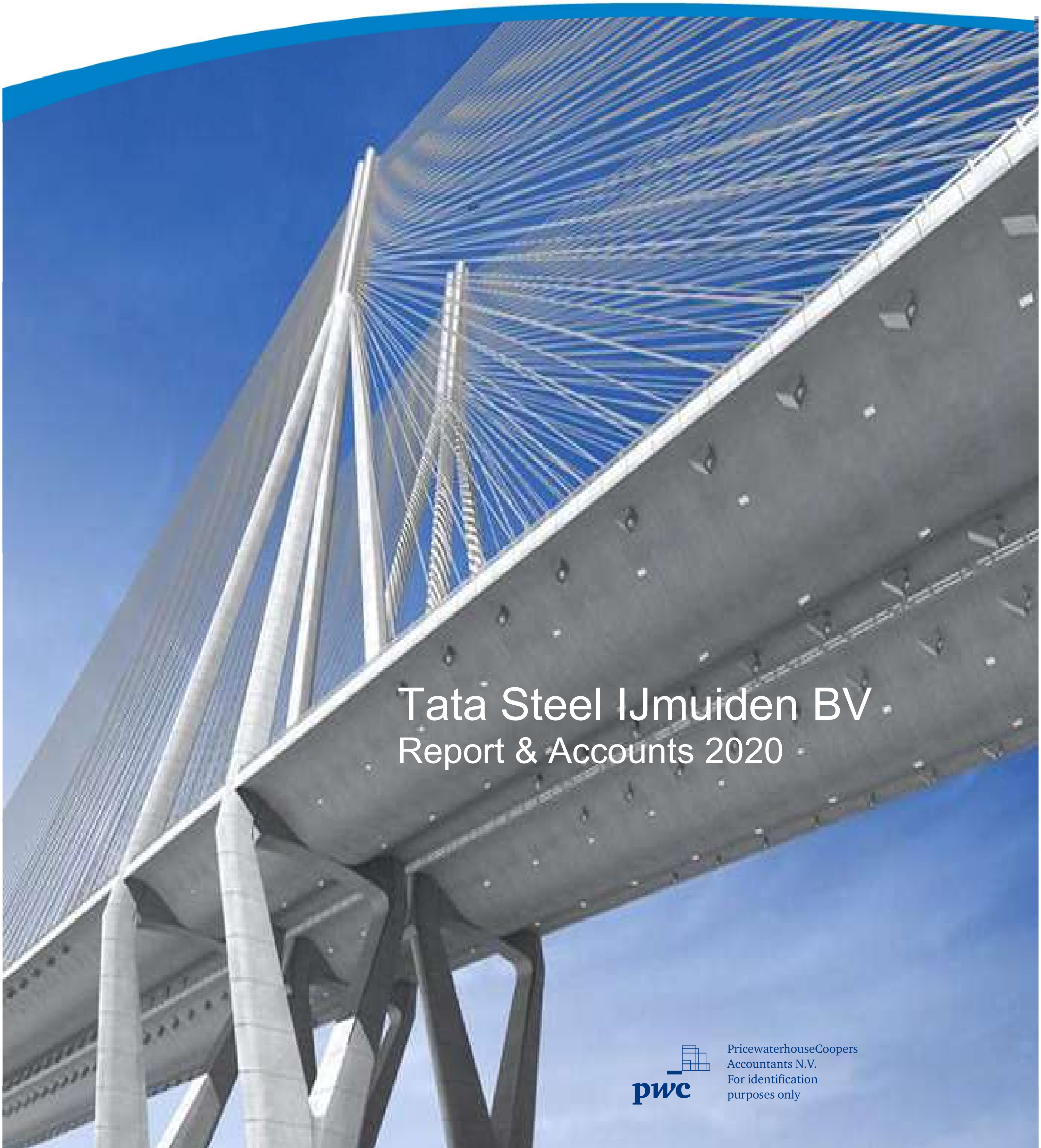
TATA STEEL

TATA



Tata Steel IJmuiden BV
Report & Accounts 2020

PricewaterhouseCoopers
Accountants N.V.
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Contents

A. Report of the Board of Directors

Introduction

The Board of Directors ('BoD') herewith presents the annual report together with the audited accounts of Tata Steel IJmuiden B.V. ('TSIJ' or the 'Company') for the year ended 31 March 2020 ('FY20').

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

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

The BoD hereby declares that, to the best of its knowledge, the Company's financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the Report of the BoD gives a true and fair view concerning the position at 31 March 2020 , the development and performance of the business during the financial year.

The BoD would like to express its gratitude to all TSIJ employees for their contributions to the Company's performance in FY20 and their support to realise the result for the current year.

Principal business activities, objectives and strategy

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

TSIJ produces carbon steel by the basic oxygen steelmaking method at one integrated steelworks in IJmuiden, the Netherlands. This plant produced a total of 6.8mt of steel products in the current year (FY19: 7.1mt). Further processing is done at other TSIJ and TSN subsidiaries.

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

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

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

Important for the future of the Company is the investment program referred to as the Strategic Asset Roadmap ('STAR'). This program will enable a state-of-the art asset base and an extension of the product portfolio in high value products whilst at the same time maintaining the Company's low-cost position in Europe. TSIJ can grow in high-value markets, such as Automotive, Lifting & Excavating, Packaging and Building Systems. This requires a complete product portfolio, very stable production and the highest delivery performance. Targeted investments will allow TSIJ to meet these requirements and will contribute to a sustainable profit for Tata Steel in IJmuiden. In FY18, the first series of investments from this programme have been initiated. In the summer stop of 2019, the first step in increased hot rolled capabilities and the first step in continuous cold rolling was executed. In addition, a second STAR programme is being developed.

On 10 May 2019 TSL and thyssenkrupp AG announced that activities to complete a joint venture had been suspended, as it was anticipated that the joint venture 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 17 June 2019.

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 Europe, changes in the global market for steel influence the financial performance of TSIJ.

Economic climate

Global GDP growth decelerated in 2019 to 2.6% (2018: 3.2%). Growth was negatively impacted by the slowing Chinese economy and US protectionism which impacted global trade. The eurozone economy grew by 1.2% (2018: 1.9%). GDP growth in China continued its gradual slowdown in 2019 to 6.1% (2018: 6.7%). Consumption is gradually becoming a more important economic growth driver as China is slowly losing its cost advantage.

Global steel market

Global steel demand growth in 2019 decelerated to 3.4% (2018: 4.6%). Demand for steel in China increased by 8.0% (2018: 8.5%). Steel demand in the EU declined by -5.6% (2018: 2.4%).

Output growth in the steel-using sectors in the EU declined in 2019, 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. Construction output remained relatively stable due to more locally based demand.

In 2019 global steel production decelerated to 3.0% (2018: 4.7%). Steel production in China increased by 7.7% (2018: 6.4%) and equated to 54% of global steel production. In the EU production was reduced by -5.3% due to low demand and margins (2018: -0.5%).

Raw materials

The principal raw materials used in TSIJ's carbon steelmaking processes are iron ore, metallurgical coal and steel scrap. The market reference price of iron ore fines (China CFR 62%) increased in 2019/20 to US$95/t (+$24/t). The price increased due to strong demand from China and reduced seaborne supply as a result of Vale's Brumadinho dam disaster in Brazil and cyclones in Australia. The hard-coking coal spot price (Australia FOB) decreased to US$165/t (-$36/t) as demand ex-China was weak and China put in place coal import restrictions. The German benchmark E3 scrap price decreased to €221/t (-€40/t) compared to the previous fiscal year.

The price of CO2 emission rights increased to €25/t (+€6/t) in 2019/20, reaching an all-time high in July 2019 at €28/t. Reforms of the EU Emissions Trading System have reduced the supply of permits causing prices to rise.

The European steel spot Hot Rolled Coil price (Germany, parity point) weakened in 2019/20 to €469/t (-€82/t). Margins have declined in Europe due to low demand and high imports.

Trade

In 2019 imports into the EU were 34.7Mt (2018: 39.2Mt). Low margins made it less profitable for exporters to sell material into the EU. In 2019 the market share of imports in the EU declined to 15.2% (2018: 17.0%). The market share of imports in the EU remains historically high.

The EU remains a net importer of steel at 12.7Mt (imports: 34.7Mt, exports: 22.0Mt). The region became a net importer in 2015.

Financial review

Operating profit decreased from €296m in FY19 to an operating loss of €(116)m in FY20, mainly due to lower commercial results and lower volumes. Net turnover decreased to €3,925 from €4,484m in FY19 as a result of poor market conditions. The loss before taxation amounted to €(116)m and the tax credit to €28m. The net loss after taxation amounted to €(88)m, a decrease of €(316)m compared with FY19.

Capital and reserves decreased by €(105)m to €2,563m at the end of FY20.

The decrease of €(105)m consisted of:

- The loss after taxation of €(88)m; and
- Other comprehensive loss of €(17)m consisting of movements in the cash flow hedge reserve.

Net cash flow from operating activities totalled €306m, an increase of €6m compared with FY19. Net cash flow from investment activities amounted to €(280)m (FY19: €(273)m). Including movements in cash flow from financing activities, the net movement in cash and cash equivalents amounted to an inflow of €363m (FY19: €287m inflow).

Capital expenditure

Capital expenditure on tangible fixed assets (including loose plant, tools, and spares additions) in FY20 amounted to

€278m (FY19: €282m). Significant capital expenditure has been committed in the SPMLE business on the Strategic Asset Roadmap Programme (STAR) to support the strategic growth of differentiated, high value products in the automotive, engineering and construction market sectors. During FY20, these included the installation of a new caster (Continuous Caster 23) to allow enhanced casting capabilities for advanced products, the upgrade of the hot strip mill, 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, the new coke oven gas holder, 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. The site invested in several process safety and environmental projects. During the year the site started with the construction of a new facility to process steel plant slag to cope with graphite dust emissions. For the delivery of our high-end products a fully automatic logistics warehouse was commissioned during FY20.

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 is a measure of our safety performance , expressed as the number of incidents leading to absence from work per million worked hours. For SPMLE employees the LTI rate was 0.8 in FY20, which was 0.4 better than last year. The LTI rate for contractors was 3.2 bringing the combined (i.e. employees and contractors) LTI rate to 1.3 (0.4 better than last year).

The FY20 operating result after restructuring, impairment and disposals was lower than in FY19 due to worse commercial results. Deliveries in FY20 decreased by 360kt compared to last year, particularly in the second half of the year.

The lower deliveries were also the main reason for the reduction in liquid steel production by 307kt compared to FY19. The direct sheet plant realised a new annual record output of 1,430kt. Furthermore, the rolling and coating lines incurred an extended summer maintenance stop to implement phase one of the STAR Programme. For the Hot Strip Mill this was the first phase for increased hot rolled capabilities. For the cold mill this was the first phase for continuous cold rolling.

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 FY20 was 1.5, which was 0.4 worse than the previous year.

The FY20 operating result after restructuring, impairment and disposals was below the previous year, due to lower margins and lower volumes. Activity levels in the IJmuiden installations were affected by the weaker order book in Europe and by production related issues.

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 FY20 was 2.5 compared to 2.6 in the previous year.

The FY20 operating result after restructuring, impairment and disposals was better compared to the previous year.

Research & development

Research & Technology programme

Approximately 80% of the TSIJ technology programme was developed under the governance of the Global Expert Committees (‘GECs’) of Tata Steel Europe. The GECs cover process and product market sector developments. The remaining capacity was primarily allocated to the Strategic Thrust programme for various projects including:

- HIsarna technology: Environmentally friendly, low CO2 (at least 20% reduction without Carbon Capture and Storage (CCS), up to 80% with or even negative with also renewable carbon sources) and economic ironmaking. The pilot plant has been transferred to production but studies on this plant to

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further understand the process and to design the next generations are ongoing. Engineering for upscaling (a 1 mln tonnes demo plant) has commenced and will continue in FY21;

- Graphene based value added product development, focused on high value niche products that need both corrosion protection as well as electrical conductivity. Graphene on nickel plated steel has become part of normal new product developments and upscaling is being investigated;
- Physical vapour deposition, a cold zinc coating technology that allows an extension of the zinc coated product range towards the future UHSS automotive grades well above 1000 MPa;
- Laser texturing of strip surfaces to create unique roughness profiles that combine both formability and paint appearance;
- Use of advanced analytics to introduce fundamental changes in manufacturing and all business processes like sales and marketing;
- Various developments on the blast furnace process, including modelling and experimental testing of ceramic materials, to prolong the operating times for blast furnaces beyond current limits.

Process development

The process technology programme in 2019/20 was focused on lean and robust manufacturing processes, better use of raw materials and resolution of quality issues. The programme supports the Group's manufacturing and differentiated product strategy. Key achievements during 2019/20 were:

- Our new Rapid Alloy Development Route (RADaR) was opened, enabling rapid development of new alloys, starting with casting and ending with a tensile test;
- Implementation of advanced cooling paths during rolling of high carbon steels using STORM-lite;
- Implementation of several improvements in the DSP process route, e.g. a novel approach to improving the lifetime of the Submerged Entry Nozzle, and the detection of so-called stickers at the start of a cast;
- The castability of several new grades was assessed on feasibility to implement in our lines;
- This year also the resources aimed towards Direct Business support to deliver quick wins for the business, where R&D effort can make a difference, were increased. Examples are burner tests for the galvanising lines, strip steering in Zodiac, improving performance of the IJmuiden HSM, and improvements in the undesired bending of furnace rolls.

Product market sector developments

A key element of the Group's strategy is the development of new steel products. Structured programmes are initiated with emphasis on the automotive, construction, packaging, engineering and infrastructure sectors.

New products introduced, included

- VALAST range of abrasion resistant steel grades for the engineering sector;
- MagiZinc full finish for the automotive market;
- Cr6+ free TCCT as replacement for ECCS and CFPA products for the packaging market;

People

Health and safety

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

Health and safety plans continue to be deployed across the sites, including deployment of approved TSE Health and Safety standards and codes of practice. TSIJ's safety performance as measured by the combined LTIF improved in 2019/20 to 1.17 compared with 1.58 in 2018/19.

Pension scheme

Stichting Pensioenfonds Hoogovens (SPH), the main pension scheme within TSN, operates the pension scheme of the IJmuiden site in the Netherlands. At the end of its reporting year 2019, SPH had 9.832 still 'active' participants and 14.730 people receiving pensions. The 12-months moving average ('policy') funding ratio was 106 % end of March 2020.

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 concern.

During the year several requests for advice on organisational and financial subjects were discussed and concluded with the Central Works Council.

In 2019 a new TS IJmuiden collective labour agreement has been agreed with the Trade Unions for a two-year period starting 1 April 2019 up to 31 March 2021.

The average age of our workforce is increasing and, due to the higher retirement age, employees will have to continue to work to a higher age than before. These developments call for policies aimed at improving both the ability and the willingness to continue to work longer. Key programmes are agreed with and supported by the Trade Unions and Works Council. An example is the retirement Generation Pact program. Tata Steel and the Trade Unions recognise the importance of employees reaching 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. Various improvement programs aim to keep the total employment costs competitive.

Tata Values

As part of TSE, TSIJ embraces the five 'Tata Values' which are shared by all Tata companies worldwide and inform expected behaviours and practices throughout the TSE Group (Pioneering, Responsibility, Excellence, Unity, Integrity).
TSE's purpose, values, vision, mission, strategy and key messages are communicated to the Group through internal communications, senior manager updates, senior leadership conferences, CEO videos and Town Hall briefings. More detailed information relating to TSE's strategy and values can be accessed on the TSE website https://www.tatasteeleurope.com/en/about–us/strategy.

Environment

Sustainable in Every Sense

Steel is at the heart of our homes, cities, agriculture, transport systems, energy infrastructure, and consumer goods. Infinitely recyclable, steel continues to evolve. Indeed, increasingly advanced steel products and services are ready to support society's increasing demands for a sustainable future.

TSIJ creates true value in the way it works together in partnerships with employees, customers, communities, and all other stakeholders. The company's strength lies in its people and the pride they take in their work. Whether producing today's steel, researching tomorrow's new products, or working closely with customers to make them even more successful in their markets, the pride in the people who work in the steel sector drives everything the company does. It makes all those who work for the company want to exceed customer expectations, invest in cleaner, safer and more sustainable processes, give back to the communities they live and work in, and build and maintain a company fit for generations to come.

Policy

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

To implement its environmental ambition, TSIJ continuously strives to improve the systems that are in place to manage and minimise the effects of the Company's operations. For example, 100% of manufacturing operations within TSIJ are independently certified as meeting the international environmental management system standard, ISO 14001:2015. Furthermore, 100% of TSIJ's products manufactured in the Netherlands are independently certified as meeting the requirements of the sustainable sourcing standard, BES6001.

Climate change is one of the most pressing issues the world faces today, and the wider Tata Steel group aims to play a leadership role in addressing the challenge. Whilst steel is considered a 'hard to abate' sector globally, it is nevertheless an integral part of the solution to climate change as it is durable, adaptable, reusable and recyclable. It is used, for example, in affordable and energy-efficient homes, in lighter, stronger and safer transport systems and in innovative packaging design which contributes to the avoidance of food waste and helps to build resilience through the food supply system. As such, steel will be fundamental to the development of low carbon transportation, renewable energy infrastructure and the sustainable cities of the future.

The Netherlands has set clear climate targets, in line with the signing of the Paris Accord, aiming to reduce CO2 emissions by 49% (compared to 1990) by 2030 and 95% (compared to 1990) by 2050. TSIJ has made substantial progress in embedding a climate perspective into its business operations and decision-making to ensure that its goal of becoming carbon neutral by 2050 will be realised. In the meantime, coordinated actions are being developed to deliver a reduction in carbon emissions by 2030 by a percentage equal to or bigger than that expected from industry in the Dutch Climate Agreement.

The Company established a Carbon Reduction programme for its IJmuiden site in 2016 and, through this programme, continues to build a comprehensive strategy and engage in a wide range of collaborations with external partners developing the feasibility of technologies from carbon capture, use and storage (CCUS) to hydrogen-based steelmaking, from the use of more scrap in the steelmaking process to innovative new smelting technologies.

HIsarna

The Company continues to work on a major long-term project to develop HIsarna, a new smelting reduction technology for which it co-owns the intellectual property rights, to produce steel without the need for coke making or agglomeration processes, thereby improving efficiency, reducing energy consumption and reducing CO2 emissions. The pilot plant is located at IJmuiden. HIsarna development aims for stepwise scale up from: 1) current pilot plant in IJmuiden, towards 2) a larger installation planned in Jamshedpur in India to 3) the option for a full 1-1,5 mt pa plant in IJmuiden. Trials with Indian raw materials were postponed due to outage of the IJmuiden pilot plant, due to revamp activities and permitting requirements. A joint technology/engineering team has started the pre-engineering for the larger plant in Jamshedpur.

H2ermes

TSN, Nouryon and Port of Amsterdam have started a feasibility study (H2ermes) on building a 100 MW green hydrogen plant at the Tata Steel site in IJmuiden. This hydrogen plant will be an important first step for the parties involved. The availability of green hydrogen will also have advantages for the entire Amsterdam metropolitan region as TSN is not the only party to benefit from this new resource.

Feasibility of Carbon Capture, Use & Storage (CCUS)

TSN is a partner in a new project for the construction of a basic capture- and transport infrastructure in the North Sea Canal area which will enable the utilisation or storage of CO2 under the North Sea. The project is a joint initiative between Gasunie, EBN, TSN and The Port of Amsterdam. TSN also has plans to split blast furnace gas and use the carbon monoxide from the process in order to convert it into raw materials for the chemical industry. The joint expertise of the its partner companies offers a unique opportunity to realise a CCUS infrastructure: Tata Steel will capture CO2 and be one of the providers storing its emissions. Gasunie has experience in building infrastructure and transport, EBN has knowledge of geology & storage, and the Port of Amsterdam will provide overall coordination with other companies in the area.

Energy efficiency and CO_2 emissions

Even with Tata Steel's decarbonisation activities moving forward at pace, it is nevertheless still important to ensure that its assets remain highly efficient in the short term, and IJmuiden is one of the most carbon efficient integrated steelworks in the world, with a CO2 emissions intensity of 1.85 tonnes of CO2/tonnes crude steel in FY20.

TSIJ is participating 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 of 2% per annum, covering both process efficiency measures within the manufacturing process and energy saved across the product lifecycle. For 2019 there was a total energy efficiency improvement of 3.8% (2018: 6%), comprising 1.3% process efficiency improvement and 2.5% from the product lifecycle.

The allocation of CO2-credits to the operations of Tata Steel Netherlands under the EU Emissions Trading System (EU ETS) continued to be lower than the emitted volume, with the shortfall between free allowances and actual emissions in 2019 exceeding two million tonnes of CO2, despite IJmuiden being amongst the most carbon efficient integrated steel plants in the world. This ongoing shortfall can be attributed to the use of unachievable benchmarks for the allocation of allowances to steel producers and the application of a cross sectoral correction factor to downwards adjust the free allocations to installations across all so-called carbon leakage sectors.

Environmental Permit issues

Since Summer 2019, the Dutch Government has been taking further actions to implement EU legislation on nitrogen deposition around so-called Natura 2000 areas. In the Netherlands this is generally referred to as the 'PAS discussion'. The IJmuiden site is in close proximity to a Natura 2000 area, which implies that no additional nitrogen deposition is permitted due to the impact that could have on eutrophication (the effect where excessive nutrients build up in natural systems). This has had several implications for Tata Steel's operations, such as complicating permitting for a new reheating furnace at the Hot Strip Mill, with consequential impacts on energy efficiency and delaying the restart of the HIsarna pilot plant, which is now planned to take place later in 2020. From a broader perspective, political parties and provincial authorities in the Netherlands are keen to see further investments in nitrogen emissions reductions. The Dutch governmental Inspection for Local Environments and Transport (ILT) wants the 'Omgevingsdienst' (OD) to enforce a NOx reduction (deNOx) installation on the IJmuiden Pellet Plant. TSN has agreed that it will deliver the provincial authorities an assessment of the cost-effectiveness of applying de-NOx to pelletising, a scheme that could involve an investment in the order of €100M.

During 2019, the provincial authorities demanded that Tata Steel should take further actions to ensure compliance with dust emission limits for the sinter cooler set out in the environmental permit. The authorities have demanded that extra filtering capacity be installed in the first quarter of calendar year 2021. A €15M scheme to achieve this has been worked up and is being progressed.

Environmental complaints

Companies are part of society. Tata Steel's license to operate depends on the balance the company achieves between the value of its products and services to society, the jobs it creates, the contributions it makes to communities and local economies and its environmental footprint. In the period covered in this report, the number of environmental issues and related complaints and health concerns from local residents near the Ijmuiden steelworks and the company responded by increasing its direct contact with the local communities closest to the manufacturing operations. In December 2019, Tata Steel opened an office in Wijk aan Zee in order to get closer to the surrounding the communities. Members of the public are now able to walk into the office with questions. The office is also used to hold regular information evenings on topics related to community and environment. Regular meetings are also in place with local community boards from the IJmond region. The purpose of these meetings is to inform the local community about measures taken by Tata Steel to reduce emissions and avoid environmental nuisance and listen to those involved about their main concerns regarding Tata Steel's activities. Tata Steel also continues to publish an online environmental news report to inform stakeholders about new developments and possible activities that could cause environmental nuisance.

In the period covered by this report (the 12 months ending 31st March 2020) the number of complaints from members of the public relating to environmental issues decreased by 16% compared to the previous 12-month period. 80% of the complaints related to concerns about dust, 17% to odour and 3% to noise.

Regional developments

Although the local air quality is currently in compliance with European air quality standards, local politicians have 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.

National and European Policy developments

On 11th December 2019, the European Green Deal was launched by the European Commission. This includes proposals to support zero carbon steelmaking by 2030, a proposal for a Carbon Border Adjustment (CBA) and a proposal for a chemical strategy for sustainability, to ensure a toxic-free environment.

The Dutch government has launched an air quality plan (Schone Lucht Akkoord). The target is to reduce the health impact of national air pollution by 50% by 2030. The contribution from industry will be achieved through improved BAT implementation in permits, stricter cost-effectiveness criteria and stricter emission levels in air legislation.

From the start of 2021, all companies in The Netherlands have an obligation to report on substances that may impact on public health (so-called Zeer Zorgwekkende Stoffen, or ZZS). This includes a requirement to prepare an inventory of substances and to undertake analysis to understand emissions. TSN is actively progressing its inventory development and analysis.

Principal risks and risk management

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

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

Risk registers that are prepared by the individual entities of TSN are consolidated in an overall TSN risk register, highlighting potential impact of the risks as well as probability of occurrence. The TSN risk register is updated every six months. After every update a selection of the "Top 10" risks and mitigation measures is reviewed by the TSN BoM together with the TSN Supervisory Board.

At TSN level, mitigating measures are identified and put in place. TSIJ applies the same mitigating measures. Full details of the critical risks of TSN can be seen in the TSN Report & Accounts. This document is available from the office of Tata Steel Nederland BV, PO Box 10000, 1970 CA IJmuiden, Netherlands.

Acquisitions and disposals

During the year, TSIJ liquidated its subsidiary Esmil BV as part of TSE's overall strategy to simplify its corporate structure.

During December 2019 the company purchased shares in a subsidiary Tata Steel Metals Trading BV from Corus Primary Aluminium. Tata Steel Metals Trading BV was subsequently merged with Tata Steel Ijmuiden BV on 31 March 2020.

Composition of the Board of Directors

During FY20 the Board of Directors was composed of Mr. Th.J. Henrar, Mr. J.E. van Dort and Mr. J. van den Berg. The Board will strive for equal representation with future appointments. On 18 May 2020 it was announced by TSE that Mr. Th. J. Henrar, Chairman of the Board of Management of TSN, would release his position per 1 June 2020 and leave the company as per 31 December 2020. Subsequently Mr. Henrar has resigned as Chairman of the BoD of TS IJmuiden. The BoD would like to express its gratitude towards Mr. Henrar for his functioning as Chairman for 12 years and the excellent way in which he represented the interest of the company, both internally and externally. A successor of Mr. Henrar has not yet been appointed . Mr. Van den Berg replaced Mr. Henrar as (acting) Chairman.

Prospects for 2020/21

Before the onset of the COVID-19 pandemic, the World Steel Association predicted that EU steel demand in 2020 was expected to recover slightly by 1.2% and that margins were expected to increase in the EU as demand recovers and supply is reduced. However, considering the effects of the COVID-19 pandemic, the Word Steel Association now predicts that EU steel demand will contract by 15.8% in 2020 before recovering by 10.4% in 2021.

Post balance sheet events

Industrial action and agreement with the Unions

On 10 June 2020 the unions started a series of relay strikes at the IJmuiden works, the first one after 28 years. Main drivers for this industrial action were uncertainty about jobs and the impact of the Transformation Programme on employment and organisation structure. After 25 days of strikes an agreement was reached with the Unions which was also supported by the CWC. Some key elements of this agreement are no forced redundancies and no outsourcing of activities related to the Transformation programme and an extension of the '*Werkgelegenheids Pact (WGP)*' and the *'Generatie Pact'* until 1 October 2026.

Securitisation programme

An invoice securitisation programme for Tata Steel IJmuiden BV is in place since August 2020.

Board of Directors

J. van den Berg Chairman

J.E. van Dort

IJmuiden, 23 October 2020

Income statement

For the financial year ended 31 March

	Note	**2020 €m**	2019 €m
Revenue	1	**3,925**	4,484
Operating costs	2	**(4,041)**	(4,188)
Operating (loss)/profit		**(116)**	296
Finance costs	5	**(5)**	(4)
Finance income	5	**5**	11
(Loss)/profit before taxation		**(116)**	303
Taxation	6	**28**	(75)
(Loss)/profit after taxation		**(88)**	228

All references to 2020 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 27 refer to the financial period ended 31 March 2020 or as at 31 March 2020 as appropriate (2019: the financial period ended 31 March 2019 or as at 31 March 2019).

Notes and related statements forming an integral part of these accounts appear on pages 24 to 40.

Statement of comprehensive income

For the financial year ended 31 March

	Note	**2020 €m**	2019 €m
(Loss)/profit after taxation		**(88)**	228
Items that may be reclassified subsequently to profit or loss:			
(Losses)/gains arising on cash flow hedges	16	**(22)**	18
Income tax relating to items that may be reclassified	16	**5**	(4)
Other comprehensive(loss)/income for the year net of tax		**(17)**	14
Total comprehensive (loss)/income for the year		**(105)**	242

Notes and related statements forming an integral part of these accounts appear on pages 24 to 40.

Balance sheet
(after appropriation of net profit/loss)

As at 31 March

	Note	2020 €m	2019 €m
Non-current assets			
Intangible assets	7	**79**	95
Property, plant and equipment	8	**1,838**	1,722
Investments in subsidiaries, joint ventures and associates	9	**60**	66
Deferred tax asset	18	**49**	9
		2,026	1,892
Current assets			
Inventories	10	**797**	779
Trade and other receivables	12	**685**	908
Current tax assets	11	**-**	1
Short term investments	13	**215**	240
Cash and short term deposits	13	**148**	47
		1,845	1,975
TOTAL ASSETS		**3,871**	3,867
Current liabilities			
Borrowings	15	**(45)**	(13)
Trade and other payables	14	**(910)**	(877)
Current tax liabilities	11	**(137)**	(132)
Provisions and other liabilities	17	**(62)**	(32)
		(1,154)	(1,054)
Non-current liabilities			
Borrowings	15	**(54)**	(46)
Provisions and other liabilities	17	**(96)**	(93)
Deferred income	19	**(4)**	(6)
		(154)	(145)
TOTAL LIABILITIES		**(1,308)**	(1,199)
NET ASSETS		**2,563**	2,668
Equity			
Called up share capital	20	**113**	113
Hedging reserve		**(6)**	11
Retained earnings		**2,456**	2,544
TOTAL EQUITY		**2,563**	2,668

Notes and related statements forming an integral part of these accounts appear on pages 24 to 40.

PricewaterhouseCoopers Accountants N.V. For identification purposes only

Statement of changes in equity

	Share capital €m	Hedging reserve €m	Retained earnings €m	**Total €m**
Balance at 1 April 2018	113	(3)	2,316	**2,426**
Profit after taxation	-	-	228	**228**
Other comprehensive result for the year	-	14	-	**14**
Balance at 31 March 2019	113	11	2,544	**2,668**
Loss after taxation	-	-	(88)	**(88)**
Other comprehensive result for the year	-	(17)	-	**(17)**
Balance at 31 March 2020	113	(6)	2,456	**2,563**

Notes and related statements forming an integral part of these accounts appear on pages 24 to 40.

Statement of cash flows

For the financial year ended 31 March

	Note	2020 €m	2019 €m
Operating activities			
(Loss)/profit after taxation		**(88)**	228
Adjustments for:			
Tax	6	**(28)**	75
Profit on disposal of property, plant and equipment	2	**-**	(20)
Profit on sale of subsidiaries	9	**(1)**	
Interest income	5	**(5)**	(11)
Interest expense	5	**5**	4
Depreciation and amortisation including impairments (net of grants released)	2	**205**	193
Movement in pension prepayments and provisions		**-**	10
Movement in insurance and other provisions		**27**	5
Movement in loose plant, tools and spares		**17**	11
Movement in inventories		**(18)**	-
Movement in receivables		**223**	(184)
Movement in payables		**(35)**	27
Rationalisation costs provided	17	**10**	-
Utilisation of rationalisation provisions	17	**(1)**	-
Cash generated from operations		**311**	338
Interest paid		**(2)**	(2)
Interest element of lease rental payments		**(3)**	(2)
Taxation paid		**-**	(34)
Net cash flow from operating activities		**306**	300
Investing activities			
Purchase of property, plant and equipment	8	**(278)**	(282)
Sale of property, plant and equipment	8	**4**	24
Purchase of other intangible assets	7	**(11)**	(24)
Investments with subsidiaries	9	**-**	(2)
Dividends from joint ventures and associates		**3**	8
Dividends from joint operations		**-**	1
Interest received		**2**	2
Net cash flow used in investing activities		**(280)**	(273)
Financing activities			
Movement in loans from Group companies		**5**	7
Movements in other loans		**2**	2
Cash acquired due to mergers	24	**61**	-
Capital element of lease rental payment	24	**(18)**	(3)
Net cash flow (used in)/from financing activities		**50**	6
Increase/(decrease) in cash and cash equivalents		**76**	33
Cash and cash equivalents at beginning of period		**287**	254
Cash and cash equivalents at end of period		**363**	287
Cash and cash equivalents consist of:			
Short Term deposits with TSN	13	**215**	240
Cash at bank and in hand	13	**148**	47
		363	287

Notes and related statements forming an integral part of these accounts appear on pages 24 to 40.

Presentation of consolidated accounts and accounting policies

I Introduction

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

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

The 2020 Annual Accounts of Tata Steel IJmuiden B.V. have been authorised for issue by the Board of Directors on 23 October 2020.

II Basis of preparation

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

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

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

Going concern

In March 2020, the Company first started to experience the negative effects of the global COVID-19 pandemic on the demand for its steel products. In particular the demand in its core automotive and engineering market sectors have reduced significantly, while the demand in the packaging market sector remains stable.

The Company has taken steps to respond to the consequences of these significant steel demand reductions with the objective to preserve liquidity and safeguard continuity of its operations:

- acquiring volumes of additional 'flex' sales, albeit at less attractive margins;
- implementing additional cost control measures;
- conserving cash by reducing or deferring spend including on capital expenditure projects;
- utilising available government support measures, in particular NOW and deferral of payroll tax payments;
- a €200m Debtor Securitisation arrangement has been concluded in August 2020;
- ensuring that production capabilities can be maintained and operated in a way compliant with governmental COVID-19 related instructions and guidance.

Nevertheless, the financial results in the first quarter of 2020/21 are severely impacted and the outlook for the remainder of 2020/21 remains uncertain. In this light, the Company has received a Letter of Comfort from its immediate parent TSN, in which its parent has pledged to provide adequate resources to enable the company to continue its operations under normal conditions until 31 October 2021.

Furthermore, TSE Limited and the operations of TSE Limited's material subsidiaries (including Tata Steel IJmuiden BV and its immediate parent TSN) are backed up in part through working capital facilities provided by T S Global Procurement ('Proco'), a subsidiary of TSL, under arrangements which have been authorised, and are supported, by TSL. TSL has approved the continued provision of this working capital support by way of a non-binding letter of parental support.

The directors have considered a number of financial scenarios ranging in severity, depending on how quickly the general economy, and demand for steel, recover from the effects of the COVID-19 pandemic and recognising that the severity and length of the downturn in steel demand in Europe remains uncertain due to the unprecedented nature of the COVID-19 pandemic. Taking into account the availability of the aforementioned liquidity support arrangements as of the date of these financial statements and for the 18 month period after this date, and also taking into account the earlier described measures the Company has taken, despite the financial results being severely impacted with uncertainty over the remainder of the year, the directors are confident that sufficient liquidity remains available.

Therefore, the directors believe that it is appropriate for the Company to apply the going concern assumption as the underlying assumption for the preparation of the financial statements

The Company has prepared the financial statements under the IFRS accounting policies set out below and these policies have been applied consistently to all the periods with the exception of comparatives relating to IAS 17 and IFRIC 4 leases in 2019 financial period not having been restated for the adoption of the new IFRS 16 Lease standard reporting requirements.

III New Standards and interpretations applied

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

		Effective Date*
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

** periods commencing on or after*

IFRS 16 'Leases' replaces the provisions of IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement Contains a Lease' and specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset is of low value. IFRS 16 'Leases' is effective for annual periods that begin on or after 1 January 2019.

TSIJ has adopted IFRS 16 'Leases' from 1 April 2019 using the modified retrospective transition approach with right-of-use assets measured at an amount equal to the lease liability recognised at date of adoption and accordingly was adopted by the Company from the start of the current year being 1 April 2019. Comparatives for the 2019 financial period have not been restated and continues to be reported under IAS 17 and IFRIC 4.

TSIJ recognised right-of-use assets of €26m and lease liabilities of €26m on adoption.

Transition approach and exemptions

TSIJ has chosen the following:

- Not to make use of the 'grandfather' practical expedient available on transition to IFRS 16, which requires the Company 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 transferring the provision currently recognised to impairment of right-of-use assets;

On application of IFRS 16, the Company has applied the following exemptions;

- Exclude short term leases (lease term of 12 months or less); and
- Exclude low-value assets (valued at less than £10,000 such as personal computers and office equipment).
- Exclude intangible assets.

Measurement of lease liabilities

	2020 €m
IAS 17 operating lease commitment as at 31 March 2019	92
Short-term leases recognised on a straight-line basis as expense	(2)
Adjustments as a result of a different treatment of extension and termination options	(5)
Adjustments relating to changes in the index or rate affecting variable payments*	(49)
Contracts recognised as leases on transition to IFRS 16 "Leases"	(5)
Undiscounted operating lease commitments as at 1 April 2019	31
Effect of discounting using the lessee's incremental borrowing rate as at 1 April 2019 of 3.30%	(5)
IFRS 16 lease liability as at 01 April 2019	26

The Amendments to the other Standards did not have a material impact on the TSIJ financial statements.

**The amount of €(49) million above contains a lease contract for which the variable lease payments have been excluded in the lease liability accounted for under IFRS 16.*

IV New Standards and interpretations not applied

The International Accounting Standards Board ('IASB') has issued the following Standards, which are relevant to the Company's reporting but have either not been applied as they have not been adopted for use in the EU in the year ended 31 March 2020, or have an effective date after the date of these financial statements:

		Effective Date*
IAS 1 (Amendments)	Updated references to Conceptual Framework	1 Jan 2020
IAS 1 and IAS 8 (Amendments)	New Materiality definition	1 Jan 2020
IFRS 3 (Amendments)	Updated definition of a Business	1 Jan 2020
IFRS 7, IFRS 9 and IAS 39 (Amendments)	Interest rate benchmark reform	1 Jan 2020
IFRS 17	Insurance Contracts	1 Jan 2021

** periods commencing on or after*

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

V Use of estimates and critical accounting judgements

In the application of the Company's accounting policies, which are described in section VI, the directors 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 Company's accounting policies

The BoD consider 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 Company'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 Company's provisions can be found in note 17.

2) Recognition of deferred tax assets

The recognition of deferred tax assets is subject to estimations of the future available taxable profits that the directors consider to be more likely than not to occur based on the Company's annual plans and future forecasts. Further information can be found in note 18.

3) Post-retirement benefits

The Company'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 Company sets these judgements with close reference to market conditions and third-party actuarial advice.

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

VI Critical accounting policies

(a) Property, plant and equipment

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

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

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

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

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

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

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

	Life Years
Freehold and long leasehold buildings that house plant and other works buildings	25
Other freehold and long leasehold buildings	50
Plant and machinery:	
Iron and steelmaking (maximum)	25
IT hardware and software (maximum)	8
Office equipment and furniture	10
Motor vehicles	4
Other (maximum)	15
Patents and trademarks	4
Product and process development costs	5

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

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

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

(c) Taxation

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

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

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

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

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

(d) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting period end. The Company applies IAS 19 'Employee Benefits' to recognise all actuarial gains and losses directly within retained earnings, presenting those arising in any one reporting period as part of the relevant statement of comprehensive income. In applying IAS 19, in relation to retirement benefits costs, the current service cost and net interest cost have been treated as a net expense within employment costs.

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

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

(e) Provisions

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

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

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

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

VII Other accounting policies

(a) Revenue

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

(i) Sale of goods

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

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

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

The Company does not 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 Company 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 Company 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, the Company has noted that the effect was immaterial, and no adjustment is required.

2) Shipping and Handling Activity

Some shipping arrangements result in the Company 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 not sufficiently material 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.

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

(c) Insurance
Most of TSIJ's insurances are arranged by Tata Steel Europe ('TSE' Insurance premiums in respect of those insurances placed by TSE on behalf of TSIJ and those arranged directly by TSIJ with insurers are charged to the income statement in the period to which they relate.

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

Interest expense, excluding that related to financing the construction of qualifying property, plant and equipment from 1 April 2009, is expensed as incurred. Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related security and qare shown in the balance sheet as part of the outstanding balance of the related security. Dividend income is recognised when the right to receive payment is established.

(e) Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into euros at the quoted rates of exchange ruling at the end of each reporting period. Income statement items and cash flows are translated into euros at the average rates for the financial period. In order to hedge its exposure to certain foreign exchange transaction risks, the Company enters into forward contracts and options (see (f) below for details of the Company's accounting policies in respect of such derivative financial instruments).

(f) Financial instruments
Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

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

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

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month 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 the 'other gains and losses' line item in profit or loss.

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

(iv) Derivative financial instruments and hedge accounting

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

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

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

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

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

(v) Embedded derivatives

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

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

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

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

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

(g) Other intangible assets

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

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on individual development projects are recognised as intangible assets from the date that all of the following conditions are met:

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

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

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

(h) Leases

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, TSIJ uses the incremental borrowing rate.

Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date and extension options, if TSIJ is reasonable certain to exercise the option. Lease liabilities are classified as part of borrowings.

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

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

(i) Inventories

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

(j) Cash and cash equivalents

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

(k) Equity

Share capital: Ordinary shares are classified as equity.

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

(l) Cash flow statement

The Cash flow statement has been prepared using the indirect method. Cash flows in foreign currencies have been translated into euros using average exchange rates, approximating the foreign exchange rate at transaction date. Exchange rate differences on cash items are shown separately in the Cash flow statement.
Receipts and payments with respect to income tax and interest are included in the Cash flows from operating activities. The cost of acquisition of subsidiaries, associates and joint ventures, and other investments, insofar as it was paid for in cash, is included in Cash flows from investing activities. Acquisitions or divestments of subsidiaries are presented net of cash balances acquired or disposed of, respectively. Cash flows from derivatives are recognized in the Cash flow statement in the same category as those of the hedged item.

Notes to the accounts

1. Revenue

	2020 €m	2019 €m
Revenue by destination:		
The Netherlands	**710**	795
Europe excluding The Netherlands	**2,417**	2,747
North America	**467**	611
Rest of the world	**331**	331
	3,925	4,484

2. Operating costs

	2020 €m	2019 €m
Costs by type:		
Raw materials and consumables	**2,009**	2,087
Maintenance costs (excluding own labour)	**306**	323
Other external charges (including fuels and utilities, hire charges and carriage costs)	**461**	529
Employment costs (Note 4)	**754**	759
Depreciation, amortisation and impairment (Note 7,8)	**205**	194
Regional development and other grants released (Note 19)	**-**	(1)
Other operating items (including rents, rates, insurance and general expenses)	**325**	351
Changes in inventory of finished goods and work in progress	**20**	9
Own work capitalised	**(42)**	(43)
Impairment loss related to investment in subsidiary undertaking (Note 9)	**4**	-
Profit on disposal of property, plant and equipment	**-**	(20)
Profit on sale of subsidiaries	**(1)**	-
	4,041	4,188

	Operating costs before restructuring, impairment and disposals €m	Restructuring, impairment and disposals €m	Total €m
The above costs in 2020 include:			
Raw materials and consumables	2,009	-	**2,009**
Maintenance costs (excluding own labour)	306	-	**306**
Other external charges (including fuels and utilities, hire charges and carriage costs)	461	-	**461**
Employment costs (Note 4)	744	10	**754**
Depreciation, amortisation and impairment (Note 7, 8)	198	7	**205**
Regional development and other grants released	-	-	**-**
Other operating items (including rents, rates, insurance and general expenses)	325	-	**324**
Changes in inventory of finished goods and work in progress	20	-	**20**
Own work capitalised	(42)	-	**(42)**
Impairment loss related to investments in subsidiary undertaking (Note 9)	-	4	**5**
Profit on disposal of subsidiaries	-	(1)	**(1)**
	4,021	20	**4,041**

The above costs include €21m (2019: €5m) in respect of restructuring and impairment which relate to Depreciation and amortisation (€7m), employment costs (€10m) and impairment losses on investments in subsidiary undertakings (€4)m. Further analysis of restructuring and impairment costs is presented in Note 3.

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	2020 €m	2019 €m
The above costs are stated after including:		
Amortisation of other intangible fixed assets (Note 7)	**9**	10
Depreciation of owned assets (Note 8)	**175**	174
Impairment losses relate to other intangible fixed assets (Note 3)	**-**	1
Impairment losses related to property, plant and equipment (Note 3)	**7**	4
Depreciation of right of use assets	**14**	5
Expenses relating to short-term leases	**2**	-
Expenses relating to low value leases	**1**	-
Expenses relating to variable lease payments not included in lease liabilities	**15**	-
Costs of research and development (gross)	**40**	41
Impairments against trade receivables (Note 12)	**1**	2
Emission rights deficit	**52**	22

The Company recognised €11m depreciation of right of use assets as a result of the adoption of IFRS 16 Leases during 2020.

3. Restructuring and impairment costs

	2020 €m	2019 €m
Provision for restructuring and related measures:		
Redundancy and related costs	**10**	-
Impairment losses related to intangible fixed assets (Note 7)	**-**	1
Impairment losses related to property, plant and equipment (Note 8)	**7**	4
Impairment losses related to investments in subsidiary undertaking (Note 9)	**4**	-
	21	5

4. Employees

	2020 €m	2019 €m
The total employment costs of all employees (including directors) in the Company were:		
Wages and salaries	**580**	601
Social security costs	**81**	78
Pension costs	**83**	80
Redundancy and related costs (Note 3)	**10**	-
	754	759

The average number of the Company's active employees was 8,450 (2019: 8,229). All employees are located in the Netherlands. The analysis of the headcount by business is: Strip Products MLE 7,427, Packaging IJmuiden 1,011 and other 12. Pension costs relate to payments made to the SPH scheme.

5. Financing items

	2020 €m	2019 €m
Finance costs		
Interest expense: finance leases	**(3)**	(2)
Interest expense: other Borrowings	**(2)**	(2)
	(5)	(4)
Finance income		
Interest received	**2**	2
Dividends received	**3**	9
	5	11
	-	7

6. Taxation

	2020 €m	2019 €m
Dutch corporation tax	**(21)**	78
Dutch prior year corporation tax charge	**27**	2
Current tax	**6**	80
Dutch deferred tax credit	**(9)**	(5)
Prior year deferred tax charge	**(26)**	-
Taxation	**(29)**	75

In addition to the total taxation (credited)/charged to the income statement, a tax credit of €5 (2019: a charge of €5m) was recognised in other comprehensive income in the year.

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

The total charge for the year can be reconciled as follows:	2020 €m	2019 €m
(Loss)/profit before taxation	**(116)**	303
(Loss)/profit before taxation multiplied by the applicable corporation tax rate of 25% (2019: 25.0%)	**(28)**	76
Effects of:		
Adjustments in respect of prior periods	**2**	2
Impact of deferred tax rate change	**(1)**	-
Non-taxable income	**(1)**	-
Other differences	**(1)**	(3)
Total taxation	**(29)**	75

7. Intangible assets

2020	Computer software €m	Development costs €m	Emission rights €m	**Total €m**
Cost at beginning of period	104	38	24	**166**
Additions	11	-	-	**11**
Utilisation	-	-	(18)	**(18)**
Cost at end of period	115	38	6	**159**
Amortisation at beginning of period	36	35	-	**71**
Charge for the period	7	2	-	**9**
Amortisation at end of the period	43	37	-	**80**
Net book value at end of the period	72	1	6	**79**

2019	Computer software €m	Development costs €m	Emission rights €m	**Total €m**
Cost at beginning of period	80	38	42	**160**
Additions	24	-	-	**24**
Utilisation	-	-	(18)	**(18)**
Cost at end of period	104	38	24	**166**
Amortisation at beginning of period	29	31	-	**60**
Charge for the period	6	4	-	**10**
Impairment charge for the period	1	-	-	**1**
Amortisation at end of the period	36	35	-	**71**
Net book value at end of the period	68	3	24	**95**

8. Property, plant and equipment

2020	Land and buildings €m	Plant and machinery €m	Assets under construction €m	**Total €m**
Cost or valuation as at 31 March 2019	823	6,103	447	**7,373**
Adoption of IFRS 16	1	25	-	**26**
Cost or valuation as at 1 April 2019	824	6,128	447	**7,399**
Additions	1	72	234	**307**
Transfers	(5)	132	(127)	**-**
Disposals	(1)	(59)	-	**(60)**
Cost at end of period	819	6,273	554	**7,646**
Depreciation as at 31 March 2019	641	5,010	-	**5,651**
Depreciation as at 1 April 2019	641	5,010	-	**5,651**
Charge for the period	13	176	-	**189**
Impairment charge for the period	-	7	-	**7**
Disposals	-	(39)	-	**(39)**
Depreciation at end of period	654	5,154	-	**5,808**
Net book value at end of period	165	1,119	554	**1,838**

2019	Land and buildings €m	Plant and machinery €m	Assets under construction €m	Total €m
Cost at beginning of period	759	5,874	494	**7,127**
Additions	-	65	233	**298**
Transfers	64	216	(280)	**-**
Disposals	-	(52)	-	**(52)**
Cost at end of period	823	6,103	447	**7,373**
Depreciation at beginning of period	630	4,852	23	**5,505**
Charge for the period	11	168	-	**179**
Impairment charge for the period	-	4	-	**4**
Transfers	-	23	(23)	**-**
Disposals	-	(37)	-	**(37)**
Depreciation at end of period	641	5,010	-	**5,651**
Net book value at end of period	182	1,093	447	**1,722**

There were no borrowing costs capitalised during the year (2019: nil).

Property, plant and equipment was tested for impairment at 31 March 2020 where indicators of impairment existed. The outcome of this test indicated that no impairment was required in TSIJ. The value in use was calculated on a CGU basis and determined using a discount rate of 8.0% (2019: 8.2%).

The €7m impairment charge in 2020 relates to specific assets. The €4m impairment charge in 2019 also relates to specific assets.

(i)

	2020 €m	2019 €m
The net book value of plant and machinery comprises:		
Assets held under finance leases:		
Cost	**122**	104
Accumulated depreciation	**(86)**	(83)
	36	21
Owned assets	**1,083**	1,072
	1,119	1,093

Right of use asset balances in 2020 include assets recognised upon adoption of IFRS16 of €26m. The 2019 balances represent the finance leases that have been accounted for under IAS 17 and IFRIC 4 up to the implementation of IFRS 16 as per 1 April 2019 (for the fiscal year 2020). Refer to section III New Standards and interpretations applied for further details with respect to the adoption of the new lease accounting standard. The additions to the right-of-use assets during the 2020 financial period were €7m.

9. Investments in subsidiaries, joint ventures and associates

	Investments in subsidiaries €m	Investments in joint ventures €m	Investments in associates €m	**Total 2020 €m**	Total 2019 €m
Carrying value at beginning of period	46	12	8	**66**	64
Additions	37	-	-	**37**	2
Disposals	(2)	-	-	**(2)**	
Disposals due to merger	(37)	-	-	**(37)**	-
Impairment loss recognised in the year	(4)	-	-	**(4)**	-
Carrying value at end of period	40	12	8	**60**	66

(i) The Company's main subsidiaries and investments are listed in Note 26.

(ii) On 14 November 2019 the Company liquidated Esmil BV and disposed of the carrying value of its investment in its subsidiary of €2m. This resulted in a profit on disposal of €1m as TSIJ BV received €3m in cash from Esmil BV as a result of the liquidation.

(iii) During December 2019 the Company purchased shares in a subsidiary Tata Steel Metals Trading BV from Corus Primary Aluminium. Tata Steel Metals Trading BV was subsequently merged with Tata Steel Ijmuiden BV on 31 March 2020. The consideration of the share investment was equal to the assets and liabilities acquired upon merger, being €37m. As a result there was €nil profit or loss arising from the merger.

(iv) The Company's subsidiaries and investments are listed in Note 26. The Company's investments are assessed annually for signs of impairment and where these are present, any possible impairment is assessed using an enterprise value calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out into perpetuity. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, exchange rates, business disruption caused by the Covid-19 pandemic, and a discount rate of 8.8% (2019: 8.2%). Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources. The pre-tax discount rate of 8.8% is derived from the Group's WACC and the WACCs of its main European steel competitors. The outcome of the test at 31 March 2020 resulted in a permanent diminution of €4m (2019: Nil) in the value of the Company's equity investment in Naantali Steel Service Centre OY. The Company has conducted sensitivity analysis on the impairment tests of the carrying value of the Company's investments and recognise that a reasonably possible change in any of the key assumptions would increase the likelihood of impairment losses in the future for the company's residual investment of €2m in Naantali Steel Service Centre OY.

10. Inventories

	2020 €m	2019 €m
Raw materials and consumables	**312**	274
Work in progress	**196**	205
Finished goods and goods for resale	**289**	300
	797	779

The value of inventories above is stated after impairment of €16m (2019: €7m) for obsolescence and write-downs to net realisable value.

11. Current tax

	2020 €m	2019 €m
Dutch corporation tax assets - Current	**-**	1
Dutch corporation tax liabilities – Current	**(137)**	(132)
	(137)	(131)

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12. Trade and other receivables

	2020 €m	2019 €m
Trade receivables	**297**	360
Less provision for impairment of receivables	**(4)**	(4)
	293	356
Amounts owed by parent undertakings (Note 25)	**4**	4
Amounts owed by other Tata Steel companies (Note 25)	**225**	395
Amounts owed by subsidiary undertakings (Note 25)	**14**	11
Amounts owed by joint ventures (Note 25)	**8**	13
Amounts owed by associates (Note 25)	**10**	1
Loans to other Tata Steel companies (Note 25)	**50**	50
Derivative financial instruments (Note 16)	**22**	23
Other taxation	**11**	7
Prepayments	**14**	25
Other receivables	**34**	23
	685	908

(i) Loans to other Tata Steel companies at 31 March 2020 refers to a loan to Tata Steel UK Limited ('TSUK') of €50m. In view of the full guarantee for this loan that has been provided by T S Global Holdings Pte Ltd ('TSGH') to TSIJ, Management is confident that this loan is fully recoverable. In addition, there are opportunities for future settlement of this loan with amounts payable to TSUK.

(ii) Trade receivables are further analysed as follows:

31 March 2020	**Gross amount €m**	**Subject to credit insurance cover €m**	**Impairment provision made €m**	**Net credit risk amount €m**
Trade receivables:				
Amounts not yet due	**276**	**(255)**	**-**	**21**
One month overdue	**9**	**(9)**	**-**	**-**
Two months overdue	**2**	**(2)**	**-**	**-**
Three months overdue	**3**	**(2)**	**-**	**1**
Greater than three months overdue	**7**	**(1)**	**(4)**	**2**
	297	**(269)**	**(4)**	**24**

31 March 2019	Gross amount €m	Subject to credit insurance cover €m	Impairment provision made €m	Net credit risk amount €m
Trade receivables:				
Amounts not yet due	335	(323)	-	12
One month overdue	12	(10)	-	2
Two months overdue	2	(2)	-	-
Three months overdue	1	(1)	-	-
Greater than three months overdue	10	(2)	(4)	4
	360	(338)	(4)	18

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

	2020 €m	2019 €m
At beginning of period	**4**	4
Impairments in the period	**1**	2
Amounts utilised and other movements	**(1)**	(2)
At end of period	**4**	4

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

	2020 €m	2019 €m
Short-term deposits with TSN	**215**	**240**
Cash at bank and in hand	**148**	**47**
Cash and other short-term deposits	**363**	**287**

	2020			2019		
	Short-term deposits €m	**Cash €m**	**Total €m**	Short-term deposits €m	Cash €m	Total €m
Sterling	**-**	**28**	**28**	-	6	6
Euros	**215**	**158**	**373**	240	117	357
US dollars	**-**	**(45)**	**(45)**	-	(76)	(76)
Other currencies	**-**	**7**	**7**	-	-	-
	215	**148**	**363**	240	47	287

Short-term deposits are highly liquid investments with original maturities of three months or less. The effective interest rate on short-term deposits was 0.0% (2019: 0.0%).

14. Trade and other payables

	2020 €m	2019 €m
Trade payables	**385**	384
Amounts owed to parent undertakings (Note 25)	**41**	17
Amounts owed to other Tata Steel companies (Note 25)	**57**	46
Amounts owed to subsidiary undertakings (Note 25)	**3**	6
Amounts owed to associates (Note 25)	**3**	3
Other taxation	**23**	24
Capital expenditure creditors	**132**	107
Derivative financial instruments (Note 16)	**37**	11
Other payables	**229**	279
	910	877

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

15. Borrowings

	2020 €m	2019 €m
Current:		
Other short term loans	**-**	7
Loans from group companies	**32**	-
Obligations under finance leases	**13**	6
	45	13

	2020 €m	2019 €m
Non-current:		
Loans	**1**	-
Obligations under finance leases	**53**	46
	54	46
Total borrowings	**99**	59

In the previous year, the Company only recognised lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 and IFRIC 4. The closing balances under 'Lease liabilities' in FY20 include leases recognised under IFRS 16. Adoption of IFRS 16 resulted in the recognition of €26m of additional lease liabilities.

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

	2020			2019		
	Fixed rate borrowings €m	Zero rate borrowings €m	Total €m	Fixed rate borrowings €m	Zero rate borrowings €m	Total €m
Euros	**87**	**12**	**99**	52	7	59

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

	2020		2019	
	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	**3.8**	**5.5**	5.2	4.9

(ii) The maturity of borrowings is as follows:

	2020 €m	2019 €m
In one year or less or on demand	**48**	16
Between one and two years	**12**	8
Between two and three years	**10**	7
Between three and four years	**8**	7
Between four and five years	**8**	6
More than five years	**26**	31
	112	75
Less: amounts representing interest in future minimum lease payments	**(13)**	(16)
	99	59
Amounts falling due within one year	**45**	13
Amounts falling due after more than one year	**54**	46

Amounts payable under finance leases are as follows:

	Minimum lease payments		Present value of minimum lease payment	
	2020 €m	2019 €m	2020 €m	2019 €m
Not later than one year	**16**	9	**13**	6
Later than one year but not more than five years	**37**	28	**29**	19
More than five years	**26**	31	**24**	27
	79	68	**66**	52
Less: future finance charges on finance leases	**(13)**	(16)	**-**	-
Present value of finance lease liabilities	**66**	52	**66**	52

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

16. Financial instruments and risk management

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

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

	2020	2019
	€m	€m
Financial assets		
Trade and other receivables (Note 12) [1]	**638**	853
Cash and cash equivalents (Note 13)	**363**	287
	1,001	1,140
Financial liabilities		
Financial liabilities at amortised costs		
Trade and other payables (Note 14) [2]	**(849)**	(842)
Current borrowings (Note 15)	**(45)**	(13)
Non-current borrowings (Note 15)	**(54)**	(46)
	(948)	(901)
	53	239

1 Excludes other taxation and prepayments and derivatives
2 Excludes other taxation, and derivatives

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

(ii) Fair value measurements recognised in the balance sheet

The following table categorises the Company's financial instruments held at fair value by the valuation methodology applied in determining this value. Where possible, quoted prices in active markets for identical assets and liabilities are used (Level 1). Where such prices are not available, the asset or liability is classified as Level 2, provided all significant inputs to the valuation model used are based on observable market data (this includes the Company's forward currency and commodity contracts). The Company's derivative financial assets and liabilities are categorised as Level 2 and their valuation is based on future cash flows (estimated from observable data such as forward exchange rates and yield curves) which are, where material, discounted at a rate which reflects the credit risk of counterparties. If one or more of the significant inputs to the valuation model is not based on observable market data, the instrument is classified as Level 3.

2020	Level 1 €m	Level 2 €m	Level 3 €m	**Total €m**
Financial assets at fair value through other comprehensive income:				
Commodity contracts	**-**	**6**	**-**	**6**
Forward foreign currency contracts	**-**	**16**	**-**	**16**
	-	**22**	**-**	**22**
Financial liabilities at fair value through other comprehensive income:				
Commodity contracts	**-**	**(26)**	**-**	**(26)**
Forward foreign currency contracts	**-**	**(12)**	**-**	**(12)**
	-	**(38)**	**-**	**(38)**

2019	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets at fair value through other comprehensive income:				
Commodity contracts	-	6	-	6
Forward foreign currency contracts	-	17	-	17
	-	23	-	23
Financial liabilities at fair value through other comprehensive income:				
Forward foreign currency contracts	-	(11)	-	(11)
	-	(11)	-	(11)

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

(iii) Financial risk management and financial instruments

The Company uses certain financial instruments to reduce business risks arising from its exposure to fluctuations in exchange rates and base metal prices. The instruments used, which are confined principally to forward foreign exchange contracts 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 under policies approved by the Board of Management of TSN. The Treasury department identify, evaluate and hedge financial risks in close cooperation with Tata Steel IJmuiden's operating units.

(a) Market risk: foreign exchange risk and management
It is the policy of the Company that substantially all the net currency transaction exposures arising from contracted sales and purchases are hedged by selling or purchasing foreign currency forwards. At 31 March 2020, the notional amount of outstanding foreign currency contracts was €2,604m (2019: €2,153m) with a net fair value of €4m (2019: €6m).

At 31 March 2020, a 10% appreciation of the euro against the US dollar would increase the net assets of the Company by approximately €24m (2019: decrease by €3m), decrease equity by approximately €24m (2019: decrease by €3m) and have no impact on the operating profit (2019: no impact). The sensitivity analysis has been based on the composition of the dollar denominated financial assets and liabilities of the Company at 31 March, excluding trade payables, trade receivables, other non-derivative financial instruments not in debt and financial lease obligations, which do not present a material exposure.

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

(b) Market risk: commodity risk and management
The Company makes use of commodity futures contracts to manage its purchase price risk for certain commodities. Forward purchases are made of zinc, tin and nickel to cover sales contracts with fixed metal prices. At 31 March 2020, the Company had commodity contracts with a total notional value of €244m (2019: €57m) and a net fair value of €(20)m (2019: €6m).

At 31 March 2020, a 10% appreciation of market prices would increase the Company's equity by approximately €7m (2019: increase of €5m). There was no significant market risk relating to the income statement since the majority of commodity derivatives are treated as cash flow hedges with movements being reflected in equity and the timing and recognition in the income statement would depend on the point at which the underlying hedged transactions were also recognised.

(c) Market risk: interest rate risk and management
The financial structure of the Company is conservative with the only borrowings in the Company being leases, short term loans from Group companies and a minimal amount of long term external loans. During 2020 and 2019, the Company's borrowings were denominated in euro. The Company did not enter into interest rate swap contracts or forward rate agreements.

On 31 March 2020 the Company had fixed rate borrowings of €99m (31 March 2019: €59m) and floating rate borrowings of €nil (31 March 2019: €nil). The Company had short term deposits of €215m on 31 March 2020 (on 31 March 2019: €240m). If at 31 March 2020 the interest rate would have been 100 bps higher/lower, with all other variables held constant, profit after taxes and cash flow would show no change (2019: €nil).

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

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

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

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

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

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

	Maturity of contractual undiscounted cash flows			
2020	**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	**(849)**	**(849)**	**-**	**-**
Borrowings				
Repayment	**(99)**	**(45)**	**(30)**	**(24)**
Fixed interest	**(13)**	**(3)**	**(8)**	**(2)**
	(961)	**(897)**	**(38)**	**(26)**
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	**(2,584)**	**(2,584)**	**-**	**-**
Receivables	**2,588**	**2,588**	**-**	**-**
Derivatives commodities: net settlement	**(20)**	**(20)**	**-**	**-**
	(16)	**(16)**	**-**	**-**
Total	**(977)**	**(913)**	**(38)**	**(26)**

1 Excludes other taxation, and derivatives

	Maturity of contractual undiscounted cash flows			
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	(842)	(842)	-	-
Borrowings				
Repayment	(59)	(13)	(19)	(27)
Fixed interest	(16)	(3)	(9)	(4)
	(917)	(858)	(28)	(31)
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	(2,143)	(2,143)	-	-
Receivables	2,136	2,136	-	-
Derivatives commodities: net settlement	6	6	-	-
	(1)	(1)	-	-
Total	(918)	(859)	(28)	(31)

1 Excludes other taxation, and derivatives

(iv) Derivative financial instruments

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

	2020		2019	
	Assets €m	**Liabilities €m**	Assets €m	Liabilities €m
Current:				
Commodity contracts	**6**	**(26)**	6	-
Forward foreign currency contracts	**16**	**(12)**	17	(11)
	22	**(38)**	23	(11)

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

2020	Forward foreign currency contracts €m	Commodity contracts €m	Taxation €m	Total €m
Cash flow hedge reserve net of taxation at beginning of period	**7**	**7**	**(3)**	**11**
Fair value recognised	**(5)**	**(17)**	**5**	**(17)**
Cash flow hedge reserve net of taxation at end of period	**2**	**(10)**	**2**	**(6)**

2019	Forward foreign currency contracts €m	Commodity contracts €m	Taxation €m	Total €m
Cash flow hedge reserve net of taxation at beginning of period	(8)	4	1	(3)
Fair value recognised	15	3	(4)	14
Cash flow hedge reserve net of taxation at end of period	7	7	(3)	11

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

	2020 €m	2019 €m
Commodity contracts	**244**	57
Forward foreign currency contracts	**2,604**	2,153

During the year, no significant ineffectiveness on cash flow hedges was recognised in profit and loss (2019: €nil).

17. Provisions for liabilities and charges

	Rationalisation Costs (i) €m	Environmental Provisions (ii) €m	Employee Benefits (iii) €m	Other Provisions €m	**Total 2019 €m**	Total 2018 €m
At beginning of period	-	48	75	2	**125**	95
Reclassification	-	-	-	-	**-**	29
Charged to income statement	10	52	5	-	**67**	(2)
Released to income statement	-	-	(4)	(2)	**(6)**	22
Utilised during the period	(1)	(27)	-	-	**(28)**	(19)
At end of period	9	73	76	-	**158**	125
Analysed as:						
Current liabilities	9	48	5	-	**62**	32
Non-current liabilities	-	25	71	-	**96**	93

(i) Rationalisation costs include redundancy provisions as follows:

	2020 €m	2019 €m
At beginning of period	**-**	-
Charged to income statement (Note 4)	**10**	-
Utilised during the period	**(1)**	-
At end of period	**9**	**-**

(ii) Environmental provisions consist of remediation and clean-up activities that need to be undertaken in the foreseeable future and of which the costs can reasonably be estimated, together with provisions for CO_2 emission rights. Reclassification in FY19 relates to CO_2 emission rights previously included within 'Other payables'.

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

18. Deferred tax

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

	2020 €m	2019 €m
Deferred tax asset	**49**	9

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

2020	Accelerated tax depreciation €m	Stocks €m	Provisions €m	Other €m	**Total €m**
At beginning of period	7	2	4	(4)	**9**
Credited to income statement	2	1	31	1	**35**
Charged to other comprehensive income	-	-	-	5	**5**
At end of period	9	3	35	2	**49**

2019	Accelerated tax depreciation €m	Stocks €m	Provisions €m	Other €m	Total €m
At beginning of period	1	2	4	1	8
Credited to income statement	6	-	-	(1)	5
Charged to other comprehensive income	-	-	-	(4)	(4)
At end of period	7	2	4	(4)	9

Deferred tax assets of €49m have been recognised at 31 March 2020 (2019: €9m). In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered including TSIJ BoD approved budgets and forecast. Following this evaluation, it was determined that there would be sufficient taxable income generated to realise the benefit of the deferred tax assets.

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

19. Deferred income

	2020 €m	2019 €m
At beginning of year	**6**	**7**
Released to income statement	**(2)**	**(1)**
At end of year	**4**	**6**

20. Called up share capital

The authorised share capital of the Company as at 31 March 2020 amounts to €225,000,000 (31 March 2019: €225,000,000) and consists of 500,000 ordinary shares of each €450 (31 March 2019: €450). As of 31 March 2020, 250,000 ordinary shares of €450 each were issued and fully paid up, totalling to a nominal value of €112,500,000 (31 March 2019: €112,500,000).

21. Future capital expenditure

	2020 €m	2019 €m
Contracted but not provided for	**179**	291
Authorised but contracts not yet placed	**69**	48

22. Operating leases

	2020 **€m**	2019 €m
Future exposure for cash outflows the Group at the end of the period are:		
Future cash outflows to leases committed but not yet commenced	**1**	**-**
	1	**-**

Exposure for cash outflows relating to leases is a new reporting requirement under IFRS 16 'Leases' for 2020 and therefore no comparatives are disclosed for 2019.

23. Contingencies

	2020 **€m**	2019 €m
Guarantees and securities	**8**	8

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

There are no significant legal claims that need to be recognised as contingent liabilities.

24. Analysis of changes in net funds

	2019 €m	Cash Flow €m	Other movements	**2020** **€m**
Loans to other Tata Steel companies	51	-	-	**51**
Cash at bank and short-term deposits	287	15	61	**363**
Cash and cash equivalents	287	15	61	**363**
Borrowings	(7)	(7)	(19)	**(33)**
Obligations under finance leases	(52)	18	(32)	**(66)**
Total debt excluding bank overdrafts	(59)	11	(51)	**(99)**
Total net funds	279	26	10	**315**

Other movements in respect of cash and cash equivalents relate to cash and short term deposits acquired on merger of Tata Steel Metals Trading BV into Tata Steel Ijmuiden BV of €58m and €3m of cash as a result of the liquidation of Esmil BV.

Other movements in respect of borrowings (€19m) relates to loans acquired as a consequence of Tata Steel Metals Trading BV into Tata Steel Ijmuiden BV.

Other movements in respect of obligations under finance leases relate to €26m liability recognised upon adoption of IFRS16 and lease additions in the year of €6m.

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25. Related party transactions

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

	2020 €m	2019 €m
Amounts reported within the income statement:		
Sales to joint ventures	**87**	98
Sales to associates	**121**	148
Sales to other Tata Steel companies	**1,009**	1,241
Purchases from associates	**35**	36
Purchases of raw materials from other Tata Steel companies, acting as an agent	**1,191**	1,225
Other purchases from other Tata Steel group companies	**130**	135
Net recharges from other Tata Steel companies	**84**	78
Amounts owed by parent undertakings (Note 12)	**4**	4
Amounts owed by other Tata Steel companies (Note 12)	**225**	395
Amounts owed by subsidiary undertakings (Note 12)	**14**	11
Amounts owed by joint ventures (Note 12)	**8**	13
Amounts owed by associates (Note 12)	**10**	1
Amounts owed to parent undertakings (Note 14)	**41**	17
Amounts owed to other Tata Steel companies (Note 14)	**57**	46
Amounts owed to subsidiary undertakings (Note 14)	**3**	6
Amounts owed to associates (Note 14)	**3**	3
Loans to other Tata Steel companies (Note 12)	**50**	50
Loans from parent undertakings (Note 15)	**32**	-
Short term deposits with parent undertakings (Note 13)	**215**	240

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Details of transactions with key management personnel are given in 'Further notes to and signing of the annual accounts' on page 40.

26. Subsidiaries and investments

The subsidiary undertakings, joint ventures, joint operations and associates of the Company at 31 March 2020 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation except where otherwise stated.

Subsidiary undertakings

Steel producing, further processing or related activities:

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

Finland
Naantali Steel Service Centre OY

Sweden
Halmstad Steel Service Centre AB

The Netherlands
Huizenbezit "Breesaap" B.V.

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

Joint ventures, joint operations and associates

	Classification	Products	2020 Turnover €m		Issued capital Number of shares	% held
The Netherlands						
GietWalsOnderhoudCombinatie B.V.	Associate	Maintenance of parts of direct sheet plant	13	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	131	Shares of €454	5,600	49
Wupperman Staal Nederland B.V.	Associate	Purchase, process, refine and sale of steel products and other metal products	301	Shares of €1,000	8,000	30
Norway						
Norsk Stal Tynnplater AS	Joint Venture	Processing of strip and long products	50	Shares of NOK1,000	26,500	50

27. Events after the reporting period

On 10 June 2020 the unions started a series of relay strikes at the IJmuiden works, the first one after 28 years. Main drivers for this industrial action were uncertainty about jobs and the impact of the Transformation Programme on employment and organisation structure. After 25 days of strikes an agreement was reached with the Unions which was also supported by the CWC. Some key elements of this agreement are no forced redundancies and no outsourcing of activities related to the Transformation programme and an extension of the 'Werkgelegenheids Pact (WGP)' and the 'Generatie Pact' until 1 October 2026.

An invoice securitisation programme for Tata Steel IJmuiden BV is in place since August 2020.

Further notes to and signing of the Annual Accounts

Remuneration of and loans to members of the Board of Directors*

	2020	2019
	€	€
The total employment costs of the Board of Directors of Tata Steel Ijmuiden B.V. were:		
Short term employee benefits	**1,603,033**	1,797,560
Long term employee benefits	**252,218**	-
Total emoluments of current and former members	**1,855,251**	1,797,560

* Borne by the Company

The amounts of loans granted as at 31 March 2020 totalled €nil (31 March 2019: €nil).

Appropriation of the result for the financial year 2020
We propose to deduct the loss of €(88)m over the financial year from the Retained earnings. In anticipation of the formal approval by the General Meeting of Shareholders this has already been reflected in these financial statements.

Signing of Annual Accounts

All the members of the Board of Directors have signed the 2020 Annual Accounts of Tata Steel IJmuiden B.V.

Board of Directors

J. van den Berg, Chairman

J.E van Dort

IJmuiden, 23 October 2020

C. Other information

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.

D. Independent auditor's report

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

REPORT ON THE FINANCIAL STATEMENTS THE YEAR ENDED 31 MARCH 2020 INCLUDED IN THE ANNUAL ACCOUNTS

PricewaterhouseCoopers Accountants N.V.
For identification purposes only