as an adjustment to the corresponding right-of-use assets.

The additions to the right-of-use assets during the 2024 financial period were £14m (2023: £1m).

The Company recognised a total impairment charge of £260m in the year (2023: £1m), including £14m related to spares.

In respect of the TSUK CGU a fair value less costs of disposal (FV) model was used to test for impairment in the Property, Plant and Equipment as at 31 March 2024. A value in use calculation is no longer deemed appropriate for this CGU due to TSUK's announcement in the year regarding decarbonisation whereby the existing blast furnace steelmaking assets in Port Talbot will be taken out of use in 2024/25 and be replaced by new EAF assets in the future following a transition period during which the business will continue to supply its customers using purchased slab and coil processed through its downstream facilities.

The FV calculation for TSUK CGU involves estimating future cash flows expected to be derived from the CGU for the period up to 2049/50. The cash flows for this period include EBITDA benefits generated from the EAF assets once they are commissioned and the model assumes capital expenditure of £1.25 billion inclusive of a grant from the UK Government of up to £500 million. For the model, a Nil growth rate (March 31, 2023: Nil) is used to extrapolate the cash flow projections beyond the steady state operations once the EAF is commissioned. Given that the cash flows are prepared on a real basis without any growth rate, the post-tax discount rate of 9.1% (March 31, 2023: 11.7% pre tax) has been adjusted to a post-tax real discount rate of 7.0%. The discount rate is derived from TSE's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors.

Key assumptions for the UK business are expected changes to selling prices and raw material costs, EU steel demand, energy costs, exchange rates, the amount of capital expenditure needed for decarbonisation, the changes to EBITDA resulting from producing and selling low CO_2 steel including the selling price effects of a 'green steel premium', levels of government support for decarbonisation, phasing of decommissioning of legacy assets as well as the commissioning of new carbon free production facilities and a post-tax real discount rate of 7.0% (post-tax nominal discount rate of 9.1%)

The outcome of the above test indicated that, using a pre-tax discount rate of 12.2% (2023: 11.7%) the recoverable value of CGU was higher than its carrying value.

Following the announcement on UK decarbonisation strategy and proposal to restructure TSUK by closing heavy end assets relating to its Blast Furnace steel making facilities at Port Talbot, a specific asset impairment of £252m relating to those assets which are to be taken out of service in 2024/25 was recognised. The impairment comprises £184m in respect of owned property, plant and equipment, £14m in respect of stores and spares and £54m in respect of right of use assets . In addition to the impairment recognised as a result of the proposed restructuring, TSUK also recognised an impairment of £8m in relation to other specific assets which were identified as being impaired.

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

(i)

As at 31 March	2024 £m
The net book value of land and buildings comprises:	
Freehold	11
Short leasehold	20
	31
Which may be further analysed as:	
Right of use assets not subject to operating leases:	
Cost	124
Accumulated depreciation	(104)
	20
Owned assets	11
	31

Depreciation and impairment charges relating to right-of-use assets were £9m and £31m respectively for the year (2023: £12m depreciation and £1m impairment).

(ii)

As at 31 March	2024 £m
The net book value of plant and machinery comprises:	
Right of use assets not subject to operating leases:	
Cost	93
Accumulated depreciation	(83)
	10
Owned assets	109
	119

(iii)

As at 31 March	2024 £m
The net book value of spares comprises:	
Cost	375
Accumulated depreciation and impairment losses	(323)
	52

Depreciation and impairment charges relating to right-of-use assets were £14m and £23m respectively for the year (2023: £21m depreciation and £0m impairment).

(iv) There was £nil (2023: £nil) borrowing costs capitalised in the period.

10. Non-current investments

2024	Shares in subsidiary undertakings £m	Loans to subsidiary undertakings (ii) £m	Interests in joint ventures and associates £m	Loans to joint ventures £m	Other investments £m	Total £m
Cost as at 1 April 2023	637	83	1	20	7	**748**
Additions (iv)	10	-	-	-	-	**10**
Disposals (iii)	(14)	(43)	-	-	-	**(57)**
Cost at end of period	633	40	1	20	7	**701**
Impairment at 1 April 2023	376	29	1	20	7	**433**
Charge for the year (i)	5	-	-	-	-	**5**
Disposals (iii)	(14)	-	-	-	-	**(14)**
Impairment at end of period	367	29	1	20	7	**424**
Net book value at 31 March 2024	**266**	**11**	**-**	**-**	**-**	**277**
Net book value at 31 March 2023	261	54	-	-	-	315

(i) During the year the Company recognised an impairment of £5m (2023: £nil) in its investment in its subsidiary Cogent Power Limited in order to reduce the carrying value of its investment to its expected recoverable value.

(ii) Included in the above net book value of loans to subsidiary undertakings at 31 March 2024 are loans of £11m (2023: £54m) which are non-interest bearing and have no fixed repayment date.

(iii) On 29 June 2023 the Company waived a loan receivable of £43m from its subsidiary, Corus Management Limited, as part of the Company's corporate simplification programme following which Corus Management Limited was placed into Member Voluntary Liquidation. The disposals of shares in subsidiary undertakings relate to the removal of costs and provisions in the Company's subsidiary Catnic Limited which was dissolved on 22 March 2024

(iv) Following the dissolution of Catnic Limited, Tata Steel UK Limited acquired Catnic Limited's investment in Catnic GmbH.

(v) The Company's shares in subsidiary undertakings are listed in Note 30.

11. Deferred tax

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

As at 31 March	2024 £m	2023 £m
Deferred tax assets	**112**	102
	112	102

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.

2024	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Interest £m	Other £m	Total £m
At 1 April 2023	**196**	**-**	**(169)**	**42**	**33**	**102**
(Charged)/credited to income statement	**(189)**	**-**	**26**	**19**	**36**	**(108)**
Credited/(charged) to other comprehensive income	**-**	**-**	**145**	**-**	**(27)**	**118**
At 31 March 2024	**7**	**-**	**2**	**61**	**42**	**112**

2023	Accelerated tax depreciation £m	Tax losses £m	Retirement benefit obligations £m	Interest £m	Other £m	Total £m
At 1 April 2022	221	372	(510)	27	(6)	104
(Charged)/credited to income statement	(25)	(372)	(11)	15	1	(392)
Credited to other comprehensive income	-	-	352	-	38	390
At 31 March 2023	196	-	(169)	42	33	102

Deferred tax assets of £112m (2023: £102m) have been recognised at 31 March 2024. 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.

Deferred tax assets have not been recognised in respect of total tax losses of £4,716m (2023: £4,104m) and other tax credits of £1,020m (2023: £113m) which can be carried forward indefinitely.

The Group has performed sensitivity analysis on the calculation for the UK deferred tax asset which shows that increasing the "uncertainty factor" by 5% would have resulted in a lower deferred tax asset of £52m (2023: £88m) and decreasing the "uncertainty factor" by 5% would have resulted in a higher deferred tax asset of £210m (2023: £130m).

12. Inventories

As at 31 March	2024 £m	2023 £m
Raw materials and consumables	**246**	304
Work in progress	**125**	124
Finished goods and goods for resale	**191**	191
	562	619

The value of inventories above is stated after impairment of £144m (2023: £61m) for obsolescence and write-downs to net realisable value.

The cost of inventories recognised as an expense (Note 2) includes a charge of £60m (2023: £39m) in respect of write down of inventory to net realisable value.

13. Trade and other receivables

As at 31 March	2024 £m	2023 £m
Trade receivables	24	29
Less: provision for impairment of receivables	-	-
	24	29
Amounts owed by parent undertakings	10	7
Amounts owed by group companies	35	34
Amounts owed by subsidiary undertakings	7	7
Derivative financial instruments (Note 22)	2	1
Other taxation	6	6
Prepayments	3	9
Deferred proceeds on sale of business	3	13
Other receivables	53	32
	143	138

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

14. Cash and short term deposits

As at 31 March	2024 £m	2023 £m
Cash at bank and in hand	17	47
Short term deposits	5	5
	22	52

15. Borrowings

As at 31 March	2024 £m	2023 £m
Current:		
Intergroup:		
Amounts owed to subsidiary undertakings	71	-
Amounts owed to parent undertakings (i)	114	175
	185	175
External:		
Bank loans	480	200
Obligations under finance leases	25	34
	505	234
	690	409

As at 31 March	2024 £m	2023 £m
Non-current:		
Inter-group:		
Amounts owed to parent undertakings (i)	225	-
Amounts owed to subsidiary undertakings	390	503
	615	503
External:		
Obligations under finance leases	58	153
Bank loans	100	50
	158	203
	773	706
Total borrowings	1,463	1,115

(i) Included in amounts owed to parent undertakings in 2024 are one loan of £25m, four loans of £50m and one loan of £100m totalling £325m due to Tata Steel Europe Limited and a loan of £14m due to Tata Steel Netherlands Holding BV. The loans due to Tata Steel Europe Limited carried interest charges of 7.5%. The loan due to Tata Steel Netherlands Holding BV carried an interest charge of 5.71%.

The board of the Company granted a guarantee in relation to the debt raised as part of the SFA entered into by Tata Steel Netherlands Holdings BV in October 2022. This guarantee is supported by security over the assets of the Company.

Amounts payable under finance leases are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2024	2023	2024	2023
	£m	£m	£m	£m
Not later than one year	29	45	25	34
Later than one year but not more than five years	56	155	51	133
More than five years	8	22	7	20
	93	222	83	187
Less: future finance charges on finance leases	(10)	(35)	-	-
Present value of lease obligations	83	187	83	187

The lease portfolio of the Company consists of leases of land, buildings, machinery and vehicles.

16. Trade and other payables

As at 31 March	2024 £m	2023 £m
Trade payables	459	438
Amounts owed to group companies	156	194
Amounts owed to parent undertakings	1	40
Amounts owed to joint ventures (Note 28)	2	5
Amounts owed to subsidiaries	2	3
Other taxation and social security	16	14
Interest payable to parent undertakings	5	1
Interest payable to subsidiaries	4	3
External interest payable	6	-
Derivative financial instruments (Note 22)	9	136
Capital expenditure creditors	9	22
Other payables	33	17
	702	873

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

17. Current tax liabilities

As at 31 March	2024 £m	2023 £m
UK corporation tax	8	4
	8	4

18. Provisions for liabilities and charges

	Rationalisation costs (i) £m	Insurance (ii) £m	Environmental provision (iii) £m	Other (iv) £m	Total 2024 £m	Total 2023 £m
As at 1 April	14	30	78	9	**131**	79
Charged to income statement:	247	-	22	6	**275**	75
Released to income statement:	(2)	-	(75)	(1)	**(78)**	(4)
Transfers	-	-	-	-	**-**	1
Utilised during the year	(6)	(2)	-	(3)	**(11)**	(20)
At 31 March	**253**	**28**	**25**	**11**	**317**	**131**
Analysed as:						
Current liabilities	170	-	24	1	**195**	80
Non-current liabilities	83	28	1	10	**122**	51

(i) Rationalisation costs include redundancy provisions as follows:

	2024 £m	2023 £m
At beginning of period	**1**	6
Charged to income statement:	**152**	1
Released to income statement	**-**	(1)
Utilised during the period	**(5)**	(5)
At end of period	**148**	1

	2024 £m	2023 £m
Other rationalisation provisions arise as follows:		
Onerous lease payments relating to unutilised premises	**3**	4
Onerous contracts and termination costs	**37**	-
Decommissioning, environmental and other remediation costs at sites subject to restructuring/closure	**65**	9
	105	13

Although the precise timing in respect of utilising the redundancy is not known, the majority is expected to be incurred within one year.

At 31 March 2024 the rationalisation provision included £3m (2023: £4m) in respect of onerous leases on a discounted basis and £3m (2023: £4m) on an undiscounted basis. The expected timeframe of the utilisation of other rationalisation provision is £58m within 1 year, £26m within 1-2 years, £17m within 2-3 years, £3m within 3-5 years and £1m due after 5 years.

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

(iii) The environmental provisions consist of remediation and clean-up activities that are likely to be undertaken in the foreseeable future and of which the costs can reasonably be estimated, together with provisions for CO2 emission rights. The majority of the provision is expected to be incurred within the next five years.

(iv) The other provisions also include product warranty claims for which the timing of any potential expenditure is uncertain and provisions for employee benefits, which include long term benefits such as long service and sabbatical leave. All items are subject to independent actuarial assessments.

19. Other non-current liabilities

As at 31 March	2024 £m	2023 £m
Financial guarantees	**1**	1
	1	1

On 19 December 2007 the board of TSUK granted a guarantee in relation to the debt raised as part of the old SFA entered into by TSUKH, Tulip UK Holdings (No. 3) Limited and Tata Steel Netherlands Holdings BV. Over the years, the borrowings and lender commitments under the old SFA have been refinanced a number of times with the most recent refinancing on 4 October 2022 (although only Tata Steel Netherlands Holdings BV entered into the most recent refinancing). This guarantee is supported by security over the assets of the Company.

20. Deferred income

	2024 £m	2023 £m
At 1 April	1	2
Released to P&L	-	(1)
At 31 March	1	1

21. Called up share capital

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

Allotted, called up and fully paid	**2024** £m	2023 £m
224,130,023,983 (2023: 224,130,023,983) Deferred shares of 1p each	**2,241**	2,241
10,037,151,807 (2023: 37,151,807) Ordinary shares of 1p each	**101**	1
3,333 (2023: 3,333) Ordinary A shares of 1p each	**-**	-

On 27 March 2024 TSUK issued 10,000,000,000 ordinary shares for total consideration of £100,000,000.

The holders of Ordinary shares are entitled to be paid any profits of the Company which are available for distribution and to receive notice of general meetings and to attend, speak and vote at such meetings.

Ordinary A shares carry full rights in respect of profit distribution. In addition, they are entitled to receive notice of general meetings but shall not be entitled to attend, speak or vote at any such meeting.

Deferred shares do not confer any right to receive notices of general meetings of the Company or to attend, speak or vote at any such meeting, to vote on written resolutions to participate in any return of capital or to participate in the profits of the Company by way of dividend, distribution or otherwise.

On 25 April 2024, TSUK redesignated all of the deferred shares and Ordinary A shares into 224,130,027,316 Ordinary shares of £0.01 each.

22. Financial instruments

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

As at 31 March	**2024** £m	2023 £m
Derivative financial assets	**2**	1
Derivative financial liabilities	**(9)**	(136)
Total derivatives	**(7)**	(135)

Derivative financial instruments used by the Company include forward rate contracts for exchange rate and energy price exposure, and commodity contracts. These financial instruments are utilised to hedge significant future transactions and cash flows, and, in most cases, these are subject to hedge accounting under IFRS 9. 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:

	2024		2023	
As at 31 March	**Assets** £m	**Liabilities** £m	Assets £m	Liabilities £m
Current:				
Foreign currency contracts	**2**	**(5)**	1	(24)
Commodity contracts	**-**	**(4)**	-	(112)
	2	**(9)**	1	(136)

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:

As at 31 March	2024 £m	2023 £m
Commodity contracts	(2)	(100)
Currency contracts	-	(9)
Tax	-	27
Cash flow hedge reserve	(2)	(82)

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

	Commodity contracts £m	Currency contracts £m	Tax £m	2024 £m
Cash flow hedge reserve net of taxation at beginning of period	(100)	(9)	27	(82)
Recycled to the profit and loss	143	-	-	143
Fair value recognised	(45)	9	-	(36)
Deferred tax	-	-	(27)	(27)
Cash flow hedge reserve net of taxation at end of period	(2)	-	-	(2)

	Commodity contracts £m	Currency contracts £m	Tax £m	2023 £m
Cash flow hedge reserve net of taxation at beginning of period	53	4	(11)	46
Recycled to the profit and loss	(1)	-	-	(1)
Fair value recognised	(152)	(13)	-	(165)
Deferred tax	-	-	38	38
Cash flow hedge reserve net of taxation at end of period	(100)	(9)	27	(82)

23. Future capital expenditure

As at 31 March	2024 £m	2023 £m
Contracted but not provided for	3	32
Authorised but contracts not yet placed	67	102

At the end of the period there was £nil (2023: £nil) of future expenditure planned in relation to intangible assets.

24. Contingencies

Dependent on future events, other current legal proceedings and recent significant contracts may give rise to contingencies and commitments which are not disclosed as the possibility of any outflow in settlement is remote. There are also contingent liabilities in the ordinary course of business in connection with the completion of contractual arrangements.

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

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

25. 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 2024 amounted to £46m (2023: £46m).

Defined benefit schemes

The principal defined benefit 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.
The BSPS is the legacy defined benefit pension scheme in the UK and is closed to future accrual. The current Scheme is the successor to the old BSPS which entered a PPF assessment period in March 2018 following a Regulated Apportionment Arrangement ('RAA') which separated the old BSPS from TSUK. The current Scheme was created on 28 March 2018 when 69% of the members of the old Scheme transferred into the current Scheme. The Scheme is sponsored by TSUK and currently has around 65,000 members of which c.80% are pensioners with benefits in payment. Although TSUK has a legal obligation to fund any future deficit, a key condition of the new BSPS going forward was that it was sufficiently well funded to meet the Scheme's modified liabilities on a self-sufficiency basis with a buffer to cover residual risks.

Since the Scheme came into existence, the BSPS Trustee and TSUK established a framework for dynamic de-risking as and when conditions were appropriate. The framework provided for the parties to agree to partial buy-in transactions with one or more insurers over a period of time. In relation to this, the scheme completed its first buy-in transaction in respect to a small portion of the overall liabilities during the year ended 31 March 2022. It has also completed two further buy-in transactions during the year ended 31 March 2023 involving the purchase of annuities with an external insurer of the order of £2.2bn and £2.1bn in May 2022 and December 2022 respectively. On 17 May 2023 the BSPS completed a final buy-in transaction with an external insurer with a value of the order of £2.7bn which ensures that the all liabilities of the Scheme are now fully insured. The funding levels secured as part of these arrangements will enable the Trustee to award a payment of 3% in order to restore an element of member benefits which were foregone as part of the RAA. The final buy-in also included the purchase of an insurance policy on an "all risks" basis whereby any risks for data cleanse items (e.g. impact of Guaranteed Minimum Pension and Barber equalisation) and residual risks (e.g. whether any members claim that their benefit calculations are incorrect) were passed on to the insurer.

On 29 September 2023, TSUK and the Scheme Trustee signed a Deed of Amendment that stipulated that the Trustee shall apply any surplus assets at the time of winding up of the Scheme to augment member benefits to the fullest extent possible after allowing for any expenses necessary to wind up the Scheme. The Deed set out both parties' intentions that the winding up of the Scheme will take place as soon as all the tasks necessary to achieve this are completed. This is expected to take around three years. TSUK retains the sole power to decide whether to proceed to wind-up the Scheme and buy-out liabilities. At the date the Deed was signed TSUK performed an exercise that estimated the expected surplus of the Scheme at the earliest date a wind up was possible was likely to be around £115m. As a result of the Deed, a past service cost equal to £115m was recorded in the income statement in the current year.

The Deed of Amendment means that there is no longer an ability for TSUK to access any of the surplus of the Scheme. In accordance with IAS 19 an 'asset ceiling' has been applied to reflect the fact that TSUK no longer has an unconditional right to a refund from the Scheme and the net surplus has been restricted to nil on the Company's balance sheet from 29 September 2023

The BSPS previously held an anti-embarrassment interest in TSUK agreed as part of the Regulated Apportionment Arrangement ("RAA") entered into in 2017. The anti-embarrassment interest was initially 33.33% at the time of the RAA but was diluted to less than 1% due to successive equity issuances by TSUK to its parent company Corus Group Limited. On 14 March 2024, BSPS transferred its anti-embarrassment interest to TSUK's parent company Corus Group Limited though the Scheme retains an economic interest in the value of those shares. No value has been included in the BSPS's assets at 31 March 2024 (2023: £nil) for its interest in TSUK.

At 31 March 2024 the Scheme had an IAS 19 surplus of £nil (2023: £685m). The surplus at 31 March 2024 includes an asset ceiling of £69m in order to restrict the surplus to £nil as TSUK no longer has an unconditional right to a refund of the surplus from the Scheme.

The 31 March 2021 valuation was agreed between TSUK and the BSPS Trustee on 21 January 2022. This was a surplus of £492m on a Technical Provisions (more prudent) basis equating to a funding ratio of 105%. The agreed Schedule of Contributions confirmed that neither ordinary nor deficit recovery contributions are due from the Company. The next triennial valuation of the Scheme, which will take place as at 31 March 2024, is expected to show that the Scheme is fully funded on a solvency/buy-out basis and that no contributions are due from TSUK.

The weighted average duration of the scheme's liabilities at 31 March 2024 was 11.0 years (2023: 11.0 years).

Actuarial assumptions

A range of assumptions must be used to determine the IAS 19 amounts and the values to be included in the balance sheet and 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:

2024	BSPS %	Other %
Salary growth[1]	n/a	n/a
Pension increases[2]	2.86	3.29
Discount rate	4.90	4.90
Inflation	2.86	3.29

[1] The BSPS is closed to future accrual.
[2] Where applicable a CPI assumption of 2.86% has been applied within the BSPS.

2023	BSPS %	Other %
Salary growth[3]	n/a	n/a
Pension increases[4]	2.91	3.36
Discount rate	4.87	5.00
Inflation	2.91	3.36

[3] The BSPS is closed to future accrual.
[4] Where applicable a CPI assumption of 2.91% has been applied within the BSPS.

The discount rate is set with reference to the current rate of return on AA rated corporate bonds (excluding government backed bonds) of equivalent currency and term to the scheme liabilities. Projected inflation rate and pension increases are long-term predictions based mainly on the yield gap between long-term fixed interest and index-linked gilts.

Demographic assumptions are set having regard to the latest trends in life expectancy, plan experience and other relevant data, including externally published actuarial information within each national jurisdiction. The assumptions are reviewed and updated as necessary as part of the periodic actuarial funding valuations of the individual pension and post-retirement plans. For the BSPS the liability calculations as at 31 March 2024 use the Self-Administered Pension Schemes 3 (SAPS 3) base tables, S3PMA_M/S3PFA/S3DFA with the 2020 CMI projections with a 1.25% p.a. (2022-23: 1.25% p.a.) long-term trend applied from 2013 to 2021 (adjusted by a multiplier of 1.03 p.a. (2022-23: 1.03 p.a.) for males, 1.03 p.a. (2022-23: 1.03 p.a.) for females and 1.04 p.a. for female dependents (2022-23: 1.04 p.a)). In addition, future mortality improvements are allowed for in line with the 2022 CMI Projections with a long-term improvement trend of 1% (2023: 1%) per annum, a smoothing parameter of 7.0 (2023: 7.0), an initial addition parameter of 0% (2023: 0%) and a 25% weight on mortality experience allowance (2023 :10%), for adopting w2020 and w2021 parameters for excess deaths in the UK in the COVID-19 affected years . This indicates that today's 65 year old male member is expected to live on average to approximately 86 years (2022-23: 86 years) of age and a male member reaching age 65 in 15 years' time is then expected to live on average to 86 years (2022-23: 86) 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 50bps (2023: 50bps)	Decrease by 5.4% / increase by 5.4%
Inflation	Increase/decrease by 50bps (2023: 50bps)	Increase by 2.3% / decrease by 2.3%
Mortality	1 year increase/decrease in life expectancy	Increase/decrease by 2.4%

Sensitivities for the BSPS have been provided as it is a material scheme. Please note that the sensitivities shown are in respect of the total liabilities which include the portion of the liabilities covered by an insured annuity contract. Changes in the value of the insured liabilities are fully offset by equivalent change in the insured asset value.

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.

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.
- The net interest cost/(income) on the liability or asset recognised in the balance sheet.

- Asset ceiling restrictions are applied where the provisions of the scheme do not allow for refund of any residual surplus to the Company in the event of wind-up of the Scheme.

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

Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of other comprehensive income. Examples of such variations are differences between the discount rate used for calculating the return on scheme assets (credited to the income statement) and the actual return, the re-measurement of scheme liabilities to reflect changes in discount rates, changes in demographic assumptions such as using updated mortality tables, or the effect of more employees leaving service than forecast.

Income statement pension costs arose as follows:

	2024 £m	2023 £m
Current service cost	8	8
Past service cost	115	-
Net interest income	(33)	(55)
Interest cost on irrecoverable surplus	17	-
Defined benefit schemes	107	(47)
Defined contribution schemes	46	46
Total charge/(credit) for the period	153	(1)

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

	2024 £m	2023 £m
Pension costs (Note 4)	38	(1)
Pension restructuring costs (Note 4)	115	-
Total charge/(credit) for the period	153	(1)

The actual return on plan assets for the above schemes was a loss of £302m (2023: £2,666m loss).

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	2024 %	2023 %
Quoted:		
Equities - UK Entities	0.0	0.0
Equities - Non-UK Entities	0.0	0.0
Bonds - Fixed Rate	1.4	28.8
Bonds - Index Linked	0.0	4.8
Derivatives	0.0	0.0
	1.4	33.6
Unquoted:		
Real estate	1.2	7.0
Derivatives	0.0	0.1
Cash and cash equivalents	0.4	3.5
Insurance Annuity Policy	97.0	54.9
Other	0.0	0.9
	98.6	66.4
	100.0	100.0

Balance sheet measurement

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

Amounts recognised in the balance sheet arose as follows:

2024	**BSPS** £m	**Other** £m	**Total** £m
Fair value of plan assets	5,987	-	**5,987**
Present value of obligation	(5,918)	(7)	**(5,925)**
Irrecoverable surplus (effect of asset ceiling)	(69)	-	**(69)**
Defined benefit asset/(liability)	-	(7)	**(7)**
Disclosed as:			
Defined benefit liability - non-current	-	(7)	**(7)**
Arising from:			
Unfunded schemes	-	(7)	**(7)**

2023	BSPS £m	Other £m	Total £m
Fair value of plan assets	6,681	-	6,681
Present value of obligation	(5,996)	(7)	(6,003)
Defined benefit asset/(liability)	685	(7)	678
Disclosed as:			
Defined benefit asset	685	-	685
Defined benefit liability - non-current	-	(7)	(7)
Arising from:			
Funded schemes	685	-	685
Unfunded schemes	-	(7)	(7)

The movements in the present value of plan assets and defined benefit obligations in 2024 and 2023 were as follows:

2024	**BSPS** £m	**Other** £m	**Total** £m
Plan assets:			
At 1 April 2023	6,681	-	**6,681**
Interest income on plan assets	314	-	**314**
Interest cost on irrecoverable surplus	(17)	-	**(17)**
Return on plan assets less than the discount rate	(547)	-	**(547)**
Change in effect of asset ceiling	(52)	-	**(52)**
Benefits paid	(461)	-	**(461)**
At 31 March 2024	5,918	-	**5,918**
Defined benefit obligation:			
At 1 April 2023	5,996	7	**6,003**
Current service cost	8	-	**8**
Past service credit	115	-	**115**
Interest cost on the defined benefit obligation	281	-	**281**
Actuarial gain due to financial assumption changes	(35)	-	**(35)**
Actuarial gain due to demographic assumption changes	(12)	-	**(12)**
Actuarial loss due to actuarial experience	26	-	**26**
Benefits paid	(461)	-	**(461)**
At 31 March 2024	5,918	7	**5,925**

2023	BSPS £m	Other £m	Total £m
Plan assets:			
At 1 April 2022	9,874	-	9,874
Interest income on plan assets	262	-	262
Return on plan assets less than the discount rate	(2,928)	-	(2,928)
Benefits paid	(527)	-	(527)
At 31 March 2023	6,681	-	6,681
Defined benefit obligation:			
At 1 April 2022	7,825	8	7,833
Current service cost	8	-	8
Interest cost on the defined benefit obligation	207	-	207
Actuarial gain due to financial assumption changes	(1,498)	(1)	(1,499)
Actuarial gain due to demographic assumption changes	(41)	-	(41)
Actuarial loss due to actuarial experiences	22	-	22
Benefits paid	(527)	-	(527)
At 31 March 2023	5,996	7	6,003

Actuarial losses recorded in the Statement of Comprehensive Income for the period were £578m (2023: £1,410m loss).

26. Related party transactions

The table below sets out details of transactions which occurred in the normal course of business between the Company and its joint ventures, joint arrangements are considered as joint ventures for reporting purposes.

	2024 £m	2023 £m
Amounts reported within the income statement:		
Purchases from joint operations	**6**	5
Amounts reported within the balance sheet:		
Amounts owed to joint operations (Note 16)	**2**	5

27. Events after the balance sheet date

In Port Talbot TSUK closed Blast Furnace 5 on 4 July 2024 and Blast Furnace 4 on 30 September 2024 in line with its restructuring plans.

On 10 April 2024 the Company disposed its 25% stake held in Fabsec Limited, an associate of the Company. The financial impact of this transaction is not material.

Since 31 March 2024, TSUK has received £320m equity injection from Corus Group Limited.

Subsequent to the balance sheet date, the Company has drawn £100m of external debt from its existing facilities and successfully completed the refinancing of two of its existing facilities into a new three year committed revolving credit facility.

On 11 September 2024 TSUK signed a Grant Funding Agreement with the UK Government in respect to TSUK's decarbonisation investments under which the UK Government would provide up to £500m of grant funding.

28. Ultimate and immediate parent company

Corus Group Limited is the Company's immediate parent company, which is registered in England and Wales. Tata Steel Europe Limited is an intermediate holding company, registered in England and Wales, and is the smallest group to consolidate these financial statements.

Tata Steel Limited, 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 and Tata Steel Europe Limited may be obtained from the Secretary, 18 Grosvenor Place, London SW1X 7HS.

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

29. Disposal of group undertakings

During the year, the Company completed the dissolution of the below 8 subsidiaries, having previously entered them into liquidation.

- Swinden Housing Association (deregistered 29 June 2023)
- Corus Investments Limited (Dissolved 13 March 2024)
- British Steel Directors (Nominees) Limited (Dissolved 16 March 2024)
- Orb Electrical Steels Limited (Dissolved 16 March 2024)
- London Works Steel Company Limited (Dissolved 16 March 2024)
- Corus Liaison Services (India) Limited (Dissolved 16 March 2024)
- Catnic Limited (Dissolved 22 March 2024)
- Corus Management Limited (Dissolved 22 March 2024)

Details of companies currently still in the process of liquidation can be found on Note 30.

(i) During the year the Company has partially reversed a previously recognised impairment in relation to deferred consideration on previous business divestments for which is now deemed as recoverable. This reversal of £2m (2023: £10m) has been credited to the income statement in the current year and partially reverses previous total net impairments of £6m (2023: £16m) in this respect.

30. Details of related undertakings

The subsidiary undertakings, joint ventures and associates of the Company at 31 March 2024 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:

Brazil	
Tata Steel International (South America) Representacoes Limited (ii) (iii)	C/O SIS, Brigadeiro Faria Lima, 1685 Conj. 5J Sao Paulo, SP Brazil
Germany	
Catnic GmbH (i) (iii)	Am Leitzelbach 16, Sinsheim, 74889, Germany
India	
Tata Steel International (India) Limited (i) (iii)	412 Raheja Chambers, 213 Backbay Reclamation, Nariman Point, Mumbai 400 021, India
Ireland (Republic of)	
Gamble Simms Metals Limited (i) (iii)	70 Sir John Rogerson's Quay, Dublin 2, Ireland
Isle of Man	
Crucible Insurance Company Limited. (ii) (iii)	Level 2, Samuel Harris House, 5-11 St. George's Street, Douglas, Isle of Man, IM1 1AJ
Mexico	
Tata Steel International Mexico SA de CV (ii) (iii)	Blvd Bernardo Quintana 300, Torre 57 int.509, Colonia Centro Sur, 76090, Querétaro Qro
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 (ii) (iii)	169A, Calea Floreasca, Building A, 4th Floor, Campus 10, Office 2039-2044, Sector 1, 014459, Bucharest, Romania
South Africa	
TS South Africa Sales Office Proprietary Limited (i) (iii)	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
United Kingdom	
00026466 Limited (i) (iv) (vii)	C/O Teneo Financial Advisory 156 Great Charles Street Queensway Birmingham B3 3HN
00030048 Ltd (ii) (iii) (viii)	C/O Teneo Financial Advisory 156 Great Charles Street Birmingham B3 3HN
137050 Limited (i) (iii) (vii)	30 Millbank London SW1P 4WY
British Steel Trading Limited (i) (iii)	18 Grosvenor Place London SW1X 7HS
Cogent Power Limited (i) (iii) (v)	18 Grosvenor Place London SW1X 7HS
Corby (Northants) & District Water Co. (i) (iii)	Tata Steel UK Limited PO Box 101 Weldon Road Corby Northamptonshire NN17 5UA
Corus CNBV Investments (50%) (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Engineering Steels (UK) Limited (i) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Engineering Steels Limited (i) (iii) (vi)	18 Grosvenor Place London SW1X 7HS
Corus Holdings Limited (i) (iii)	58 Morrison Street, Edinburgh, EH3 8BP
Corus International Limited (i) (iii)	18 Grosvenor Place London SW1X 7HS
Corus International (Overseas Holdings) Limited (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus Property (50%) (ii) (iii)	18 Grosvenor Place London SW1X 7HS
Corus UK Healthcare Trustee Limited (i) (iii)	18 Grosvenor Place London SW1X 7HS
H E Samson Limited (i) (iii)	18 Grosvenor Place London SW1X 7HS
Hadfields Holdings Limited (62.5%) (i) (iii) (vii)	18 Grosvenor Place London SW1X 7HS
Runblast Limited (i) (iii)	Hill House, 1 Little New Street London EC4A 3TR
Tata Steel UK Consulting Limited (i) (iii)	18 Grosvenor Place London SW1X 7HS
The Newport And South Wales Tube Company Limited (i) (iii) (v)	18 Grosvenor Place London SW1X 7HS
U.E.S. Bright Bar Limited (i) (iii)	Teneo Financial Advisory 156 Great Charles Street Queensway Birmingham B3 3HN
UES Cable Street Mills Ltd (i) (iii)	9 Albert Embankment, London. SE1 7SN
UK Steel Enterprise Limited (i) (iii)	The Innovation Centre, 217 Portobello, Sheffield, S1 4DP
USA	
Tata Steel International (Americas) Holdings Inc. (ii) (iii) (iv)	Wilmington Trust SP Services Inc., 1105 N Market Place, Wilmington, DE, 19899 United States
Tata Steel International (Americas) Inc. (ii) (iii)	475 N. Martingale Road, Suite 400, Schaumburg, IL 60173 USA

Classification key:

(i)	Directly owned by the Company
(ii)	Owned by Group
(iii)	Ordinary shares
(iv)	Ordinary A shares
(v)	Cumulative redeemable preference shares
(vi)	Non-cumulative preference shares
(vii)	Currently in liquidation via a Members Voluntary Liquidation
(viii)	Liquidation complete after year end

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

Joint arrangements

United Kingdom	
Air Products Llanwern Limited (50%) (i) (ii) (JO)	Hersham Place Technology Park, Molesey Road, Walton On Thames, Surrey, KT12 4RZ
Ravenscraig Limited (33%) (i) (iii) (JV)	15 Atholl Crescent, Edinburgh, EH3 8HA
Texturing Technology Limited (50%) (i) (iii) (JO)	PO Box 22, Texturing Technology Ltd, Central Road, Tata Steel Site, Margam, Port Talbot, West Glamorgan, Wales, SA13 2YJ

Associates

United Kingdom	
Fabsec Limited (25%) (iv)	Cellbeam Ltd, Unit 516 Avenue E East, Thorp Arch Estate, Wetherby, West Yorkshire, England, LS23 7DB
USA	
Oremco Inc (30%) (ii) (iii)	261 Madison Aevnue, New York, 10016, United States

Classification key:

(i)	Owned by the Company
(ii)	Ordinary shares
(iii)	Ordinary A shares
(iv)	Sold post year end
(JV)	Joint Venture
(JO)	Joint Operation

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