Company Registration No. 09438207

British Steel Limited

Annual Report and Financial Statements

For the year ended 31 March 2018

Contents

Company Information

Directors	R Junck P R Martin G Reichmann A W M J Deelen
Company Secretary	D Hargreaves
Registered office	Administration Building Brigg Road Scunthorpe North Lincolnshire DN16 1BP United Kingdom
Company Number	09438207
Auditor	Deloitte LLP Statutory Auditor, Leeds United Kingdom

Strategic Report

The Directors of British Steel Limited ("the Company") present their Strategic Report and audited financial statements for the year ended 31 March 2018. The Company was incorporated on 13 February 2015 and commenced trading following the acquisition of the business and assets of the Long Products business of Tata Steel UK Limited ("TSUK") on 2 August 2015. Until 1 June 2016, the Company was a wholly owned subsidiary of TSUK. On 1 June 2016, the Company was acquired by Olympus Steel Limited ("Olympus Steel") via British Steel Holdings Limited and renamed British Steel Limited. This report reflects the second year's performance of the Company.

Company background

British Steel – an old name but a new brand - was launched on 1 June 2016. The Company currently has an annual turnover of £1.2bn (2017: 1.1bn) and is a leading European steel producer making circa 2.8 million tonnes of steel per annum.

The business includes an integrated steelworks, in Scunthorpe in the UK, with four blast furnaces (Mary, Bess, Anne and Victoria – the four queens) of which two are in operation, a BOS (Basic Oxygen Steel) route making 1,450 tightly controlled steel specifications, four casters manufacturing slabs, blooms and billets and three mills. The Company also converts steel into finished products at its rolling mills in Teesside and Skinningrove in the North East of England. During financial year 2017/18 the business indirectly acquired FNsteel (a rod mill and downstream operations) in Holland – a complementary asset for the existing business structure.

The Company's product range includes sections, wire rod, special profiles and rail supplied to a wide range of demanding global markets. The Company also sells semi-finished products including slab, bloom and billet to a growing customer base.

Principal activities

The principal activities are the manufacture and sale of steel throughout the world. The Company produces carbon steel by the basic oxygen steelmaking method at an integrated steelworks in Scunthorpe. Long steel products are manufactured in rolling mills at Scunthorpe, Teesside and Skinningrove, including rail, sections, profiles and wire rod. Rail is supplied through our wholly owned subsidiary British Steel France Rail S.A.S.

Business review

The results of the Company are as follows:

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
(Loss)/profit before taxation	**(29,044)**	92,304
Corporation tax credit/result	**9,969**	-
(Loss)/profit for the year	**(19,075)**	92,304

The Company's trading performance is shown in the Company's Statement of Comprehensive Income on page 11. The Company's Balance sheet on page 12 of the financial statements shows that total equity was £18.9m (2017: 37.8m) as at 31 March 2018.

The Directors regard sales, adjusted EBITDA and operating profit as the key performance indicators. Adjusted EBITDA is EBITDA that has been adjusted to remove rationalisation costs incurred as part of the major multi-year restructuring and separation programmes implemented in relation to the separation of the British Steel Group from Tata Steel UK Limited. Adjusted EBITDA also excludes any gain on bargain purchase recognised in relation to any acquisitions in the year. Management believe adjusted EBITDA as an alternative performance measure provides additional useful information on the underlying trends, performance and position of the Group. A reconciliation between adjusted EBITDA and operating profit is shown in the Company's Statement of Comprehensive Income on page 11.

Sales during the year were £1,178m (2017: £1,057m) and adjusted EBITDA was £5,000 (2017: £39.3m) compared to an EBITDA of £3.1m loss (2017: £116.4m profit), however given the one-off unplanned repair and recovery work that had to be undertaken at one of the blast furnaces which resulted in a significant loss of production and sales volume, the directors believe that the reported EBITDA does not reflect the inherent performance of the business and that the delivery of the second year of the Company's transformation plan means it is in a stronger position looking forward than the 2017/18 results would imply.

Strategic Report (continued)

Business review (continued)

The balance sheet shows the Company in a £18.9m net asset position (2017: £37.8m) at the end of the financial year and it continues to invest with £79.0m (2017: £30.3m) incurred on capital expenditure and intangible additions post acquisition and a net working capital position of £168.2m (2017: £259.8m) including a cash and cash equivalent balance of £5.1m (2017: £35.0m).

The Directors feel that in our second year of trading we have proved that despite a difficult second quarter (due to the one-off unplanned repair and recovery work mentioned above) we have been able to continue turning the business around. We have continued to seek investment and have grown our footprint with the acquisition of new business. Through a continued push to deliver our robust transformation programme, the business has improved operational profitability and continues to move in the right direction.

Together with our shareholder we continued our transformation in line with the principles of entrepreneurship, agility, flexibility and responsiveness. The emphasis on ownership and responsibility remains key to us keeping on track. Changes to our Board and Executive team during the past 12 months have brought fresh ideas and new perspectives to the business. These, in addition to the experienced members of the Board and Executive team who have been with the business for a much longer period of time, give the business a strong leadership base from which to grow.

Under the Board structure we continue to operate five separate Business Units to help deliver the financial results we need. Each of these continues to be managed on their individual profit and loss performance and has clear focus on their own pertinent strategic goals. This approach enables us to operate them as businesses in their own right – it helps us to clearly understand better the challenges, the opportunities and the risks that each area of the business is facing.

Our British Steel vision focusses on three important levels:

- First, locally through positive stakeholder engagement we want to become a leader of business and community re-development in the areas in which we operate;
- Secondly, in the UK (and France) we want to be the national champion in our chosen markets – recognised as the centre of competence for steel making and the partner of choice; and
- Thirdly, internationally we want to be a competitive exporter and the right strategic business partner.

Our Business Units

Primary Products

This is the supplier of steel for the downstream divisions of British Steel as well as having an established market position for semi steel products. It is focused on operational efficiency, implementing a set of targeted actions across the whole cost base and further developing long-term strategic relationships in market segments and with customers for primary products that demand high quality BOS grade steels.

Construction

A supplier of sections and other steel products into the UK and other markets. It seeks to develop an improved product range service offering which will allow the Company to offer added value to high value customers through delivering differentiated service and technical solutions.

Rail

A business with a rail mills in the UK, offering highly technical and complex product and service solutions into the UK, France and other markets. The Rail division continues to innovate and improve product and service offering, especially to key clients. It uses British Steel's expanding commercial footprint to continue growing sales in European and international markets and leverage quality IP to offer higher value specialist solutions in technically challenging markets.

Rod

A supplier of rod product into the European market, expanding its technical range and capability of the business to support its continued growth into differentiated and automotive markets, focusing on its service and technical offering into the market. This area of our business has been enhanced in the last 12 months with our acquisition of FNsteel.

Special Profiles

Bespoke steel profiles predominantly used in the Earth Moving and Mining sectors. We are continuing to develop service and high quality offering with key customers and seeking to expand and improve the product range, continuing to innovate with unique offerings into the market.

Strategic Report (continued)

Business transformation

As mentioned above during 2017/18 the business launched the second phase of its transformation programme. This focuses on a number of key activities and efficiency projects. The business is also actively seeking to create a culture of continuous improvement and innovation and has invested in a significant employee training programme at all levels to help embed this throughout the organisation.

The Company is operating in a challenging market environment but sees that the pace of improvement continues into 2018/19 with the refreshed Board and Executive team structure supporting the long term strategic prospects of the Company and underpinning the further growth in profitability of the Company.

Investments and acquisitions

The Company continues to invest in the business to maintain the existing capabilities of the business while looking to identify targeted investment opportunities to grow the product range and capability of the business in line with the overall development strategy of the Company, either through organic growth or inorganic growth where it can enhance the footprint and strategic range of the business. A further £79.0m (2017: £30.3m) was spent on capital expenditure and intangible additions during 2017/18. As mentioned above the Company also acquired FNsteel in the Netherlands during 2017/18 and continues to pursue and investigate other potential acquisitions that would complement the existing structure and help achieve the overall vision.

Principal risks and uncertainties

Competitive pressure in Europe is a continuing risk for the Company. The Company manages this risk by competitive pricing, management of product range and availability.

Following the vote in 2016 to leave the European Union (EU), there is considerable uncertainty in regards to interest rates, currency values, consumer disposable income and consumer spending. The Company continues to monitor the position of all the macro elements of the economy, both current and forecast. The Company will adapt any plans as necessary to mitigate any negative effects of the vote to leave the EU, but it is too early at the signing date of these financial statements for any specific plans to be developed or acted upon as the full effects of the vote will not be known for some time.

Similarly the US tariffs have the potential to cause some level of risk but as yet there is still uncertainty about exactly what these will mean for European business. We will make appropriate plans in due course to ensure that any impact by such tariffs has a minimal detriment to our overall business.

As the business develops and employs more technology this results in an increased risk relating to cyber security. There are risk strategies in place to mitigate this risk which include a cyber security education programme for all staff, appropriate security and updates of all systems and devices, firewalls, backups, critical back office systems being hosted in an ISO27001 certified data centre and the implementation of a managed security consultancy service to advise on new and emerging threats.

Financial instrument risks are covered under the Financial Instruments section in the financial statements of British Steel Holdings Limited which are publically available from the address in note 27.

The Company's ultimate parent company is Olympus Steel 2 Limited, a company incorporated in Jersey, the accounts of which are neither consolidated nor publicly available. The Directors consider Marc Meyohas, Nathaniel Meyohas and Storford Limited the ultimate controlling parties of the Company.

The Company has access to considerable financial resources. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

Approved by the Board on 12 July 2018 and signed on its behalf by:

G Reichmann
Director

Directors' Report

The Directors present their Annual Report and the audited financial statements for the year ended 31 March 2018.

Results and dividends

The Company loss for the financial period amounted to £19.1m (2017: £92.3m profit). The Directors do not recommend a dividend payment (2017: £nil). The Directors are optimistic for the future prospects for the Company.

Directors

The Directors who held office during the period and to the date of this report were as follows:

P Bernscher (appointed 2 May 2017; resigned 20 December 2017)
D M Goldstein (resigned 1 November 2017)
R Junck
P R Martin
S A Mason (resigned 4 October 2017)
M J Meyohas (resigned 1 November 2017)
N J Meyohas (resigned 1 November 2017)
R C Perlhagen (resigned 1 November 2017)
G Reichmann (appointed 1 November 2017)
M U Yilmaz (appointed 1 November 2017; resigned 19 December 2017)
A W M J Deelen (appointed 4 May 2018)

The Company has indemnified its current Directors. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and are currently in force at the date of this Annual Report.

Working responsibility - Environment

British Steel recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities. All of the Company's manufacturing sites operate under the control of an Environmental Management System certified to ISO 14001.

The Company actively looks for ways to improve its efficiencies, small and large. It carries out a robust programme of detailed energy audits. It also captures its process gases and uses them to generate electricity and steam to power its manufacturing processes. Manufacturing facilities are operated to maximise the volume of by-product materials generated for use by others such as blast furnace slag in concrete and steel making slag in civil engineering.

Where it is not possible to re-use our by-products internally, we operate recycling centres to reduce by-products to landfill. The Company's sites are home to a wide variety of wildlife, including some rare and protected species such as great-crested newts, water voles, badgers and bats.

Working responsibility – Sustainability

The Company has a record of developing innovative products and processes that contribute to a lower carbon future.

Sustainability is embedded in our Company ethos, and we are committed to leading the UK steel industry in this arena. It earns a 'very good' rating under the sustainability standard BES 6001 which recognises it makes its products using responsibly sourced materials. Achieving the BES 6001 standard certifies it can continually improve in energy efficiency, greenhouse gas emissions and waste management, and engage positively with the communities in which it operates.

Working responsibility – Communities

The Company supports its local communities through a strategy known as the 'Building Stronger Communities programme'. This initiative, which includes in-kind support, brings sustainable benefits to large groups of individuals with themes covering learning and skills, health, safety and wellbeing and protecting and enhancing the environment.

Directors' Report (continued)

Employees

Details of the number of employees and related costs can be found in note 7 to the financial statements.

Within British Steel there are well established and effective arrangements at each business location for communication and consultation with trade union representatives to systematically provide employees with information on matters of concern to them. Well-developed policies and procedures operate in all parts of the business for the purpose of consulting and negotiating with trade unions and employee representatives on a regular basis, so that views of employees can be taken into account in making decisions that are likely to affect their interests.

British Steel's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities and employs them where suitable work can be found. The requirements of job applicants and existing members of staff who have a disability are reviewed to ensure that reasonable adjustments are made to enable them to perform as well as possible during the recruitment process and while employed. All reasonable measures are taken to ensure that disabled employees are given the opportunity and facilities to participate fully in the workplace, in training and in career development and promotion opportunities. In addition, every effort is made to find appropriate alternative jobs for those who become disabled while working for the business.

Employee involvement

British Steel is committed to involving all employees in the performance and development of the Company. Employees are encouraged to discuss matters of interest and subjects affecting day-to-day operations with local management. They also get regular opportunities to talk to the Executive team through things such as the quarterly all-employee WebEx. Employees are also encouraged to use continuous improvement techniques and to challenge things that they feel could be done differently.

Research and development

The Company invests in research and development in order to bring about changes in product and process developments.

Slavery and human trafficking statement

Section 54 of the Modern Slavery Act 2015 requires relevant organisations carrying on business in the UK to publish a statement setting out the steps taken to ensure that no slavery or human trafficking is taking place within the organisation or supply chains. A supplier visit will be carried out for any new, material supplier. Periodic reviews are then carried out by asking suppliers to resubmit a questionnaire response and evidence. The Board of British Steel has approved a statement setting out the measures taken by the Company during the financial year ending 31 March 2018.

Going concern

The Directors expect that the Company has adequate resources to continue in operational existence for the foreseeable future as the Company has adequate net assets. The business retains a strong liquidity position, with significant headroom in its asset based lending facilities and a revolving cash facility from Olympus Steel. Subsequent to the year end the Company's borrowing facilities have been extended, with the earliest potential maturity now being June 2021. As part of this going concern review a number of sensitivities were undertaken around sales volumes, levels of gross margin and changes in exchange rates, to ensure the business would continue to be a going concern in more adverse market conditions.

The Directors' assessment of going concern considers the impact of the risks and uncertainties set out in the strategic report. After considering the impact of reasonably possible downside sensitivity analysis and after making enquiries and considering relevant uncertainties, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus we continue to adopt the going concern basis in preparing the annual financial statements.

Dividends

There has been no interim dividend paid or declared in the period and the directors do not propose a final dividend (2017: £nil).

Directors' Report (continued)

Financial instruments

The principal financial instruments held by the Company are as follows:

- Cash, trade and other receivables and trade and other payables;
- Bank borrowings, including bank loans, term loans and overdrafts;
- Forward contracts; and
- Investments in subsidiaries and other Group companies.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and exchange rate risk. The Board reviews and agrees the policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's long term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of borrowings. At 31 March 2018, 100% (2017: 100%) of the Company's borrowings are on floating interest rates.

Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of secured and unsecured bank loans and overdrafts. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

Exchange rate risk

Exchange rate risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's investments in foreign subsidiaries.

The Company manages its exchange rate risk by hedging transactions that are expected to occur within a maximum 12 month period for sales and purchases.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor.

Approved by the Board of Directors on 12 July 2018 and signed on its behalf by:

G Reichmann
Director

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of British Steel Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of British Steel Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:
- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of British Steel Limited (continued)

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Hughes BSc (Hons), ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
12 July 2018

Statement of Comprehensive Income
for the year ended 31 March 2018

	Note	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Revenue	3	**1,177,874**	1,056,662
Operating costs	4	**(1,184,303)**	(944,473)
Operating (loss)/profit		**(6,429)**	112,189
EBITDA before rationalisation items and impairment		**5**	39,337
Rationalisation items	4, 6	**(3,148)**	77,057
EBITDA		**(3,143)**	116,394
Depreciation and impairment	4	**(3,286)**	(4,205)
Operating (loss)/profit		**(6,429)**	112,189
Finance expense	9	**(24,758)**	(21,790)
Finance income	9	**2,143**	1,905
(Loss)/profit before taxation		**(29,044)**	92,304
Taxation	10	**9,969**	-
(Loss)/profit after taxation		**(19,075)**	92,304
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains in the year	25	**552**	267
Deferred tax on defined benefit pension scheme	10, 20	**(412)**	-
Items that may be reclassified subsequently to profit or loss:			
Profit arising on sale of subsidiary	22	**-**	14,328
Other comprehensive income for the period		**140**	14,595
Total comprehensive (expense)/income for the year		**(18,935)**	106,899

The notes on pages 14 to 34 form an integral part of these financial statements.

Balance Sheet
as at 31 March 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	11	**72,948**	26,055
Intangible assets	12	**4,325**	-
Investments	13	**31,274**	33,001
Deferred tax assets	20	**9,557**	-
Retirement benefit asset	25	**2,452**	1,001
		120,556	60,057
Current assets			
Inventories	14	**317,136**	282,391
Trade and other receivables	15	**277,060**	256,097
Prepayments	15	**4,281**	21,834
Cash and short term deposits	16	**5,101**	35,047
		603,578	595,369
TOTAL ASSETS		**724,134**	655,426
Current liabilities			
Trade and other payables	17	**(280,230)**	(253,674)
Interest bearing loans and borrowings	18	**(62,409)**	(45,770)
Obligations under finance leases	19	**(2,272)**	(2,133)
Provisions for liabilities	21	**(36,885)**	(34,008)
		(381,796)	(335,585)
Non-current liabilities			
Interest bearing loans and borrowings	18	**(284,393)**	(227,788)
Obligations under finance leases	19	**(17,932)**	(20,204)
Provisions for liabilities	21	**(21,121)**	(34,022)
		(323,446)	(282,014)
TOTAL LIABILITIES		**(705,242)**	(617,599)
NET ASSETS		**18,892**	37,827
Equity			
Called up share capital	22	**-**	-
Actuarial gains and losses	22	**407**	267
Profit arising on sale of subsidiary	22	**14,328**	14,328
Capital contribution	22	**53,000**	53,000
Accumulated deficit	22	**(48,843)**	(29,768)
TOTAL SURPLUS		**18,892**	37,827

The notes on pages 14 to 34 form an integral part of these financial statements.

These financial statements of British Steel Limited were authorised for issue by the Board of Directors on 12 July 2018 and were signed on its behalf by:

G Reichmann
Director
Registered No: 09438207

Statement of Changes in Equity for the year ended 31 March 2018

	Called up share capital	Other reserves	Profit arising on sale of subsidiary	Actuarial reserve	Accumulated deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance on 1 April 2016	-	-	-	-	(122,072)	(122,072)
Capital contribution	-	53,000	-	-	-	53,000
Profit for the year	-	-	-	-	92,304	92,304
Profit arising on sale of subsidiary	-	-	14,328	-	-	14,328
Other comprehensive income	-	-	-	267	-	267
Total comprehensive income	-	-	14,328	267	92,304	106,899
At 31 March 2017	-	53,000	14,328	267	(29,768)	37,827

	Called up share capital	Other reserves	Profit arising on sale of subsidiary	Actuarial reserve	Accumulated deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance on 1 April 2017	-	**53,000**	**14,328**	**267**	**(29,768)**	**37,827**
Loss for the year	-	-	-	-	**(19,075)**	**(19,075)**
Actuarial gains	-	-	-	**552**	-	**552**
Deferred tax on defined benefit pension schemes	-	-	-	**(412)**	-	**(412)**
Total comprehensive income/(expense)	-	-	-	**140**	**(19,075)**	**(18,935)**
At 31 March 2018	-	**53,000**	**14,328**	**407**	**(48,843)**	**18,892**

The notes on pages 14 to 34 form an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

British Steel Limited is a private company, limited by shares, incorporated, domiciled and registered in England and Wales in the UK. The registered number is 09438207 and the registered office address is Brigg Road, Scunthorpe, North Lincolnshire, DN16 1BP.

Basis of preparation

The financial statements have been prepared in accordance with FRS 101, Reduced Disclosure Framework. This means that they use the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted for use in the EU, but with disclosure exemptions as set out in FRS 101.

As the company is wholly owned by British Steel Holdings Limited which prepares consolidated financial statements, the Company has taken exemption from the requirement to prepare consolidated financial statements.

The financial statements are presented in pounds sterling since this is the currency in which the majority of the Company's transactions are denominated.

The financial statements have been prepared under the historical cost convention as modified by the valuation of derivative financial instruments and in accordance with the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in the current and prior periods.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements are disclosed in note 2.

As set out in the Directors' Report on page 5, the Board of Directors has assessed the ability of the Company to continue as a going concern and these financial statements have been prepared on a going concern basis.

Property, plant and equipment

Property, plant and equipment are recorded at original cost less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and, for assets constructed by the Company, any related works and incremental overhead amounts, to the extent that these are directly attributable to the acquisition or construction of the asset.

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.

New and amended standards applied by the Group for the first time for the financial year beginning on 1 April 2017

There are no IFRSs or IFRIC interpretations that are effective for annual periods beginning after 1 April 2017 that have had a material impact on the Company.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Depreciation and impairment of property, plant and equipment

Depreciation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment, including those held under finance leases, to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period if shorter. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. Accelerated depreciation 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 fixed assets are:

		Years
Plant and machinery:		
Iron and steelmaking	(maximum)	25
IT hardware and software	(maximum)	8
Office equipment and furniture		10
Motor vehicles		4
Loose plant and tools	(maximum)	15

Assets in course of construction are not depreciated until the assets are available for their intended use.

At each reporting period end, the Company reviews the carrying amounts of its property, plant and equipment 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.

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.

Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Intangible assets (continued)

Amortisation of computer software is recognised as an expense within operating costs.

Carbon emissions rights received or purchased are recognised as intangible assets at cost on initial recognition and subsequent measurement. Carbon emissions rights received are not amortised. They are recognised as a disposal once they have been either sold or surrendered to cover the Company's emissions. Costs associated with carbon emissions rights are recognised within operating costs.

Revenue

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

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

Interest

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

Interest expense, excluding that related to financing the construction of qualifying property, plant and equipment, is expensed as incurred.

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Research and Development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the quoted rates of exchange ruling at the end of each reporting period. In order to hedge its exposure to certain foreign exchange transaction risks, the Company enters into forward contracts (see below for details of the Company's accounting policies in respect of such derivative financial instruments). In preparing the financial statements, transactions in currencies other than the Company's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Inventories

Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is determined using the 'first in, first out' 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.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

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 period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years ("temporary differences") and it further excludes items that are never taxable or deductible ("permanent differences").

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the 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 to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, deferred tax is recognised in the income statement.

Provisions

Provisions for rationalisation, dilapidations, onerous contracts and environmental remediation are recognised when: the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase of provision dues to the unwinding of the time value of money is recognised as interest expense.

Rationalisation provisions are recognised where the plans are sufficiently detailed and well advanced and where appropriate communication has been made prior to the year end.

The Company participates in the EU ETS. Carbon emissions allowances received or purchased are recognised as intangible assets at cost on initial recognition and subsequent measurement. A corresponding liability is recognised as and when the entity emits on a pro-rata basis based on the expected emissions over the compliance period. The liability recognised is based on the expected cost of settlement method with carbon emissions rights allocated in the following order:

- Government emissions allowances received for free relating to the compliance period
- Surplus emissions allowances relating to prior periods
- Emissions allowances purchased from the market

Any shortfall from the above allowances compared to the amount of allowances that needed to cover the Company's carbon emissions are recognised as a liability at market value.

Gains are only recognised when there is a surplus relating to the current or prior compliance period and when this gain has been crystallised through the sale of the surplus carbon emissions allowances to an external party.

Gains and losses in relation to carbon emissions allowances are recognised within operating costs.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Non-derivative financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and other short-term highly liquid investments with original maturities of three months or less.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Loans and borrowings

Debt issue costs are capitalised and netted against the associated proceeds. Debt is stated at the amount of net proceeds after deduction of finance costs. Finance costs are amortised to the Statement of Comprehensive Income over the term of the debt at a constant rate on the carrying amount.

Equity instruments

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

Derivative financial instruments and hedge accounting

In the ordinary course of business the Group uses certain derivative financial instruments to reduce business risks and for trading purposes. The instruments are confined principally to forward foreign exchange contracts and carbon emissions right under the EU ETS. Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately on profit or loss.

Disclosure exemptions

The accounts are prepared under FRS 101, which requires the use of the accounting requirements set out in EU-adopted IFRS but gives certain disclosure exemptions. The Company's shareholders have been notified about the intention to take advantage of disclosure exemptions and no objections have been received. The disclosure exemptions taken relate to the following areas:

(i) no cash flow statement is presented;
(ii) financial instruments - none of IFRS 7s disclosure requirements have been presented because equivalent disclosures appear in the group accounts;
(iii) comparatives are not given in respect of movements in property, plant and equipment and intangible assets;
(iv) IAS 1 disclosure of standards issued but not yet effective;
(v) related party transactions with other group companies; and
(vi) key management personnel remuneration.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted.

The Company determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit assets.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Employee benefits (continued)

Defined benefit plans (continued)

The Company operates a defined benefit plan as follows:

The scheme is a final salary defined benefit plan that includes life assurance for members.

The scheme is managed both by trustees appointed by the sponsoring employers and by member nominated trustees. The trustees focus on risk management and undertake to be conversant with the required knowledge and understanding as specified in the Pensions Act 2004 and in line with the Pension regulator's code of practice as revised in November 2009.

The scheme is exposed to the normal risks affecting a defined benefit scheme. These include the risk of volatile equity markets, low gilt yields, currency risk and member longevity risk. These risks are managed using a prudently balanced asset allocation that includes equity, property, bonds and gilts.

The trustees are positively engaged with advisors to de-risk the portfolio. This includes matching long term assets to liabilities and currency hedging a proportion of overseas assets.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in the Statement of Comprehensive Income when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements

For the defined benefit scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Comprehensive Income account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income.

The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Company in connection with the settlement.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS 101 requires management to make estimates and assumptions that affect the:

(i) reported amounts of assets and liabilities;

(ii) disclosure of contingent assets and liabilities at the date of the accounts; and

(iii) reported amounts of income and expenses during the period.

Notes to the Financial Statements (continued)

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

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

Critical accounting judgements

There are no critical judgments, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies that would have the most significant effect on the amounts recognised in the Company accounts.

Key sources of estimation uncertainty

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

(a) Taxation

Accruals for corporation tax contingencies require the Directors to estimate the level of corporation tax that will be payable based upon the interpretation of applicable tax legislation on a country-by-country basis and an assessment of the likely outcome of any open tax computations. All such accruals are included within current liabilities.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Therefore, estimates are made to establish whether deferred tax balances should be recognised, in particular in respect of non-trading losses. See note 20 for details of the additional deferred tax assets that could potentially be recognised if a different a judgement or different estimates were made regarding the certainty, amount and availability of the relevant future profits against which to relieve the losses and fixed asset temporary differences.

(b) Employment benefits

The Company operates a defined benefit pension schemes. The post-employment benefits associated with this scheme have been accounted for in accordance with IAS 19 "Employee Benefits". As detailed within the Accounting Policies, in accordance with IAS 19, all actuarial gains and losses have been recognised immediately through the Consolidated Statement of Comprehensive Income.

For all defined benefit pension schemes, pension valuations have been performed using specialist advice obtained from independent qualified actuaries. In performing these valuations, significant actuarial assumptions and judgments have been made to determine the defined benefit obligation, in particular with regard to discount rate, inflation and mortality. See note 25 for further details.

(c) Research and development tax credits

Research and development tax credits require the Company to make an assessment in relation to the qualifying research and development expenditure in the year. Accruals for research and development tax credits require the Company to make judgements, estimates and assumptions when calculating the qualifying research and development expenditure. Qualifying research and development expenditure is defined by guidelines from the Department for Business Enterprise and Regulatory Reform, which are subject to interpretations by HM Revenue & Customs. The carrying amount of research and development tax credits as at the year end was £25m.

3. Revenue

The Company's revenue, all of which arises from the sale of goods, and profit on ordinary activities before taxation all arose from one class of business. An analysis of revenue by destination is shown below:

	2018	2017
	£'000	£'000
UK	**551,096**	532,063
Europe	**494,937**	436,588
Rest of world	**131,841**	88,011
	1,177,874	1,056,662

Notes to the Financial Statements (continued)

4. Operating costs

	2018				2017
	Operating items before rationalisation costs, depreciation and impairment £'000	**Rationalisation costs (Note 6) £'000**	**Depreciation and impairment £'000**	**Total £'000**	Total £'000
Costs by type:					
Raw materials and consumables	**653,644**	-	-	**653,644**	503,925
Maintenance costs	**87,916**	-	-	**87,916**	88,660
Other external charges (including fuel & utilities, hire charges and carriage costs)	**208,428**	-	-	**208,428**	192,081
Employment costs	**180,194**	**1,350**	-	**181,544**	170,990
Depreciation and impairment	-	-	**3,286**	**3,286**	4,205
Other operating items	**47,687**	**1,798**	-	**49,485**	(15,388)
	1,177,869	**3,148**	**3,286**	**1,184,303**	944,473

5. Expenses and auditor's remuneration

	2018 £'000	2017 £'000
Included in the Statement of Comprehensive Income are the following:		
Operating profit is stated after charging/ (crediting):		
Depreciation, amortisation and impairment – owned assets (Notes 11 and 12)	**3,286**	4,205
Net exchange rate losses/(gains)	**4,105**	(11,092)
Impairment of inventory	**46,811**	46,800
Operating lease rentals charges:		
Plant and machinery	**6,962**	5,220
Leasehold property	**2,259**	1,970
Provision for bad and doubtful debts	**3,267**	4,257
Costs of research and development	**1,447**	2,209
Audit related costs:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**138**	153

The audit related costs above reflect Deloitte LLP's provision of services during the year ended 31 March 2018. Fees payable to Deloitte LLP and its associates for non-audit services to the Company are not disclosed because the consolidated financial statements of British Steel Holdings Limited disclose such fees on a consolidated basis.

Notes to the Financial Statements (continued)

6. Rationalisation items

	2018 £'000	2017 £'000
Separation costs	-	8,662
IT separation costs	1,798	3,451
Plate/Coke oven closure	-	(2,591)
Redundancy costs	1,350	1,990
Onerous freight contract	-	46,741
Tata loan write offs	-	(135,310)
	3,148	(77,057)

Rationalisation items in the current year predominately relate to the separation of the IT systems from Tata Steel. IT separation costs of £1.8m (2017: £3.5m) were one off costs incurred to enable the separation of British Steel IT systems from those of Tata Steel. Additional separation costs of £nil (2017: £8.7m) represent legal and other professional fees associated with the separation from Tata Steel in June 2016. Redundancy costs of £1.4m (2017: £2.0m) relate to the restructuring activities undertaken in as part of the sale from Tata Steel UK Limited to British Steel Holdings Limited. In the prior year the intercompany loans with Tata Steel of £135.3m were written off within the Tata Steel Group. The prior year release of provision on the Plate/coke ovens of £2.6m related to conclusion of the restructuring activities undertaken in 2016 and the early part of this previous financial year. The onerous freight contract arose as a result of British Steel Limited taking over a long term shipping contract from Tata Steel as part of the acquisition by British Steel Holdings Limited.

7. Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2018 Number	2017 Number
Sales staff	93	92
Operational staff	3,883	3,857
Administrative staff	262	260
	4,238	4,209

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	157,387	148,152
Social security costs	16,940	15,140
Other pension costs	5,867	5,708
Net redundancy and related costs (included within restructuring costs)	1,350	1,990
	181,544	170,990

Notes to the Financial Statements (continued)

8. Directors' remuneration

The total remuneration of the directors in the Company was £3,299,000 (2017: £2,007,000). Total remuneration can be analysed as directors' remuneration of £3,276,000 (2017: £1,600,000), compensation for loss of office £nil (2017: £400,000) and Company contributions to defined contribution pension schemes of £23,000 (2017: £7,000). The total remuneration of the highest paid director was £1,083,000 (2017: £800,000) including Company contributions to defined contribution pension schemes of £nil (2017: £3,000). The highest paid director has not executed any share options and no shares were received or receivable in either year.

Retirement benefits are accruing under defined contribution schemes to 4 individuals (2017: 3 individuals), including the highest paid director, who were directors during the year.

Mr D Goldstein, Mr M Meyohas, Mr N Meyohas and Mr R Perlhagen did not receive any remuneration from the Company in respect of their services.

9. Finance expense/income

	2018	2017
	£'000	£'000
Finance expense:		
Finance leases	**1,452**	1,574
Bank loans and overdraft	**5,049**	1,859
Interest on loans from parent undertakings	**16,937**	16,904
Amortised loan fees	**1,320**	1,100
Other interest payable	**-**	353
Total finance expense	**24,758**	21,790
Finance income:		
Interest on loans to group companies	**2,112**	1,905
Net interest income on defined benefit obligation	**31**	-
Total finance income	**2,143**	1,905

10. Taxation

	2018	2017
	£'000	£'000
Current period income tax (credit)/result:		
Deferred tax	**(9,969)**	-
	(9,969)	-
Tax charge/result recognised in other comprehensive income:		
Deferred tax	**412**	-
	412	-

Notes to the Financial Statements (continued)

10. Taxation (continued)

The total tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £'000	2017 £'000
(Loss)/profit before taxation	**(29,044)**	92,304
(Loss)/profit multiplied by the standard UK corporation tax rate of 19% (2017: 20%)	**(5,518)**	18,461
Effects of:		
Disallowable expenses	**4,262**	40
Non-taxable income	**(304)**	(26,409)
Transfer pricing adjustment	**(410)**	(432)
Losses not recognised	**577**	8,340
Group relief surrendered	**803**	-
Tax credits available	**(5,566)**	-
RDEC credits of prior periods	**(4,331)**	-
Effects of changes in tax rates	**518**	-
Total tax (credit)/result	**(9,969)**	-

Reductions in the UK corporation tax rate to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020 were substantively enacted on 26 October 2015 and an additional reduction to 17% effective from 1 April 2020 was substantively enacted on 6 September 2016.

11. Property, plant and equipment

	Plant and machinery £'000	Loose plant and tools £'000	Assets in course construction £'000	Total £'000
Cost as at 1 April 2017	21,000	4,572	21,841	47,413
Additions	1,769	41,059	30,724	73,552
Disposals	(1,143)	(24,455)	-	(25,598)
Transfers	4,789	-	(4,789)	-
Cost as at 31 March 2018	26,415	21,176	47,776	95,367
Depreciation as at 1 April 2017	16,234	4,525	599	21,358
Depreciation charge for the year	696	1,509	-	2,205
Disposals	(1,144)	-	-	(1,144)
Transfers	599	-	(599)	-
Depreciation as at 31 March 2018	16,385	6,034	-	22,419
Net book value as at 1 April 2017	4,766	47	21,242	26,055
Net book value as at 31 March 2018	10,030	15,142	47,776	72,948

The Company recognised an impairment charge of £nil (2017: £4.0m) in the current year against property, plant and equipment.

Notes to the Financial Statements (continued)

12. Intangible assets

	Software and development costs £'000
Cost as at 1 April 2017	-
Additions	5,406
Cost as at 31 March 2018	**5,406**
Amortisation as at 1 April 2017	-
Amortisation charge for the year	1,081
Amortisation as at 31 March 2018	**1,081**
Net book value as at 1 April 2017	-
Net book value as at 31 March 2018	**4,325**

Notes to the Financial Statements (continued)

13. Investments – non-current

The Company has the following investments in subsidiaries.

Entity	Country of incorporation	Nature of business	% of ordinary shares held	Holding	Registered Office Address
The Steel Company of Ireland Limited	Ireland	Steel distributor	100	Direct	Goodbody Secretarial services Limited, International Financial Services Centre, North Wall Quay, Dublin 1
TSP Projects Limited	England and Wales	Engineering services	100	Direct	Meridian House, The Cresent, York, Yorkshire, YO24 1AW
TSP Engineering Limited	England and Wales	Engineering services	100	Direct	Curwen Road, Derwent Howe, Workington, United Kingdom, CA14 3YX
British Steel France Rail S.A.S	France	Steel mill	100	Indirect	164 rue de Marechal Foch, 57705 Hayange, France
British Steel France Rail Holdings S.A.S	France	Intermediate holding company	100	Direct	2 Av Du Pdt 7 Fitzgerald Kennedy 78100 Saint Germain en Laye
British Steel America Inc	America	Sales liaison office	100	Direct	1700 East Golf Road, Schaumburg, Illinois 60173, USA
British Steel GmbH	Germany	Sales liaison office	100	Direct	17. Etage, Stadttor 1, Düsseldorf, Nordrhein, Westfalen, 40219, Germany
British Steel Italia S.r.l	Italy	Sales liaison office	100	Direct	via Italia 44, Monza, Italy
Longs Steel Spain International S.L	Spain	Sales liaison office	100	Direct	Room 1811. Four Tower Business Area Regus Torre de Cristal, Paseo de la Castellana 259c 18th Floor, Madrid, Spain
Longs Steel Singapore Pte. Ltd	Singapore	Sales liaison office	100	Indirect	#04-01 Harbour Front Tower One, Singapore 098633,
Longs Steel Poland Sp. Zoo	Poland	Sales liaison office	100	Direct	Silesia Business Park, Katowice, Poland
Transit 2017 Limited	England and Wales	Intermediate holding company	100	Direct	Brigg Road, Scunthorpe, North Lincolnshire, DN16 1BP
FNsteel B.V.	Netherlands	Steel mill	100	Indirect	Rapenburg 1, 2952 AP Alblasserdam, Netherlands
FNsteel S.A.R.L	France	Sales liaison office	100	Indirect	2 Rue Galoche, 21000 Dijon, France
FNsteel GmbH	Germany	Sales liaison office	100	Indirect	R&G Wirtschaftskanzlei GmbH, Karl-Halle-Str. 2-6, 58097 Hagen, Germany
FNsteel (UK) Limited	England and Wales	Sales liaison office	100	Indirect	8 Fairford Close, Prospect Grange, Solihull, B91 1JF
BSUK Steel AB	Sweden	Sales liaison office	100	Direct	Transbarsvagen 98, 44837 Floda, Sweden
British Steel Benelux B.V.	Netherlands	Sales liaison office	100	Direct	Eindhoven, Central Station, office 3.08, third floor.
Longs Steel Singapore Pte. Ltd Taiwan Branch	Taiwan	Sales liaison office	100	Direct	Room 829, 5F, N0 285, sec 4, Zhongxiao E Rd, Taipei City, 10692, Taiwan
Redcar Bulk Terminal Limited	England and Wales	Port services	50	Direct	Lakenby Main Offices Lakenby Works, Middlesbrough, TS6 7RP

	2018	2017
	£'000	£'000
At 1 April	**33,001**	-
Additions	**38**	86,001
Disposals	**(1,765)**	(53,000)
At 31 March	**31,274**	33,001

During the year a number of companies in the above table were set up as sales liaison offices.

Notes to the Financial Statements (continued)

14. Inventories

	2018 £'000	2017 £'000
Raw materials and consumables	**155,167**	142,678
Work in progress	**74,396**	57,576
Finished goods and goods for resale	**87,573**	82,137
	317,136	282,391

The cost of inventories recognised as an expense and included in cost of sales in the year amounted to £653.6m (2017: £503.9m). The write-down of stocks to net realisable value amounted to £46.8m (2017: £46.8m).

There is no material difference between the value of stock included in the Balance Sheet and its replacement cost.

15. Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	**141,031**	159,720
Less: provision for impairment	**(2,173)**	(944)
Net trade receivables	**138,858**	158,776
Amounts owed by parent undertakings	**36,240**	37,858
Amounts owed by group companies	**52,037**	44,370
Corporation tax receivable	**4,900**	-
Derivative financial instruments	**1,987**	-
Prepayments	**4,281**	21,834
Other receivables	**43,038**	15,093
	281,341	277,931
Less non-current portion:		
Trade receivables	**(4,000)**	-
Amounts owed by group companies	**(49,556)**	(44,370)
	227,785	233,561

Amounts owed by group companies of £52.0m (2017: £44.4m) relate to loans with British Steel France Rail Holdings S.A.S, TSP Engineering Limited and Transit 2017 Limited. The loan with British Steel France Rail Holdings S.A.S is due to be repaid in December 2019 and interest is accrued at 4.5%. The loan with TSP Engineering Limited is repayable on demand and interest is accrued at 3.5% + overnight GBP LIBOR rate. The loan with Transit 2017 Limited is due to be repaid in October 2022 and interest is accrued at 9% + six month GBP LIBOR rate.

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

16. Cash

	2018 £'000	2017 £'000
Cash at bank and in hand	**5,101**	35,047

Notes to the Financial Statements (continued)

17. Trade and other payables

	2018 £'000	2017 £'000
Trade payables	**191,813**	191,976
Amounts owed to group companies	**44,643**	38,684
Other taxation and social security	**1,042**	130
Interest payable to parent undertakings	**29**	-
Interest payable	**199**	90
Other creditors	**42,504**	22,794
	280,230	253,674

Other creditors include amounts provided in respect of capital accruals, carbon emissions, holiday pay and other employment costs, customer deposits and other customer related costs.

Amounts owed to group companies are unsecured, interest free and repayable on demand.

18. *Interest-bearing loans and borrowings*

	Current 2018 £'000	Non-current 2018 £'000	Total 2018 £'000	Current 2017 £'000	Non-current 2017 £'000	Total 2017 £'000
Bank loans and overdrafts	**38,800**	**-**	**38,800**	45,770	-	45,770
Secured bank loan	**-**	**98,398**	**98,398**	-	59,956	59,956
Amounts owed to group undertakings	**23,609**	**-**	**23,609**	-	-	-
Amounts owed to parent company	**-**	**185,995**	**185,995**	-	167,832	167,832
	62,409	**284,393**	**346,802**	45,770	227,788	273,558

The bank loans and overdraft balance of £38.8m (2017: £45.8m) represents a repayment agreement to finance raw material cargos both on the water and held within the Immingham Bulk Terminal facility. The bank finances 70% of the value of raw material cargo in return for an interest payment on the facility balance of 3% + three months USD LIBOR rate. Each financing is due to be repaid 45 days after drawdown.

The current amounts owed to group undertakings represent loan notes due to be repaid to British Steel France Rail S.A.S within 12 months. These loan note accrue interest at 1.5% + three months EURIBOR rate.

The secured bank loan represents the drawdown on a three year £165m asset backed lending facility. This is secured over inventory and trade receivables. Interest accrues at 3% + central bank rates.

The non-current amounts owed to parent company (British Steel Holdings Limited) represents the flow through of a shareholder loan from Olympus Steel Limited to British Steel Limited via British Steel Holdings Limited. The loan liability is secured and comprises a £154m term loan. Interest accrues monthly at 9% + 6 month LIBOR for the first thirty six months and on a six monthly basis thereafter.

As at the balance sheet date the earliest potential maturities of the secured bank loan and the flow through of the shareholder loan were November 2019. Subsequent to the year end these have been extended, with the earliest potential maturities now being June 2021.

Notes to the Financial Statements (continued)

19. Finance lease liability

Amounts payable under finance leases are as follows:

2018	Principal £'000	Interest £'000	Present value of minimum lease payments £'000
Less than one year	3,585	(1,313)	2,272
Between one and five years	14,341	(3,677)	10,664
More than five years	8,066	(798)	7,268
	25,992	(5,788)	20,204

2017	Principal £'000	Interest £'000	Present value of minimum lease payments £'000
Less than one year	3,585	(1,452)	2,133
Between one and five years	14,341	(4,328)	10,013
More than five years	11,651	(1,460)	10,191
	29,577	(7,240)	22,337

The above lease arrangement terminates in 2025. The lease is a on a fixed repayment basis with a fixed interest rate of 6.5%. The finance lease liabilities are secured over the assets to which the lease relates.

The net book value of assets held under finance leases are £nil (2017: £nil).

20. Deferred tax

Net deferred tax assets

	Short term temporary differences £000	Defined benefit pension schemes £000	Total £000
At 1 April 2017	-	-	-
(Charged)/credited to the income statement	9,974	(5)	9,969
(Charged)/credited to other comprehensive income	-	(412)	(412)
At 31 March 2018	9,974	(417)	9,557

Deferred tax assets/liabilities

	Deferred tax assets £000	Deferred tax liabilities £000	Total £000
Short term temporary differences	9,974	-	9,974
Defined benefit pension schemes	-	(417)	(417)
At 31 March 2018	9,974	(417)	9,557

Notes to the Financial Statements (continued)

20. Deferred tax (continued)

Included in the deferred tax assets above are amounts recognised this period in relation to research and development expenditure tax credits of £6m, and a further deferred tax asset of £4m in respect of in-year trading losses of £26m. The Company considers that these assets should be recognised in light of its forecasted profitability supported by current trading profitability patterns, coupled with the new more flexible loss relief regime in the UK. The Company has not recognised deferred tax assets of £59m (2017: £60m) in relation to £344m (2017: £350m) of historic trading losses, and £29m (2017: £27m) in relation to £172m (2017: £158m) of fixed asset temporary differences. The Company does not consider recognition of these assets can be supported given that there is not sufficient certainty of availability of relevant future profits against which to relieve these assets. The recognition criteria is assessed annually and the deferred tax position amended accordingly.

21. Provisions for liabilities

	Rationalisation costs (i) £'000	Environmental (ii) £'000	Other (iii) £'000	Total 2018 £'000
As at 1 April 2017	2,129	25,689	40,212	68,030
Provisions made	1,350	2,944	-	4,294
Provisions utilised in the period	(605)	-	(13,713)	(14,318)
As at 31 March 2018	2,874	28,633	26,499	58,006
Analysed as:				
Current liabilities				36,885
Non-current liabilities				21,121
				58,006

(i) Rationalisation costs include redundancy provisions of £0.6m (2017: £0.2m) and property related items of £2.3m (2017: £1.9m). The provisions are expected to be utilised by 2018 and 2022 respectively.

(ii) Environmental provisions primarily represents the cost of disposing of some waste by-products at the Scunthorpe site including landfill taxes. Due to the nature of this provision, the timing of any settlement is uncertain.

(iii) Other provisions include £23.3m (2017: £37.0m) in respect of an onerous legacy freight contract. The deal commits British Steel to paying freight costs greater than the market rate until the end of 2021 and will be utilised over that period. The remaining £3.2m (2017: £3.2m) relates to dilapidations on leased property with a weighted average utilisation period of 4.2 years.

22. Capital and reserves

Share capital

	2018 £	2017 £
Authorised		
1 ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
1 ordinary shares of £1 each	1	1

The Company has one class of ordinary shares which carry no right to fixed income. 1 ordinary share of £1 was issued on incorporation.

Notes to the Financial Statements (continued)

22. Capital and reserves (continued)

Reserves

	2018 £'000	2017 £'000
Actuarial gains and losses	**407**	267
Profit arising on sale of subsidiary	**14,328**	14,328
Retained losses	**(48,843)**	(29,768)
Capital contribution	**53,000**	53,000
Total	**18,892**	37,827

The actuarial reserve records cumulative actuarial gains and losses in line with the actuarial reports provided by our third party independent actuaries net of associated deferred tax. The retained earnings reserve records cumulative retained profits and losses as reported in the profit and loss account.

Profit arising on the sale of subsidiary relates to when the Company acquired 100% of the ordinary voting shares of British Steel France Rail Holding S.A.S., a company registered in France for consideration of £31m. The company was considered a subsidiary due to the Company's 100% shareholding. The Company subsequently disposed of its investment in British Steel France Rail S.A.S. to British Steel France Rail Holding S.A.S. for consideration of £67m resulting in an unrealised profit on disposal of £14m being recognised through other comprehensive income.

Capital contribution relates to the original investment in British Steel France Rail S.A.S. that was transferred to the Company by its then immediate parent, Tata Steel UK Limited for a nominal consideration with the excess of carrying value over consideration classified as a capital contribution of £53m.

23. Future capital expenditure

	2018 £'000	2017 £'000
Contracted but not provided for	**9,717**	4,993
Authorised but contracts not yet placed	**9,030**	9,511

At the end of the year there was £nil (2017: £nil) of future expenditure planned in relation to intangible assets.

24. Operating leases

At the balance sheet date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 £'000	2017 £'000
Less than one year	**10,107**	8,217
Between one and five years	**43,950**	37,027
More than five years	**46,213**	55,943
	100,270	101,187

Operating lease payments represent rentals payable by the Group in respect of properties and the jetty at Immingham Bulk Terminal. The property leases are on terms of between 1 and 6 year, and the majority of the lease agreements are renewable at the end of the lease at market rate. The Immingham Bulk Terminal lease terminates in 2027 (with the right to renew for a further two periods of five years on substantially the same terms). The charges are fixed until 2020 at which point they will move according to the relative change in the CPI.

Notes to the Financial Statements (continued)

25. Employee benefits

Corus Republic of Ireland Scheme

From April 2016, this defined benefit scheme ceased to be a multi-employer scheme, and the approved Deed of Cessation and Amendment segregated the element relating to the Group which was transferred on acquisition. The disclosures below are therefore made in relation to defined benefit obligations in accordance with IAS 19.

The most recent actuarial valuation of the scheme was prepared as at 31 March 2016 and has been updated to 31 March 2018 by a suitably qualified actuary. The report showed the fair value of the scheme's assets to be £20,353,000. At the balance sheet date the scheme showed an excess of assets over liabilities of £2,452,000. Group contributions made in the period were £836,000, and there were no accruals at the balance sheet date. The Group expects to pay one further deficit lump sum payment in 2018 of £836,000, by which point the most recent funding agreement of 2009 will end.

The relevant disclosures in respect of the scheme are as follows:

	2018	2017
	£000	£000
Fair value of plan assets	**(20,353)**	(18,276)
Defined benefit obligation	**17,901**	17,275
Net defined benefit scheme surplus	**(2,452)**	(1,001)

Movement in net defined benefit surplus over the year

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability/ (asset)**	
	2018	2017	**2018**	2017	**2018**	2017
	£000	£000	**£000**	£000	**£000**	£000
Balance at 1 April 2017/1 June 2016	**17,275**	15,789	**(18,276)**	(14,975)	**(1,001)**	814
Included in Profit or loss						
Interest cost/ (income)	**324**	258	**(355)**	(253)	**(31)**	5
Translation difference	**504**	1,931	**(536)**	(1,855)	**(32)**	76
Included in OCI						
Change in financial assumptions	**438**	139	**(749)**	-	**(311)**	139
Return on plan assets	-	-	-	(1,012)		(1,012)
Actuarial experience on obligations	**(241)**	(208)	-	-	**(241)**	(208)
Other						
Contributions paid by the employer	-	-	**(836)**	(815)	**(836)**	(815)
Benefits paid	**(399)**	(634)	**399**	634	-	-
Balance at 31 March	**17,901**	17,275	**(20,353)**	(18,276)	**(2,452)**	(1,001)

Notes to the Financial Statements (continued)

25. Employee benefits (continued)

Corus Republic of Ireland Scheme (continued)

	2018	2017
	£000	£000
Cash and cash equivalents	84	47
Equity instruments	12,024	10,859
Debt instruments	7,979	7,132
Other assets	266	238
Total	20,353	18,276

Actuarial assumptions

Weighted-average assumptions to determine benefit obligations	2018	2017
	%	%
Discount rate	1.80	1.85
Rate of inflation	1.70	1.60
Future salary increases	1.70	1.60
Future pension increases	1.70	1.60

The assumptions relating to longevity underlying the pension liabilities at the Statement of Financial Position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	2018	2017
	Years	Years
Current pensioner aged 65		
- Men	21.4	21.2
- Women	23.9	23.7
Future retiree upon reaching 65		
- Men	22.7	22.7
- Women	24.9	24.9

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by 0.25% percent.

Discount rate	a 0.25% discount rate would result in an increase in scheme liabilities of £788,000
Inflation	a 0.25% inflation rate would result in a decrease in scheme liabilities of £713,000

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 1 January 2017 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Funding

The Group expects to pay the following in contributions to its defined benefit plans in the future.

Expected benefit payments in each of FY19 and FY20 is £290,000. The Group also expects to pay one further deficit lump sum payment in FY19 of £836,000.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 17.0 years.

Notes to the Financial Statements (continued)

26. Related party transactions

During the year ended 31 March 2018, British Steel Limited was charged a quarterly management fee by Greybull Capital LLP. Greybull's partners are Marc Meyohas, Nathaniel Meyohas and Richard Perlhagen. The fees paid to Greybull Capital LLP in the year amounted to £3m (2017: £3m).

During the year ended 31 March 2018, British Steel Limited entered into zero (2017: four) separate foreign exchange transactions with Monarch Airlines Limited. Monarch Airlines Limited's ultimate controlling parties include Marc Meyohas and Nathaniel Meyohas who are directors of British Steel Limited. British Steel sold a total amount of €nil (2017: €28.5m) to Monarch Airlines and received £nil (2017: £22m). There were no outstanding arrangements at the year end.

27. Ultimate and immediate parent company

The Company is a wholly-owned subsidiary of British Steel Holdings Limited (the immediate parent company), a company incorporated in England and Wales.

The largest and smallest group of which the results of the Company are consolidated is that headed by British Steel Holdings Limited. Copies of the Report and Accounts for British Steel Holdings Limited may be obtained from its registered office at Brigg Road, Scunthorpe, North Lincolnshire, DN16 1BP.

The Group's ultimate parent company is Olympus Steel 2 Limited, a company incorporated in Jersey, the accounts of which are neither consolidated nor publicly available.

The directors consider Marc Meyohas, Nathaniel Meyohas and Storford Limited to be the ultimate controlling parties of the Company.

28. Events after the balance sheet date

There are no significant events since the year end.