

TATA STEEL

A low-angle, upward-looking photograph of a modern cable-stayed bridge. The bridge's concrete deck and support structure are visible, with numerous white cables fanning out from a central pylon against a clear blue sky. The perspective creates a sense of height and architectural scale.

Tata Steel IJmuiden BV
Report & Accounts 2018

	Page
A. Report of the Board of Directors	
Introduction	2
Principal business activities	2
The business, objectives and strategy	2
Economic climate	2
Global steel market	3
Raw materials	3
Trade	3
Financial review	3
Capital expenditure	3
Business review	4
Research & Development	4
People	5
Environment	6
Principal risks and risk management	7
Acquisitions and disposals	8
Composition of the Board of Management	8
Prospects for 2018/19	8
Post balance sheet events	8
B. Annual accounts 2017	
Income statement	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Presentation of accounts and accounting policies	13
Notes to the accounts	19
Further notes to and signing of the annual accounts	33
C. Other information	34
D. Independent auditor's report	35

A. Report of the Board of Directors

Introduction

The Board of Directors ('BoD') herewith presents the annual report together with the audited accounts of Tata Steel IJmuiden B.V. ('TSIJ' or the 'Company') for the year ended 31 March 2018 ('FY18').

TSIJ is a wholly-owned subsidiary of Tata Steel Nederland B.V. ('TSN'). TSN is a wholly-owned subsidiary of Tata Steel Netherlands Holdings BV ('TSNH'), an unlisted company based in the Netherlands. TSNH is owned by Tata Steel Europe Limited ('TSE' or 'the 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.

The BoD hereby declares that, to the best of its knowledge, the Company's financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the Report of the BoD gives a true and fair view concerning the position as per the balance sheet date, the development and performance of the business during the financial year.

The BoD would like to express its appreciation to all TSIJ employees for their contributions to the Company's performance in FY18 and their support in the gradually improving but still rather difficult economic circumstances.

Principal business activities

TSIJ comprises Strip Products Mainland Europe ('SPMLE') and the activities in IJmuiden of Tata Steel Packaging and Tata Steel Colors.

TSIJ produces carbon steel by the basic oxygen steelmaking method at one integrated steelworks in IJmuiden, the Netherlands. This plant produced a total of 7.1mt of steel products in the current year (FY17: 6.9mt). Further processing is done at other TSIJ and TSN subsidiaries.

Most of the steel is used in three markets: packaging, construction and the automotive industry. The Company mostly serves the European market, which takes the majority of the output.

The business, objectives and strategy

The steel industry is a highly cyclical industry. Financial performance is affected by general macroeconomic conditions that set the demand from the downstream steel using industries, as well as by available global production capacity and exchange rates 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 Europe, changes in the global market for steel influence TSIJ's financial performance.

TSIJ is continuing with its strategy of focusing on carbon steel to create long-term value for its stakeholders within a sound financial framework through:

- A top quartile cost position in Europe;
- Continuously improving the service performance;
- Increasing the sales volumes of speciality products;
- Continuing to move the product sales mix to more attractive automotive and construction markets; and
- Capturing growth opportunities with new and existing customers.

Important for the future of the Company is the investment program referred to as the Strategic Asset Roadmap ('STAR'). This program will enable a state of the art asset base and an extension of the product portfolio in high value products whilst at the same time maintaining the Company's low cost position in Europe. TSIJ can grow in high-value markets, such as Automotive, Lifting & Excavating, Packaging and Building Envelope. This requires a complete product portfolio, very stable production and the highest delivery performance. Targeted investments will allow TSIJ to meet these requirements and will contribute to a sustainable profit for TSIJ. In FY18, the first series of investments from this programme have been initiated. In addition a second STAR programme is being developed.

Economic climate

Global GDP growth in 2017 was 3.0% (2016: 2.3%). The Eurozone economy grew by 2.5%, which was higher than in 2016 (1.7%). In order to avoid a deflationary environment the European Central Bank extended the quantitative easing programme.

A. Report of the Board of Directors

GDP growth in China accelerated in 2017 to 6.9% (2016: 6.7%). The Chinese government is seeking to transform the economy from being investment led to become more consumer driven, as its cost advantage is being eroded.

Global steel market

Global steel demand increased by 4.7% in 2017 (2016: 1.0%). Demand for steel in China increased by 3.0% compared to a decrease of 1.3% in 2016. Steel demand in the EU grew by 1.3% (2016: 3.2%), with growth evident in all steel using sectors. The number of cars and trucks produced by the EU rose slightly by 0.3% in 2017 (2016: 3.3%). Construction activity also increased by 3.9% (2016: 1.7% increase).

In 2017, global steel production increased by 4.8% (2016: 1.0%). Steel production in China increased by 4.7% (2016: 1.5%) and equated to 50% of global steel production. In the EU output increased by 3.4% (2016: decrease of 2.3%).

In 2017 the EU was a net importer of steel at 11.2mt (imports: 42.3mt, exports 31.1mt). Exports from China decreased significantly in 2017 to 74.8mt (2016: 108mt). Global steelmaking capacity utilisation increased from 69% in 2016 to 72% in 2017 due to increased demand.

Steel spot prices rose globally during 2017, as a result of increased raw material prices due to higher than expected steel demand in China, which led to lower steel exports from China.

Raw materials

The principal raw materials used in the carbon steelmaking processes are iron ore, metallurgical coal and steel scrap. The market reference price of iron ore fines (China CFR 62%) decreased in 2017 from \$79/t in January to \$71/t in December as new, lower cost iron ore supply became available in 2017. Hard coking coal spot prices (Australia FOB) increased from \$185/t to \$227/t in 2017 as the Chinese government decided to enforce production restrictions on Chinese coal mines causing supply tightness. German benchmark scrap prices also increased by 16% to €290/t in 2017.

Trade

Changing trade flows in the global steel market have caused an increase in the amount of anti-dumping measures. Amongst others the US and EU have issued duties for a broad range of products, including hot and cold

rolled coil. In March 2018 the US government imposed a 25% tariff on steel imports as part of its "Section 232" ruling.

In 2017 steel demand in the EU increased by 2.0mt. Deliveries by EU mills rose by 2.2mt whilst imports decreased by 0.2mt. Consequently, the market share for imports into the EU decreased to 15.7% in 2017 (2016: 16.1%).

Financial review

Operating profit decreased from €322m in FY17 to €222m in FY18, mainly due to higher spend. Net turnover increased to €4,214m from €3,579m in FY17 as a result of improved market conditions. The profit before taxation amounted to €222m and the tax charge to €(75)m. The net profit after taxation amounted to €147m, a decrease of €88m compared with FY17.

Capital and reserves increased by €58m to €2,426m at the end of FY18.

The increase of €58m consisted of:

- The profit after taxation of €147m; and
- Other comprehensive loss of €14m consisting of movements in the cash flow hedge reserve.
- Dividends of €75m paid in cash during the year to the shareholder, TSNH.

Capital expenditure

Capital expenditure on tangible fixed assets (including loose plant, tools, and spares) in FY18 amounted to €280m (FY17: €295m). Significant capital expenditure has been committed in the SPMLE business on the Strategic Asset Roadmap Programme (STAR) to support the strategic growth of differentiated, high value products in the automotive, lifting and excavating, and energy and power market sectors. During FY18, these included the installation of a new caster (continuous caster 23) to allow enhance casting capabilities for advanced products, and the replacement of a conditioned warehouse. Other major projects in SPMLE included the improvement of Hot Dip Galvanizing line 2 and the implementation of a Commercial Analytics Database. In the Packaging business, a major capital project ongoing during FY18 included the introduction of Protact® NG, a multi-layered polymer system that meets increasingly stringent food requirements.

A. Report of the Board of Directors

Business review

Health and safety

Health and safety continues to be TSIJ's first priority as it strives to be the industry benchmark.

Health and safety plans continue to be deployed across the sites, including deployment of approved TSE Health and Safety standards and codes of practice. TSIJ's safety performance as measured by the combined LTIF worsened in 2017/18 with 1.22 compared to 0.96 in 2016/17.

Tata Steel Strip Products MLE

SPMLE manufactures hot rolled, cold rolled and metallic-coated steels for the automotive and transport industries, building and construction, consumer appliances and electronics, and general engineering.

The Lost Time Injuries (LTI) rate of SPMLE employees in 2017/18 was 1.1, which was 0.5 worse than last year. The rolling LTI rate for contractors was 2.6 bringing the combined (i.e. employees and contractors) 12 month rolling LTI rate to 1.5, (0.7 worse than last year).

The FY18 operating result after restructuring, impairment and disposals was lower than in FY17 due to operational disturbances at some works and a higher spend.

Deliveries in FY18 increased slightly compared to last year due to an increase in liquid steel production.

As a result of the continuing focus on manufacturing stability, several plants at the IJmuiden site set new production records in 2017/18. The Direct Sheet Plant and Hot Dip Galvanizing Line 1 and 3 realised annual records of 1368kt, 408kt and 571kt respectively. For Hot Dip Galvanizing Line 3 this was a second record year in succession.

Tata Steel Packaging

Tata Steel Packaging is a supplier of light-gauge steel for packaging and non-packaging applications, based in IJmuiden, the Netherlands, with an additional production facility in Duffel, Belgium.

The LTI rate in 2017/18 was 0.6, which was 1.2 better than the previous year.

The FY18 operating result after restructuring, impairment and disposals was slightly below previous year, due to lower margins and a lower volume of deliveries.

Production volume in IJmuiden in FY18 was below FY17 as result of production issues at the continuous annealing line.

Tata Steel Colors IJmuiden

Tata Steel Colors is an international business with significant experience in developing and manufacturing pre-finished steels. Applications include building envelope, roof and wall cladding, domestic appliances, consumer products, bake ware and specialist applications.

The LTI frequency rate of employees in FY17 was 0.7 which is a significant improvement compared to 2.8 last year.

The FY18 profit was significantly lower than last year due to lower spreads and increased zinc prices.

Research & development

Research & Technology programme

Approximately 85% of the TSE technology programme was developed under the governance of the Global Expert Committees ('GECs') of Tata Steel in the year, which cover process development and product market sector developments. The remaining capacity was allocated to the Strategic Thrust programme for various projects including:

- HIsarna technology to produce steel more energy efficiently and from lower grade raw materials, and reduced CO2 emissions. Process robustness has been further demonstrated in FY18 with engineering studies for a full scale demo plant now underway.
- Graphene based value add products focused on the development of high value niche market segments for coated products, with tangible cooperation with customers now well underway.
- Physical vapour deposition, a cold zinc coating technology that allows an extension of TSIJ's zinc coated product range towards the future UHSS automotive grades well above 1000 MPa.
- Waste heat recovery through direct conversion with Thermo Electric Generator modules (TEG), where a successful pilot was completed in the IJmuiden BOS plant with further scale up planned as part of the IJmuiden energy efficiency programme.
- Use of advanced analytics to introduce fundamental changes in manufacturing and all TSIJ business processes.

A. Report of the Board of Directors

Process development

The process technology programme in 2017/18 was focused on robust and stable manufacturing processes, better use of raw materials and resolution of quality issues. The programme supports the company's manufacturing and differentiated product strategy. Key achievements during FY18 were;

- Improved temperature control of all Tata Steel annealing lines in Europe to produce products within tighter tolerances and to enhance their capabilities, especially towards high end differentiated products, based on model predictive control technology (OSCAR);
- Continuous optimisation of Value In Use (VIU) of raw materials e.g. by using new 3D visualisation techniques for advanced monitoring of existing pelletizing, sinter and blast furnace processes;
- Supporting the Cost of Liquid Steel projects that are running on the 2 integrated steel making sites in STE;
- Supporting high speed Zn coating processes without compromising product quality, and
- Modelling the wear of refractories to improve reliability and reduce cost.

Product market sector developments

A key element of the Group'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, construction, packaging, engineering and infrastructure sectors.

During 2017/18 a total of 23 new products were introduced into the Company's product portfolio of which the most significant ones include:

- Extensions to TSIJ's Serica® wide strip for use in high gloss automotive body panels;
- Hot rolled high strength steels with a minimum strength of 700MPa and a guaranteed toughness at low temperatures;
- Next generation value add Colorcoat Prisma that is entirely chromium free;
- Development of bake hardening grades with a width of up to 2020 mm and low waviness for automotive FF bodyparts;

- Ni-plated Interstitial Free (IF) grades for lithium ion batteries;
- Protact product suitable for 3 piece welded cans.

People

Pension scheme

Stichting Pensioenfonds Hoogovens ('SPH') operates the pension scheme of the IJmuiden site in the Netherlands. Tata Steel Nederland BV and the trade unions agreed a new pension agreement for the period from 1 January 2018 to 31 December 2020.

As part of the new pension agreement, the Company agreed with the Dutch Trade Unions to fix the Company's contribution level at 29% of pensionable earnings for the three year period from 1 January 2018 to 31 December 2020. The SPH pension scheme is classified in the financial statements as a defined contribution scheme.

Employment policies

There are established arrangements for communication and consultation with Works Councils and Trade Union representatives, to systematically provide employees with information on matters of concern to them. During the year several requests for advice on organisational and financial subjects were discussed and concluded with the Central Works Council.

In 2017 a new TS IJmuiden collective labour agreement was agreed with the Trade Unions for a two years period starting from 1 April 2017 up to 31 March 2019.

TSIJ's employee population is aging. The average age has gone up and, due to the higher retirement age, employees will have to continue to work to a higher age than before. These developments call for policies aimed at improving both the ability and the willingness to continue to work longer. Key programmes are agreed and supported by the Trade Unions and Works Council.

A strong example is the retirement Generation Pact programme. Tata Steel and the trade unions consider it important that employees can reach retirement in a good and healthy way. The Generation Pact offers the opportunity to work less to reduce the workload in the last years before retirement.

A. Report of the Board of Directors

Environment

Policy

TSIJ 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. As such, respect for the environment is critical to the success of TSIJ. To implement its environmental policy, systems are in place to manage and minimise the effects of TSIJ's operations. For example, 100% of manufacturing operations are certified to the independently verified international environmental management standard, ISO 14001.

Climate change is one of the most important issues facing the world today. TSIJ recognises that the steel industry is a significant contributor to man-made greenhouse gas emissions as the manufacture of steel unavoidably produces CO₂. However, TSIJ's products are also part of the solution to climate change. Steel has inherent environmental advantages, as it is durable, adaptable, reusable and recyclable. As a result, CO₂ emissions in steel production can be offset by reductions in direct & indirect emissions through the life cycle of steel products, achieved through effective product development and design and through recycling at end-of-life. Within the European steel industry the IJmuiden works is recognised as one of the leading facilities in CO₂ reduction.

Furthermore, TSIJ aims to contribute positively to the communities around or near to its operations.

Energy efficiency and CO₂ emissions

In the Netherlands, Tata Steel participates in a voluntary agreement ("Meerjarenaafspraken Energie Efficiëntie" Covenant) with the Dutch government regarding energy efficiency improvements over the period 2017 to 2020 (with the previous agreements extending from 2009-2012 and 2013-2016 inclusive). The primary requirement of the agreement is the implementation of energy efficiency projects of 2% per annum, covering both process efficiency measures within the manufacturing process and energy saved across the product life cycle. The total energy savings in 2017 were equivalent to 7% of the IJmuiden's site energy consumption (2016: 5%).

Although TSIJ's steel production was below pre-crisis levels, the allocation of CO₂-credits was lower than the emitted volume. This was caused by the unexpected

application of a cross sectoral correction factor by the European Commission.

Environmental Permit issues

In 2016 Tata Steel obtained a permit regarding the Dutch nature conservation act. The main topic in the permit application is the nitrogen deposition in nature conservation areas (Nature 2000 areas) in the vicinity of the IJmuiden site. As a consequence of this permit TSIJ has made a landscaping plan with the aim to improve and connect ecosystems on the site with the surrounding Nature 2000 areas. The plan has been approved by the authorities. The plan is also used to facilitate or even stimulate nature development on temporary undeveloped areas (in Dutch "tijdelijke natuur") without disrupting future developments in TSIJ's operations. TSIJ is the first company who applied for the so called "code of behaviour temporary nature" (gedragscode "Tijdelijke Natuur"). This code was awarded by a member of the Provincial Executive. In a second regulation from this permit Tata Steel had to reduce the NO_x emissions with at least 5% of the so called mobile nitrogen oxide sources. These are the low nitrogen oxide sources like (shipping)traffic and working tools which use diesel fuel. In the final plan TSIJ succeeded to reduce the NO_x emissions by 20% in 2017 with the aim of a further reduction of 10% in 2018.

The Company continues to invest substantially in short to medium term CO₂ emission reduction and energy efficiency improvements. In addition to these improvements, TSIJ is also working with other steelmakers in Europe on a longer term major research and development project to develop a new smelting reduction technology ('Hlsarna') to produce steel from lower grade raw materials without the need for coke making or agglomeration processes, thereby improving efficiency and reducing energy consumption as well as reducing CO₂ emissions and emissions of other component's such as dust, dioxins and heavy metals. A permit has been provided for the next campaign which will start by the end of 2018.

All results obtained in the Hlsarna pilot plant will be included in the design of a full scale demonstration plant of about 1 million tonne of iron per annum. The engineering for this plant has started with an expected commission in 2026.

A. Report of the Board of Directors

Environmental complaints

In 2017 the number of total complaints was about 13% lower in comparison to 2016. Noise complaints originate mainly from the Beverwijk area, whilst odour as well as dust complaints originate from Wijk aan Zee. In 2017 85.0% of the total complaints were related to dust, 11.6% were related to odour and 3.4% to noise. Although odour complaints remained mainly at the same level, noise complaints have reduced by almost 50%. Although the number of dust complaints reduced by 13%, dust complaints are still a concern. With the in 2016 introduced air boxes the operators can take direct measures to stop or reduce dust emissions.

Another measure to reduce dust complaints is the introduction of the so called steam boxes. Part of the steel slag is treated in the steam boxes by which dust emissions are reduced.

As part of its overall strategy to reduce environmental complaints, Tata Steel organises regular meetings with citizens of Wijk aan Zee. The purpose of these meetings is to inform the local community about measures taken by the Company to reduce emissions and avoid environmental nuisance, and to listen to people's main issues and concerns regarding Tata Steel's activities. Tata Steel also continues to publish an online environmental news report to inform stakeholders about new developments and possible activities that could cause environmental nuisance.

Regional developments

Although the local air quality is currently in compliance with European air quality standards, further improvement opportunities are sought by society. This will be discussed in the environmental dialogue that is ongoing with all relevant governmental and other organisations in the Region.

In 2016 Tata Steel signed a partnership agreement with the PWN (Provinciaal Waterleidingbedrijf Noord-Holland), a public company responsible for amongst others maintaining the Nature 2000 area neighbouring north of the IJmuiden site. Excursions at the site were organized and guided by foresters of the PWN as part of the national "Nature working day" (Natuurwerkdag).

National and European Policy developments

The European Commission has launched an action plan to support the Circular Economy. The Circular Economy offers Tata Steel a lot of opportunities as steel is a permanent material. It's also in favour of technologies like HIsarna, as it might help to recycle zinc (which is a scarce material) and reduce the use of coking coal. TSIJ is also involved in the Dutch 'resources agreement' (Grondstoffenakkoord), which is a implementation of the Circular Economy in the Netherlands.

In the Netherlands, new regulation is under development about physical environment (Omgevingswet). Tata Steel is monitoring the potential impact of this system change. The act is already approved by the Dutch house of Commons, but certain decrees, ministerial rules and some additional tracks are still under discussion. The complete change should be ready in the beginning of 2021. TSIJ will participate in a pilot with local governments to learn about the impact of this new regulation on decision-making processes.

The intention of the national government is to make an air quality plan. In this plan a road map will be published on the way, in which the Netherlands will be able to meet the WHO advisory values. TSIJ will be consulted.

Principal risks and risk management

Within the wider Tata Steel Europe Group, active risk identification and mitigation management is an integral part of all business management processes.

As a major subsidiary of TSN, TSIJ's businesses are annually subject to TSN's robust process to identify and monitor the significant risks and associated mitigating measures for its operations and activities, including those of TSIJ.

Risk registers that are prepared by the individual entities of TSN are consolidated in an overall TSN risk register, highlighting potential impact of the risks as well as probability of occurrence. The TSN risk register is updated every six months.

At TSN level, mitigating measures are identified and put in place. TSIJ applies the same mitigating measures. Full details of the critical risks of TSN can be seen in the TSN Report & Accounts. This document is available from the

A. Report of the Board of Directors

office of Tata Steel Nederland BV, PO Box 10000, 1970 CA IJmuiden, Netherlands.

Acquisitions and disposals

There were no acquisitions nor disposals in FY18.

Composition of the Board of Directors

During FY18 the Board of Management was composed of Mr. Th.J. Henrar, Mr. J.E. van Dort and Mr. J. van den Berg. The board will strive for equal representation with future appointments.

Prospects for 2018/19

The World Steel Association predicts modest global steel demand growth of 1.8% in 2018. EU steel demand is expected to grow by 1.9% due to a continuation of improved economic conditions in Europe.

Margins in the global steel industry are expected to remain compressed by high levels of excess capacity, with little expectation that capacity will be reduced significantly in the near future.

Post balance sheet events

Starting from 1st June 2018 the United States of America ("USA") has imposed additional duties of 25% on imports of steel from the European Union, Mexico and Canada. TSE have been working with their customers in the USA to try and mitigate the effect to these tariffs. However currently the effect of these new tariffs on TSIJ is unknown.

On 30th June 2018 Tata Steel Limited and thyssenkrupp AG signed definitive agreements to combine their European steel businesses in a 50/50 joint venture called thyssenkrupp Tata Steel. Transaction completion is subject to regulatory approvals.

Board of Directors

Th.J. Henrar, Chairman

J.E. van Dort

J. van den Berg

IJmuiden, 24 July 2018

B. Annual Accounts 2018

Income statement

For the financial year ended 31 March

	Note	2018 €m	2017 €m
Revenue	1	4,214	3,579
Operating costs	2	(3,992)	(3,257)
Operating profit		222	322
Finance costs	5	(4)	(2)
Finance income	5	4	4
Profit before taxation		222	324
Taxation	6	(75)	(89)
Profit after taxation		147	235

All references to 2018 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 25 refer to the financial period ended 31 March 2018 or as at 31 March 2018 as appropriate (2017: the financial period ended 31 March 2017 or as at 31 March 2017).

Notes and related statements forming an integral part of these accounts appear on pages 13 to 32.

Statement of comprehensive income

For the financial year ended 31 March

	Note	2018 €m	2017 €m
Profit after taxation		147	235
Items that may be reclassified subsequently to profit or loss:			
Gains/(losses) arising on cash flow hedges	16	(19)	12
Income tax relating to items that may be reclassified	16	5	(3)
Other comprehensive loss for the year net of tax		(14)	9
Total comprehensive income for the year		133	244

Notes and related statements forming an integral part of these accounts appear on pages 13 to 32.

B. Annual Accounts 2018

Balance sheet

(after appropriation of net profit/loss)

As at 31 March

	Note	2018 €m	2017 €m
Non-current assets			
Intangible assets	7	100	99
Property, plant and equipment	8	1,622	1,489
Investments in subsidiaries, joint ventures and associates	9	64	67
Deferred tax asset	18	8	30
		1,794	1,685
Current assets			
Inventories	10	779	821
Trade and other receivables	12	709	621
Current tax assets	11	5	2
Short term investments	13	103	184
Cash and short term deposits	13	151	146
		1,747	1,774
TOTAL ASSETS		3,541	3,459
Current liabilities			
Borrowings	15	(25)	(6)
Trade and other payables	14	(873)	(927)
Current tax liabilities	11	(89)	(38)
Short term provisions and other liabilities	17	(6)	(6)
		(993)	(977)
Non-current liabilities			
Borrowings	15	(26)	(24)
Deferred tax liabilities	18	-	-
Provisions and other liabilities	17	(89)	(82)
Deferred income	19	(7)	(8)
		(122)	(114)
TOTAL LIABILITIES		(1,115)	(1,091)
NET ASSETS		2,426	2,368
Equity			
Called up share capital	20	113	113
Hedging reserve		(3)	11
Retained earnings		2,316	2,244
TOTAL EQUITY		2,426	2,368

Notes and related statements forming an integral part of these accounts appear on pages 13 to 32.

B. Annual Accounts 2018

Statement of changes in equity

	Share capital €m	Hedging reserve €m	Retained earnings €m	Total €m
Balance at 31 March 2016	113	2	2,009	2,124
Profit after taxation	-	-	235	235
Other comprehensive income for the year	-	9	-	9
Total comprehensive income for the year	-	9	235	244
Balance at 31 March 2017	113	11	2,244	2,368
Profit after taxation	-	-	147	147
Other comprehensive loss for the year	-	(14)	-	(14)
Total comprehensive income/(loss) for the year	-	(14)	147	133
Dividends	-	-	(75)	(75)
Balance at 31 March 2018	113	(3)	2,316	2,426

Notes and related statements forming an integral part of these accounts appear on pages 13 to 32.

Presentation of accounts and accounting policies

I Introduction

Tata Steel IJmuiden BV ('TSIJ') is located in IJmuiden, municipality of Velsen, the Netherlands, forms part of the Tata Steel Group. The Kamer van Koophandel number of the company is 34040331. The ultimate parent company is Tata Steel Limited ('TSL'), which is a company incorporated in India with shares listed on the Mumbai Stock Exchange and the National Stock Exchange of India, and with global depository receipts listed on the London and the Luxembourg Stock Exchanges.

The immediate parent company of Tata Steel IJmuiden B.V. is Tata Steel Nederland B.V. also located in IJmuiden, municipality of Velsen.

The 2018 Annual Accounts of Tata Steel IJmuiden B.V. have been authorised for issue by the Board of Directors on 24 July 2018.

II Basis of preparation

The accounts have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'). IFRS as adopted by the EU differs in certain respects from IFRS as issued by the International Accounting Standards Board ('IASB'). However, the financial statements for the periods presented would not be materially different if the Company had applied IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU. The functional and presentational currency of the Company is the Euro.

This Annual Report of Tata Steel IJmuiden B.V. does not include consolidated accounts as the Company has applied the exemption allowed by IAS 27 "Consolidated and Separate Financial Statements" and article 10 "Presentation of consolidated financial statements". The annual accounts of Tata Steel IJmuiden B.V. and its group companies are part of the consolidated accounts of Tata Steel Nederland B.V.

In accordance with RJ 360.104 no cash flow statement is presented in these financial statements as the immediate parent company Tata Steel Nederland BV provides all the capital to the Company and the consolidated financial statements of Tata Steel Nederland BV, containing a consolidated cash flow statement, are filed with the Chamber of Commerce in Amsterdam under number 34005278.

Tata Steel IJmuiden B.V. applies the exemption as referred to in Article 382a part 3, Book 2 of the Dutch Civil Code to not disclose auditors fees in its financial statements.

The Board of Directors have assessed the ability of the Company to continue as a going concern and these financial statements have been prepared on a going concern basis.

III 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 7 (Amendments)	Statements of Cash Flows	1 Jan 2017
IAS 12 (Amendments)	Income Taxes	1 Jan 2017
IFRS 12 (Amendments)	2014-2016 Annual Improvements cycle	1 Jan 2017

* periods commencing on or after

The Amendments to the above standards have had no impact on the TSIJ financial statements

All accounting policies used in the preparation of the financial statements remained consistent with those applied in the preparation of the Annual Report in 2017 except for IAS 2 'Inventories'. From July 2017 TSIJ changed the cost formula in its Inventory accounting policy from 'first-in, first-out' ('FIFO') to weighted average cost in order to align to the cost formula used by its ultimate parent company, TSL. However, the effect of this change in accounting policy was not material in both the current and prior year. Accordingly, there has been no restatement of the prior year results for this change in accounting policy.

IV New standards and interpretations not applied

The International Accounting Standards Board 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 in the European Union in the year ended 31 March 2018, or have an effective date after the date of these financial statements:

		Effective Date*
IFRS 1 & IAS 28 (Amendments)	2014-2016 Annual Improvements cycle	1 Jan 2018
IFRS 2 (Amendments)	Share-Based Payment	1 Jan 2018
IFRS 4 (Amendments)	Insurance Contracts	1 Jan 2018
IFRS 9	Financial Instruments	1 Jan 2018
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018
IAS 40 (Amendments)	Investment Property	1 Jan 2018
IFRIC 22 (Revised Interpretation)	Foreign Currency Transactions and Advance Consideration	1 Jan 2018
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 Jan 2019
IFRS 16	Leases	1 Jan 2019
IAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures	1 Jan 2019
IFRIC 23 (Revised Interpretation)	Uncertainty over income tax treatments	1 Jan 2019

B. Annual Accounts 2018

IFRS 3, IFRS 11, IAS 12 & IAS 23 (Amendments)	2015-2017 Annual Improvements cycle	1 Jan 2019
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement	1 Jan 2019
IFRS 17	Insurance Contracts	1 Jan 2021

* periods commencing on or after

IFRS 9 'Financial Instruments' brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The impairment model is based on the concept of providing for expected losses at inception of a contract, except in the case of purchased or originated credit-impaired financial assets, where expected credit losses are incorporated into the effective interest rate. The Standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after 1 January 2018. The Company has assessed the impact of the new Standard and concluded that it will not have a material impact on the TSIJ financial statements.

IFRS 15 'Revenue from contracts with customers' specifies how and when revenue is recognized as well as describes more informative and relevant disclosures. The Standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue related interpretations. The new Standard provides a single, principles based five-step model to be applied to all contracts with customers. The core principle of IFRS 15 requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The standard also introduces new guidance on costs of fulfilling and obtaining a contract, specifying the circumstances in which such costs should be capitalised. Costs that do not meet the criteria must be expensed when incurred. IFRS 15 must be applied for periods beginning on or after 1 January 2018. The Company has assessed the impact of the new Standard and concluded that it will not have a material impact on the TSIJ financial statements.

IFRS 16 'Leases' eliminates the classification of leases as either finance leases or operating leases. All leases are required to be reported on an entity's balance sheet as assets and liabilities. Leases are capitalised by recognising the present value of the lease payments and showing them either as lease assets or together with property, plant and equipment. If lease payments are made over time a financial liability representing its future obligation will be recognised. IFRS 16 will be effective from 1 January 2019, with early application being permitted for entities that also apply IFRS 15 'Revenue from contracts with customers'. The Company is currently assessing the impact of the new Standard and expects there to be a material increase to the asset and liabilities recognised in the TSIJ financial statements, as well as the corresponding impact of the classification on the income statement, once the new Standard is adopted. The Company does not expect the remaining new standards to have any material impact on the TSIJ financial statements.

V Use of estimates and critical accounting judgements

The preparation of accounts in accordance with IFRS 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.

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

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

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 18.

The Company's retirement benefit obligations for long term employee benefits are subject to a number of judgements including discount rate, inflation, salary growth and mortality rates. Significant judgement is required when setting these criteria and a change in each of these assumptions would have a significant impact on the amounts recorded within the Company balance sheet and income statement. The Company sets these judgements based on previous experience and third party actuarial advice.

Estimates in calculating provisions for environmental remediation are based on previous experience and third party advice and are reassessed on a regular basis. Judgement is required in assessing the likely costs and the timing of these costs. Further details on the Group's provisions can be found in note 17.

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

VI Critical accounting policies

(a) Property, plant and equipment

Property, plant and equipment is recorded at original cost less accumulated depreciation and any recognised impairment loss, with the exception of land. 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

B. Annual Accounts 2018

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 other intangible assets (including goodwill)

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, but with the exception of land. 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 (including goodwill) to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. Other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

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

(c) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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

B. Annual Accounts 2018

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.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and they are in the same taxable entity, or a group of taxable entities where the tax losses of one entity are used to offset the taxable profits of another and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

(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 each reporting period end. The Company applies IAS 19 'Employee Benefits' to recognise all actuarial gains and losses directly within retained earnings, presenting those arising in any one reporting period as part of the relevant statement of comprehensive income. In applying IAS 19, in relation to retirement benefits costs, the current service cost and net interest cost have been treated as a net expense within employment costs.

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

The retirement benefit liability recognised in the balance sheet represents the fair value of scheme assets less the present value of the defined benefit obligation as adjusted for unrecognised past service cost. Any asset resulting from this calculation is limited to unrecognised past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(e) Provisions

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

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

Provisions are also created for long term employee benefits that depend on the length of service, such as long service and sabbatical awards, 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.

The Company participates in the EU Emissions Trading Scheme, initially measuring any rights received or purchased at cost, and recognises a provision in relation to carbon dioxide quotas if there is any anticipated shortfall in the level of quotas received or purchased when compared with actual emissions in a given period. Any surplus is only recognised once it is realised in the form of an external sale.

VII Other accounting policies

(a) Revenue

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

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

(b) Government grants

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

(c) Insurance

Most of TSIJ's insurances are arranged by Tata Steel Europe ('TSE'). Some of these insurances involve TSE's captive insurance company, Crucible Insurance Company Limited. Insurance premiums in respect of those insurances placed by TSE on behalf of TSIJ and those arranged directly by TSIJ with insurers are charged to the income statement in the period to which they relate.

(d) Financing items

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 from 1 April 2009, 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. Dividend income is recognised when the right to receive payment is established.

(e) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into euros at the quoted rates of exchange ruling at the end of each reporting period. Income statement items and cash flows are translated into euros at the average rates for the financial period. In order to hedge its

B. Annual Accounts 2018

exposure to certain foreign exchange transaction risks, the Company enters into forward contracts and options (see (f) below for details of the Company's accounting policies in respect of such derivative financial instruments).

(f) Financial instruments

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

(i) Trade receivables

Trade receivables are initially recorded at their fair value and are subsequently measured at their amortised cost, as reduced by appropriate allowances for any impairment. Provisions for impairment are made where there is a risk of non-payment, taking into account ageing, previous experience, general economic conditions and credit insurances. When a trade receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the income statement. Subsequent recoveries of amounts previously provided for are credited to the income statement. Where trade receivables are sold prior to settlement by customers, they are derecognised with the respective default deductions and discount costs simultaneously charged to profit and loss.

(ii) Other investments

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

(iii) Financial liabilities and equity related instruments

Financial liabilities and equity related instruments are classified according to the terms of the individual contractual arrangements.

(iv) Bank borrowings

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

(v) Trade payables

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

(vi) Equity instruments

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

(vii) Derivative financial instruments and hedge accounting

In the ordinary course of business the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to fluctuations in foreign exchange rates and base metal prices. The instruments are confined principally to forward foreign exchange contracts 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. These contracts do not generally extend beyond 6 months for foreign exchange contracts and 12 months for commodity contracts. The creditworthiness of the counterparties is being monitored on a regular basis.

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 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, and commodity contracts. This means that, at the inception of each hedge there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. This effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in profit and loss in the same period in which the hedged item affects profit and loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes attributable to the risk being hedged with the corresponding entry in profit and loss. Gains or losses from re-measuring the associated derivative are also recognised in profit and loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit and loss as they arise.

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

Certain components, such as terms and conditions, embedded in other financial instruments or other host contracts are accounted for as separate derivatives and carried at fair value. These components are only

B. Annual Accounts 2018

separately accounted for when their risks and characteristics are not closely related to those of the host contract, the host contract itself is not carried at fair value with gains or losses reported in profit and loss, and where a separate instrument with the same terms as the embedded component would itself meet the definition of a derivative.

(g) Other 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 VI (b) 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.

(h) Leases

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

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

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

balance of the liability. Finance charges are charged directly against income over the period of the lease.

(i) Inventories

Inventories of raw materials are valued at the lower of cost and net realisable value. 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.

From July 2017 TSIJ changed the cost formula in its Inventory accounting policy from 'first-in, first-out' ('FIFO') to weighted average cost in order to align to the cost formula used by its ultimate parent company, TSL. However, the effect of this change in accounting policy was not material in both the current and prior year. Accordingly, there has been no restatement of the prior year results for this change in accounting policy.

(j) 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.

(k) Equity

Share capital: Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's annual accounts in the period in which the dividends are approved by the Company's shareholders.

Notes to the accounts

1. Revenue

	2018 €m	2017 €m
Revenue by destination:		
Netherlands	833	667
Europe excluding the Netherlands	2,670	2,290
North America	492	515
Rest of the world	219	107
	4,214	3,579

2. Operating costs

	2018 €m	2017 €m
Costs by type:		
Raw materials and consumables	2,062	1,584
Maintenance costs (excluding own labour)	307	290
Other external charges (including fuels and utilities, hire charges and carriage costs)	509	483
Employment costs (Note 4)	700	681
Depreciation, amortisation and impairment (Note 7,8)	182	191
Regional development and other grants released (Note 19)	(2)	(2)
Other operating items (including rents, rates, insurance and general expenses)	312	228
Changes in stock of finished goods and work in progress	(35)	(163)
Own work capitalised	(40)	(35)
Profit on share buy-back (Note 9)	(3)	-
	3,992	3,257

The above costs include €1m in respect of restructuring, impairment and disposals which relate to Depreciation and amortisation. Further analysis of restructuring and impairment costs is presented in Note 3.

	2018 €m	2017 €m
The above costs are stated after including:		
Amortisation of other intangible fixed assets (Note 7)	9	7
Depreciation of owned assets (Note 8)	166	166
Impairment losses related to property, plant and equipment (Note 3)	1	11
Depreciation of assets held under finance leases (Note 8)	6	7
Operating leases:		
Plant and machinery	9	9
Leasehold property	9	9
Costs of research and development (gross)	38	29
Impairments against trade receivables (Note 12)	1	-
Emission rights deficit	20	11

3. Restructuring and impairment costs

	2018 €m	2017 €m
Provision for restructuring and related measures:		
Redundancy and related costs (Note 4)	-	1
Impairment losses related to property, plant and equipment (Note 8)	1	11
	1	12

4. Employees

	2018 €m	2017 €m
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	559	547
Social security costs	67	63
Pension costs	74	70
Redundancy and related costs (Note 3)	-	1
	700	681

The average number of the Company's active employees was 7,981 (2017: 7,824). All employees are located in the Netherlands. The analysis of the headcount by business is: Strip Products MLE 7,003, Packaging IJmuiden 968 and other 10.

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

	2018 €m	2017 €m
Defined contribution scheme	74	70
	74	70

5. Financing items

	2018 €m	2017 €m
Finance costs		
Interest expense: Finance leases	(2)	(2)
Interest expense: Other Borrowings	(2)	-
	(4)	(2)
Finance income		
Interest received	1	-
Dividends received	3	4
	4	4
	0	2

6. Taxation

	2018 €m	2017 €m
Corporation tax	48	84
Prior year charge	-	51
Current tax	48	135
Deferred tax charge/(credit)	5	(4)
Prior year deferred tax charge/(credit)	22	(42)
Taxation	75	89

In addition to the total taxation charged to the income statement, a tax charge of €5m (2017: a credit of €3m) was recognised directly in other comprehensive income in the year.

The total charges for the year can be reconciled to the accounting profit as follows:

	2018 €m	2017 €m
The total charge for the year can be reconciled as follows:		
Profit before taxation	222	324
Profit before taxation multiplied by the applicable corporation tax rate of 25.0% (2016: 25.0%)	55	81
Effects of:		
Adjustments to current tax in respect of prior periods	22	9
Non-taxable income	(4)	(3)
Other differences	2	2
Total taxation	75	89

7. Intangible assets

2018	Computer software €m	Development costs €m	Emission rights €m	Total €m
Cost at beginning of period	61	38	51	150
Additions	19	-	-	19
Disposals	-	-	(9)	(9)
Cost at end of period	80	38	42	160
Amortisation at beginning of period	25	26	-	51
Charge for the period	4	5	-	9
Amortisation at end of the period	29	31	-	60
Net book value at end of the period	51	7	42	100

2017	Computer software €m	Development costs €m	Emission rights €m	Total €m
Cost at beginning of period	39	73	51	163
Additions	23	-	-	23
Disposals	(1)	(35)	-	(36)
Cost at end of period	61	38	51	150
Amortisation at beginning of period	25	55	-	80
Charge for the period	1	6	-	7
Disposals	(1)	(35)	-	(36)
Amortisation at end of the period	25	26	-	51
Net book value at end of the period	36	12	51	99

8. Property, plant and equipment

2018	Land and buildings €m	Plant and machinery €m	Assets under construction €m	Total €m
Cost at beginning of period	752	5,703	398	6,853
Additions	1	49	267	317
Transfers	6	165	(171)	-
Disposals	-	(43)	-	(43)
Cost at end of period	759	5,874	494	7,127
Depreciation at beginning of period	619	4,722	23	5,364
Charge for the period	11	161	-	172
Impairment charge for the period	-	1	-	1
Disposals	-	(32)	-	(32)
Depreciation at end of period	630	4,852	23	5,505
Net book value at end of period	129	1,022	471	1,622
2017	Land and buildings €m	Plant and machinery €m	Assets under construction €m	Total €m
Cost at beginning of period	748	5,569	260	6,577
Additions	-	54	268	322
Transfers	8	122	(130)	-
Disposals	(4)	(42)	-	(46)
Cost at end of period	752	5,703	398	6,853
Depreciation at beginning of period	612	4,581	22	5,215
Charge for the period	11	162	-	173
Impairment charge for the period	-	10	1	11
Disposals	(4)	(31)	-	(35)
Depreciation at end of period	619	4,722	23	5,364
Net book value at end of period	133	981	375	1,489

Property, plant and equipment was tested for impairment at 31 March 2018 where indicators of impairment existed. The outcome of this test indicated that no impairment was required in TSIJ. The value in use was calculated on a CGU basis and determined using a discount rate of 8.2% (2017: 7.8%).

The €1m impairment charge in 2018 relates to a specific assets within the IJmuiden site that were damaged during a fire.

(i)

	2018 €m	2017 €m
The net book value of plant and machinery comprises:		
Assets held under finance leases:		
Cost	102	102
Accumulated depreciation	(78)	(74)
	24	28
Owned assets	998	953
	1,022	981

9. Investments in subsidiaries, joint ventures and associates

	Investments in subsidiaries €m	Investments in joint ventures €m	Investments in associates €m	Total 2018 €m	Total 2017 €m
Carrying value at beginning of period	47	12	8	67	62
Additions	-	-	-	-	5
Share buy-back	(3)	-	-	(3)	-
Carrying value at end of period	44	12	8	64	67

(i) In the current year TSJ disposed of its investment in Tata Steel Belgium Packaging Steels NV by way of a share buy-back. The divestment generated proceeds of €6m and a profit of €3m was recognised in Operating costs (Note 2).

(ii) During the prior year Halmstad Steel Service Centre AB was incorporated with Tata Steel IJmuiden acquiring 100% of the issued share capital from TSN.

(iii) The Company's main subsidiaries and investments are listed in Note 25.

10. Inventories

	2018 €m	2017 €m
Raw materials and consumables	265	342
Work in progress	227	218
Finished goods and goods for resale	287	261
	779	821

The value of inventories above is stated after impairment of €9m (2017: €10m) for obsolescence and write-downs to net realisable value.

11. Current tax

	2018 €m	2017 €m
Dutch corporation tax assets	5	2
Dutch corporation tax liabilities	(89)	(38)
	(84)	(36)

12. Trade and other receivables

	2018 €m	2017 €m
Trade receivables	327	370
Less provision for impairment of receivables	(4)	(3)
	323	367
Amounts owed by parent undertakings (Note 24)	5	4
Amounts owed by other Tata Steel companies (Note 24)	272	160
Amounts owed by subsidiary undertakings (Note 24)	14	8
Amounts owed by joint ventures (Note 24)	8	2
Amounts owed by associates (Note 24)	9	7
Derivative financial instruments (Note 16)	14	9
Other taxation	7	11
Prepayments	38	32
Other receivables	19	21
	709	621

B. Annual accounts 2017

(i) Trade receivables are further analysed as follows:

31 March 2018	Gross amount €m	Subject to credit insurance cover €m	Impairment provision made €m	Net credit risk amount €m
Trade receivables:				
Amounts not yet due	308	(299)	-	9
One month overdue	6	(4)	-	2
Two months overdue	2	(2)	-	-
Three months overdue	6	(6)	-	-
Greater than three months overdue	5	(1)	(4)	-
	327	(312)	(4)	11

31 March 2017	Gross amount €m	Subject to credit insurance cover €m	Impairment provision made €m	Net credit risk amount €m
Trade receivables:				
Amounts not yet due	363	(353)	-	10
One month overdue	1	-	-	1
Two months overdue	-	-	-	-
Three months overdue	1	(1)	-	-
Greater than three months overdue	5	(2)	(3)	-
	370	(356)	(3)	11

(ii) Movements on the provision for impairment of receivables are as follows:

	2018 €m	2017 €m
At beginning of period	3	5
Impairments in the period	1	-
Amounts utilised and other movements	-	(2)
At end of period	4	3

13. Cash, short-term deposits and short-term investments

	2018 €m	2017 €m
Short-term deposits with TSN	103	184
Cash at bank and in hand	151	146
Cash and other short-term deposits	254	330

	2018			2017		
	Short-term deposits €m	Cash €m	Total €m	Short-term deposits €m	Cash €m	Total €m
Sterling	-	-	-	-	19	19
Euros	103	156	259	184	21	205
US dollars	-	(6)	(6)	-	100	100
Other currencies	-	1	1	-	6	6
	103	151	254	184	146	330

Short-term deposits are highly liquid investments with original maturities of three months or less. The effective interest rate on short-term deposits was 0.0% (2017: 0.0%).

14. Trade and other payables

	2018 €m	2017 €m
Trade payables	387	414
Amounts owed to parent undertakings (Note 24)	15	24
Amounts owed to other Tata Steel companies (Note 24)	47	109
Amounts owed to subsidiary undertakings (Note 24)	5	5
Amounts owed to associates (Note 24)	3	4
Other taxation	7	7
Capital expenditure creditors	93	64
Derivative financial instruments (Note 16)	19	8
Advances from customers	7	10
Other payables	290	282
	873	927

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

15. Borrowings

	2018 €m	2017 €m
Current:		
Other short term loans	19	-
Obligations under finance leases	6	6
	25	6
Non-current:		
Obligations under finance leases	26	24
	26	24
Total borrowings	51	30

(i) The currency and interest exposure of gross borrowings of the Company at the end of the period is as follows:

	2018			2017		
	Fixed rate borrowings €m	Floating rate borrowings €m	Total €m	Fixed rate borrowings €m	Floating rate borrowings €m	Total €m
Euros	51	-	51	30	-	30

Further details of fixed rate non-current borrowings are as follows:

	2018		2017	
	Weighted average fixed interest rate %	Weighted average time for which rate is fixed Years	Weighted average fixed interest rate %	Weighted average time for which rate is fixed Years
Euros	5.7	3.7	5.8	4.8

B. Annual accounts 2017

(ii) The maturity of borrowings is as follows:

	2018 €m	2017 €m
In one year or less or on demand	26	7
Between one and two years	6	6
Between two and three years	4	4
Between three and four years	4	3
Between four and five years	3	3
More than five years	19	18
	62	41
Less: amounts representing interest in future minimum lease payments	(11)	(11)
	51	30
Amounts falling due within one year	25	6
Amounts falling due after more than one year	26	24

Amounts payable under finance leases are as follows:

	Minimum lease payments		Present value of minimum lease payment	
	2018 €m	2017 €m	2018 €m	2017 €m
Not later than one year	7	7	6	6
Later than one year but not more than five years	17	16	11	11
More than five years	19	18	15	13
	43	41	32	30
Less: future finance charges on finance leases	(11)	(11)	-	-
Present value of finance lease liabilities	32	30	32	30

16. Financial instruments and risk management

(i) Financial assets and financial liabilities recognised in the balance sheet

The carrying amounts of the Company's financial assets and financial liabilities (excluding derivative assets and liabilities) are:

	2018 €m	2017 €m
Financial assets		
Trade and other receivables (Note 12) ¹	650	569
Cash and cash equivalents (Note 13)	254	330
	904	899
Financial liabilities		
Financial liabilities at amortised costs		
Trade and other payables (Note 14) ²	(840)	(902)
Current borrowings (Note 15)	(25)	(6)
Non-current borrowings (Note 15)	(26)	(24)
	(891)	(932)
	13	(33)

¹ Excludes other taxation and prepayments and derivatives

² Excludes other taxation, and advances from customers and derivatives

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(ii) Fair value measurements recognised in the balance sheet

The following table categorises the Company's financial instruments held at fair value by the valuation methodology applied in determining this value. Where possible, quoted prices in active markets for identical assets and liabilities are used (Level 1). Where such prices are not available, the asset or liability is classified as Level 2, provided all significant inputs to the valuation model used are based on observable market data (this includes the Company's forward currency and commodity contracts). 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. If one or more of the significant inputs to the valuation model is not based on observable market data, the instrument is classified as Level 3.

B. Annual Accounts 2018

2018	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets at fair value:				
Commodity contracts	-	2	-	2
Forward foreign currency contracts	-	12	-	12
	-	14	-	14
Derivative financial liabilities at fair value:				
Commodity contracts	-	(1)	-	(1)
Forward foreign currency contracts	-	(18)	-	(18)
	-	(19)	-	(19)
2017	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets at fair value:				
Commodity contracts	-	-	-	-
Forward foreign currency contracts	-	9	-	9
	-	9	-	9
Derivative financial liabilities at fair value:				
Commodity contracts	-	(1)	-	(1)
Forward foreign currency contracts	-	(7)	-	(7)
	-	(8)	-	(8)

There were no transfers between any of the levels during the periods represented above.

(iii) Financial risk management and financial instruments

The Company uses certain financial instruments to reduce business risks arising from its exposure to fluctuations in exchange rates and base metal prices. The instruments used, which are confined principally to forward foreign exchange contracts, options and London Metal Exchange contracts, involve elements of credit and market rate risk in excess of the amount recognised in the accounts.

Risk management is carried out by a central Treasury department and by Tata Steel Europe Metals Trading B.V. under policies approved by the Board of Management of TSN. The Treasury department as well as Tata Steel Europe Metals Trading B.V. identify, evaluate and hedge financial risks in close cooperation with Tata Steel IJmuiden's operating units.

(a) Market risk: foreign exchange risk and management

It is the policy of the Company that substantially all the net currency transaction exposures arising from contracted sales and purchases are hedged by selling or purchasing foreign currency forwards. At 31 March 2018 the notional amount of outstanding foreign currency contracts was €2,370m (2017: €1,490m) with a net fair value of €(7)m (2017: €2m).

At 31 March 2018, a 10% appreciation of the euro against the US dollar would decrease the net assets of the Company by approximately €5m (2017: €19m), decrease equity by approximately €5m (2017: €19m) and have no impact on the operating profit (2017: no impact). The sensitivity analysis has been based on the composition of the dollar denominated financial assets and liabilities of the Company at 31 March, excluding trade payables, trade receivables, other non-derivative financial instruments not in debt and financial lease obligations, which do not present a material exposure.

The net positions on currencies other than the US dollar are of less importance and the sensitivity for a 10% weakening/strengthening of the euro is not significant.

(b) Market risk: commodity risk and management

The Company makes use of commodity futures contracts and options to manage its purchase price risk for certain commodities. Forward purchases are made of zinc and tin to cover sales contracts with fixed metal prices. At 31 March 2018 the Company had commodity contracts with a total notional value of €71m (2017: €70m) and a net fair value of €(1)m (2017: €(1)m).

At 31 March 2018, a 10% appreciation of market prices would decrease the Company's equity by approximately €5m (2017: €5m). There was no significant market risk relating to the income statement since the majority of commodity derivatives are treated as cash flow hedges with movements being reflected in equity and the timing and recognition in the income statement would depend on the point at which the underlying hedged transactions were also recognised.

(c) Market risk: interest rate risk and management

The financial structure of the Company is conservative with the only borrowings in the Company being finance leases and short term loans. During 2018 and 2017, the Company's borrowings were denominated in euro. The Company did not enter into interest rate swap contracts or forward rate agreements.

B. Annual accounts 2017

On 31 March 2018 the Company had fixed rate borrowings of €51m (31 March 2017: €30m) and floating rate borrowings of €nil (31 March 2017: €nil). The Company had short term deposits of €103m on 31 March 2018 (on 31 March 2017: €184m). If at 31 March 2018 the interest rate would have been 100 bps higher/lower, with all other variables held constant, profit after taxes and cash flow would reduce/increase by €2m. For 2017, there would have been no material change to profit after taxes and cash flow.

For further details of the borrowings, such as maturity and interest rates, see Note 15.

(d) Credit risk

Cash deposits, trade receivables and other financial instruments give rise to credit risk for the Company arising from the amounts and obligations due from counter-parties. The credit risk on short-term deposits is managed by limiting the aggregate amount and duration of exposure to any one counter party, depending on its credit rating and other credit information, and by regular reviews of these ratings. The possibility of material loss arising in the event of non-performance is considered unlikely.

Sector sales teams, supported by the TSE's central credit risk management department are responsible for controlling the credit risk arising from the Company's normal commercial operations, although they must act within a series of centrally agreed guidelines. Trade receivables are, where appropriate, subject to a credit insurance programme, and regular reviews are undertaken of exposures to key customers and those where known risks have arisen or still persist. Any impairment to the recoverability of debtors is reflected in the income statement.

Credit risk also arises from the possible failure of counter-parties to meet their obligations under currency and commodity hedging instruments. However, counter parties are established banks and financial institutions with high credit ratings and the Company continually monitors each institution's credit quality and limits as a matter of policy the amount of credit exposure to any one of them. The Company's theoretical risk is the cost of replacement at current market prices of these transactions in the event of default by counter-parties. The Company believes that the risk of incurring such losses is remote and underlying principal amounts are not at risk.

(e) Liquidity risk

Liquidity risk is defined as the risk that the Company could not be able to settle or meet with its financial liabilities on time and at a reasonable price. The Treasury department is responsible for liquidity and funding and manages the liquidity risk managed by maintaining sufficient cash resources and by maintaining the availability of funding through available committed and uncommitted credit facilities. The management of the liquidity risk is based on the calculation of the future net liquidity which results from the expected cash outflows and inflows.

The following table is a maturity analysis of the anticipated contractual cash flows including interest payable for the Company's derivative and non-derivative financial liabilities on an undiscounted basis, which therefore differs from both the carrying value and fair value. Floating interest rate is estimated using the prevailing interest rate at the end of the reporting period. Cash flows in foreign currencies are translated using the period end spot rates as at 31 March.

2018	Maturity of contractual undiscounted cash flows		
	Contractual cash flows €m	In one year or less or on demand €m	Between one and five years €m
Non-derivative financial liabilities			
Trade and other payables 1	(840)	(840)	-
Borrowings			
Repayment	(51)	(25)	(26)
Fixed interest	(11)	(2)	(9)
	(902)	(867)	(35)
Derivative financial assets/liabilities			
Foreign currency contracts			
Payables	(2,378)	(2,378)	-
Receivables	2,385	2,385	-
Derivatives commodities: net settlement	1	1	-
	8	8	-
Total	(894)	(859)	(35)

1 Excludes other taxation and advances from customers

B. Annual Accounts 2018

2017	Maturity of contractual undiscounted cash flows		
	Contractual cash flows €m	In one year or less or on demand €m	Between one and five years €m
Non-derivative financial liabilities			
Trade and other payables 1	(902)	(902)	-
Borrowings			
Repayment	(30)	(6)	(24)
Fixed interest	(11)	-	(11)
	(943)	(908)	(35)
Derivative financial assets/liabilities			
Foreign currency contracts			
Payables	(1,490)	(1,490)	-
Receivables	1,492	1,492	-
Derivatives commodities: net settlement	(1)	(1)	-
	1	1	-
Total	(942)	(907)	(35)

1 Excludes other taxation and social security and advances from customers

The forex derivatives outflow includes €1,730m from liabilities (2017: €727m); the inflow includes €1,719m from liabilities (2017: €719m).

(iv) Derivative financial instruments

The Company utilises currency and commodity derivatives to hedge significant future transactions and cash flows. These items gave rise to the following fair values that have been recognised in the balance sheet:

	2018		2017	
	Assets €m	Liabilities €m	Assets €m	Liabilities €m
Current:				
Commodity contracts	2	(1)	-	(1)
Forward foreign currency contracts	12	(18)	9	(7)
	14	(19)	9	(8)

The fair value of derivative financial instruments that were designated as cash flow hedges at the balance sheet date were:

	Forward foreign currency contracts €m	Commodity contracts €m	Taxation €m	2018 €m
Cash flow hedge reserve net of taxation at beginning of period	14	1	(4)	11
Fair value recognised	(22)	3	5	(14)
Cash flow hedge reserve net of taxation at end of period	(8)	4	1	(3)

At the balance sheet date the notional amount of outstanding foreign currency and commodity contracts that the Company has committed to are as follows:

	2018 €m	2017 €m
Commodity contracts	71	70
Forward foreign currency contracts	2,370	1,490

Ineffectiveness on cash flow hedges recognised in profit and loss was a charge of €nil in 2018 (2017: €nil).

17. Provisions for liabilities and charges

	Environmental provisions €m	Guarantee commitments €m	Employee benefits €m	Total 2018 €m	Total 2017 €m
At beginning of period	22	1	65	88	81
Charged to income statement	4	-	4	8	7
Released to income statement	-	(1)	-	(1)	-
Utilised during the period	-	-	-	-	-
At end of period	26	-	69	95	88
Analysed as:					
Current liabilities				6	6
Non-current liabilities				89	82

(i) Environmental provisions consist of remediation and clean-up activities that need to be undertaken in the foreseeable future and of which the costs can reasonably be estimated.

(ii) Guarantee commitments relate to the anticipated cost of any warranties offered to customers.

(iii) Provisions for employee benefits include long-term benefits such as long service and sabbatical leave, disability benefits and sick leave. All items are subject to independent actuarial assessments.

18. Deferred tax

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

	2018 €m	2017 €m
Deferred tax asset	8	30
	8	30

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

2018	Accelerated tax depreciation €m	Stocks €m	Provisions €m	Other €m	Total €m
At beginning of period	4	5	12	9	30
Credited to income statement	(3)	(3)	(8)	(13)	(27)
Charged to other comprehensive income	-	-	-	5	5
At end of period	1	2	4	1	8

2017	Accelerated tax depreciation €m	Stocks €m	Provisions €m	Other €m	Total €m
At beginning of period	(16)	(20)	11	10	(15)
(Charged)/ credited to income statement	20	25	1	-	46
Credited to other comprehensive income	-	-	-	(1)	(1)
At end of period	4	5	12	9	30

At the balance sheet date there are temporary differences associated with undistributed earnings of subsidiaries. No liability has been recognised in respect of these differences because the vast majority of these differences occur in the Netherlands, for which the participation exemption applies.

19. Deferred income

	2018 €m	2017 €m
At beginning of year	9	10
Released to income statement	(2)	(2)
At end of year	7	8

20. Share capital

The authorised share capital of the Company as at 31 March 2018 amounts to €225,000,000 (31 March 2017: €225,000,000) and consists of 500,000 ordinary shares of each €450 (31 March 2017: €450). As of 31 March 2018 250,000 ordinary shares of €450 each were issued and fully paid up, totalling to a nominal value of €112,500,000 (31 March 2017: €112,500,000).

21. Future capital expenditure

	2018 €m	2017 €m
Contracted but not provided for	217	186
Authorised but contracts not yet placed	207	126

22. Operating leases

	2018 €m	2017 €m
Future minimum lease payments for the Company at the end of the year are:		
Not later than one year	15	9
Later than one year and not later than five years	19	15
More than five years	3	2
	37	26

23. Contingencies

	2018 €m	2017 €m
Guarantees and securities	8	8

The Company is part of the fiscal unity "Tata Steel Netherlands Holdings B.V." and for that reason could be liable for the tax liabilities of the whole fiscal unity.

24. Related party transactions

The table below sets out details of transactions and loans between the Company, its joint ventures, associates and other Tata Steel group companies.

	2018 €m	2017 €m
Amounts reported within the income statement:		
Sales to joint ventures	84	47
Sales to associates	211	106
Sales to other Tata Steel companies	1,142	900
Purchases from associates	48	42
Purchases of raw materials from other Tata Steel companies, acting as an agent	1,228	1,013
Other purchases from other Tata Steel group companies	116	156
Net recharges from other Tata Steel companies	76	28
Amounts owed by parent undertakings (Note 12)	5	4
Amounts owed by other Tata Steel companies (Note 12)	272	160
Amounts owed by subsidiary undertakings (Note 12)	14	8
Amounts owed by joint ventures (Note 12)	8	2
Amounts owed by associates (Note 12)	9	7
Amounts owed to parent undertakings (Note 14)	15	24
Amounts owed to other Tata Steel companies (Note 14)	47	109
Amounts owed to subsidiary undertakings (Note 14)	5	5
Amounts owed to associates (Note 14)	3	4

Details of transactions with key management personnel are given in 'Further notes to and signing of the annual accounts' on page 33.

25. Subsidiaries and investments

The subsidiary undertakings, joint ventures, joint operations and associates of the Company at 31 March 2018 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation except where otherwise stated.

Subsidiary undertakings

Steel producing, further processing or related activities:

Belgium

Societe Europeenne de Galvanisation (Segal) SA
Tata Steel Belgium Packaging Steels N.V. (58.97%)

The Netherlands

Esmil B.V.
Huizenbezit "Breesaap" B.V.

Sweden

Halmstad Steel Service Centre AB

Finland

Naantali Steel Service Centre OY

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

Joint ventures, joint operations and associates

			2018 Turnover €m		Issued capital Number of shares	% held
	Classification	Products				
<i>The Netherlands</i>						
GietWalsOnderhoudCombinatie B.V.	Associate	Maintenance of parts of direct sheet plant	12	Shares of €454	100	50
Hoogovens Court Roll Surface Technologies VOF	Joint Operation	Processing chrome deposit on rolls	4	-	-	50
Laura Metaal Holding B.V.	Joint Venture	Trading and processing of non-prime metal	120	Shares of €454	5,600	49
Wupperman Staal Nederland B.V.	Associate	Purchase, process, refine and sale of steel products and other metal products	344	Shares of €1,000	8,000	30
<i>Norway</i>						
Norsk Stal Tynnplater AS	Joint Venture	Processing of strip and long products	71	Shares of NOK1,000	26,500	50

Further notes to and signing of the Annual Accounts

Remuneration of and loans to members of the Board of Directors

An amount of €1,951,562 was borne by the Company in the 12 months to 31 March 2018 for remuneration of the current and former members of the Board of Directors of Tata Steel IJmuiden B.V. (12 months to 31 March 2017: €1,952,637).

The amounts of loans granted as at 31 March 2018 totalled €nil (31 March 2017: €nil).

Appropriation of the result for the financial year 2018

We propose to add the profit of €147m over the financial year to the Retained earnings. In anticipation of the formal approval by the General Meeting of Shareholders this has already been reflected in these financial statements.

During the year a dividend of €75m (€300 per share) was paid in March 2018.

Signing of Annual Accounts

All the members of the Board of Directors have signed the 2018 Annual Accounts of Tata Steel IJmuiden B.V.

Board of Directors

Th.J. Henrar, Chairman

J.E. van Dort

J. van den Berg

IJmuiden, 24 July 2018

C. Other Information

Independent Auditor's Report

Reference is made to the Auditors Report as included hereinafter.

Appropriation of result according to Articles of Association

The profit/loss available for distribution is at the disposal of the General Meeting of Shareholders.

D. Independent auditor's report

To the shareholders and board of Tata Steel IJmuiden B.V.

REPORT ON THE FINANCIAL STATEMENTS THE YEAR ENDED 31 MARCH 2018 INCLUDED IN THE ANNUAL ACCOUNTS