

TATA STEEL



**Corus International
(Overseas Holdings) Limited
Annual Report 2021**

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A. Directors and advisors

Directors

CL Harvey (Resigned 1 September 2021)
SV Gidwani (Resigned 31 July 2021)
AJ Page (appointed 31 August 2021)
DJ Richards (appointed 1 September 2021)

Registered office

18 Grosvenor Place
London
England
SW1X 7HS

Company number

02643008

Independent auditors

PricewaterhouseCoopers LLP
Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

B. Strategic report

Introduction

The directors present the Strategic report, together with the audited financial statements, of Corus International (Overseas Holdings) Limited (the 'Company') for the year ended 31 March 2021. These financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 '*Reduced Disclosure Framework*', a framework for entities that apply the presentation, recognition and measurement requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but with reduced disclosure and ensures compliance with any relevant legal requirements applicable to it.

Principal activities

The Company is a wholly owned subsidiary of Corus Group Limited ('CG'). Group financial statements have not been prepared as the Company is a wholly owned subsidiary within the Tata Steel Europe Limited ('TSE') group which has prepared consolidated financial statements for the year to 31 March 2021. The Company is exempt from the obligation to prepare and deliver group financial statements under section 400 of the Companies Act 2006.

The principal activity of the Company is that of an investment holding company. Further details of the investments are shown in note 6 and 12 to the financial statements.

There have been no significant changes to the principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the Company's activities in the next year.

Business review

The Company is managed as an integral part of the TSE group. The business issues impacting TSE have been disclosed in the business review section of the Strategic report in its Annual Report.

The Company's directors do not believe that key performance indicators (or discussion thereof) are appropriate for an understanding of the development, performance or position of the Company. The performance of TSE, which includes the Company, is discussed in its Annual Report, which does not form part of this report.

Results

The profit for the year after taxation amounted to £14,967k (2020: £8,436k). The net assets as at 31 March 2021 amount to £508,913k (2020: £493,946k).

Employees

The Company has no employees, as shown in note 3 of the financial statements.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Company's activities. The Company operates in accordance with TSE group policies. Activities designed to minimise the environmental impact of its operations and its products through the adoption of sustainable practices and continuous improvement in environmental performance.

Principal risks and uncertainties

Investments in subsidiary undertakings

The Company holds a number of investments in subsidiary companies. Although the directors are satisfied that the recoverable amount of the investments is not less than their book value, there is a risk that in future periods the book value may become impaired.

Going concern

The Company is part of the Tata Steel Europe Limited ('TSE') group which in recent years has benefited from working capital support provided by T S Global Procurement Pte Limited ('Proco'), a subsidiary of Tata Steel Limited ('TSL'), under arrangements which were authorised, and were supported, by TSL. On 30 June 2021, all working capital support previously provided by Proco was converted to equity in order to strengthen the balance sheet position of the TSE group, including its main UK operating subsidiary Tata Steel UK Limited ('TSUK'), and to improve the liquidity of the TSE group by reducing future interest costs.

The Company has an inter-company loan receivable with TSUK, which as at 31 March 2021 has a carrying value of £113m.

B. Strategic report

In March 2020, TSUK first started to experience the negative effects of the global COVID-19 pandemic on the demand for its steel products. TSUK responded to the financial consequences of the reduced steel demand caused by the pandemic by utilising available government support measures, taking short term actions to conserve cash, and reducing or deferring spend including on capital expenditure projects. In the second half of the 2020/21 financial year, demand for TSUK's steel products rebounded strongly which, along with significant increases in steel selling prices towards the end of the year, enabled TSUK to finish the 2020/21 financial year strongly. In the first quarter of 2021/22 the steel market has continued to perform strongly with steel selling prices at record highs and the outlook for the rest of the financial year is significantly ahead of TSUK's previous Annual Plan. Nevertheless the steel industry is cyclical and with no guarantee that steel selling prices will stay at this elevated level for a sustained period of time, it is expected that the steel market will return to trend levels in the medium term. Following the conversion of working capital support to equity, as mentioned above, and TSUK securing additional committed financing facilities in June 2021, TSUK has access to adequate liquidity to meet all of its cash requirements over the next 12 months.

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.

Future developments and subsequent events

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

Non-adjusting post balance sheet event

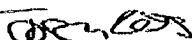
In 2008, Tata Steel UK Holdings ('TSUKH') borrowed the ordinary share capital in the Company from Corus International Limited ('CI') by means of a stock lending transaction. The terms of the stock loan are such that TSUKH is required to return the shares to CI, on demand. TSUKH sold these shares to CG and held an option over CG to repurchase the shares.

On 30 June 2021, TSUKH issued notice of their intention to terminate the stock lending transaction with CI and simultaneously also exercised the option to repurchase the shares from CG, both with effect on the same day.

Non-adjusting post balance sheet event (continued)

Accordingly as of this date the original stock lending transaction has been unwound and the shares in the company have been returned to CI. Therefore from 30 June 2021 the Company is a wholly owned subsidiary of CI. There was no impact on the income statement or net assets of the Company from this transaction.

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



DJ Richards
Director
Registered Office:
18 Grosvenor Place
London
England
SW1X 7HS
20 December 2021

C. Directors' report

The Board

The directors of the Company are listed on page 2.

Dividends

No dividends were paid or proposed in the year (2020: £nil).
The directors do not recommend that a final dividend be paid.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, that the Company may indemnify any 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.

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

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

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

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

Information disclosed in the Strategic report

In accordance with section 414C (11) of the Companies Act 2006 the directors have chosen to disclose the following information in the Company's Strategic report:

Principal risks and uncertainties;

Factors likely to affect the Company's future development and position;

Information disclosed in the Strategic report (continued)

Particulars of any events affecting the Company which have occurred since the end of the financial year;

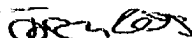
The Company's employees; and

Going concern disclosure

Independent Auditors

PricewaterhouseCoopers LLP were appointed as auditors of the Company for the year ended 31 March 2021. PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

The financial statements on pages 10 to 19 were approved by the Board of Directors on 20 December 2021 and signed on its behalf by



DJ Richards

Director

Registered Office:

18 Grosvenor Place

London

England

SW1X 7HS

20 December 2021

D. Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements 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:

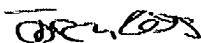
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates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

The directors are responsible for 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.

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



DJ Richards
Director
Registered Office:
18 Grosvenor Place
London
England
SW1X 7HS
20 December 2021

E. Independent auditors' report to the members of Corus International (Overseas Holdings) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Corus International (Overseas Holdings) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 Annual Report 2021 (the "Annual Report"), which comprise: Balance sheet as at 31 March 2021; the Income statement and Statement of changes in equity for the year then ended; the Presentation of financial statements and accounting policies; and the notes to the financial statements.

Basis for opinion

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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

E. Independent auditors' report to the members of Corus International (Overseas Holdings) Limited

Strategic Report and Directors' 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 2021 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, 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 UK corporation tax regulations, 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 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 journal entries to overstate profits reported to Tata Steel Limited in order to maintain or increase value to shareholders of the Group. Audit procedures performed by the engagement team included:

- Discussions with management and legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Inquiring with relevant personnel to understand management's processes for identifying and reporting risks and threats within the Company; and
- Identifying and testing journal entries, in particular those having unusual account combinations involving revenues or other credits to the profit or loss account

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:

E. Independent auditors' report to the members of Corus International (Overseas Holdings) Limited

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.

KE Finn

Katharine Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
21 December 2021

F1. Income statement

For the financial year
ended 31 March

ended 31 March

| | | 2021 | | | 2020 | | |
|-------------------------------|------|---|-------------------------------|--|---|-------------------------------|--|
| | Note | Before exceptional items £'000 | Exceptional items £'000 | Total after exceptional items £'000 | Before exceptional items £'000 | Exceptional items £'000 | Total after exceptional items £'000 |
| Operating income/(expenses) | 1 | 6,606 | - | 6,606 | - | (72,742) | (72,742) |
| Operating profit/(loss) | | 6,606 | - | 6,606 | - | (72,742) | (72,742) |
| Income from subsidiaries | 2 | - | - | - | - | 72,742 | 72,742 |
| Finance income | 4 | 8,364 | - | 8,364 | 8,816 | - | 8,816 |
| Finance costs | | (3) | - | (3) | - | - | - |
| Profit before taxation | | 14,967 | - | 14,967 | 8,816 | - | 8,816 |
| Tax on profit | 5 | - | - | - | (380) | - | (380) |
| Profit for the financial year | | 14,967 | - | 14,967 | 8,436 | - | 8,436 |

All references to 2021 in the financial statements, the presentation of financial statements and accounting policies and the related notes 1 to 12 refer to the financial year ended 31 March 2021 or as at 31 March 2021 as appropriate (2020: the financial year ended 31 March 2020 or as at 31 March 2020).

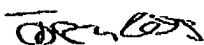
The Company has no other gains and losses (2020: £nil) other than those included in the income statement above, and therefore no separate statement of comprehensive income has been presented.

Notes and related statements forming part of these financial statements appear on pages 16 to 19.

F2. Balance sheet

| As at 31 March | | | |
|--|------|----------------|----------------|
| | Note | 2021 £'000 | 2020 £'000 |
| Non-current assets | | | |
| Investments in subsidiaries and loans to fellow group undertakings | 6 | 503,833 | 488,537 |
| | | 503,833 | 488,537 |
| Current assets | | | |
| Current tax assets | | 534 | 534 |
| Other receivables | 7 | 4,549 | 4,875 |
| | | 5,083 | 5,409 |
| TOTAL ASSETS | | 508,916 | 493,946 |
| Current liabilities | | | |
| Amounts owed to group companies | 8 | (3) | - |
| | | (3) | - |
| TOTAL LIABILITIES | | (3) | - |
| NET ASSETS | | 508,913 | 493,946 |
| Equity | | | |
| Called up share capital | 9 | 141,205 | 141,205 |
| Share premium account | | 156,292 | 156,292 |
| Retained earnings | | 211,416 | 196,449 |
| TOTAL EQUITY | | 508,913 | 493,946 |

The financial statements on pages 10 to 19 were approved by the Board of Directors and signed on its behalf by:



DJ Richards
 20 December 2021
 Corus International (Overseas Holdings) Limited
 Registered No: 02643008

Notes and related statements forming part of these financial statements appear on pages 16 to 19.

F3. Statement of changes in equity

| | Called up share capital £'000 | Share premium account £'000 | Retained earnings £'000 | Total equity £'000 |
|---|--|--------------------------------------|-------------------------------|--------------------------|
| Balance as at 1 April 2019 | 141,205 | 156,292 | 188,013 | 485,510 |
| Total comprehensive income for the year | - | - | 8,436 | 8,436 |
| Balance as at 31 March 2020 | 141,205 | 156,292 | 196,449 | 493,946 |
| Total comprehensive income for the year | - | - | 14,967 | 14,967 |
| Balance as at 31 March 2021 | 141,205 | 156,292 | 211,416 | 508,913 |

Notes and related statements forming part of these financial statements appear on pages 16 to 19.

F4. Presentation of financial statements and accounting policies

I Basis of preparation

Corus International (Overseas Holdings) Limited is a private limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The functional and presentational currency of the Company is sterling.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

As permitted by FRS 101, the Company has taken advantage of the relevant disclosure exemptions available under that standard in relation to IAS 1, presentation of comparative information in respect of investments in subsidiaries; IAS 7, presentation of a cash flow statement; IAS 8, standards not yet effective; IFRS 7, financial instruments: disclosures and IAS 24, related party transactions with Tata Steel group companies.

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The principal accounting policies applied in the preparation of these financial statements are set out below. All accounting policies used in the preparation of the financial statements remained consistent with those applied in the preparation of the Annual Report in 2020.

Group financial statements have not been prepared as the Company is a wholly owned indirect subsidiary of Tata Steel Europe Limited ('TSE'), which has prepared consolidated financial statements for the year ended 31 March 2021.

Going concern

The Company is part of the Tata Steel Europe Limited ('TSE') group which in recent years has benefited from working capital support provided by T S Global Procurement Pte Limited ('Proco'), a subsidiary of Tata Steel Limited ('TSL'), under arrangements which were authorised, and were supported, by TSL. On 30 June 2021, all working capital support previously provided by Proco was converted to equity in order to strengthen the balance sheet position of the TSE group, including its main UK operating subsidiary Tata Steel UK Limited ('TSUK'), and to improve the liquidity of the TSE group by reducing future interest costs.

The Company has an inter-company loan receivable with TSUK, which as at 31 March 2021 has a carrying value of £113m.

In March 2020, TSUK first started to experience the negative effects of the global COVID-19 pandemic on the demand for its steel products. TSUK responded to the financial consequences of the reduced steel demand caused by the pandemic by utilising available government support measures, taking short term actions to conserve cash, and reducing or deferring spend including on capital expenditure

Going concern (continued)

projects. In the second half of the 2020/21 financial year, demand for TSUK's steel products rebounded strongly which, along with significant increases in steel selling prices towards the end of the year, enabled TSUK to finish the 2020/21 financial year strongly. In the first quarter of 2021/22 the steel market has continued to perform strongly with steel selling prices at record highs and the outlook for the rest of the financial year is significantly ahead of TSUK's previous Annual Plan. Nevertheless the steel industry is cyclical and with no guarantee that steel selling prices will stay at this elevated level for a sustained period of time, it is expected that the steel market will return to trend levels in the medium term. Following the conversion of working capital support to equity, as mentioned above, and TSUK securing additional committed financing facilities in June 2021, TSUK has access to adequate liquidity to meet all of its cash requirements over the next 12 months.

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.

II New Standards and interpretations applied

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

| | | | Effective Date* |
|-----------------------------------|-----------------------|----------------------------------|-----------------|
| IAS 1 & IAS 8 (Amendments) | New definition | materiality | 1 Jan 2020 |
| IAS 1 (Amendments) | Updated references to | Conceptual Framework | 1 Jan 2020 |
| IFRS (Amendments) | 3 | Updated definition of a business | 1 Jan 2020 |
| IFRS 16 (Amendments) | Covid-19-Related | Rent Concessions | 1 Jun 2020** |
| IFRS 7, IFRS 9 & IAS (Amendments) | 39 | Interest rate benchmark reform | 1 Jan 2020 |

* periods commencing on or after

**The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The adoption of the new accounting standards and interpretations above did not have a material impact on the Corus International (Overseas Holdings) Limited 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 international accounting standards in conformity with the requirements of the Companies Act 2006 in the year ended 31 March 2021, or have an effective date after the date of these financial statements:

F4. Presentation of financial statements and accounting policies

| III New Standards and interpretations not applied (continued) | | | Effective Date* |
|---|--|--|-----------------|
| IFRS 17 | Insurance Contracts | | 1 Jan 2023 |
| IFRS 16 (Amendments) | Covid-19-Related Rent Concessions beyond 30 June 2021 | | 1 April 2021 |
| 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 1 (Amendments) | Classification of Liabilities as Current or Non-current | | 1 Jan 2023 |
| IAS 8 (Amendments) | Definition of Accounting Estimates | | 1 Jan 2023 |
| IAS (Amendments) 37 | Onerous Contracts—Cost of Fulfilling a Contract | | 1 Jan 2022 |
| IAS 16 (Amendments) | Proceeds before Intended Use | | 1 Jan 2022 |
| IFRS (Amendments) 3 | Reference to the Conceptual Framework | | 1 Jan 2022 |
| IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) | Interest Rate Benchmark Reform—Phase 2 | | 1 Jan 2021 |
| IFRS 1, IFRS 9 Illustrative Example 13 of IFRS 16 and IAS 41 (Amendments) | Annual Improvements to IFRS Standards 2018–2020 | | 1 Jan 2022** |

* periods commencing on or after

** except for the amendment to IFRS 16 for which no effective date is stated as it regards only an illustrative example

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 financial statements 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 financial statements; and
- (iii) reported amounts of income and expenses during the year.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if

IV Use of estimates and critical accounting judgements (continued)

the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The critical judgement that the directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements is in relation to presentation of exceptional items.

Judgement has been exercised by the company when interpreting the requirement to present separately exceptional items. Items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users of the accounts to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance. Further information surrounding exceptional items can be found in notes 1 and 2.

A significant part of the Company's capital is invested in group undertakings. Determining whether these assets are impaired requires an estimation of enterprise value (EV). The EV calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts approved by the Board. Further details on the Company's impairment review and key assumptions are set out in note 6.

The Directors consider there are no estimates that have been made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The detailed accounting policies are outlined in section IV below.

V Accounting policies

(a) Taxation

The tax (charge)/credit 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 ("temporary differences") and it further excludes items that are never taxable or deductible ("permanent differences").

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantively enacted by

F4. Presentation of financial statements and accounting policies

(a) Taxation (continued)

the end of the reporting year. Deferred tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income.

Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, deferred tax is recognised in the income statement.

(b) 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 Group 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.

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).

(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.

(ii) Impairment of financial assets (continued)

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. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in financing items 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) Inter-group borrowings

Interest-bearing inter-group borrowings are initially recorded at their fair value which is generally the proceeds received. These borrowings are subsequently stated at amortised cost.

(v) Equity instruments

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

(c) Investments in subsidiary and associated undertakings

Investments in fellow group undertakings are stated at cost, which includes transaction expenses. Impairment losses are made if events or circumstances indicate that the carrying amount may not be recoverable. Income from investments in subsidiary and associated undertakings comprises dividends declared up to the balance sheet date and, where relevant, is shown before deduction of overseas withholding taxes.

F5. Notes to the financial statements

For the financial year ended 31 March

1. Operating income/(expenses)

| | 2021 £'000 | 2020 £'000 |
|---|---------------|-----------------|
| Costs by type: | | |
| Net gain on repayment of capital (ii) | 6,679 | - |
| Write down of investment in subsidiaries (iii) | (73) | - |
| Exceptional item – impairment losses related to investment in subsidiaries (iv) | - | (72,742) |
| | 6,606 | (72,742) |

- i) The auditors' remuneration for the audit of the Company's financial statements was £1,400 (2020: £1,400). The auditors' remuneration was borne by fellow group company TSUK, in both the current and prior year. There were no non-audit fees in the current or prior year.
- ii) During the year, the company recognised a £6,679,000 net gain on repayment of capital. This was following a distribution from its subsidiary Tata Steel International (Americas) Holdings Inc which exceeded the carrying value of the investment recognised by CIOH.
- iii) During the year, the company incurred costs of £73,000 in relation to the write down of investment in Tata Steel International (Americas) Holdings Inc (note 6).
- iv) During 2020, exceptional costs of £72,742,000 relates to the write down of investment in Corus Large Diameter Pipes Limited.

2. Income from subsidiaries

| | 2021 £'000 | 2020 £'000 |
|---|---------------|-----------------|
| Income by type: | | |
| Exceptional item - Dividend from subsidiaries | - | (72,742) |
| | - | (72,742) |

- i) During 2020, dividend income of £72,742,000 has been recognised in relation to dividends declared by subsidiary undertaking, Corus Large Diameter Pipes Limited, prior to their entry into voluntary liquidation.

3. Employees

The Company has no employees. No director received any remuneration during the year in respect of their services to the Company (2020: nil).

4. Finance income

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Interest receivable from immediate parent company | 8,364 | 8,816 |
| | 8,364 | 8,816 |

F5. Notes to the financial statements

5. Tax on profit

| | 2021 £'000 | 2020 £'000 |
|------------------|---------------|---------------|
| Total tax charge | - | 380 |
| | - | 380 |

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

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Profit before taxation | 14,967 | 8,816 |
| Profit before taxation multiplied by the standard UK corporation tax rate of 19% (2020: 19%) | 2,844 | 1,675 |
| Effects of: | | |
| Adjustment to current tax in respect of prior years | - | 380 |
| Other permanent differences | (26) | 302 |
| Group relief surrendered free of charge | (2,818) | (1,977) |
| | - | 380 |

Corporation tax is calculated at 19% of the taxable loss for the year (2020: 19%).

6. Investments in subsidiaries and loans to fellow group undertakings

| | Shares in subsidiary undertakings £'000 | Loans to subsidiary and fellow group undertakings £'000 | Total £'000 |
|----------------------------------|--|--|----------------|
| Cost as at 1 April 2020 | 277,234 | 303,045 | 580,279 |
| Additions | - | 171,588 | 171,588 |
| Disposals | (156,219) | - | (156,219) |
| Cost as at 31 March 2021 | 121,015 | 474,633 | 595,648 |
| Impairment as at 1 April 2020 | (91,742) | - | (91,742) |
| Impairment for the year (note 1) | (73) | - | (73) |
| Impairment as at 31 March 2021 | (91,815) | - | (91,815) |
| Net book value at 31 March 2021 | 29,200 | 474,633 | 503,833 |
| Net book value at 31 March 2020 | 185,492 | 303,045 | 488,537 |

The carrying values of the Company's investments are tested annually for impairment using an enterprise value ('EV') calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out into perpetuity based on a steady state, sustainable cash flow reflecting average steel industry conditions between successive peaks and troughs of profitability. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, exchange rates and a discount rate of 8.1% (2020: 8.0%). Changes in selling prices, raw material costs, exchange rates and steel demand are based on expectations of future changes in the steel market based on external market sources. The pre-tax discount rate is derived from the Group's WACC and the WACCs of its main European steel competitors adjusted for country specific risks where appropriate. The outcome of the test at 31 March 2021 resulted in £nil impairment charge (2020: £nil) in the value of the Company's equity investments.

The impairment charge recognised during the year of £73,000 relates to the write down of investment in Tata Steel International (Americas) Holdings Inc.

Included in net loans to subsidiaries and fellow group undertakings are a loan to the immediate parent CG of £211,049k (2020: £202,360k), a loan to Tata Steel UK Limited ('TSUK') of £112,599k (2020: £74,742k) and a loan to Tata Steel Netherlands Holdings BV ('TSNH') of £125,042k (2020: £nil). The increase in loans to TSUK and TSNH during the year relates to the

F5. Notes to the financial statements

6. Investments in subsidiaries and loans to fellow group undertakings (continued)
assignment of loans receivable to these companies from CIOH's subsidiary, Tata Steel International (Americas) Holdings Inc which were received in lieu of cash on return of capital (Note 1).

Interest is being charged at LIBOR +3.60 with no fixed repayment date and is being rolled into the loan on a six-monthly basis.

A full list of the Company's interests is disclosed in note 12.

7. Other receivables

| As at 31 March | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Amounts owed by immediate parent company | 3,161 | 3,486 |
| Other receivables | 33 | 34 |
| Other interest receivable | 1,355 | 1,355 |
| | 4,549 | 4,875 |

The amount owed by the immediate parent is a loan to CG. Interest of LIBOR+ 3.50% is being charged on the loan. No date has been fixed for repayment, but it is not expected that the loan will be repaid during the next financial year.

8. Amounts owed to group companies

| As at 31 March | 2021 £'000 | 2020 £'000 |
|---------------------------------|---------------|---------------|
| Amounts owed to group companies | 3 | - |
| | 3 | - |

9. Called up share capital

The share capital of the Company is shown below:

| Authorised | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| 500,000,000 (2020: 500,000,000) ordinary shares of £1 each | 500,000 | 500,000 |
| Allotted, called up and fully paid | 2021 £'000 | 2020 £'000 |
| 141,204,948 (2020: 141,204,948) ordinary shares of £1 each | 141,205 | 141,205 |

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

10. Events after the reporting period

In 2008, Tata Steel UK Holdings ('TSUKH') borrowed the ordinary share capital in the Company from Corus International Limited ('CI') by means of a stock lending transaction. The terms of the stock loan are such that TSUKH is required to return the shares to CI, on demand. TSUKH sold these shares to CG and held an option over CG to repurchase the shares.

On 30 June 2021, TSUKH issued notice of their intention to terminate the stock lending transaction with CI and simultaneously also exercised the option to repurchase the shares from CG, both with effect on the same day. Accordingly as of this date the original stock lending transaction has been unwound and the shares in the company have been returned to CI. Therefore from 30 June 2021 the Company is a wholly owned subsidiary of CI. There was no impact on the income statement or net assets of the Company from this transaction.

11. Ultimate and immediate parent company

At 31 March 2021 the Company was a wholly owned subsidiary of CG, a company registered in England and Wales. However since the 30 June 2021 the Company is a wholly owned subsidiary of CI (see note 10), a company registered in England and

F5. Notes to the financial statements

11. Ultimate and immediate parent company (continued)

Wales. Tata Steel Europe Limited ('TSE') is the intermediate holding company, registered in England and Wales, and the smallest group to consolidate these financial statements.

Copies of the Annual Report for TSE may be obtained from the Company secretary, 18 Grosvenor Place, London, SW1X 7HS.

Tata Steel Limited ('TSL'), a company incorporated in India, is the ultimate parent company and controlling party and the largest group to consolidate these financial statements. Copies of the Annual Report for TSL may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001.

12. Subsidiary undertakings

The subsidiary undertakings, joint ventures and associates of the Company at 31 March 2021 and their registered offices are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation.

Brazil

Tata Steel International (South America)
Representacoes LTDA (ii) (iii)

Santiago & Amboulos Advogados, Av. Rio Branco, 45 - 10º andar -
Grupo 1013, Centro - Rio de Janeiro - RJ. CEP: 20090-003

Isle of Man

Crucible Insurance Company Limited (i) (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)
(Formally known as Cogent Power SA de CV)

Era 2, Real de Anahuac, 66600 Ciudad Apodaca, Nuevo Leon,
Mexico

USA

Tata Steel International (Americas) Holdings Inc. (i) (iii)
(iv)

Wilmington Trust SP Services, Inc, 1105 N Market Place,
Wilmington, DE, 19899, USA

Tata Steel International (Americas) Inc. (ii) (iii)

475 N. Martingale Road, Suite 400, Schaumburg, IL 60173 USA
Wilmington Trust SP Services, Inc, 1105 N Market Place,
Wilmington, DE, 19899, USA

UK

Corus Large Diameter Pipes Limited (i) (iv) (vii)

Hill House Little New Street London EC4A 3TR

Classification key:

- (i) Directly owned by the Company
- (ii) Indirectly owned by the Company
- (iii) Ordinary shares
- (iv) Ordinary A shares
- (v) Ordinary B shares
- (vi) Deferred shares
- (vii) Dissolved on 19 October 2021

All subsidiary undertakings are directly or indirectly wholly owned by the Company.

Corus International (Overseas Holdings) Limited
18 Grosvenor Place
London
England
SW1X 7HS

Registered No: 02643008