TATA STEEL

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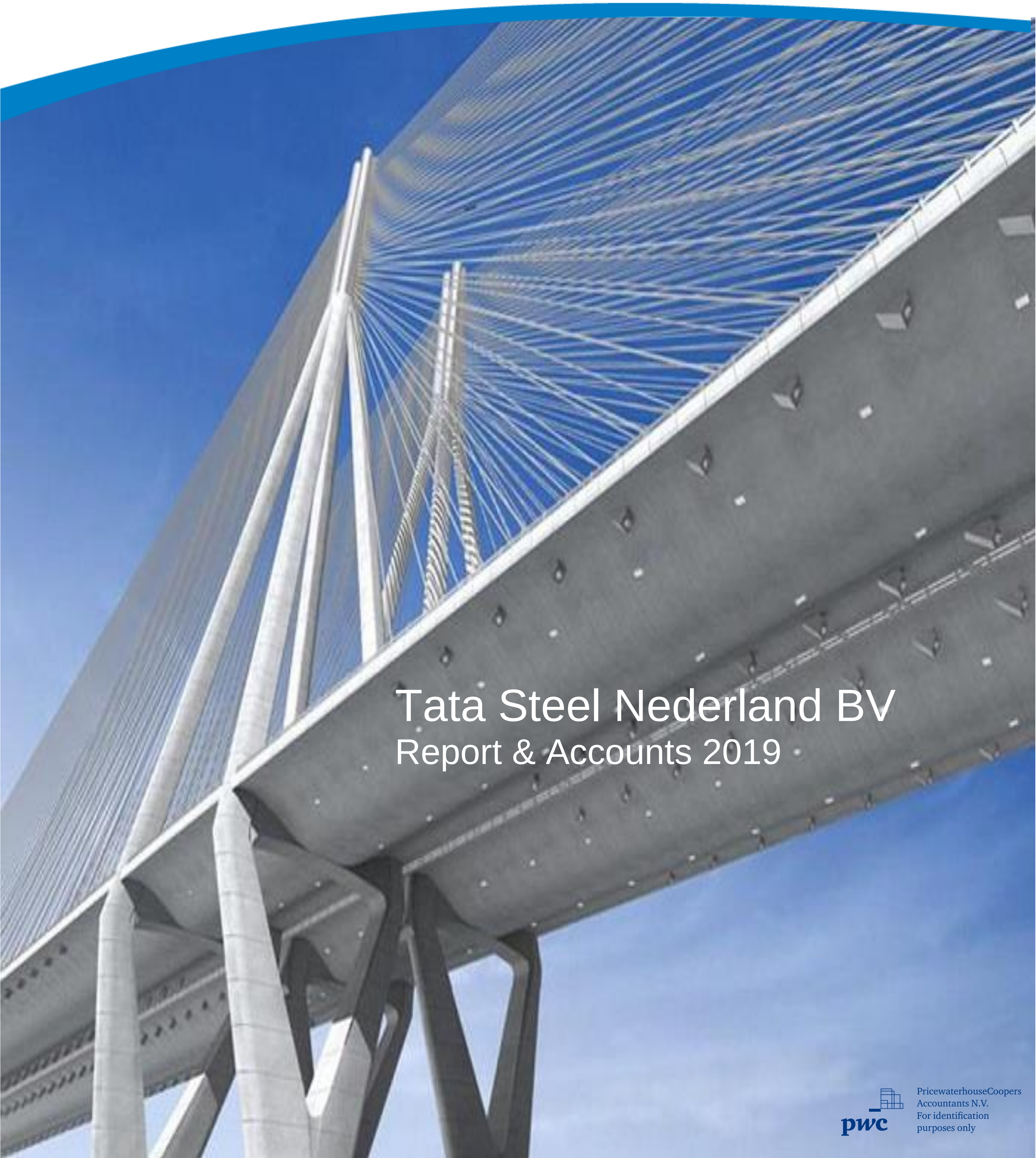

Tata Steel Nederland BV

Report & Accounts 2019

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A. Report of the Supervisory Board

Introduction

The Supervisory Board (hereafter: 'the Board') supervises the policies pursued by the Board of Management (hereafter: 'the BoM') and the general course of affairs of Tata Steel Nederland B.V. (hereafter: 'TSN' or 'Company'). The Board takes into account the interests of all the Company's stakeholders, and advises the BoM thereon. The Board regards good corporate governance as an essential foundation for the long-term success of TSN and the Tata Steel Group, and an essential element to the delivery of its strategy.

Composition of the Board

The members of the Board are appointed by the General Meeting of Shareholders in TSN, at the recommendation of the Board itself. The Board and its members are not bound by any instructions and shall not receive a binding mandate. At least half of the members of the Board are not in any way involved in the management or supervision of companies belonging to the Tata Steel Group. A quarter of the members of the Board is female; the Board will strive for equal representation with future appointments.

Every third member of the Board is appointed considering the enhanced right of the Central Works Council of TSN. During the year, the Board consisted of Mr. P.M.M. Blauwhoff (Chairman), Mr. M.J.L. Jonkhart, Mrs. L.M.T. Boeren and Mr. J.L.M. Fischer. Considering its relative limited size, the Board has not established formal separate commissions. Nevertheless, Mr. Jonkhart has a focus on audit related matters besides his regular duties as a member.

Meetings and activities

Eight meetings of the Board were held during the year. All the Board members were present at each of these Board meetings. In addition, members of the Board attended Central Consultative Meetings of the BoM and the Central Works Council, providing information on the meetings of the Board. From time to time they interacted with management and members of the Central Works Council outside the formal meetings, both collectively and individually.

The Board, or members of the Board, and the Board of Management, or members of the Board of Management, also communicated with senior representatives of the ultimate shareholder at various occasions on the subject of a possible joint venture between Tata Steel Ltd. (Mumbai, India) and thyssenkrupp AG (Essen, Germany) in relation to their respective flat steel activities in Europe, which included TSN and its businesses, and the honouring of the agreed pre-conditions of TSN for such a joint-venture.

The Board was briefed in all the regular meetings on the developments regarding the company and its financial, business, operational and safety, health & environment performance, the status of the STAR investment schemes, CO2 issues and the overall license to operate. The Board also discussed the operational and financial risks and their mitigations. In addition, the Board discussed several recurring subjects, such as HR related matters, operational and financial risk management, environmental matters, local sponsorship focused on corporate social responsibility, and audit activities.

In its meeting on 24 April 2018 the Board evaluated its functioning over 2017, and the main items on the agenda were safety, health & environment, audit, the financial position of TSN, including financial support to the Group, an update on the possible joint venture, including the position of TSN in this joint venture, and the preliminary decision of the Board of Management in relation to the joint venture, including a request for advice to the Central Works Council of TSN.

In its extra meeting on 29 May 2018, the main item on the agenda was an update on the possible joint venture.

In its extra meeting on 11 June 2018, the main item on the agenda was the possible joint venture, including the underlying market data used by Tata Steel Ltd in its decision making and the alternatives explored by Tata Steel Ltd.

In its extra meeting on 20 June 2018, the main item on the agenda was the possible joint venture, including the draft joint venture agreement, and the preliminary feedback from the CWC consultation process.

In its meeting on 26 June 2018, the main items on the agenda were safety, health & environment, the financial position of TSN, including financial support to the Group, internal and external audit findings, the annual plan, the annual accounts for FY18, the advice of the CWC on the possible joint venture, and the final decision of the BoM on the joint venture.

A. Report of the Supervisory Board

In its meeting on 11 October 2018, the main items on the agenda were safety, health & environment, the SHE Refocus project, the financial position of TSN, including financial support to the Group, best available technologies to meet customer requirements, sustainability including low carbon steel making, the HR organisation, and an update on the possible joint venture.

In its meeting on 4 December 2018, the main items on the agenda were safety, health & environment, the TSN strategy, the financial position of TSN, including financial support to the Group, internal and external audit plans and interim findings, the HR organisation in the Netherlands, an update on the possible joint venture, and an update on the TaskForce Tata & Surroundings.

In its meeting on 14 February 2019, the main items on the agenda were safety, health & environment, an update on the TaskForce Tata & Surroundings, the financial position of TSN, including financial support to the Group, and an update on the process for European competition clearance of possible joint venture, including developments on the four pre-conditions of TSN.

In its extra meeting on 16 April 2019, the main item on the agenda was an update on the process for European competition clearance for the possible joint venture, including the position of TSN.

In its meeting on 6 May 2019, the main items on the agenda were safety, health & environment, an update on the TaskForce Tata & Surroundings, audit, the financial position of TSN, including financial support to the Group, an update on progress at the European Commission concerning the possible joint venture, Optimal Cash Management part X and the HR reorganisation within TSN.

On 30 June 2018 TSL and thyssenkrupp AG ('tk') signed definitive agreements to create a new 50:50 joint venture ('JV') company called thyssenkrupp Tata Steel ('tkTS'). On 10 May 2019 TSL and tk announced that activities to complete the JV had been suspended, as it was anticipated that the JV would not receive merger control approval from the European Commission ('EC'). The anticipated refusal for merger control approval was subsequently confirmed by the EC on 11 June 2019.

Financial statements

For the financial year 2018/19, the consolidated income statement shows a net profit after taxation (including minority interests) of €177m compared to 2017/18 of €115m, mainly on the back of higher steel margins.

Pursuant to Article 29 of the Articles of Association, we hereby present the Annual Accounts for adoption by the General Meeting of Shareholders of TSN. The external auditors, PricewaterhouseCoopers Accountants N.V., have examined the Annual Accounts for 2018/19 and have issued an unqualified independent auditor's opinion. The members of the BoM and the Board, after discussion with the external auditors, have approved these Annual Accounts.

We recommend that the General Meeting of Shareholders adopts the Annual Accounts for the financial year 2018/19 as presented, and discharges the members of the BoM and the Board of responsibility in respect of their management and supervision respectively.

The Board is grateful to the BoM and all TSN employees for their efforts and dedication during the financial year 2018/19.

On behalf of the Supervisory Board

P.M.M. Blauwhoff, Chairman

M.J. Wisselink, Secretary

IJmuiden, 26 June 2019

B. Report of the Board of Management

Introduction

The Board of Management ('BoM') herewith presents the annual report together with the audited accounts of TSN, and its subsidiary companies, for the year ended 31 March 2019 ('FY19').

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

TSN holds all shares in Tata Steel IJmuiden B.V. ('TSIJ'), whose main assets are the steelmaking hub Strip Products Mainland Europe ('SPMLE') and Packaging manufacturing activities in the Netherlands and Belgium. Other subsidiaries cover various activities in markets such as building & construction, automotive, colour coated steels and packaging, both in Europe and the rest of the world.

The BoM 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 the undertakings included in the consolidation taken as a whole and that the Report of the BoM gives a true and fair view concerning the position at 31 March 2019, the development and performance of the business during the financial year of the Company and the undertakings included in the consolidation taken as a whole.

The BoM would like to express its gratitude to all TSN employees for their contributions to the Company's performance in FY19 and their support to realise the result for the current year.

Principal business activities, objectives and strategy

The principal activities of the Company comprise the sale and manufacture of steel products throughout the world. TSN produces carbon steel by the basic oxygen steelmaking method at one integrated steel works in IJmuiden, the Netherlands. This plant produced a total of 7.1mt of steel products in the current year (FY18: 7.1mt).

The Company organises its commercial activities into strategic sales sectors and these sales sector teams identify demand, which is met from a single, pan-European, supply chain function. TSN's principle end-markets are the automotive, packaging and construction sectors.

The Company's main business is SPMLE. Other large businesses are Packaging, Tubes, Distribution and Building Systems.

The Company has sales offices, stockholders, service centres and joint ventures or associate arrangements in a number of markets for distribution and further processing of steel products.

Europe remains the most important market for TSN's steel products. The major operating site of TSN is the integrated steelworks at IJmuiden in the Netherlands, which includes a number of rolling mills and processing lines. Further processing is done at other TSN sites, including the coating works in Maubeuge, France, the galvanizing line in Flemalle, Belgium, the tube mills in Oosterhout, Zwijndrecht and Maastricht, the Netherlands, the cold narrow strip mills and plating lines in Düsseldorf, Germany, and in Warren and Bethlehem, USA. TSN has an extensive network, both in the EU and outside the EU, of sales offices, stockholders, joint ventures or similar arrangements, such as agents, in various markets for the distribution and further processing of steel products.

TSN 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. TSN can grow in high-value markets, such as Automotive, Lifting & Excavating, Packaging and Building Systems. This requires a complete product portfolio, very stable production and the highest delivery performance. Targeted investments will allow TSN to meet these requirements and will contribute to a sustainable profit for Tata Steel in IJmuiden. In FY18, the first series of investments from this programme have been initiated. In addition, a second STAR programme is being developed.

On 30 June 2018 TSL and thyssenkrupp AG ('tk') signed definitive agreements to create a new 50:50 joint venture ('JV') company called thyssenkrupp Tata Steel ('tkTS'). On 10 May 2019 TSL and tk announced that activities to complete the JV had been suspended, as it was anticipated that the JV would not receive merger control approval from the European Commission ('EC'). The anticipated refusal for merger control approval was subsequently confirmed by the EC on 11 June 2019.

On 1 October 2018 TSN divested its Kalzip business to Donges SteelTec GmbH.

Dynamics of the business

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

As a result, in addition to market developments in the UK and mainland Europe, changes in the global market for steel influence the financial performance of TSN.

Economic climate

Global GDP growth in 2018 was 3.2%, unchanged from 2017. The eurozone economy grew by 1.8% in 2018 compared to 2.5% in 2017. Growth was negatively impacted by a slowing Chinese economy and US protectionism. GDP growth in China decelerated in 2018 to 6.6% (2017: 6.9%) due to lower domestic demand. 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 growth in 2018 decreased to 3.9% (2017: 5.0%). Demand for steel in China increased by 6.0% (2017: 8.2%). Steel demand in the EU grew by 2.2% (2017: 1.3%). Output growth in the steel using sectors in the EU eased in the second half of 2018, especially in the automotive sector. Output of passenger cars was negatively impacted by the introduction of new emission testing procedures and a slowdown in demand both inside and outside the EU.

In 2018 global steel production increased by 5.5%, unchanged from 2017. Steel production in China increased by 8.7% (2017: 6.1%) and equated to 52% of global steel production. In the EU output decreased by 0.4% (2017: increase 3.4%).

In 2018 the EU was a net importer of steel at 16.9mt (imports: 46.3mt, exports: 29.4mt). Exports from China to the rest of world decreased further in 2018 to 68.8mt (2017: 74.8mt, 2016: 108.1mt).

European steel spot prices, based on Hot Rolled Coil ("HRC") in Germany (parity point), weakened during the fiscal year from €568/t in the first quarter to €520/t in the final quarter. As economic growth weakened, capacity utilisation in the global steel industry reduced causing steel prices and margins to fall.

Raw materials

The principal raw materials used in TSN's carbon steelmaking processes are iron ore, metallurgical coal and steel scrap. The average market reference price of iron ore fines (China CFR 62%) in 2018/19 at US$72/t remained broadly unchanged from the previous year. The average hard-coking coal spot price (Australia FOB) at US$202/t was also broadly unchanged compared to the previous year. The German benchmark scrap price increased by €18/t to €288/t in 2018/19 compared to FY18.

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. In 2018 the US government imposed a 25% tariff on steel imports as part of its "Section 232" ruling. In response, and to counter trade diversions resulting from the US measures, the EU imposed a 25% tariff on steel imports once a quota had been filled.

In 2018 steel demand in the EU increased by 5.1mt (2017: 2.0mt). Deliveries by EU mills increased by 2.5mt (2017: 2.2mt) whilst imports increased by 2.6mt (2017: decrease 0.2%). The market share for imports into the EU increased to 16.9% (2017: 15.7%).

Financial review

The Company's turnover increased from €5,164m in FY18 to €5,381m in FY19 as a result of improved market conditions. Operating profit increased from €146m in FY18 to €248m in FY19, mainly due to improved commercial results. The result before taxation increased from €157m in FY18 to €245m in FY19. This included the proceeds from a land sale to Tennet. The consolidated net profit after taxation (including minority interests) amounted to €177m, an increase of €62m compared to FY18.

Consolidated capital and reserves (including non-controlling interests) increased by €183m to €2,814m at the end of FY19.

The increase of €183m consisted of:

- The profit for the period of €177m;
- Other comprehensive income of €2m mainly attributable to actuarial losses on defined benefit pension and other post-retirement plans being offset by gains in the cash flow hedges;
- Share premium contribution from the parent company, TSNH, of €4m.

Net cash flow from operating activities totalled €268m, an increase of €48m compared with FY18. Net cash flow from investment activities amounted to €(299)m (FY18: €(317)m). Including movements in external loans and loans with other group companies, the net movement in cash and cash equivalents amounted to an outflow of €10m (FY18: €131m).

An important strength of TSN is its solid balance sheet, with only a limited level of borrowing.

As part of the Senior Facility Agreement ("SFA"), agreed in 2014, the TSE group has a revolving credit facility in place of £700m until 28 October 2020 (this facility may be extended by a further year if certain conditions are satisfied), of which £100m is reserved for the exclusive use of TSN. TSN also has access to a €400m intercompany loan facility with Tata Steel UK Ltd ('TSUK') and TSNH expiring on 1 November 2021.

At the end of the financial year, no money had been drawn by TSN under the revolving credit facility and no drawings were made under the intercompany loan facility.

Depending on TSN's actual cash positions and its cash flow forecasts, and taking into account the Company's Policy for Surplus Cash, various amounts have been lent to TSNH and TSUK for various periods. No dividends were paid in FY19 (FY18: €75m).

Capital expenditure

Capital expenditure on tangible fixed assets (including loose plant, tools and spares additions) in FY19 amounted to €308m (FY18: €320m). Significant capital expenditure has been committed in the SPMLE business on the STAR programme to support the strategic growth of differentiated, high value products in the automotive, lifting and excavating, and energy and power market sectors. During FY19, these included preparation for the installation of a new caster (Continuous Caster 23) to allow enhanced casting capabilities for advanced products, the upgrade of a cold mill and preparation for a walking beam furnace in the hot strip mill.

Other major projects ongoing throughout the year in SPMLE included the cold blast supply to the blast furnaces, refurbishment of the pellet plant and renovation of the ovens in the coke & gas plants. Significant capital expenditure on intangible fixed assets has been committed to the Smart Steel Factory project.

In the Packaging business, a major capital project was commissioned during FY19 to manufacture for the first time Protact® NG, a multi-layered polymer system that will meet increasingly stringent food requirements.

TSN Business review

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 2018/19 was 1.2, which was 0.1 worse than last year. The rolling LTI rate for contractors was 3.2 bringing the combined (i.e. employees and contractors) 12 month rolling LTI rate to 1.7 (0.2 worse than last year).

The FY19 operating result after restructuring, impairment and disposals was higher than in FY18 due to better commercial results. Deliveries in FY19 increased by 149kt compared to last year. As a consequence of the higher deliveries steel stocks decreased by 90kt.

Liquid steel production was at the same level as FY18, with fewer production disturbances mitigating some loss of production caused by a fire at caster 22 in August 2018. The direct sheet plant realised a new annual record output of 1,373kt. Furthermore, the rolling and coating lines incurred some idle time towards the end of the financial year, also due to lack of orders as a consequence of weaker market conditions.

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 FY19 was 1.1, which was 0.5 worse than the previous year.

The FY19 operating result after restructuring, impairment and disposals was slightly below the previous year, due to better margins, offset by lower volumes. Activity levels in the IJmuiden installations were affected by the weaker order book in the first half of the year and by production related issues in the second half. Duffel volumes were above AP due to improved demand.

Tata Steel Nederland Tubes

Tata Steel Nederland Tubes is one of Europe's leading manufacturers of welded steel tubes. From small to large diameters, a variety of wall thicknesses and grades of steel, it manufactures one of the widest ranges of welded steel tubes available for greenhouses, construction projects, steel structures and the automotive industry.

During the fiscal year there was 1 lost time injury (FY18: 0).

The FY19 operating result after restructuring, impairment and disposals was lower than the previous year due to weaker demand in the automotive and construction market sectors, and some operational issues. Strategic review will be conducted to see how a turnaround can be made on the situation that the company is facing over the past years.

The business made two major strategic investments in the year:

- Develop the capabilities of the cold form mills in Maastricht to produce tighter tolerance and high strength steel tubes.
- Enhance Oosterhout's capabilities to supply the greenhouse market with galvanized tubes with lengths of up to 10 meters.

Tata Steel Distribution Europe

Tata Steel Distribution Europe comprises a network of service centres and further processing capabilities across Europe.

There were no LTIs in FY19.

The FY19 operating result after restructuring, impairment and disposals was lower compared to FY18. At 31 March 2019 the business held provisions of €25m (31 March 2018: €30m) for costs in respect of anticipated customer claims.

Tata Steel Building Systems

Tata Steel Building Systems comprises a network of manufacturing bases providing a wide range of steel products for the building industry worldwide.

There were 3 LTI's in FY19 compared to 4 in FY18.

The FY19 operating result improved compared to the previous year due mainly to improved results at the Fischer and Montana sites.

During the year the business erected of the new SAB panel production facility at Geldermalsen.

Tata Steel Colors

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 FY19 was 2.6 compared to 0.7 in the previous year.

The FY19 operating result after restructuring, impairment and disposals was worse than the previous year due mainly to reduced margins, which were adversely impacted by increased paint and energy prices.

Tata Steel Plating

Tata Steel Plating specialises in the rolling, annealing and electrolytic plating of cold-rolled narrow steel strip and its downstream processing. The business is the world's leading supplier of materials for the production of battery cases and its products are used for diverse applications in the automotive industry.

As in FY18, in FY19 there were 0 LTI's.

The FY19 operating result after restructuring, impairment and disposals was marginally better than FY18 due to higher selling prices and improved sales mix effects.

In FY19 Tata Steel Plating progressed the commercial launch of its new product, 'wide Hilumin'.

Tata Steel Kalzip

On 8 May 2018 TSE announced its intention to divest its Kalzip businesses. The disposal of the Kalzip business to Donges SteelTec GmbH has been completed on 1 October 2018.

Tata Steel Regional Market Development Europe

Tata Steel Regional Market Development Europe is the specialist supply chain management business unit of the Tata Steel Europe Group. The business manages an international network of offices in nearly fifty countries and stock facilities in strategic locations worldwide.

As during the previous financial year, there were no LTI's.

The FY19 operating result after restructuring, impairments and disposals improved from the previous year.

Research & development

Research & Technology programme

Approximately 80% of the FY19 TSN 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 from lower grade raw materials without the need for coke making or agglomeration processes. The operations of the pilot plant were transferred during the year to SPMLE, but research activity continued to focus on CO_2 reduction and capture. Successful research activities were undertaken in the year to test the use of charcoal, scrap and lower grade ores;
- The decoupling of the rolling process from the final surface texture, using laser texturing;
- The improved New Product Development programme to speed up TSN's New Product Development process with the use of digital twins, a small sample route, tailored data analytics and bespoke characterisation;
- Physical vapour deposition, a cold zinc coating technology that allows an extension of TSN's zinc coated product range towards the future UHSS automotive grades well above 1000 MPa;
- Ultra Flexible Annealing of Tubes ('UFAT') to allow multiple high end product specifications to be produced from a limited number of master chemistries to improve the properties of the end product;
- First time right casting to develop predictive models for more advanced complex casts to reduce the occurrence of cracks in casting.

Process development

The process technology programme in 2018/19 was focused on lean and robust manufacturing processes, better use of raw materials and resolution of quality issues. The programme supports TSN's manufacturing and differentiated product strategy. Key achievements in 2018/19 were:

- Increase of Bac-UP Roll ('BUR') campaign length in the last stand of Cold Mill 21 ('CM21').
- Cooling Induced Shape Change Algorithm ('CISCA') version 2.0 has become available as a coiling model. CISCA models the coiling, cooling down in hot strip rolling and (batch) annealing, and uncoiling, e.g. used to calculate coil stability;
- Implementation of the smart run out table setup STORM-Lite in Hot Strip Mill 2 ('HSM2') has increased the performance of HSM2 and is a first step to a full STORM model.
- Increasing 'M ore' usage as a high Value In Use iron ore for the IJmuiden Pellet Plant.
- Coal Interaction Prediction Model.
- Bulging indicator for the Direct Sheet Plant reduces operational risks.
- Design tool optimisation for Coretinium sales.

Product market sector developments

A key element of TSN'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 FY19 a total of 22 new products were introduced of which the most significant ones include:

- XPF1000, a new higher strength product in the XPF family;
- Magizinc® + PLT as a product with improved press behaviour and better corrosion resistance;
- 30MnB5 a hot rolled manganese boron steel grade, heat treated to produce complex shaped agriculture wear parts;
- COLORCOAT SDP50 on ZM: extension of the colorcoat range of OCS products, now offering a full Cr-free colorcoat SDP50 product on Magizinc® metallic coating rather than the traditional HDG metallic coating.

People

Health and safety

Health and safety continues to be TSN'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. TSN's safety performance deteriorated from 1.3 in FY18 to 1.66 in FY19. The sickness rate of 4.87% in FY19 was broadly unchanged from the previous year.

Pension scheme

Stichting Pensioenfonds Hoogovens ('SPH'), the main pension scheme within TSN, operates the pension scheme of the IJmuiden site in the Netherlands.
The Company has 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 share information on matters of mutual concerns. During the year several requests for advice on organisational and financial subjects were discussed and concluded with the Central Works Council.
In 2017 the IJmuiden wide collective labour agreement ('CLA') was agreed with the Trade Unions for a two years period starting from 1 April 2017 up to 31 March 2019. In April 2019 a new two-year IJmuiden wide CLA was negotiated.

The average age of TSN's employee population is increasing and, due to the higher retirement age, employees will have to continue to work longer 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.

Environment

Policy

TSN 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 TSN. To implement its environmental policy, systems are in place to manage and minimise the effects of TSN's operations. For example, 100% of manufacturing operations are certified to the independently verified international environmental management standard, ISO 14001:2015.

Climate change is one of the most important issues facing the world today. TSN recognises that the steel industry is a significant contributor to man-made greenhouse gas emissions as the manufacture of steel unavoidably produces CO_2. However, TSN's products are also part of the solution to climate change. Steel has inherent environmental advantages, as it is durable, adaptable, reusable and recyclable. It is used, for example, in affordable and energy-efficient modular homes, and in lighter, stronger and safer transport systems.

As a result, CO_2 emissions in steel production can be offset by reductions in direct and indirect emissions through the life cycle of steel products, achieved through effective product development and design and through recycling at the end-of their life. Furthermore, TSN aims to contribute positively to the communities around or near to its operations.

Energy efficiency and CO_2 emissions

In the Netherlands, the Group participates in a voluntary agreement (MEE 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 according to the Energy Efficiency Plan ('EEP') as agreed with the Dutch government, covering both process efficiency measures within the manufacturing process and energy saved across the product life cycle. The total energy savings (including the product life cycle effect) in 2018 were equivalent to 6% of the IJmuiden site's energy consumption (2017: 7%).

Although TSN's steel production was below pre-crisis levels, the allocation of CO_2 credits continued to be lower than the emitted volume. This was caused by the unexpected application of a cross sectoral correction factor throughout Phase 3 (2013 to 2020 inclusive) of the EU Emissions Trading System ('EU ETS') by the European Commission.

Environmental Permit issues

In 2019 TSN applied for a permit for Hot Rolling Furnace 25. The new walking beam furnace will be equipped with advanced technology like burner technology and better insulation to reduce energy consumption and NOx emissions.

In 2016 TSN 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, TSN 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 TSN's operations. TSN is the first company that applied for the so called "code of behaviour temporary nature" (gedragscode "Tijdelijke Natuur"). This code was awarded by a member of the Provincial Executive.

According to the EU Industrial Emissions Directive ('IED'), in March 2016 the Conclusions on Best Available Techniques ('BAT') from the BAT Reference documents ('BREF') Iron & Steel had to be implemented in the site permit. TSN is still in discussion with authorities about possible installation adjustments at one of the hot blast stoves of the blast furnaces, the coke plant and the pellet plant. The national authority has instructed the regional authority to execute an investigation into a denox installation at the pellet plant. This request has been declined by the regional authority. The national authority also does not agree with the proposed NOx limit values for hot stoves of the regional authority. A final decision about this appeal case is expected later this year. The extracted gases from coke charging at Coke Plant 1 are cleaned by a fabric filter. The PAH emission exceeded the limit value substantially. After an investigation the fabric filter has been adapted to meet the limit value. It is expected that authorities will agree with the chosen solution although there is still a discussion if this measure is a BAT.

The revised BREF Large Combustion Plant ('LCP') was published in August 2017. The national government intends to introduce the implementation of the BREF LCP in the general rules ('ELVs') of the Activiteitenbesluit in a way that the boilers of the TSN Energy Department cannot meet these general requirements for the whole calendar year. The Ministry send their opinion on the way they intend implementing the BREF LCP in the Activiteitenbesluit to the Council of State for advice.

In 2018 the revision of the BREF Ferrous Metal Processing ('FMP') was initiated by the European Integrated Pollution Prevention and Control ('IPPC') Bureau. In this BREF the activities for hot and cold rolling and the galvanizing lines are described with the mandatory techniques to reduce environmental emissions. TSN is an active stakeholder in the revision of this BREF. The first draft of this document has already been published and a final document is expected to be finalised before 2021.

The company continues to invest substantially in short to medium term CO_2 emission reduction and energy efficiency improvements. In addition to these improvements TSN is also working on a longer term major research and development project to develop a new smelting reduction technology ('HIsarna') 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 CO_2 emissions and emissions of other components such as dust, dioxins and heavy metals. A permit has been provided for the next campaign which starts in June/July 2019. All results obtained in the HIsarna pilot plant will be included in the design of a full scale demonstration plant of about 1 million tonnes of iron per annum.

Environmental complaints

In FY19 the number of total complaints was 4,149, significantly higher than FY18. Noise, odour and dust complaints originate mainly from Wijk aan Zee. In FY19 79,8 % of the total complaints were related to dust, 16,9% were related to odour and 3,3% to noise. Due to graphite emissions public opinions in the neighbouring village of Wijk aan Zee voiced concerns. These concerns were immediately heard and were primarily addressed by changes in the production and slag handling process. Furthermore, a steering committee and task force chaired by members of the BoM has been established to manage all the issues relating to complaints. A 10-year plan to reduce all sources of nuisances was published and shared with the inhabitants of Wijk aan Zee in June 2019.

Various measures have been implemented in TSN to allow operators to stop or reduce dust emissions, in particular through the deployment of air and steam boxes.

As part of its overall strategy to reduce environmental complaints at IJmuiden, TSN organizes regular meetings with inhabitants 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 understand from local residents their main issues and concerns regarding TSN's activities. TSN also continues to publish online an Environmental News Report to inform stakeholders about new developments and activities that could avoid environmental nuisance.

Regional developments

Although the local air quality is currently in compliance with European air quality standards, TSN has the ambition to look for improvement opportunities. This is the main subject of an environmental dialogue that is ongoing with all relevant governmental and other organisations in the Region.

In 2016 TSN signed a partnership agreement with the Provinciaal Waterleidingbedrijf Noord-Holland ('PWN'), a public company responsible for maintaining the Nature 2000 area in close proximity to the IJmuiden site. As a result of this partnership nature excursions were organized at the site and guided by foresters of the PWN. This partnership will be evaluated and new activities with local stakeholders will be planned.

National and European Policy developments

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

In the Netherlands, a new regulation is under development about the physical environment. Through the Environment and Planning Act (Omgevingswet) the government wants to simplify the laws on environment and planning, and combine them into one Environment and Planning Act. TSN is supportive to these changes. An important part of the regulation is health in the residential areas and the competence of the local government. TSN has started to investigate the impact and prepare the organization for the changes this new regulation will create. TSN also participates in a pilot with local governments to practice the decision-making processes under this new regulation. The Omgevingswet has been approved by both Chambers of the Dutch Parliament and the cabinet is now drawing up introductory legislation. The expectation is that the Omgevingswet will take effect in 2021.

The intention of the national government is to make an air quality plan. In this plan a road map will be published to advise the way the Netherlands will be able to meet the WHO advisory values. The planning is for this plan to be published in the fourth quarter of 2019. TSN is expected to be consulted.

Principal risks and risk management

Within the wider TSE group, active risk identification and mitigation management is an integral part of all business management processes.

Building on the risk management procedures and reporting framework that are applied throughout TSE, TSN has a robust process to identify and monitor the significant risks and associated mitigating measures for its operations and activities.

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.

After every update a selection of the “Top 10” risks and mitigation measures is reviewed by the BoM together with the Supervisory Board.

Critical risks can be summarised as follows:

Risks	Mitigating factors
Health, safety, environmental and other compliance matters	
TSN businesses are subject to numerous laws, regulations and contractual commitments relating to health, safety, the environment and regulatory compliance in the countries in which it operates. The risk of liabilities, costs and damage to reputation related to these laws and regulations are an inherent part of the Group's business. TSN's "license to operate" is subject to changing norms in the society in which we operate. There are risks of increased costs related to the European Union Emissions Trading Scheme (EU ETS) and of a reduction in the free allocation of CO_2 emissions rights. There is an expectation that after 2020 CO_2 allocations under EU ETS are likely to be lower than TSN's projected emissions. The EU ETS and TSN energy costs continue to absorb additional resources when compared to competitors not subject to the same legislation. A CO_2 EU Border Tax as part of a drive to reduce CO_2 emissions from what the EU consumes as well as from what it produces continues, however the impact of Brexit on this scheme and TSN is currently unknown.	The health and safety of our employees is of paramount importance for all TSN businesses. TSN has policies, systems and procedures in place aimed at ensuring a safe and healthy working environment and remaining compliant with relevant regulations. There is a strong commitment from the TSN Board to enforce compliance, to continuously improve health and safety performance and to minimise the impact of TSN's operations on the environment. TSN continues to engage with EU legislators to secure a level playing field, for example in areas such as the REACH (Registration, Evaluation, Authorisation & restriction of Chemicals) scheme and the EU ETS. A focus for operations and procurement is to minimise environmental impacts by selecting raw materials on their environmental credentials (as well as quality) in order to minimise landfill tonnages and identify external opportunities for use/sale of by-products. TSN continues to invest in short to medium term CO_2 emission reduction and energy efficiency improvements. In addition to these improvements, the Group is also working on a longer term major project to develop a new smelting reduction technology ('HIsarna') to produce steel without the need for coke making or agglomeration processes, thereby improving efficiency and reducing energy consumption as well as reducing CO_2 emissions.
Our workforce	
The economic climate, the global steel market and related challenges for TSN continue to put pressure on industrial relations and maintaining a critical mass of engineers and other specialist functions.	The long-term success and competitiveness of steel making in the EU requires the ongoing partnership with trade bodies and continuance of beneficial industrial relations in the face of future uncertainties. Strong succession planning must be implemented to ensure continuity in the management of the complex challenges facing TSN. Strategic collaborations continue with technical universities and other relevant schools and talent programmes for graduates, functional trainees and apprentices to improve quality and retention.

Trading in the global steel market

TSN's financial performance is influenced by the global steel market and the economic climate in Europe. The impact of Brexit is currently unknown but is likely to provide TSN with both opportunities and threats.

Regulators from around the world are protecting national steel industries from foreign competition, especially China and the US, with the US in particular imposing additional duties of 25% on imports of steel from the European Union and Mexico. These tougher international trade practices impact global flows of steel products, with risk of more overcapacity and price pressures in Europe.

Overcapacity remains, and the raw materials supply market has greater consolidation than steel, which means that suppliers with strong market power may use this position to their advantage.

As more information emerges on the nature of a potential Brexit, TSN continues to assess the impact on its customer markets and on the procurement decisions of its customers. TSN participates in the TSE wide Brexit working group.

US steel manufacturers cannot currently meet in full the market demand and lobbying by TSN alongside US customers continues.

Long-term competitiveness

TSN's manufacturing facilities are largely in Europe, which is a relatively high cost area and an area where demand growth for steel products is lower than in developing parts of the world.

Increasing raw material costs and competing materials challenge the long-term competitiveness of TSN's products.

TSN will continue to target and sell a high value, differentiated product mix and will continue to invest in commercial and operational improvement initiatives, delivering significant cost savings and differentiated propositions in the steel market.

In order to maintain its ability to successfully compete in the long term. TSN is undertaking a number of initiatives, including cost reduction measures and business specific improvement plans.

Raw materials and energy

TSN has limited access to captive iron ore and coal supplies. Therefore access to and pricing of raw materials supplies depend, to a large extent, on worldwide supply and demand relationships, notably iron ore, metallurgical coal and scrap.

TSN maintains operations through strong supplier relationships and flexible sourcing. TSN continues to closely monitor market conditions and seek to put in place contractual arrangements to ensure security of critical supplies.

TSN is working with suppliers to agree competitive prices and has agreed a range of pricing bases, whilst adjusting its commercial portfolio to maximise opportunities presented by moves to shorter term pricing.

Exposure to energy shortages and price increases are mitigated by accelerating the implementation of initiatives to improve the Group's energy efficiency which include capital expenditure.

Performance and operations	
Even though steel margins have improved in Europe, there are ongoing challenges due to the overcapacity in Europe and the slowdown in China. The persistent overcapacity in Europe is expected to continue with demand forecast to increase by around 1% p.a. over the next 10 years.	Whilst TSN seeks to increase differentiated/premium business that is less dependent on market price movements, it still retains focus in IJmuiden on improving its operations, consistency, and taking measures to protect against unplanned interruptions and property damage. In 2018, the TSE wide Journey to Quality Excellence was initiated, supported by a dedicated team. Best practices in asset management, enhancing technical knowledge and skills, improving process safety, targeted capital expenditure and focused risk management.
Asset integrity	
Aging assets have an increased risk for asset failures, potentially resulting in: a. Unplanned downtime and costs, b. Loss of customers and orders due to inability to deliver quality products to time, c. Increased safety risk profile. Selective capital and operational expenditure limitations restrict the repairs and replacements of our assets. Efficiency management has reduced stock of spares and this potentially decreases the speed in which we can return the asset to operation.	Our priority at all times is health and safety. The Capital Expenditure process prioritizes Health, Safety and Environment spend, the remaining budget is available for essential replacement, strategic developments and other payback schemes. This is a risk based approach aligned to a common TSN risk appetite and ensures adequate investment to maintain business interruption insurance cover. Capital expenditure is an essential part of our mitigation strategy. Further mitigation is done by adequately following the maintenance process, as per the Journey to Reliability and adequately funding the maintenance budget, both in regular and corrective maintenance budgets as well as in risk based improvements.
Cyber Crime	
Recent Cyber Crime incidents indicate a focus of demanding ransom and/or blackmailing of larger companies worldwide. Cyber Crime could lead to business interruption and significant loss of assets.	The Tata Steel Europe Group has a security team, which is continuously assessing and addressing potential risk. Use is made of specialised companies to regularly test the security of IT systems. In addition, Tata Steel Europe Group is increasing its resources to increase the security of its systems and networks.

Exchange rates

TSN derives most of its revenue in the EU. Major raw material purchases are denominated mainly in US dollars. As a result, TSN is impacted by the relationship between the Euro and the US dollar. In general, a strengthening of the Euro reduces the Euro value of export revenues from the EU, it improves the relative competitiveness of steel producers in countries with weaker currencies enabling them to discount prices in the EU market, and it exposes customers to similar pressures leading to a reduction in demand for steel in the EU. In contrast, a strengthening of the Euro reduces the Euro cost of the raw materials, which are purchased predominantly in US dollars.

TSN operates a hedging policy to minimise the volatility of rapid and significant movements in these exchange rates. TSN is also actively diversifying its geographic customer base which helps mitigate dependence on particular currency zones.

Composition of the Board of Management

During FY19 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 of male and female board members with future appointments.

Prospects for 2019/20

The World Steel Association predicts that growth of global steel demand will decelerate to 1.4% in 2019 in line with reduced economic growth. EU steel demand is expected to grow by only 0.5% in 2019. Margins are expected to remain under pressure in 2019 as further reductions to global overcapacity are unlikely.

Post balance sheet events

In April 2019 a new two year TS IJmuiden collective labour agreement (CLA) was negotiated with a wage level increase of 6.5% over two years.

On 30 June 2018 TSL and thyssenkrupp AG (‘tk’) signed definitive agreements to create a new 50:50 joint venture (‘JV’) company called thyssenkrupp Tata Steel (‘tkTS’). On 10 May 2019 TSL and tk announced that activities to complete the JV had been suspended due to the unlikelihood of obtaining merger control approval from the European Commission (‘EC’). The anticipated refusal for merger control approval was subsequently confirmed by the EC on 11 June 2019.

Board of Management

Th.J. Henrar, Chairman

J.E. van Dort

J. van den Berg

IJmuiden, 26 June 2019

Consolidated income statement

For the financial year ended 31 March

	Note	2019 €m	2018 €m
Revenue	1	**5,381**	5,164
Operating costs	2	**(5,133)**	(5,018)
Operating profit		**248**	146
Finance costs	5	**(7)**	(6)
Finance income	5	**7**	8
Share of post-tax (losses)/profits of joint ventures and associates	10(iii)	**(3)**	9
Profit before taxation		**245**	157
Taxation	6	**(68)**	(42)
Profit after taxation		**177**	115
Attributable to:			
Owners of the Company		**176**	115
Non-controlling interests		**1**	-

All references to 2019 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 34 refer to the financial year ended 31 March 2019 or as at 31 March 2019 as appropriate (2018: the financial year ended 31 March 2018 or as at 31 March 2018).

Notes and related statements forming an integral part of these consolidated accounts appear on pages 22 to 54.

Consolidated statement of comprehensive income

For the financial year ended 31 March

	Note	2019 €m	2018 €m
Profit after taxation		**177**	115
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loses)/gains on defined benefit pension and other post-retirement plans	30	**(14)**	4
Items that may be reclassified subsequently to profit or loss:			
(Losses)/gains arising on cash flow hedges	20 (iv)	**18**	(18)
Exchange rate movements on currency net investments		**3**	(4)
Income tax relating to items that may be reclassified	20 (iv)	**(5)**	5
Other comprehensive income/(loss) for the year net of tax		**2**	(13)
Total comprehensive income for the year		**179**	102
Attributable to:			
Owners of the Company		**178**	102
Non-controlling interests		**1**	-

Notes and related statements forming an integral part of these consolidated accounts appear on pages 22 to 54.

Consolidated balance sheet

As at 31 March	Note	2019 €m	2018 €m
Non-current assets			
Goodwill	7	**8**	8
Other intangible assets	8	**100**	105
Property, plant and equipment	9	**1,920**	1,816
Equity accounted investments	10	**42**	47
Other investments	11	**7**	6
Other non-current assets	12	**3**	3
Deferred tax assets	22	**16**	20
Non-current tax assets	14	**2**	-
		2,098	2,005
Current assets			
Inventories	13	**995**	1,017
Trade and other receivables	15	**1,252**	1,076
Current tax assets	14	**27**	30
Cash and short-term deposits	16	**29**	40
		2,303	2,163
TOTAL ASSETS		**4,401**	4,168
Current liabilities			
Borrowings	18	**(29)**	(46)
Trade and other payables	17	**(1,048)**	(1,051)
Current tax liabilities	14	**(135)**	(97)
Retirement benefit obligations	30	**(6)**	(3)
Provisions and other liabilities	21	**(61)**	(50)
		(1,279)	(1,247)
Non-current liabilities			
Borrowings	18	**(61)**	(44)
Deferred tax liabilities	22	**(1)**	(1)
Retirement benefit obligations	30	**(124)**	(125)
Provisions for liabilities and charges	21	**(114)**	(109)
Other non-current liabilities	19	**(3)**	(3)
Deferred income	23	**(5)**	(8)
		(308)	(290)
TOTAL LIABILITIES		**(1,587)**	(1,537)
NET ASSETS		**2,814**	2,631
Equity			
Called-up share capital	24	**388**	388
Share premium account		**17**	13
Other components of equity		**2,409**	2,231
Equity attributable to owners of the Company		**2,814**	2,632
Non-controlling interests		**-**	(1)
TOTAL EQUITY		**2,814**	2,631

Notes and related statements forming an integral part of these consolidated accounts appear on pages 22 to 54.

Consolidated statement of changes in equity

	Called-up share capital €m	Share premium account €m	Retained earnings €m	Hedging reserve €m	Translation reserves €m	Total €m	Non-controlling interests €m	Total equity €m
Balance as at 31 March 2017	**388**	**13**	**2,176**	**14**	**14**	**2,605**	**(1)**	**2,604**
Profit after taxation	-	-	115	-	-	**115**	**-**	**115**
Other comprehensive income for the period	-	-	4	(13)	(4)	**(13)**	**-**	**(13)**
Total comprehensive income/(loss) for the year	-	-	119	(13)	(4)	**102**	**-**	**102**
Dividends paid	-	-	(75)	-	-	**(75)**	**-**	**(75)**
Balance as at 31 March 2018	**388**	**13**	**2,220**	**1**	**10**	**2,632**	**(1)**	**2,631**
Profit after taxation	**-**	**-**	**176**	**-**	**-**	**176**	**1**	**177**
Other comprehensive income for the period	-	-	(14)	13	3	**2**	**-**	**2**
Total comprehensive income/(loss) for the year	-	-	162	13	3	**178**	**1**	**179**
Share premium contribution	-	4	-	-	-	**4**	**-**	**4**
Balance as at 31 March 2019	388	17	2,382	14	13	**2,814**	**-**	**2,814**

Notes and related statements forming an integral part of these consolidated accounts appear on pages 22 to 54.

Consolidated statement of cash flows

For the financial year ended 31 March

	Note	2019 €m	2018 €m
Operating activities			
Profit after taxation		**177**	115
Adjustments for:			
Tax	6	**68**	42
Profit on disposal of property, plant and equipment	2	**(21)**	(1)
Profit on disposal of group companies	31	**(2)**	-
Interest income	5	**(7)**	(8)
Interest expense	5	**7**	6
Loss on loan revaluations		**-**	1
Share of results of joint ventures and associates	10(iii)	**3**	(9)
Depreciation and amortisation including impairments (net of grants released)	2	**215**	208
Movement in pension prepayments and provisions		**9**	(2)
Movement in insurance and other provisions		**(8)**	44
Movement in loose plant, tools and spares		**11**	11
Movement in inventories		**16**	26
Movement in receivables		**(166)**	(91)
Movement in payables		**14**	(115)
Rationalisation costs provided	21	**2**	2
Utilisation of rationalisation provisions	21	**(2)**	(1)
Cash generated from operations		**316**	228
Interest paid		**(4)**	(3)
Interest element of finance lease rental payments		**(3)**	(3)
Taxation paid		**(28)**	(2)
Net cash flow from operating activities		**281**	220
Investing activities			
Purchase of property, plant and equipment	9	**(308)**	(320)
Sale of property, plant and equipment	9	**24**	3
Purchase of other intangible assets	8	**(25)**	(19)
Sale of other intangible assets	8	**-**	9
Disposal of subsidiaries	31	**(4)**	-
Dividends from joint ventures and associates	10	**7**	3
Interest received		**7**	7
Net cash flow from investing activities		**(299)**	(317)
Financing activities			
Movement in loans to Group companies		**(1)**	15
Movement in loans from Group companies		**6**	9
Movements in other loans		**2**	19
Deposits		**1**	-
Proceeds from issue of equity		**4**	-
Capital element of finance lease rental payment		**(5)**	(8)
Proceeds from sale and leaseback transactions		**-**	6
Dividends paid		**-**	(75)
Net cash flow from financing activities		**7**	(34)
(Decrease)/increase in cash and cash equivalents		**(11)**	(131)
Cash and cash equivalents at beginning of period		**33**	165
Effect of foreign exchange rate changes		**-**	(1)
Cash and cash equivalents at end of period		**22**	33
Cash and cash equivalents consist of:			
Cash and short-term deposits	16	**29**	40
Bank overdrafts	18	**(7)**	(7)
		22	33

Notes and related statements forming an integral part of these consolidated accounts appear on pages 22 to 54.

Presentation of consolidated accounts and accounting policies

I Introduction

Tata Steel Nederland BV ('TSN') is based in IJmuiden, in the municipality of Velsen, the Netherlands, and forms part of the Tata Steel Group. The Kamer van Koophandel number for the company is 34005278. 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 shares of TSN are held by Tata Steel Netherlands Holdings BV ('TSNH').

TSN and its subsidiaries ('the Group') form an international steel group that manufactures, processes and distributes steel products.

The 2019 Annual Accounts of TSN were authorised for issue by the Board of Management on 26 June 2019.

II Basis of preparation

TSN is a private limited company incorporated in the Netherlands. The consolidated financial statements of the Group for the year ended 31 March 2019 comprise the Company and its subsidiaries and the Group's interest in its joint venture and associated undertakings.

The consolidated 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 consolidated 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.

The financial statements also contain the separate accounts for the parent company, TSN. The accounts of the parent company are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements for the parent company and Group have been prepared under the historical cost convention, with the exception of the Group financial statements which have been modified by the revaluation of financial assets at Fair Value through Other Comprehensive Income ('FVOCI') and financial assets at Fair Value Through Profit and Loss ('FVTPL').

The Group has prepared consolidated financial statements under the IFRS accounting policies set out below and these policies have been applied consistently to all the periods.

The Board of Management has assessed the ability of the Group 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 amended International Accounting Standards ('IAS') and new IFRSs have been adopted in the current year:

		Effective Date*
IFRS 9	Financial Instruments	1 Jan 2018
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 Jan 2018
IAS 40 (Amendments)	Transfers of Investment Property	1 Jan 2018
IFRIC 22	Foreign currency Transactions and Advance Consideration	1 Jan 2018
IAS 28 (Amendments)	Investments in Associates and Joint Ventures	1 Jan 2019

** periods commencing on or after*

The Amendments to the above Standards did not have a material impact on the TSN financial statements.

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Group has not restated comparatives.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities; and
2) Impairment of financial assets; and
3) General hedge accounting

Applying the new requirements has not had a material impact on the Group's consolidated financial statements.

TSN's accounting policy on financial instruments has been updated to reflect the adoption of IFRS 9 (see Section VII (h)).

Applying the revised Expected Credit Losses ('ECL') methodology did not result in any material change to the loss allowance recorded under IAS 39 since the Group's exposure to credit losses is limited through insurance (see note 15).

Except for the changes to impairment methodology as noted above, the remainder of the differences as a result of adoption of IFRS 9 are limited to immaterial presentational and disclosure changes. Refer to note VI for the revised accounting policy applied across the group.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 "*Revenue from Contracts with Customers*" was issued on 28 May 2014 and provides a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognise revenue as performance obligations are met rather than based on the transfer of risks and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "*Revenue*", IAS 11 "*Construction Contracts*" and a number of revenue-related interpretations. On 12 April 2016, the IASB issued amendments to IFRS 15 which clarify how to identify a performance obligation and determine whether a company is a principal or an agent.

As part of the adoption process, the Group assessed its performance obligations underlying the revenue recognition and assessed variable considerations including rebates, methods for estimating warranties, customised products and principal versus agent considerations. The Group's revenue is predominantly derived from the single performance obligation to transfer steel products under arrangements in which the transfer of risks and rewards of ownership (IAS 18) and the fulfilment of the Group's performance obligation (IFRS 15) occur at the same time. As such, the adoption of this standard did not have a material impact on the consolidated financial statements of the Group. TSN's accounting policy on financial instruments has been updated to reflect the adoption of IFRS 15 (see Section VII (c)).

The required disclosures are presented in note 1.

IV New standards and interpretations not applied

The International Accounting Standards Board ('IASB') has issued the following Standards, which are relevant to the Group's reporting but have either not been applied as they have not been adopted for use in the EU in the year ended 31 March 2019, or have an effective date after the date of these financial statements:

		Effective Date*
IFRS 16	Leases	1 Jan 2019
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 Jan 2019
IAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures	1 Jan 2019
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement	1 Jan 2019
IFRIC 23 (Revised Interpretation)	Uncertainty over Income Tax Treatments	1 Jan 2019
IFRS 3, IFRS 11, IAS 12 & IAS 23 (Amendments)	2015-2017 Annual Improvements cycle	1 Jan 2019
IFRS 17	Insurance Contracts	1 Jan 2021

** periods commencing on or after*

IFRS 16 Leases
IFRS 16, which was endorsed by the EU on 9 November 2017, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance IAS 17 '*Leases*' and IFRIC 4 '*Determining Whether an Arrangement Contains a Lease*' when it became effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 April 2019.

In preparation for the first-time application of IFRS 16, the Group has recently concluded an implementation project which it initiated in 2017. The project has concluded that IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

The Group has chosen to adopt this standard by applying the modified-retrospective approach with asset amounts set equal to the lease liability on transition per 1 April 2019. The comparative figures will not be restated.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Transition approach and exemptions
The Group has chosen the following:

- Not to make use of the 'grandfather' practical expedient available on transition to IFRS 16, which would exempt the Group to reassess whether a contract is or contains a lease;
- Not to make use of the practical expedient in IFRS 16 to account for each lease component within the contract as a lease separately from non-lease components; and
- Make use of the practical expedient available to place reliance upon the assessment for onerous leases and thereby transfer the provisions currently recognised to impairment of right-of-use assets.

On application of IFRS 16 on 1 April 2019, the Group will apply the following exemptions;

- Exclude short term leases (lease term of 12 months or less); and
- Exclude low-value assets (such as personal computers and office equipment).

Impact on Lessee Accounting
As at 31 March 2019, the Group has non-cancellable operating lease commitments on an undiscounted basis of c.€101m. (See note 26).

Estimated financial impact
TSN has estimated that the adoption of IFRS 16 is likely to include the following impacts on its financial statements:

- *Consolidated balance sheet* - recognise on 1 April 2019 right-of-use assets of c.€49m - €54m.
- *FY20 consolidated income statement* – decrease the result before tax by c.€(1)m. This comprises a decrease of €16m - €18m to operating costs, an increase of €(15)m - €(17)m to depreciation and an increase of €(3)m to the interest expense.

- *FY20 consolidated cash flow statement* - The net impact on the presentation of the cash flow statement from adoption of IFRS 16 is expected to be £nil.

The Company does not expect the remaining new standards to have any material impact on the TSN financial statements.

V Use of estimates and critical accounting judgements

In the application of the Group's accounting policies, which are described in section VI, the BoM are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The BoM considers there are no critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

1) Provisions

Estimates in calculating provisions for environmental remediation, legal claims and employee benefits 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 21.

2) Recognition of deferred tax assets

The recognition of deferred tax assets is subject to estimations of the future available taxable profits that the directors consider to be more likely than not to occur based on the Group's annual plans and future forecasts. Further information can be found in note 22.

3) Post-retirement benefits

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

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

The 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 are 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 Group, 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 Group's policy. Amounts incurred in connection with capital projects that are not directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended (which the Group 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 Group 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. 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 Group 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 Group 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 Group'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 Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

The group operates a number of defined benefit and defined contribution pension plans for its employees.
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 Group 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 Group 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.

TSN participates in the EU Emissions Trading Scheme, initially measuring any rights received or purchased at cost, and recognises a liability in relation to carbon dioxide allowances if there is any anticipated shortfall in the level of allowances 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) Basis of consolidation
The consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows include the Company and its subsidiaries. They also include the Group's share of the profits, net assets and retained post acquisition reserves of joint ventures and associates that are consolidated using the equity method of consolidation.

The profits or losses of subsidiaries, joint ventures and associates acquired or sold during the period are included from the date of acquisition or up to the date of their disposal. All intra-group transactions, balances, income and expenses are eliminated on consolidation, including unrealised profits on such transactions.

(b) Business combinations
On the acquisition of a subsidiary, joint venture or associate, fair values are attributed to the net assets acquired. Any excess of the fair value of consideration given (including the fair value of any contingent consideration) over the fair values of the Group's share of the identifiable net assets acquired is treated as goodwill. The costs of acquisition are charged to profit and loss in the period in which they are incurred. If the fair value of the net assets acquired exceeds the fair value of consideration then these fair values are reassessed before taking the remainder as a credit to profit and loss in the period of acquisition.

Goodwill is recognised as an asset. Although it is not amortised, it is reviewed for impairment annually and whenever there is a possible indicator. Any impairment is recognised immediately in profit and loss and cannot subsequently be reversed. On disposal of a subsidiary, joint venture or associate any residual amount of goodwill is included in the determination of the profit or loss on disposal.

Where an acquisition is achieved in stages, upon obtaining control the previously held equity interest is reassessed at fair value and any resulting gain or loss is recognised in profit and loss.

The Group has applied IFRS 3 (Revised) 'Business Combinations' to business combinations after 1 April 2010. The accounting for business combinations transacted prior to this date has not been restated.

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

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

The steel is often sold with volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.
A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice. Any obligation to provide a refund is recognised as a provision.

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

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

(ii) Rendering of services

In addition to the sale of steel, the group provides the following post-sale services which have been identified as distinct performance obligation under IFRS 15:

1) Bill and Hold Arrangements

A bill and hold arrangement arises when a customer is invoiced for steel that are ready for delivery but are not shipped to the customer until a later date. These sales are recognised when the following criteria are met:

a. the reason for the bill-and-hold arrangement must be substantive (for example, the customer has requested the arrangement);
b. the product must be identified separately as belonging to the customer;
c. the product currently must be ready for physical transfer to the customer; and
d. the entity cannot have the ability to use the product or to direct it to another customer.

Any significant custodial element included in the sales price should be separately recognised over the term of the holding period. On assessment of this requirement, TSN has noted that the effect was immaterial and no adjustment is required.

2) Shipping and Handling Activity

Some shipping arrangements result in TSN incurring the costs to deliver goods to the named port of destination (which include insurance and freight) which are considered to be distinct performance obligations under IFRS 15 as control of the goods passes at the port of shipment but the seller still has a separate obligation to arrange and pay for the freight and/or insurance to the port of destination.
The majority of steel supply contracts will include charges in relation to shipping and handling. There may be a separate fee for shipping and handling costs or shipping and handling might be implicit in the price per ton of the product.

The estimated impact of the deferral of shipping revenue is immaterial to warrant the business to make a regular adjustment in respect of this.

3) Hire Work (Customer Own Material Processing)

The title of ownership has passed at the point of sale, before commencing the hire work. This is therefore considered a distinct performance obligation. Hire work generally only takes a matter of days therefore any adjustment to revenue under IFRS 15 is deemed immaterial.

(d) 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.

(e) Insurance

Most of TSN'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 TSN and those arranged directly by TSN with insurers are charged to the income statement in the period to which they relate.

(f) 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.

(g) 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 exposure to certain foreign exchange transaction risks, the Group enters into forward contracts and options (see (h) below for details of the Group's accounting policies in respect of such derivative financial instruments). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Exchange differences on the retranslation of the opening net investment in foreign enterprises and the retranslation of profit and loss items from average to closing rate are recorded as movements on reserves. Such cumulative exchange differences are transferred to profit and loss on subsequent disposals of the foreign enterprise and for other substantial reductions in capital in these enterprises during the period. Under IAS 21, cumulative translation differences on the consolidation of subsidiaries are only being accumulated for each individual subsidiary from the date of transition to IFRS, being 1 January 2004, and not from their original acquisition date. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on disposal.
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

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

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

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

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

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

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

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables.

For all other financial instruments and in the case of the company intercompany receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months of ECLs.

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

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

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

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

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

(iv) Derivative financial instruments and hedge accounting
In the ordinary course of business the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange, base metal prices and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, forward rate agreements, interest rate swaps and London Metal Exchange ('LME') contracts. The instruments are employed as economic hedges of transactions included in the accounts or forecast for firm contractual commitments. Contracts do not generally extend beyond 6 months, except for certain interest rate swaps and commodity contracts.

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

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

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

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

(v) Embedded derivatives

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

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

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

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

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

(i) 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 Group. 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.

(j) Leases

The Group 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 TSN 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 Group 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.

(k) Joint ventures, joint operations and associates

The results and assets and liabilities of joint ventures and associates are incorporated in the accounts using the equity method of accounting, except where classified as held for sale (see section (l) below).

Investments in joint ventures and associates are initially measured at cost. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired, being goodwill, is included within the carrying value of the joint venture or associate and is subsequently tested for impairment on an annual basis.

Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets acquired is credited to profit or loss in the period of acquisition. The Group's share of post-acquisition profits and losses is recognised in profit and loss, and its share of post-acquisition movement in reserves are recognised directly in reserves. Losses of associates in excess of the Group's interest in those associates are not recognised, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with joint ventures or associates are eliminated to the extent of the Group's interest in those entities and, where material, the results of joint ventures and associates are modified to conform to the Group's policies.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for by recognising the share of assets, liabilities, expenses and income relating to the joint operation.

(l) Non-current assets held for sale and discontinued operations

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

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of this discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount on the face of the income statement, with all prior periods being presented on this basis.

(m) 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.

(n) 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.

(o) 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. Where dividends are paid in kind the asset transferred is measured at fair value and any difference between the fair value and the carrying value of the asset is recognised in the income statement.

Notes to the consolidated accounts

1. Revenue

	2019 €m	2018 €m
Revenue by destination:		
The Netherlands	**795**	838
Europe excluding the Netherlands	**3,535**	3,512
North America	**689**	564
Rest of the world	**362**	250
	5,381	5,164

2. Operating costs

	2019 €m	2018 €m
Costs by type:		
Raw materials and consumables	**2,555**	2,592
Maintenance costs (excluding own labour)	**356**	339
Other external charges (including fuels and utilities, hire charges and carriage costs)	**652**	619
Employment costs (Note 4)	**1,027**	980
Depreciation, amortisation and impairments (Note 8 and 9)	**217**	210
Regional development and other grants released (Note 23)	**(2)**	(2)
Other operating items (including rents, rates, insurance and general expenses)	**376**	374
Changes in inventory of finished goods and work in progress	**23**	(50)
Own work capitalised	**(48)**	(43)
Profit on disposal of property, plant and equipment	**(21)**	(1)
Profit on disposal of group companies (Note 31)	**(2)**	-
	5,133	5,018

The above costs include €8m in respect of restructuring and impairment which relate to Employment costs (€2m) and Depreciation and amortisation (€6m). Further analysis of restructuring and impairment costs is presented in Note 3.

	2019 €m	2018 €m
The above costs are stated after including:		
Amortisation of other intangible fixed assets (Note 8)	**10**	9
Impairment losses related to other intangible fixed assets (Note 3)	**1**	-
Depreciation of owned assets (Note 9)	**196**	189
Impairment losses related to property, plant and equipment (Note 3)	**5**	6
Depreciation of assets held under finance leases (Note 9)	**5**	6
Operating leases:		
Plant and machinery	**12**	12
Leasehold property	**13**	13
Costs of research and development (gross)	**71**	63
Recoveries on research and development	**(3)**	(3)
Impairments against trade receivables (Note 15(ii))	**2**	3
Net exchange rate (gains)/losses	**(17)**	6
Emission rights costs	**22**	20

3. Restructuring and impairment costs

	2019 €m	2018 €m
Provision for restructuring and related measures:		
Redundancy and related costs (Note 4)	**2**	1
Impairment losses related to other intangible assets (Note 8)	**1**	-
Impairment losses related to property, plant and equipment (Note 9)	**5**	6
Other rationalisation costs	**-**	1
	8	8

4. Employees

	2019 €m	2018 €m
The total employment costs of all employees (including directors) in the Group were:		
Wages and salaries	**807**	780
Social security costs	**121**	110
Pension costs (Note 30)	**97**	89
Redundancy and related costs (Note 3 and 21)	**2**	1
	1,027	980

The average number of the Group's employees during the year was 11,493 (2018: 11,406). The analysis by business area and by country was:

	2019	2018		2019	2018
Strip Product MLE	**7,361**	7,132	The Netherlands	**9,364**	9,122
Speciality Businesses	**3,163**	3,269	France	**736**	732
Distribution & Sales Network	**448**	461	Germany	**735**	885
Corporate	**521**	544	Other	**658**	667

Other pension costs can be further analysed as follows:

	2019 €m	2018 €m
Defined benefit schemes (Note 30)	**7**	6
Defined contribution schemes (Note 30)	**90**	83
	97	89

5. Financing items

	2019 €m	2018 €m
Interest expense:		
Bank and other borrowings	**(4)**	(3)
Finance leases	**(3)**	(3)
Finance costs	**(7)**	(6)
Interest income:		
Cash and short-term investments	**-**	1
From Group companies	**7**	7
Finance income	**7**	8
	-	2

6. Taxation

	2019 €m	2018 €m
Dutch corporation tax	**71**	39
Dutch prior year corporation tax	**(10)**	(1)
Other corporation tax	**2**	3
Other prior year corporation tax	**5**	(6)
Current tax	**68**	35
Dutch deferred tax	**-**	4
Other deferred tax	**-**	3
Taxation	**68**	42

In addition to the total taxation charged to the income statement, an amount of €5m has been charged in other comprehensive income in the year (2018: €5m credit).

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

	2019 €m	2018 €m
Profit before taxation	**245**	157
Profit before taxation multiplied by the applicable corporation tax rate of 24.94% (2018: 25.12%)	**61**	39
Effects of:		
Adjustments to current tax in respect of prior periods	**(5)**	(7)
Adjustments to deferred tax in respect of prior periods	**-**	(2)
Change in tax rates in overseas jurisdictions [(i)]	**-**	3
Changes in unrecognised losses and other tax benefits	**13**	11
Other differences	**(1)**	(2)
Total taxation	**68**	42

(i) The €3m prior year charge predominately related to the deferred tax impact of the reduction in the US federal corporate income tax rate from 35% to 21%, effective from 1 January 2018.

The applicable corporation tax rate of 24.94% for 2019 is the average tax rate weighted in proportion to the accounting profit or losses earned in each geographical area. All results arise on continuing activities.

7. Goodwill

	2019 €m	2018 €m
Net book value	**8**	8

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that combination. TSN tests goodwill annually for impairment, or more frequently if there are any indications that goodwill might be impaired. In addition, property, plant and equipment is tested for impairment where there are indicators of impairment.

The recoverable amount of the goodwill has been determined from a value in use calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out to 15 years. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand and the ability of the entity to realise significant savings from approved internal efficiency and improvement programmes currently being implemented, and a discount rate of 8.2% (2018: 8.2%). Changes in selling prices, raw material costs and EU steel demand are based on expectations of future changes in the steel market based on external market sources. Forecast savings from approved internal efficiency and improvement programmes are based on the Group's experience of implementing and deriving benefits from these programmes. A nil growth rate is used to extrapolate the cash flow projections beyond the three-year period of the financial budgets and the pre-tax discount rate of 8.2% (2018: 8.2%) is derived from the Group's WACC and the WACCs of its main European steel competitors. The outcome of the Group's goodwill impairment test as at 31 March 2019 resulted in no impairment of goodwill (2018: no impairment). The BoM believe that no reasonable possible change in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

8. Other intangible assets

2019	Computer software €m	Development costs €m	Patents and trademarks €m	Emission Rights €m	**Total €m**
Cost at beginning of period	96	39	1	42	**178**
Additions	25	-	-	-	**25**
Exchange rate differences	1	-	-	-	**1**
Disposal of group companies	(2)	-	-	-	**(2)**
Disposals	-	-	-	(19)	**(19)**
Cost at end of period	120	39	1	23	**183**
Amortisation at beginning of period	41	31	1	-	**73**
Charge for the period	6	4	-	-	**10**
Impairment charge for the period	1	-	-	-	**1**
Exchange rate differences	1	-	-	-	**1**
Disposal of group companies	(2)	-	-	-	**(2)**
Amortisation at end of the period	47	35	1	-	**83**
Net book value at end of the period	73	4	-	23	**100**

2018	Computer software €m	Development costs €m	Patents and trademarks €m	Emission Rights €m	**Total €m**
Cost at beginning of period	78	39	1	51	**169**
Additions	19	-	-	-	**19**
Disposals	(1)	-	-	(9)	**(10)**
Cost at end of period	96	39	1	42	**178**
Amortisation at beginning of period	39	26	1	-	**66**
Charge for the period	4	5	-	-	**9**
Exchange rate differences	(1)	-	-	-	**(1)**
Disposals	(1)	-	-	-	**(1)**
Amortisation at end of the period	41	31	1	-	**73**
Net book value at end of the period	55	8	-	42	**105**

The remaining amortisation period for development costs is approximately 1 years (2018: 2 years).

9. Property, plant and equipment

2019	Land and buildings €m	Plant and machinery €m	Assets under construction €m	**Total €m**
Cost or valuation at beginning of period	1,095	6,623	515	**8,233**
Additions	-	75	249	**324**
Exchange rate movements	3	14	-	**17**
Transfers to/(from) assets under construction	66	221	(287)	**-**
Disposals	-	(53)	-	**(53)**
Disposal of group companies	(11)	(22)	-	**(33)**
Cost or valuation at end of period	1,153	6,858	477	**8,488**
Depreciation at beginning of period	888	5,508	21	**6,417**
Charge for the period	17	184	-	**201**
Impairment charge for the period	-	5	-	**5**
Exchange rate movements	3	12	-	**15**
Transfers to/(from) assets under construction	-	21	(21)	**-**
Disposals	-	(38)	-	**(38)**
Disposal of group companies	(11)	(21)	-	**(32)**
Depreciation at end of period	897	5,671	-	**6,568**
Net book value at end of period	256	1,187	477	**1,920**

2018	Land and buildings €m	Plant and machinery €m	Assets under construction €m	Total €m
Cost or valuation at beginning of period	1,097	6,463	419	**7,979**
Additions	2	73	276	**351**
Exchange rate movements	(6)	(22)	(1)	**(29)**
Transfers to/(from) assets under construction	6	173	(179)	**-**
Disposals	(4)	(64)	-	**(68)**
Cost or valuation at end of period	1,095	6,623	515	**8,233**
Depreciation at beginning of period	872	5,404	21	**6,297**
Charge for the period	17	178	-	**195**
Impairment charge for the period	4	2	-	**6**
Exchange rate movements	(4)	(22)	-	**(26)**
Disposals	(1)	(54)	-	**(55)**
Depreciation at end of period	888	5,508	21	**6,417**
Net book value at end of period	207	1,115	494	**1,816**

There were no borrowing costs capitalised during the year (2018: nil).

Consistent with the annual test for impairment of goodwill as at 31 March 2019 (see note 7) property, plant and equipment was also tested for impairment at that date where indicators of impairment existed. The outcome of this test indicated that the value in use of the Group's CGU's against which property, plant and equipment is included using a discount rate of 8.2% (2018: 8.2%), was higher than their carrying value. Therefore no impairment charge has been recognised as a result of this exercise in the current year (2018: €6m). However, an impairment charge of €5m has been recognised in the year on specific assets in Tata Steel IJmuiden.

	2019 €m	2018 €m
The net book value of land and buildings compromises:		
Freehold	**199**	173
Long leasehold (over 50 years unexpired)	**9**	10
Short leasehold (in less than 50 years expired)	**48**	24
	256	204
Which may be further analysed as:		
Assets held under finance leases:		
Cost	**84**	59
Accumulated depreciation	**(36)**	(33)
	48	26
Owned assets	**208**	181
	256	207

The net book value of plant and machinery compromises:		
Assets held under finance leases:		
Cost	**109**	109
Accumulated depreciation	**(84)**	(79)
	25	27
Owned assets	**1,162**	1,088
	1,187	1,115

10. Equity accounted investments

As at 31 March	Interest in joint ventures €m	Investments in associates €m	**2019 Total €m**	2018 Total €m
Cost at beginning and end of period	7	8	**15**	15
Share of post-acquisition reserves at beginning of period	16	16	**32**	26
Share of results in period retained	2	-	**2**	9
Dividends	(2)	(5)	**(7)**	(3)
Share of post-acquisition reserves at end of period	16	11	**27**	32
Net book value at end of period	23	19	**42**	47
Net book value at beginning of period	23	24	**47**	41

(i) Summarised information in respect of the Group's joint ventures is presented below:

As at 31 March	**2019 €m**	2018 €m
The share of assets and liabilities of the Group's joint ventures is as follows:		
Non-current assets	**14**	11
Current assets	**33**	33
Current liabilities	**(19)**	(17)
Non-current liabilities	**(5)**	(3)
Group's share of net assets	**23**	24
The share of revenue and expenses of the Group's joint ventures are as follows:		
Revenue	**102**	94
Expenses	**(100)**	(91)
Group's share of joint ventures' profit for the period	**2**	3
Dividend received	**(2)**	(1)
Group's share of retained profit for the period	**-**	2

(ii) Summarised information in respect of Group's associates is presented below:

As at 31 March	**2019 €m**	2018 €m
Summarised balance sheet information		
Total assets	**101**	110
Total liabilities	**(41)**	(41)
Net assets	**60**	69
Group's share of net assets	**19**	24
Summarised income statement information		
Revenue	**340**	356
Profit for the period	**2**	18
Group's share of associates profit for the period	**-**	6
Dividend received	**(5)**	(2)
Group's share of retained profit for the period	**(5)**	4

(iii) The share of post-tax (losses)/profits of joint ventures and associates as disclosed in the income statement arose as follows:

	2019 €m	2018 €m
Group's share of joint ventures' profit for the period	**2**	3
Group's share of associates profit for the period	**-**	6
Sale adjustment	**(5)**	-
Total (loss)/profit on joint ventures and associates for the year	**(3)**	9

11. Other investments

	Other Loans and receivables €m	Other investments €m	**2019 Total €m**	2018 Total €m
Carrying value at beginning of period	5	1	**6**	7
Additions	15	1	**16**	-
Disposals	-	-	**-**	(1)
Impairment	(15)	-	**(15)**	-
Carrying value at end of period	5	2	**7**	6

12. Other non-current assets

As at 31 March	**2019 €m**	2018 €m
Other receivables	**3**	3

13. Inventories

As at 31 March	**2019 €m**	2018 €m
Raw materials and consumables	**304**	297
Work in progress	**328**	368
Finished goods and goods for resale	**363**	352
	995	1,017

The value of inventories above is stated after impairment of €16m (2018: €17m) for obsolescence and write-downs to net realisable value. Work in progress includes semi-finished and partly processed materials.

14. Tax assets / (liabilities)

2019	**Assets €m**	**Liabilities €m**
Other corporation tax – Non-current	**2**	**-**
Dutch corporation tax – Current	**23**	**(133)**
Other corporation tax – Current	**4**	**(2)**
	29	**(135)**

2018	Assets €m	Liabilities €m
Dutch corporation tax – Current	25	(94)
Other corporation tax - Current	5	(3)
	30	(97)

As at 31 March 2019 the Dutch corporation tax balances contain a €110m net payable owed to TSNH (2018: net payable of €69m).

15. Trade and other receivables

As at 31 March	**2019 €m**	2018 €m
Trade receivables	**560**	542
Less provision for impairment of receivables	**(7)**	(7)
	553	535
Amounts owed by other Tata Steel companies (Note 32)	**358**	188
Amounts owed by joint ventures (Note 32)	**14**	11
Amounts owed by associates (Note 32)	**-**	9
Derivative financial instruments (Note 20)	**17**	6
Derivative financial instruments owed by Group companies (Note 20)	**-**	1
Other taxation	**11**	11
Prepayments	**29**	41
Other receivables	**42**	42
Loans to other Tata Steel companies	**227**	231
Interest owed by other Tata Steel companies	**1**	1
	1,252	1,076

(i) Trade receivables are further analysed as follows:

As at 31 March 2019	**Gross amount €m**	**Subject to credit insurance cover €m**	**Impairment provision €m**	**Net credit risk €m**
Amounts not yet due	**521**	**(500)**	**-**	**21**
One month overdue	**22**	**(20)**	**-**	**2**
Two months overdue	**4**	**(4)**	**-**	**-**
Three months overdue	**1**	**-**	**-**	**1**
Greater than three months overdue	**12**	**(2)**	**(7)**	**3**
	560	**(526)**	**(7)**	**27**

As at 31 March 2018	Gross amount €m	Subject to credit insurance cover €m	Impairment provision €m	Net credit risk €m
Amounts not yet due	500	(481)	-	19
One month overdue	19	(16)	-	3
Two months overdue	4	(4)	-	-
Three months overdue	7	(7)	-	-
Greater than three months overdue	12	(2)	(7)	3
	542	(510)	(7)	25

The Group considers its maximum exposure to credit risk with respect to third party customers at 31 March 2019 to be €27m (2018: €25m), which is the fair value of trade receivables (after impairment provisions) less those that are subject to credit insurance cover as shown in the table above. The other classes of financial assets within trade and other receivables do not contain impaired assets. There is no concentration of credit risk with any particular third party customer.

There was no impact recorded as a result of applying the ECL methodology under IFRS 9.

Credit risk management is discussed further in Note 20(d).

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

As at 31 March	**2019 €m**	2018 €m
At beginning of period	**7**	7
Impairments in the period (Note 2)	**2**	3
Amounts utilised, exchange rate translation and other movements	**(2)**	(3)
At end of period	**7**	7

(iii) The loans to other Tata Steel companies include amounts of €18m (2018: €18m) at a weighted average fixed interest rate of 3.4% and €209m (2018: €213m) at a weighted average floating interest rate of 2.9%.

(Loans to other Tata Steel companies can be further analysed by currency as follows:

As at 31 March	**2019 €m**	2018 €m
Euros	**206**	211
US Dollar	**18**	18
Swedish Krona	**3**	2
	227	231

(v) Loans to other Tata Steel companies at 31 March 2019 include a loan to TSNH of €150m and a loan to Tata Steel UK Limited ('TSUK') of €50m. In view of the full guarantees for these loans that have been provided by Tata Steel Global Holdings Pte Ltd ('TSGH') to TSN, Management is confident that these loans are fully recoverable. In addition, there are opportunities for future settlement of these loans with amounts payable to TSNH and TSUK.

(vi) Amounts owed by other Tata Steel companies include €295m (2018: €138m) owed by TSUK and €63m (2018: €50m) owed by other Tata Steel companies.

16. Cash and short-term deposits

As at 31 March	2019 €m	2018 €m
Cash at bank and in hand	**29**	40
	29	40

The currency of cash balances of the Group is as follows:

	2019 €m	2018 €m
Euros	**7**	27
US Dollars	**12**	4
Other currencies	**10**	9
	29	40

17. Trade and other payables

As at 31 March	2019 €m	2018 €m
Trade payables	**478**	490
Amounts owed to other Tata Steel companies	**65**	67
Amounts owed to joint ventures	**-**	1
Amounts owed to associates	**3**	3
Other taxation and social security	**48**	31
Capital expenditure creditors	**107**	93
Derivative financial instruments (Note 20)	**1**	5
Derivative financial instruments owed to Group companies (Note 20)	**4**	1
Advances from customers	**1**	9
Other payables	**341**	351
	1,048	1,051

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

18. Borrowings

	2019 €m	2018 €m
Current:		
Bank overdrafts	**7**	7
Loans from other Tata Steel companies	**13**	12
Bank and other loans	**-**	19
Obligations under finance leases	**9**	8
	29	46

	2019 €m	2018 €m
Non-current:		
Obligations under finance leases	**61**	44
	61	44

Total borrowings	**90**	90

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

	2019				2018			
	Fixed rate borrowings €m	**Floating rate borrowings €m**	**Zero rate borrowings €m**	**Total €m**	Fixed rate borrowings €m	Floating rate borrowings €m	Zero rate borrowings €m	Total €m
Euros	**73**	**9**	**8**	**90**	71	11	8	90

	2019		2018	
	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	**4.9**	**4.7**	5.3	3.9

The floating rate borrowings are borrowings from other Tata Steel companies bearing interest rates based on Euro LIBOR or official local rates. The weighted average interest rate on short-term borrowings from other Tata Steel companies was nil (2018: 0.8%).

(ii) The maturity of borrowings is as follows:

	2019 €m	2018 €m
In one year or less or on demand	**32**	49
Between one and two years	**10**	9
Between two and three years	**9**	6
Between three and four years	**8**	5
Between four and five years	**8**	5
More than five years	**41**	31
	108	105
Less: amounts representing interest in future minimum lease payments	**(18)**	(15)
	90	90
Analysed as:		
Current liabilities	**29**	46
Non-current liabilities	**61**	44

(iii) Amounts payable under finance leases are as follows:

	Minimum lease payments		Present value of minimum lease payment	
	2019 €m	2018 €m	**2019 €m**	2018 €m
Not later than one year	**12**	10	**9**	8
Later than one year but not more than five years	**34**	25	**24**	17
More than five years	**42**	32	**37**	27
	88	67	**70**	52
Less: future finance charges on finance leases	**(18)**	(15)	**-**	-
Present value of finance lease liabilities	**70**	52	**70**	52

(iv) The maturity of undrawn committed borrowing facilities of the Group is as follows:

	2019 €m	2018 €m
Later than one year but not more than five years	**517**	514
	517	514

Of the revolving credit facility available under TSUKH's SFA, TSN can exclusively use £100m. Each advance would bear interest equal to EURIBOR + 3.43% per annum. The full £100m was undrawn on 31 March 2019 (31 March 2018: £100m undrawn). See Financial Review on page 6 for further details.

TSN also has an internal loan facility available of €400m with TSUKH and TSNH, due to expire in November 2021. Each advance would bear interest equal to LIBOR plus a margin of 0.5% per annum and there are no financial covenants. The full €400m facility was undrawn on 31 March 2019 (31 March 2018: €400m undrawn)

TSUKH and TSNH agreed that in the event the €400m internal loan facility and the £100m RCF are fully drawn by TSN or not available, TSN may approach, at its own discretion and independently, the banking syndicate in TSUKH's SFA directly for additional credit lines.

(v) Furthermore the Group has uncommitted short-term bank facilities in various countries (the Netherlands, France, Germany, Belgium and Switzerland) mostly within the framework of daily treasury operations such as cash pooling but also in order to have guaranteed facilities available related to commercial transactions.

19. Other non-current liabilities

As at 31 March	2019 €m	2018 €m
Other creditors	**3**	3

20. Financial instruments and risk management

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

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

	2019 €m	2018 €m
Financial assets		
Other loans and receivables (Note 11)	**5**	5
Trade and other receivables (Note 15) 1	**1,195**	1,017
Cash and cash equivalents (Note 16)	**29**	40
Other non-current assets (Note 12)	**3**	3
	1,232	1,065
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables (Note 17) 2	**(994)**	(1,005)
Current borrowings (Note 18)	**(29)**	(46)
Non-current borrowings (Note 18)	**(61)**	(44)
	(1,084)	(1,095)
	148	(30)

1 Excludes derivatives, other taxation and prepayments
2 Excludes derivatives, other taxation, social security, and advances from customers

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values with the exception of current and non-current borrowings. The fair value of these are €28m and €59m respectively. The fair value of borrowings would be classified as Level 3 within the fair value hierarchy. The fair value is based on discounted cash flows and reflects the credit risk of counterparties.

(ii) Fair value measurements recognised in the balance sheet

The following table categorises the Group'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 Group's forward currency and commodity contracts). The Group'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.

2019	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets at fair value through other comprehensive income:				
Commodity contracts	-	**11**	-	**11**
Forward foreign currency contracts	**-**	**6**	**-**	**6**
	-	**17**	**-**	**17**
Financial liabilities at fair value through other comprehensive income:				
Commodity contracts	**-**	**(3)**	**-**	**(3)**
Forward foreign currency contracts	**-**	**(2)**	**-**	**(2)**
	-	**(5)**	**-**	**(5)**

2018	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets at fair value through other comprehensive income:				
Commodity contracts	-	5	-	5
Forward foreign currency contracts	-	2	-	2
	-	7	-	7
Financial liabilities at fair value through other comprehensive income:				
Commodity contracts	-	(3)	-	(3)
Forward foreign currency contracts	-	(3)	-	(3)
	-	(6)	-	(6)

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

(iii) Financial risk management and financial instruments

The Group 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 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 BV under policies approved by the BoM. Treasury department as well as Tata Steel Europe Metals Trading BV identify, evaluate and hedge financial risks in close cooperation with the Group's operating units.

(a) Market risk: Foreign exchange risk and management

It is the Group's policy that substantially all the net currency transaction exposure arising from contracted sales and purchases over an approximate 6 month time horizon is hedged by selling or purchasing foreign currency forwards. At 31 March 2019 the notional amounts of outstanding foreign currency contracts was €1,746m (2018: €533m) with a net fair value asset of €4m (2018: €1m liability).

As at 31 March 2019, a 10% appreciation of the Euro against the US dollar would decrease the net assets of TSN by approximately €2m (2018: €3m), decrease equity by approximately €2m (2018: €3m) and have no impact on the operating profit (2018: no impact). The sensitivity analysis has been based on the composition of the dollar denominated financial assets and liabilities of the Group at 31 March, excluding trade payables, trade receivables, other non-derivative financial instruments not in debt, and financial lease obligations, all of which do not present a material exposure.

As at 31 March 2019, a 10% appreciation of the Euro against the Sterling would decrease the net assets of TSN by approximately €1m (2018: no impact), decrease equity by €1m (2018: no impact) and have no impact on the operating profit (2018: no impact).

The net positions of the Euro versus other currencies are of less importance and the sensitivity of a 10% weakening/strengthening of the Euro is therefore not significant.

(b) Market risk: Commodity risk and management

The Group makes use of commodity futures contracts to manage its purchase price risk for certain commodities. Forward purchases are made for zinc, tin and nickel to cover sales contracts with fixed metal prices. At 31 March 2019 the Group had commodity contracts with a total notional value of €129m (2018: €162m) and a net fair value asset of €8m (2018: €2m asset).

As at 31 March 2019, a 10% decrease of the market prices of zinc, tin and nickel would decrease the equity of TSN by approximately €8m (2018: €9m). 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 depending on the point at which the underlying hedged transactions are also recognised.

(c) Market risk: Interest rate risk and management

The financial structure of the Group includes only a small percentage of net assets that have been financed by loans. During 2019 and 2018, the Group's borrowings were denominated in Euros. The Group did not enter into interest rate swap contracts or forward rate agreements. For further details of the borrowings, such as maturity and interest rates, see Note 18.

As at 31 March 2019 the Group had fixed rate borrowings of €73m (2018: €71m), floating rate borrowings of €9m (2018: €11m) and zero rate borrowings of €8m (2018: €8m). If at 31 March 2019 the interest rate would have been 100 bps higher/lower, with all other variables held constant, there would have been no impact on profit after taxes (2018: €1m). There would also have been no impact on the cash flow (2018: €1m).

(d) Credit risk

Cash deposits, trade receivables and other financial instruments give rise to credit risk for the Group 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 TSE's central credit risk management department, are responsible for controlling the credit risk arising from the Group'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 Group 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 Group's theoretical risk is the cost of replacement at current market prices of these transactions in the event of default by counter-parties. The Group 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 Group could not be able to settle or meet its financial liabilities on time and at a reasonable price. The Treasury department is responsible for liquidity and funding, and manages the liquidity risk by maintaining sufficient cash resources and by maintaining the availability of funding through available committed and uncommitted credit facilities, for further information on the credit lines see Note 18. 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 Group'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 at 31 March 2019.

Liquidity risk

	Maturity of contractual undiscounted cash flows			
At 31 March 2019	**Contractual cash flows €m**	**In one year or less or on demand €m**	**Between one and five years €m**	**More than five years €m**
Non-derivative financial liabilities				
Trade and other payables 1	**(994)**	**(994)**	**-**	**-**
Borrowings				
Repayment	**(90)**	**(29)**	**(24)**	**(37)**
Fixed interest	**(18)**	**(3)**	**(10)**	**(5)**
	(1,102)	**(1,026)**	**(34)**	**(42)**
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	**(1,741)**	**(1,741)**	**-**	**-**
Receivables	**1,745**	**1,745**	**-**	**-**
Derivatives commodities: net settlement	**8**	**8**	**-**	**-**
	12	**12**	**-**	**-**
Total	**(1,090)**	**(1,014)**	**(34)**	**(42)**

1 Excludes derivatives, other taxation and social security and advances from customers

The forex derivatives outflow includes €1,176m from liabilities (2018: €395m); the inflow includes €1,174m from liabilities (2018: €392m).

At 31 March 2018	Contractual cash flows €m	In one year or less or on demand €m	Between one and five years €m	More than five years €m
	Maturity of contractual undiscounted cash flows			
Non-derivative financial liabilities				
Trade and other payables 1	(1,005)	(1,005)	-	-
Borrowings				
Repayment	(90)	(46)	(17)	(27)
Fixed interest	(15)	(3)	(7)	(5)
	(1,110)	(1,054)	(24)	(32)
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	(526)	(526)	-	-
Receivables	525	525	-	-
Derivatives commodities: net settlement	2	2	-	-
	1	1	-	-
Total	(1,109)	(1,053)	(24)	(32)

1 Excludes derivatives, other taxation and social security and advances from customers

(iv) Derivative financial instruments

The Group 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:

	2019		2018	
	Assets €m	**Liabilities €m**	Assets €m	Liabilities €m
Current:				
Commodity contracts	**11**	**(3)**	5	(3)
Forward foreign currency contracts	**6**	**(2)**	2	(3)
	17	**(5)**	7	(6)

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

	Forward foreign currency contracts €m	**Commodity contracts €m**	**Taxation €m**	**2019 €m**
Cash flow hedge reserve net of taxation at beginning of period	**(4)**	**5**	**-**	**1**
Fair value recognised	**15**	**3**	**(5)**	**13**
Cash flow hedge reserve net of taxation at end of period	**11**	**8**	**(5)**	**14**

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

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

	2019 €m	2018 €m
Commodity contracts	**129**	162
Forward foreign currency contracts	**1,746**	524

The Group covers substantially 100% of its contracted currency transaction exposure over an approximate 6 month time horizon by way of forward currency exchange contracts.

During the year no significant ineffectiveness from foreign currency hedges was recognised in the income statement (2018: nil).

21. Provisions for liabilities and charges

	Rationalisation Costs (i) €m	Environmental Provisions (ii) €m	Guarantee commitments (iii) €m	Employee Benefits (iv) €m	Other (v) €m	**2019 Total €m**	2018 Total €m
At beginning of period	1	27	8	81	42	**159**	117
Reclassification	-	22	-	-	-	**22**	-
Charged to income statement	2	22	1	9	23	**57**	47
Released to income statement	(1)	(3)	(1)	(2)	(25)	**(32)**	(1)
Utilised during the period	(2)	(18)	(1)	1	(11)	**(31)**	(4)
At end of period	-	50	7	89	29	**175**	159
Analysed as:							
Current liabilities						**61**	50
Non-current liabilities						**114**	109

(i) Rationalisation costs include redundancy provisions as follows:

	2019 €m	2018 €m
At beginning of period	**1**	1
Charged to income statement (Note 4)	**2**	1
Released to income statement	**(1)**	-
Utilised during the period	**(2)**	(1)
At end of period	**-**	1

(ii) The environmental provisions consist of remediation and clean-up activities that are likely to be undertaken in the foreseeable future and of which the costs can reasonably be estimated, together with provisions for CO_2 emission rights. Reclassification relates to CO_2 emission rights included within 'Other payables' in FY18.

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

(iv) 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.

(v) 'Other' includes provisions of €25m (2018: €30m) for costs in respect of anticipated customer claims.

22. Deferred tax

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

	2019 €m	2018 €m
Deferred tax assets	**16**	20
Deferred tax liabilities	**(1)**	(1)
	15	19

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

2019	**Accelerated tax depreciation €m**	**Losses €m**	**Pension €m**	**Inventory €m**	**Provisions €m**	**Other €m**	**Total €m**
At beginning of period	2	6	-	2	4	5	**19**
(Charged)/credited to income statement	6	(6)	1	-	-	-	**1**
(Charged) to other comprehensive income	-	-	-	-	-	(5)	**(5)**
At end of period	8	-	1	2	4	-	**15**

2018	Accelerated tax depreciation €m	Losses €m	Pension €m	Inventory €m	Provisions €m	Other €m	Total €m
At beginning of period	5	6	(3)	5	2	8	23
(Charged)/credited to income statement	(3)	-	3	(3)	2	(6)	(7)
Credited to other comprehensive income	-	-	-	-	-	5	5
Rate movements	-	-	-	-	-	(2)	(2)
At end of period	2	6	-	2	4	5	19

Deferred tax assets of €16m have been recognised at 31 March 2019 (2018: €20m). In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including TSN BoM approved budgets and forecasts. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets. Deferred tax assets have not been recognised in respect of total tax losses of €321m (2018: €248m) of which €321m (2018: €248m) have no expiry date. Deferred tax assets have also not been recognised on other deductible temporary difference of €125m (2018: €118m) which have no expiry.

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 EU participation exemption applies.

23. Deferred income

	2019 **Grants relating to property, plant and equipment €m**	2018 **Grants relating to property, plant and equipment €m**
At beginning of period	**8**	10
Released to income statement (Note 2)	**(2)**	(2)
Disposal of Group companies	**(1)**	-
At end of period	**5**	8

24. Called-up share capital

For more detailed information on called-up share capital, see Parent Company Accounts, Note 7.

25. Future capital expenditure

	2019 €m	2018 €m
Contracted but not provided for	**293**	217
Authorised but contracts not yet placed	**58**	208

26. Operating leases

	2019 €m	2018 €m
Future minimum lease payments for the Group at the end of the period are:		
Not later than one year	**29**	17
Later than one year and not later than five years	**68**	24
More than five years	**4**	5
	101	46

27. Contingencies

	2019 €m	2018 €m
Guarantees given under trade agreements	**16**	5
Others	**33**	58

The Group is also party to a number of contingent claims which may provide the Group with a future inflow or outflow of cash. No amount has been recorded in these financial statements on the basis that the Group does not consider it virtually certain that an amount will be received or no reliable estimate can yet be made for amounts to be paid (if any).

28. Reconciliation of net cash flow to movement in net funds

	2019 €m	2018 €m
Movement in loans to other Tata Steel companies	**(4)**	(15)
Movement in cash and short-term deposits	**(11)**	(131)
Movement in debt	**2**	(20)
Change in net debt resulting from cash flows in period	**(13)**	(166)
Effect of foreign exchange rate movements and other	**(2)**	(10)
Movement in net debt in period	**(15)**	(176)
Net funds at beginning of period	**181**	357
Net funds at end of period	**166**	181

29. Analysis of changes in net funds

	2018 €m	Cash Flow €m	Exchange rate movements and other €m	**2019 €m**
Loans to other Tata Steel companies	231	(4)	-	**227**
Cash at bank and short-term deposits	40	(11)	-	**29**
Bank overdrafts	(7)	-	-	**(7)**
Cash and cash equivalents	33	(11)	-	**22**
Borrowings	(31)	(3)	21	**(13)**
Obligations under finance leases	(52)	5	(23)	**(70)**
Total debt excluding bank overdrafts	(83)	2	(2)	**(83)**
Total net funds	181	(13)	(2)	**166**

Exchange rate and other movements in respect of borrowings relate to a €21m transfer from borrowings to obligations under finance leases.

30. Pensions and post-retirement benefits

Defined contribution schemes
TSN participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by TSN at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior month's contributions that were not due to be paid until after the end of the reporting period. The total cost charged to the income statement in 2019 amounted to €90m (2018: €83m). Of the total cost of €90m, €87m (2018: €80m) related to payments to the Stichting Pensioenfonds Hoogovens ('SPH') pension scheme.

Defined benefit schemes
TSN operates a number of defined benefit pension and post-retirement schemes covering the majority of employees. There are multiple plans, the most significant of which are in Germany and the USA. Benefits offered by these schemes are largely based on pensionable pay and years of service at retirement. With the exception of plans in Germany and France, the assets of these schemes are held in administered funds that are legally separated from the company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders of the scheme, and are responsible for the investment policy with regard to the assets of the fund.

Within Germany, there are three types of defined benefit pension schemes, two of which are closed to new entrants. All of the schemes are unfunded. The scheme for active members in Germany is a pension commitment based on a percentage of the yearly income paid via the pension organisation 'Essener Verband'. The defined benefit schemes in the USA are closed for future accrual. TSN makes sufficient contributions required to fund the cost of benefits provided by the USA schemes and to increase the funding ratio to 100% over a period of 15 years. Pension provision for new entrants in the USA is by means of a defined contribution scheme.

TSN accounts for all pension and post-retirement benefit arrangements using IAS 19 '*Employee Benefits*' with independent actuaries being used to calculate the costs, assets and liabilities to be recognised in relation to these schemes. The present value of the defined benefit obligation, the current service cost and past service costs are calculated by these actuaries using the projected unit credit method. However, the ongoing funding arrangements of each scheme, in place to meet their long-term pension liabilities, are governed by the individual scheme rules and national legislation. The accounting and disclosure requirements of IAS 19 do not affect these funding arrangements.

Actuarial assumptions
A range of assumptions must be used to determine the IAS 19 amounts and the values to be included in the balance sheet and income statement can vary significantly with only small changes in these assumptions. Furthermore the actuarial assumptions used may vary according to the country in which the plans are situated.

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

2019	Germany €m	USA €m	Other €m
Salary growth	2.00	2.00	1.00 to 2.00
Pension increases	1.00 to 1.75	0.00	0.00
Discount rate	1.35	3.95	0.80 to 1.32
Inflation	2.00	3.00	1.00 to 2.00

2018	Germany €m	USA €m	Other €m
Salary growth	2.00	2.00	1.00 to 2.00
Pension increases	1.00 to 1.75	0.00	0.00
Discount rate	1.77	4.10	1.37
Inflation	2.00	3.00	1.00 to 2.00

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

Demographic assumptions are set having regard to the latest trends in life expectancy, plan experience and other relevant data, including externally published actuarial information within each national jurisdiction. The assumptions are reviewed and updated as necessary as part of the periodic actuarial funding valuations of the individual pension and post-retirement plans.

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

- The current service cost is the actuarially determined present value of the pension benefits earned by employees in the current period. It excludes any charges or credits in respect of any deficit or surplus in the scheme respectively and so the cost is unrelated to whether, or how, the scheme is funded.
- Net interest cost / (income) on the liability or asset recognised in the balance sheet.

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

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

Income statement pension costs arose as follows:

2019	Netherlands €m	Germany €m	USA €m	Other €m	**Total €m**
Current service cost	-	2	1	1	4
Net interest cost	-	1	2	-	3
Past service credit	-	-	-	-	-
Defined benefit schemes	-	3	3	1	7
Defined contribution schemes	87	-	-	3	90
Total charge for the period	87	3	3	4	**97**

2018	Netherlands €m	Germany €m	USA €m	Other €m	Total €m
Current service cost	-	3	1	1	5
Net interest cost	-	1	2	-	3
Past service credit	-	-	-	(2)	(2)
Defined benefit schemes	-	4	3	(1)	6
Defined contribution schemes	80	-	-	3	83
Total charge for the period	80	4	3	2	89

Plan assets
The asset classes include national and international equities, fixed income government and non-government securities and real estate. The pension funds invest in diversified asset classes to maximise returns while reducing volatility. The percentage of total plan assets for each category of investment was as follows:

2019	USA %	Other %
Quoted:		
Equities	64.3	15.0
Bonds – Fixed Rate	10.8	75.0
Other	4.9	-
	80.0	**90.0**
Unquoted:		
Real estate	5.1	5.0
Cash and cash equivalents	14.9	5.0
	20.0	**10.0**
Total	**100.0**	**100.0**

2018	USA %	Other %
Quoted:		
Equities	55.1	31.3
Bonds – Fixed Rate	22.4	26.9
Other	6.4	-
	83.9	58.2
Unquoted:		
Real estate	4.7	21.4
Cash and cash equivalents	11.4	20.4
	16.1	41.8
Total	100.0	100.0

Balance sheet measurement
In determining the amounts to be recognised in the balance sheet the following approach has been adopted:

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

Amounts recognised in the balance sheet arose as follows:

2019	Germany €m	USA €m	Other €m	**Total €m**
Fair value of plan assets at end of period	-	78	21	99
Present value of obligation at end of period	(77)	(126)	(26)	(229)
Defined benefit liability at end of period	(77)	(48)	(5)	**(130)**
Disclosed as:				
Defined benefit liability - current	-	(6)	-	(6)
Defined benefit liability - non current	(77)	(42)	(5)	(124)
Defined benefit liability at end of period	(77)	(48)	(5)	**(130)**

2018	Germany €m	USA €m	Other €m	Total €m
Fair value of plan assets at end of period	-	76	18	94
Present value of obligation at end of period	(84)	(114)	(24)	(222)
Defined benefit liability at end of period	(84)	(38)	(6)	(128)
Disclosed as:				
Defined benefit liability - current	-	(2)	(1)	(3)
Defined benefit liability - non current	(84)	(36)	(5)	(125)
Defined benefit liability at end of period	(84)	(38)	(6)	(128)

The movements in the present value of plan assets and defined benefit obligations in 2019 and 2018 were as follows:

2019	Germany €m	USA €m	Other €m	**Total €m**
Plan assets:				
As at 1 April 2018	-	76	18	94
Return on plan assets greater than the discount rate	-	(4)	-	(4)
Interest income on plan assets	-	3	-	3
Contributions from the employer	-	4	2	6
Benefits paid	-	(8)	-	(8)
Exchange rate movements	-	7	1	8
As at 31 March 2019	**-**	**78**	**21**	**99**
Benefit obligations:				
As at 1 April 2018	(84)	(114)	(24)	(222)
Current service cost	(2)	(1)	(1)	(4)
Interest cost on the defined benefit obligation	(1)	(5)	-	(6)
Actuarial loss due to actuarial experience	(2)	(1)	-	(3)
Actuarial (loss)/gain due to financial assumption changes	(5)	(2)	-	(7)
Benefits paid	2	8	-	10
Disposal of group companies	15	-	-	15
Exchange rate movements	-	(11)	(1)	(12)
As at 31 March 2019	(77)	(126)	(26)	**(229)**

Included within other schemes above are post-retirement medical and similar net obligations of €6m (2018: €6m).

2018	Germany €m	USA €m	Other €m	Total €m
Plan assets:				
As at 1 April 2017	-	88	25	113
Return on plan assets greater than the discount rate	-	4	-	4
Interest income on plan assets	-	3	-	3
Contributions from the employer	-	2	1	3
Benefits paid	-	(10)	(1)	(11)
Exchange rate movements	-	(11)	(2)	(13)
Curtailment	-	-	(5)	(5)
As at 31 March 2018	-	76	18	94
Benefit obligations:				
As at 1 April 2017	(80)	(137)	(35)	(252)
Current service cost	(3)	(1)	(1)	(5)
Interest cost on the defined benefit obligation	(1)	(5)	-	(6)
Past service credit	-	-	2	2
Actuarial loss due to actuarial experience	(2)	-	-	(2)
Actuarial (loss)/gain due to financial assumption changes	(1)	1	2	2
Benefits paid	3	11	1	15
Exchange rate movements	-	17	2	19
Curtailment	-	-	5	5
As at 31 March 2018	(84)	(114)	(24)	(222)

Actuarial losses recorded in the Statement of Comprehensive Income for the period were €14m (2018: gains of €4m).

31. Disposal of Group companies

On 15 August 2018, the Group disposed of its investment in Corus Building Systems Bulgaria AD to Horizont Ivanov EOOD.

On 1 October 2018, the Group disposed of its Kalzip businesses (comprising Kalzip GmbH and Corus Aluminium Verwaltungsgesellschafth GMBH (and its subsidiaries)) to Donges SteelTec GmbH.

During the year ended 31 March 2018, no subsidiaries were disposed of by the group.

(i) The net liabilities disposed were as follows:

	2019 €m	2018 €m
Property, plant and equipment (Note 9)	1	-
Inventories	9	-
Trade and other receivables	17	-
Cash and cash equivalents	1	-
Trade and other payables	(8)	-
Short term borrowings	(21)	-
Short term provisions and other liabilities	(2)	
Long term borrowings	(2)	
Long term provisions and other liabilities	(16)	-
Net liabilities disposed	(21)	
Gross consideration due to TSN	2	-
Intercompany adjustments	(20)	
Transaction fees and other adjustments	(1)	-
Profit on disposal	2	-

(ii) Of which net cash flow arising on disposal was as follows:

	2019 €m	2018 €m
Gross consideration due to TSN	2	-
Less: deferred consideration	(1)	-
Less: cash and cash equivalents disposed	(1)	-
Less: transaction costs and other transfers	(4)	
Net cash flow	(4)	-

32. Related party transactions

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

	2019 €m	2018 €m
Sales to joint ventures	**109**	91
Sales to associates	**148**	145
Sales to other Tata Steel companies	**509**	436
Purchases from joint ventures	**2**	3
Purchases from associates	**36**	48
Purchases of raw materials from other Tata Steel companies, acting as an agent	**1,225**	1,228
Other purchases from other Tata Steel companies	**265**	240
Net recharges to other Tata Steel companies	**(41)**	(30)
Amounts owed by other Tata Steel companies (Note 15)	**358**	188
Amounts owed by joint ventures (Note 15)	**14**	11
Amounts owed by associates (Note 15)	**-**	9
Derivative financial instruments owed by Group companies (Note 15)	**-**	1
Derivative financial instruments owed to Group companies (Note 17)	**4**	1
Amounts owed to other Tata Steel companies (Note 17)	**65**	67
Amounts owed to joint ventures (Note 17)	**-**	1
Amounts owed to associates (Note 17)	**3**	3
Tax payable to TSNH (Note 14)	**110**	69
Loans to TSNH (Note 15)	**150**	150
Loans to other Tata Steel companies (Note 15)	**77**	81
Loans from other Tata Steel companies (Note 18)	**13**	12
Interest receivable from other Tata Steel companies (Note 15)	**1**	1

Under the terms of the Policy for Surplus Cash agreed between TSN, Tata Steel UK Limited ('TSUK') and TSNH, a short-term loan of €150m was granted by TSN to TSNH bearing a floating interest rate based on Euribor. The outstanding balance on this loan as at 31 March 2019 was €150m (31 March 2018: €150m). The interest rate and other conditions of this loan are in conformity with market conditions.

The Group has received from Tata Steel Global Holdings Pte Ltd guarantees of €200m for loans it holds to certain other Tata Steel companies.

TSN's Treasury department and Tata Steel Europe Metals Trading BV are responsible for the external hedging of currency and metal risks. They also enter into transactions with TSUK Treasury and other Tata Steel subsidiaries, which are not part of TSN. As at 31 March 2019 the fair value of the currency contracts with these parties was nil (31 March 2018: nil) and the fair value of the metal contracts with these parties amounted to a liability of €nil (31 March 2018: €nil).

Details of transactions with key management personnel are given in 'Further notes to and signing of the annual accounts' on page 60.

33. Subsidiaries and investments

The subsidiary undertakings, joint ventures, joint operations and associates of TSN at 31 March 2019 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
Société Européenne de Galvanisation (Segal) SA
Tata Steel Belgium Packaging Steels N.V.
Tata Steel Belgium Services NV

France
CBS Investissement SAS
SCI Corbeil Les Rives (67.3%)
Inter Metal Distribution (I.M.D.) SAS
Tata Steel France Holdings SAS
Tata Steel France Bâtiments et Systèmes SAS
Tata Steel International (France) SAS
Tata Steel Maubeuge SAS
Unitol SAS

Finland
Naantali Steel Service Centre OY

Germany
Degels GmbH
Fischer Profil GmbH
Hille & Müller GmbH
S.A.B. Profil GmbH
Service Center Gelsenkirchen GmbH
Tata Steel Germany GmbH
Tata Steel International (Germany) GmbH

Italy
Tata Steel International (Italia) Srl

The Netherlands
Beheermaatschappij Industriële Producten B.V.
Corus Primary Aluminium B.V.
C.V. Bénine (76.93%)
Demka B.V.
Esmil B.V.
Huizenbezit Breesaap B.V.
S.A.B.Profiel B.V.
Staalverwerking en Handel B.V.
Tata Steel Europe Distribution B.V.
Tata Steel Europe Metals Trading B.V.
Tata Steel IJmuiden B.V.
Tata Steel Nederland Consulting & Technical Services B.V.
Tata Steel Nederland Services B.V.
Tata Steel Nederland Star-Frame B.V.
Tata Steel Nederland Technology B.V.
Tata Steel Nederland Tubes B.V.

Poland
Corus Tubes Poland Spólka z.o.o.

Sweden
Halmstad Steel Service Centre AB

Switzerland
Montana Bausysteme AG
Tata Steel International (Schweiz) AG

USA
Apollo Metals, Ltd
Hille & Müller USA, Inc
Hoogovens USA, Inc
Oremco, Inc (70%)
Rafferty - Brown Steel Co. Inc. of Conn.
Tata Steel USA, Inc
Thomas Processing Comp.
Thomas Steel Strip Corp.

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

Joint ventures, joint operations and associates

	Classification	Products	2019 Turnover €m		Issued capital Number of shares	% held
France						
Albi Profils SARL	Associate	Construction of industrial buildings in southern France	-	-	-	30
Mexico						
Hoogovens Gan Multimedia SA de CV	Joint Venture	Inactive company (in liquidation)	-	-	-	50
The Netherlands						
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	142	Shares of €454	5,600	49
Wupperman Staal Nederland B.V.	Associate	Purchase, process, refine and sale of steel products and other metal products	328	Shares of €1,000	8,000	30
Norway						
Norsk Stal Tynnplater AS	Joint Venture	Processing of strip and long products	64	Shares of NOK1,000	26,500	50

34. Ultimate and immediate parent company

Tata Steel Netherlands Holdings B.V. is the company's immediate parent company, which is incorporated and registered in the Netherlands.

Tata Steel Limited, a company incorporated in India, is the ultimate parent company and controlling party.

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

Parent company income statement

For the financial period ended 31 March

	2019 €m	2018 €m
Income group companies excluding parent	**196**	125
Other income and charges, after taxation	**15**	(45)
Net profit after taxation	**211**	80

Parent company balance sheet

As at 31 March Before appropriation of the result for the year	Note	**2019 €m**	2018 €m
Fixed assets			
Financial fixed assets	1	**2,742**	2,549
Loans to group companies	1	**380**	332
		3,122	2,881
Current assets			
Receivables	2	**191**	193
Current tax assets	3	**11**	7
Cash and short-term deposits	4	**-**	-
		202	200
TOTAL ASSETS		**3,324**	3,081
Current liabilities			
Borrowings	5	**(443)**	(423)
Other payables	6	**(67)**	(61)
		(510)	(484)
TOTAL LIABILITIES		**(510)**	(484)
NET ASSETS		**2,814**	2,597
Equity			
Called-up share capital	7	**388**	388
Share premium account	7	**17**	13
Legal Reserves	7	**27**	11
Other Reserves	7	**2,171**	2,105
Result for the year	7	**211**	80
Equity attributable to owners of the Company		**2,814**	2,597

Parent company 2019 accounts

Introduction

The accounts of the parent company included in this section are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code ('DCC').

Art. 2:362 part 8 DCC, allows companies that apply IFRS as adopted by the European Union in their consolidated accounts to use the same measurement principles in their parent company accounts. The Company has decided to use this provision from 1 April 2015 onwards. The accounting policies are described in Presentation of consolidated accounts and accounting policies.

Presentation of parent company accounts and accounting policies

The parent company statement of income has been prepared in accordance with Art. 2:402 DCC, which allows a simplified Statement of income in the Company financial statements in the event that a comprehensive Statement of income is included in the consolidated Group financial statements.

Information on the use of financial instruments is provided in Note 20 of the consolidated report and accounts.

Additional information
For 'Additional information' within the meaning of Art. 2:392 DCC, please refer to section D, Other Information and section E. of this Annual Report, Independent auditor's report.

Notes to the parent company accounts

1. Financial fixed assets

	Investments in group companies €m	Loans to own group companies €m	**Total €m**
Balance sheet value at 31 March 2018	2,549	332	**2,881**
Movements in 2018/19:			
Income group companies	196	-	**196**
Dividend payments	(13)	-	**(13)**
Other comprehensive income	2	-	**2**
Capital additions	8	-	**8**
Reclassification	-	(2)	**(2)**
New loans	-	90	**90**
Provision for impairment	-	(10)	**(10)**
Release of provision for impairment	-	31	**31**
Loan redemptions	-	(61)	**(61)**
At 31 March 2019	2,742	380	**3,122**

Investments in group companies are accounted for using the equity method. Goodwill paid upon the acquisition of investments in group companies is included in the net equity value of the investment and is not separately shown on the face of the balance sheet.

The long-term loans to group companies also include loans, which although formally in the short-term category, are of a long-term economic nature. The list of group companies is presented in Note 33 of the consolidated accounts.

Reclassification relates to a change in classification between Loans to own group companies and Loans to other Tata Steel companies of €2m.

The net release of provisions for impairment of €21m relates to loans receivable with the TSN subsidiary Degels GmbH, due to repayment of the loans taking place during the year. This net release of provisions is the main contributor towards a difference in net profit after tax according to the TSN group consolidated financial statements and the TSN standalone financial statements.

2. Receivables

	2019 €m	2018 €m
Amounts owed by group companies	**12**	9
Interest receivable from group companies	**2**	2
Derivative financial instruments	**17**	21
Other debtors	**1**	-
Loans to other Tata Steel companies	**159**	161
	191	193

Derivative financial instruments comprise forward foreign currency contracts only.

The Company has received from Tata Steel Global Holdings Pte Ltd guarantees of €150m for loans it holds to other Tata Steel companies.

3. Current tax assets

	2019 €m	2018 €m
Dutch corporation tax assets	**11**	7
	11	7

4. Cash and short-term deposits

	2019 €m	2018 €m
Cash at bank and in hand	**-**	-
Cash and short term deposits	**-**	-

5. Borrowings

	2019 €m	2018 €m
Borrowings		
Borrowings from own group companies	**380**	255
Bank and other loans	**63**	168
	443	423

The borrowings from TSN group companies bear interest rates based on EURO Libor or official local rates. These rates are fixed for periods up to six months. The weighted average interest rate on short-term borrowings from other Tata Steel companies was 0.1% (2018: 0.1%).

6. Other payables

	2019 €m	2018 €m
Amounts owed to group companies	**39**	33
Derivative financial instruments	**19**	15
Other payables	**9**	13
	67	61

Derivative financial instruments comprise forward foreign currency contracts only.

7. Capital and reserves

	Share capital €m	Share premium account €m	Legal reserve €m	Other reserves €m	Result for the year €m	**Total €m**
Balance as at 31 March 2017	388	13	28	1,965	211	**2,605**
Appropriated result	-	-	-	211	(211)	-
Profit after taxation	-	-	-	-	80	80
Actuarial gains/(losses)	-	-	-	4	-	4
Translation reserve	-	-	(4)	-	-	(4)
Hedging reserve	-	-	(13)	-	-	(13)
Dividend	-	-	-	(75)	-	(75)
Balance as at 31 March 2018	388	13	11	2,105	80	2,597
Appropriated result	-	-	-	80	(80)	-
Profit after taxation	-	-	-	-	211	211
Actuarial gains/(losses)	-	-	-	(14)	-	(14)
Translation reserve	-	-	3	-	-	3
Hedging reserve	-	-	13	-	-	13
Share premium contribution	-	4	-	-	-	4
Balance as at 31 March 2019	388	17	27	2,171	211	2,814

The authorised share capital of the Company at 31 March 2019 amounts to €1,300,000,000 (31 March 2018: €1,300,000,000) and consists of 130,000,000 Ordinary shares of €10.00 each.

Both at 31 March 2019 and 31 March 2018 38,760,710 Ordinary shares were in issue to a nominal value of €387,607,100. All shares in issue have been fully paid up. All the outstanding Ordinary shares were held by TSNH.

During the year, TSNH made a contribution in specie of share premium on the issued and outstanding shares in the capital of the Company in the amount of €4m (2018: nil).

The shares of Tata Steel Nederland BV have been pledged to the Bank syndicate as security for the Senior Secured Facility Agreement between Tata Steel UK Holdings Limited (formerly Tata Steel UK Limited) and Tata Steel Netherlands Holdings BV (formerly Tata Steel Netherlands BV) and a syndicate of 13 banks.

Legal reserves include the cash flow hedge reserve of €14m (2018: €1m) and the translation reserve of €13m (2018: €10m).

8. Contingent liabilities

	2019 €m	2018 €m
Guarantees and securities on behalf of group companies	**31**	43

Tata Steel Nederland BV has provided a declaration of liability, as referred to in Art. 403, Book 2, of the Dutch Civil Code, for the debts of its subsidiaries Tata Steel Nederland Technology BV, Tata Steel Nederland Services BV and Hoogovens Finance BV.

As of 1 January 2008 Tata Steel Nederland BV and most of its Dutch subsidiaries are part of the fiscal entity “Tata Steel Netherlands Holdings BV”, which is the ultimate parent within the fiscal entity. Under the Dutch Collection of State Taxes Act, the Company and its fellow fiscal unity members are jointly and severally liable for any taxes payable by the group.

The Company has provided letters of support to Corus Primary Aluminium BV, Degels GmbH, Tata Steel Maubeuge SAS, Tata Steel France Bâtiment et Systèmes SAS, Tata Steel France Holdings SAS, Tata Steel Germany GmbH, Naantali Steel Service Centre OY, Tata Steel Nederland Tubes BV and Unitol SAS to enable these companies to continue their operations until the approbation by the shareholder of the financial statements for the year ending 31 March 2020, and for Tata Steel Germany GmbH for the year ending 31 March 2021.

9. Other

No employees are employed by the Company, unchanged from the previous reporting period.

Regarding the statement of audit fees Tata Steel Nederland BV applies the exemption as referred to in Art. 382a Part 3, Book 2 of the Dutch Civil Code.

Further notes to and signing of the annual accounts

Group and affiliated companies and other capital interests
A list forming part of the Annual Accounts with names and other particulars of companies in which Tata Steel Nederland BV directly or via group companies participates or holds capital interests in other ways has been filed with the Trade Register in Amsterdam.

Remuneration of and loans to members of the Board of Management and of the Supervisory Board*

	2019 **€**	2018 €
The total employment costs of the Board of Management of Tata Steel Nederland BV were:		
Emoluments of current and former members	**1,917,887**	1,951,562

* Borne by the Company and its subsidiary or group companies

Employment costs relate to all activities within the Group of the members of the Board of Management.

There were no loans outstanding to members of the Board of Management as at 31 March 2019 or 31 March 2018. An amount of €nil was repaid in the 12 months to 31 March 2019 (12 months to 31 March 2018: €nil).

The Annual General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. This was last done in 2017.

	2019 **€**	2018 €
Remuneration of current and former members of the Supervisory Board*	**185,500**	166,250

* Borne by the Company and its subsidiary or group companies

The members of the Supervisory Board do not own any securities in the Company's capital or rights thereto.

Appropriation of the result for the financial year 2019
We propose to add the profit of €211m over the financial year 2019 to the Other reserves.

During the year ended 31 March 2019 no dividend was paid.

Signing of the Annual Accounts
The 2019 Annual Accounts of Tata Steel Nederland BV have been signed by all the members of the Board of Management and by all the members of the Supervisory Board.

Board of Management

Th.J. Henrar, Chairman
J.E. van Dort
J. van den Berg

Supervisory Board

P.M.M. Blauwhoff, Chairman
M.J.L. Jonkhart
L.M.T. Boeren
J.L.M. Fischer

IJmuiden, 26 June 2019

E. Independent auditor’s report

Independent Auditor’s Report
Reference is made to the Independent Auditor’s Report as included hereinafter.

Appropriation of result according to Articles of Association
Article 36, of the Articles of Association stipulates that, the profit available for distribution is at the disposal of the General Meeting of Shareholders.