

Company Registration No. 03331364

ArcelorMittal Tailored Blanks Birmingham Limited

Annual report and financial statements

for the year ended 31 December 2017



ArcelorMittal Tailored Blanks Birmingham Limited

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ArcelorMittal Tailored Blanks Birmingham Limited

Officers and professional advisers

Directors

M Matthieu Guibe
M Bertrand Jacquier

Company Secretary

Rémy Mourton

Registered Office

ArcelorMittal Tailored Blanks Birmingham Limited
Cakemore Road
Rowley Regis
West Midlands
B65 0QL

Bankers

Barclays Bank Plc
Snow Hill One
Birmingham
B46GN

Auditor

Deloitte LLP
Statutory Auditor
Four Brindleyplace
Birmingham
B1 2HZ
United Kingdom

ArcelorMittal Tailored Blanks Birmingham Limited

Strategic report

The Directors present their strategic report and the audited financial statements for the year ended 31 December 2017 as required by section 414C of the Company Act 2006.

Principal activity

The Company is part of the specialised business unit for tailored blanks business in the ArcelorMittal group of companies. ArcelorMittal Tailored Blanks Birmingham Limited ('AMTB Birmingham') is the UK entity of the Belgium based parent company ArcelorMittal Tailored Blanks NV.

AMTB Birmingham is responsible for manufacturing technology that improves the performance of car parts in vehicles. Supplies flat steel sheets of different thickness, grades and coatings to the Automotive industry, some of these blanks, so called laser-welded blanks, are made by welding together flat steel sheets of different thicknesses, grades and coatings. These products offer an optimal combination of strength and ductility, as well as reducing vehicle costs. They also reduce the weight of vehicles and improve safety by enhancing crash performance. AMTB Birmingham is a leading producer of tailored blanks and laser-welded blanks.

The company is committed to adopting the philosophy of the group, namely:

Sustainability, quality and leadership. These aims describe how the company aims to 'transform tomorrow'. They are simple and taken one by one, not unique in themselves. It is the combination, and the way they are applied that makes AMTB Birmingham's brand values unique.

Sustainability

The Company are guiding the evolution of steel to secure the best future for the industry for generations to come.

The Company's commitment to the world around us extends beyond the bottom line, to include the people in whom the Company invest and the communities it supports. This long-term approach is central to the Company's business philosophy.

Quality

The Company look beyond today to envision the steel of tomorrow. Quality outcomes depend on quality people. The Company seek to attract and nurture the best people to deliver superior solutions to all its customers.

Leadership

The Company promotes bold thinkers with a clear vision for the future of steel: the fabric of life. The Company is proud of its achievements and its entrepreneurial spirit, which is responsible for elevating AMTB Birmingham to the forefront of the industry.

Business review

The business continues to be committed to providing excellent customer service and quality. The Company aims to continue this growth trend into 2018. Important investments done in 2017, mainly on welding lines, will also contribute to the sustainability of the site and the ability to be recognized as a leader in the UK market. The Company had net assets of £10,884,176 as at 31 December 2017 (31 December 2016: £10,111,309).

ArcelorMittal Tailored Blanks Birmingham Limited

Strategic report (continued)

The company's Key Financial Performance indicators during the year were as follows:

	2017	2016	% Variance 2017/16
Turnover	54,566,563	43,663,870	25%
(Loss)/Profit before Tax	971,412	(13,944)	6967%
Operating profit	1,248,329	240,194	420%
Shareholder Funds	10,884,176	10,111,309	8%
Tonnes Sold	54.5k	60.0k	(9%)
Welded Parts(Quantity)	2.5m	2.1m	19%
Scrap recycled (Tonnes)	4,976	5,613	(11%)
Number of Employees	113	109	4%

The increase in turnover of 25% is due to the growth of the automotive industry in the UK and the price increase in the steel automotive market. The number of welding parts has been increased, thanks to the good consumption of our main customer JLR & Nissan. The decrease in scrap recycled indicates there some gained in our production processes have been realised, even if further progress are expected.

The Company operates under a transfer pricing agreement with its parent company ArcelorMittal Tailored Blanks NV. The agreement entitles the Company to sell all of its stock to its parent company at an agreed transfer price.

Transfer pricing is based on the Company's cost plus a 2-4% mark up, this will provide guaranteed profits for the company in the future.

Health and safety

Our journey to zero accidents

The Directors of the Company are committed to providing a safe and healthy working environment. Therefore, it follows that the Directors are striving to provide a workplace free of injuries and fatalities. The Company measures the lost time injury frequency rate (LTIFR) and this is currently at 0 (2017) and has been for the last 5 years. The Company implemented fatality prevention standards in 2013 and this is continuing in 2017. A new H&S program, called 'Take Care' has been launched in ArcelorMittal and AMTB Birmingham in 2017, and should increase the awareness on H&S to all employees.

The company provides occupational health programmes to all its employees, including eye and hearing checks. Each year the Company runs health week and safety day to train and promote the safety and well being of its entire staff.

The Company is operating and is certified to the standard - OHSAS 18001.

Environment

The Company remains committed to reducing its impact on the environment.

Vision: we continuously reduce and prevent nuisance and harm from our operations and throughout the lifecycle of our products and services. We totally control our emissions and by-products. The communities in which we operate consider AM plants as demonstrating continuously responsible citizenship.

Objectives: ensure full compliance with the ArcelorMittal environmental policy and local standards and minimise our consumptions in terms of energy and waste.

Targets:

- Zero environmental incidents
- Zero neighbourhood complaints
- Zero deviations from local regulations
- CSR: develop annual activities involving our society / neighbourhood

ArcelorMittal Tailored Blanks Birmingham Limited

Strategic report (continued)

The Company is operating and is certified to the standard - ISO 14001:2015

Operational review

The Directors are committed to providing operational excellence in the Company and ensuring the plant performs to the highest standards for customer satisfaction. The Company continues to aim to reduce scrap and provide good quality parts.

Employee diversity and inclusion

The directors aim to be fair, reasonable and professional in all dealings with employees at all times. The company promotes a thriving workforce where everybody is treated equally and respected for the contribution that they make.

Employee relations and engagement

Employee engagement is an important aspect of the business and this is measured by conducting employee surveys. No surveys have been done last year at plant level, and the new target is to have an employee survey done every 2 year.

The company places considerable value on employees, ensuring easy access to training and communication by way of health and safety meetings and the arrangement of other informal meetings. Communication is a key part of the company's employee engagement strategy and we consult with all our employees to inform them about issues that may affect them, e.g. safety, company performance through the Works Council.

The table below shows the current performance on absenteeism indicating to us what our target was and whether we have managed to improve. Absenteeism has decrease in comparison to prior year due to no more employee being on long term sick.

	2017	2016	Target
Absenteeism rate	1.44%	3.18%	1.88%

Principal risks and uncertainties

Cash flow risk

This is reduced due to the transfer price policy agreement in place (the risk has been passed on to the parent company ArcelorMittal Tailored Blanks Limited NV). The company has an exchange rate risk; however this is managed through the group's treasury service.

Credit risk

The Company's credit risk is migrated as the debt is from the parent company.

Liquidity risk

The Company has access to internal funding via the group treasury department and submits appropriate cash requirements when necessary. If further funding is required, this is then approved by a planning requirement that will determine the cash flow status where additional capital / loan will be needed.

Future developments

The aim for 2018 will be to continue to meet the growth demand of our customers by continuing to meet their quality and supply chain requirements. This will provide us with a good position to support our customers and business partners.

The business has a good foundation to be successful in it field of expertise and, with the support of its parent company, will continue to provide outstanding products for its customers.

Approved by the board and signed on its behalf by


Bertrand M. Jacquier
Director

16 May 2018

ArcelorMittal Tailored Blanks Birmingham Limited

Directors' report

The Directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 31 December 2017.

Principal Activities

The principal activity of the company is the manufacture of tailored welded blanks and metal products for a range of industrial applications as detailed on page 2.

Going Concern

ArcelorMittal Tailored Blanks NV has provided a letter of support to the Company confirming that they will support the Company when needed for a period of 12 months from the date of approval of the financial statements. The Company does not have any external debt funding.

The actual volumes for 2018 are in line with budget. The continuation of monitoring of costs will improve the Company's profitability. The Company is forecast to make a profit in the 12 months following the signed date of the financial statements.

The shareholders are pleased with the progress of the business and new ventures are being planned. These will lead to growth of the business and possible investment in the future.

Considering the above factors, the Directors continue to adopt the going concern basis in preparing the financial statements.

Results and Dividend

The company made a profit after taxation for the year ended 31 December 2017 of £772,867 (2016: £34,614). No dividends will be distributed for the year ended 31 December 2017 (2016: £nil).

Directors

The Directors who served throughout the year and subsequently, were as follows:

M Matthieu Guibe
M Bertrand Jacquier

Supplier's Payment Policy

The company's policy, which is also applied by the Group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors at 31 December 2017 were equivalent to 52 (2016: 30) days purchases, based on the average daily amount invoiced by suppliers during the year.

Auditor

Each of the persons who are Directors at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

ArcelorMittal Tailored Blanks Birmingham Limited

Directors' report (continued)

Financial risk management objectives and policies

Cash flow risk

This is reduced due to the transfer price policy agreement in place (the risk has been passed on to the parent company ArcelorMittal Tailored Blanks Limited NV). The company has an exchange rate risk, however this can be managed through the group's treasury service.

Credit risk

The Company's credit risk is migrated as the majority of the debt is from the parent company.

Liquidity risk

The Company has access to internal funding via the group treasury department and submits appropriate cash requirements when necessary. If further funding is required, this is then approved by a planning requirement that will determine the cash flow status where additional capital / loan will be needed.

Future developments

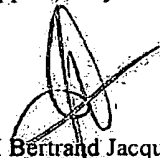
The aim for 2018 will be to continue to meet the growth demand of our customers by continuing to meet their quality and supply chain requirements. This will provide us with a good position to support our customers and business partners. World class manufacturing methodology has been introduced in 2016 to drive our progress in forthcoming years.

The business has a good foundation to be successful in its field of expertise and, with the support of its parent company, will continue to provide outstanding products for its customers.

Events after the balance sheet date

There have been no significant post balance sheet events.

Approved by the board and signed on its behalf by:



M Bertrand Jacquier
Director

16 May 2018

ArcelorMittal Tailored Blanks Birmingham Limited

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 102 "Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgments 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

ArcelorMittal Tailored Blanks Birmingham Limited

Independent auditor's report to the members of ArcelorMittal Tailored Blanks Birmingham Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ArcelorMittal Tailored Blanks Birmingham Limited (the 'company') which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 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.

ArcelorMittal Tailored Blanks Birmingham Limited

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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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.

ArcelorMittal Tailored Blanks Birmingham Limited

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.



Peter Gallimore FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
16 May 2018

ArcelorMittal Tailored Blanks Birmingham Limited

Profit and loss account

For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	54,566,563	43,663,870
Cost of sales		<u>(48,402,015)</u>	<u>(38,885,908)</u>
Gross profit		6,164,548	4,777,962
Administrative expenses		<u>(4,916,219)</u>	<u>(4,537,768)</u>
Operating profit		1,248,329	240,194
Interest payable and similar expenses	4	<u>(276,917)</u>	<u>(254,138)</u>
Profit/(Loss) before taxation	5	971,412	(13,944)
Tax on profit/(loss)	8	<u>(198,545)</u>	<u>48,558</u>
Profit for the financial year		<u>772,867</u>	<u>34,614</u>

All results are derived from continuing operations.

Statement of other comprehensive income

There are no other items of comprehensive income or loss in the current or prior years other than those included in the profit and loss account

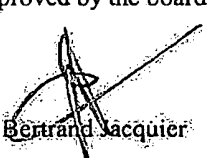
ArcelorMittal Tailored Blanks Birmingham Limited

Balance sheet

As at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	9	145,137	235,882
Tangible assets	10	7,472,153	6,712,373
		<u>7,617,290</u>	<u>6,948,255</u>
Current assets			
Stocks	11	4,493,359	5,540,033
Debtors	12	6,423,169	4,274,131
Cash at bank and in hand		-	4,942,027
		<u>10,916,528</u>	<u>14,756,191</u>
Creditors: amounts falling due within one year	13	<u>(7,570,875)</u>	<u>(11,565,464)</u>
Net current assets		<u>3,345,653</u>	<u>3,190,726</u>
Total assets less current liabilities		<u>10,962,943</u>	<u>10,138,982</u>
Creditors: amounts falling due after more than one year			
Provisions for liabilities	14	<u>(78,767)</u>	<u>(27,673)</u>
Net assets		<u>10,884,176</u>	<u>10,111,309</u>
Capital and reserves			
Called-up share capital	15	10,000,000	10,000,000
Profit and loss account		884,176	111,309
Shareholders' funds		<u>10,884,176</u>	<u>10,111,309</u>

The financial statements of ArcelorMittal Tailored Blanks Birmingham Limited (registered number 03331364) were approved by the board of directors and authorised for issue on 16 May 2018. They were signed on its behalf by:


M. Bertrand Jacquier
Director

ArcelorMittal Tailored Blanks Birmingham Limited

Statement of changes in equity

For the year ended 31 December 2017

	Called- up share Capital	Profit and loss account	Total
	£	£	£
At 1 January 2016	10,000,000	76,695	10,076,695
Total comprehensive income for the financial year	-	34,614	34,614
At 31 December 2016	10,000,000	111,309	10,111,309
Total comprehensive income for the financial year	-	772,867	772,867
At 31 December 2017	10,000,000	884,176	10,884,176

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2017

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a) General information and basis of accounting

ArcelorMittal Tailored Blanks Birmingham Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates. Numbers have been rounded to the nearest pound.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, and presentation of a cash flow statement and remuneration of key management personnel.

The financial statements of the company are consolidated into the group financial statements of ArcelorMittal Tailored Blanks NV, a company registered in Sluispark Offices, Verlorenbroodstraat 122 b4, 9820 Merelbeke, Belgium. ArcelorMittal Tailored Blanks NV is the smallest group preparing consolidated financial statements including this entity for the year ended 31 December 2017.

ArcelorMittal S.A. is the ultimate controlling party of the company and is the largest group preparing consolidated financial statements including this entity for the year ended 31 December 2017.

Copies of the ArcelorMittal S.A consolidated financial statements may be obtained from the Company Secretary, ArcelorMittal S.A, Boulevard d'Avranches 24-26, LU-1160 Luxembourg (G.D.).

b) Going concern

ArcelorMittal Tailored Blanks NV has provided a letter of support to the Company confirming that they will support the Company when needed for a period of 12 months from the date of approval of the financial statements and will provide an adequate notice period of 12 months before recalling any overdraft facilities. The Company does not have any external debt funding.

The expected volumes for 2018 are in line with budget.

Considering above factors, the Directors continue to adopt the going concern basis in preparing the financial statements.

c) Intangible assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses. Intangible assets are amortised in equal annual instalments over the period during which the Company is expected to benefit. This period is three years. Provision is made for any impairment.

Amortisation is provided on cost in equal instalments over the estimated useful lives of the assets. The rates of amortisation are as follows:

Computer software 33% per annum

Amortisation is expensed to administration expenses in the profit and loss account

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2017

1. Accounting policies (continued)

d) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings 50 years

Plant and machinery 5-25 years

Fixtures and fittings 5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

e) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

f) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Interest income from financial instruments is recognised using the effective interest method. Finance cost on borrowings is treated as an expense in the income statement.

g) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out). Provision is made for obsolete, slow-moving or defective items where appropriate.

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2017

1. Accounting policies (continued)

h) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

i) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes

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Notes to the financial statements

For the year ended 31 December 2017

1. Accounting policies (continued)

i) Taxation (continued)

levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

j) Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

k) Employee benefits

The Company recognises a cost equal to their contribution payable for the period in their profit or loss account. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

l) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above); and
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

m) Leases

The Company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

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Notes to the financial statements

For the year ended 31 December 2017

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, 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 and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty - impairment of property, plant and equipment

Determining whether the Company's investments in property, plant and equipment have been impaired requires estimations of the property, plant and equipment's values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the property, plant and equipment and suitable discount rates in order to calculate present values. The carrying amount of property, plant and equipment at the balance sheet date was £7,472,153 with no impairment loss recognised in 2017 or 2016.

Key source of estimation uncertainty - impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of their value in use to the Company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value. The carrying amount of intangible assets at the balance sheet date was £145,137 with no impairment loss recognised in 2017 or 2016.

3. Turnover

The Company operates in one business segment only.

An analysis of the Company's turnover by geographical market is set out below:

	2017 £	2016 £
Turnover from the sales of good:		
United Kingdom	54,566,563	43,663,870
	<u>54,566,563</u>	<u>43,663,870</u>

Turnover relates wholly to the sale of goods.

4. Interest payable and similar expenses

	2017 £	2016 £
Interest payable to group companies	(276,917)	(254,138)
	<u>(276,917)</u>	<u>(254,138)</u>

Interest payable to group companies relates to interest payable on a £8 million intercompany loan from ArcelorMittal Finance SCA, the loan was repaid in full during 2018.

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2017

5. Profit on before taxation

Profit before taxation is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets (note 10)	528,548	468,828
Operating lease rentals	136,905	96,253
Foreign exchange (gain)/loss	(185,001)	171,809
Amortisation of intangible assets (note 9)	90,745	97,579
Cost of stock recognised as expense	44,568,413	35,992,110
Stock provision	158,442	264,431

6. Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements were £7,328 (2016: £7,328).
Fees payable for the non-audit works were nil (2016: nil).

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2017 Number	2016 Number
Production	81	74
Quality	6	5
Administration	26	30
	<u>113</u>	<u>109</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	4,098,324	3,568,077
Social security costs	295,806	250,522
Other pension costs	121,613	100,447
	<u>4,515,743</u>	<u>3,919,046</u>

Directors' emoluments are paid by the parent company, ArcelorMittal Tailored Blanks NV.

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Notes to the financial statements

For the year ended 31 December 2017

8. Tax on profit/loss

The tax expense comprises:

	2017 £	2016 £
Current tax on profit/loss		
UK corporation tax	(144,968)	-
Adjustments in respect of prior years		
UK corporation tax	(2,483)	78,292
Total current tax	(147,451)	78,292
Deferred tax		
Origination and reversal of timing differences	(59,196)	(29,620)
Adjustments in respect of prior periods	8,102	-
Effect of tax rate change on opening balance	-	(114)
Total deferred tax	(51,094)	(29,734)
Total tax on profit/loss	(198,545)	48,558

The standard rate of tax applied to reported profit/loss is 19.25 % (2016: 20.00 %).

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/loss before tax is as follows

	2017 £	2016 £
Profit/(Loss) before tax	971,412	(13,944)
Tax on (loss)/profit on at standard UK corporation tax rate of 19.25 per cent (2016: 20.00%)	(186,964)	2,789
Effects of:		
- Fixed asset differences	(19,654)	(24,987)
- Expenses not deductible for tax purposes	(5,369)	(1,166)
- Losses carried back	-	(47,458)
- Timing differences	10,409	4,883
- Change in unrecognised deferred tax assets	-	32,377
- Adjustments to tax expense in respect of previous periods	3,033	82,120
Total tax (credit)/expense for period	(198,545)	48,558

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Notes to the financial statements

For the year ended 31 December 2017

9. Intangible fixed assets

	Computer Software 2017 £
At 1 January 2017	673,470
Additions	
At 31 December 2017	673,470
Amortisation	
At 1 January 2017	437,588
Charge for the year	90,745
At 31 December 2017	528,333
Net book value	
At 31 December 2017	145,137
At 31 December 2016	235,882

10. Tangible fixed assets

	Freehold Land and buildings £	Plant and machinery £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation					
At 1 January 2017	3,314,796	8,854,271	158,833	1,354,744	13,682,644
Additions	8,850	502,706	22,963	753,809	1,228,328
Transfers	98,717	1,215,050	49,120	(1,362,887)	-
At 31 December 2017	3,422,363	10,572,027	230,916	745,666	14,970,972
Depreciation					
At 1 January 2017	215,658	6,637,224	117,389	-	6,970,271
Charge for the year	86,350	419,050	23,148	-	528,548
At 31 December 2017	302,008	7,056,274	140,537	-	7,498,819
Net book value					
At 31 December 2017	3,120,355	3,515,753	90,379	745,666	7,472,153
At 31 December 2016	3,099,138	2,217,047	41,444	1,354,744	6,712,373

At 31 December 2017 the net book value of freehold land and buildings includes land of £740,567 (2016: £740,567). Freehold and leasehold land and buildings were not valued to fair value at 31 December 2017, and are held at cost.

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2017

11. Stocks

	2017 £	2016 £
Raw materials and consumables	3,286,046	4,522,158
Work in progress	1,207,313	1,017,875
	<u>4,493,359</u>	<u>5,540,033</u>

Stocks relate to steel coil and steel blanks. There are no finished goods, once a stock item is classified as finished it is immediately sold to the parent company. There is no material difference between the value of stocks at the balance sheet date and their replacement costs.

12. Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Amounts owed by parent group undertakings	6,167,263	3,332,812
Trade debtors	177,316	883,103
Prepayments and accrued income	78,590	58,216
	<u>6,423,169</u>	<u>4,274,131</u>

Amounts due from parent undertakings are unsecured, do not carry any interest and repayable on demand.

13. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	706,838	371,690
Amounts owed to fellow group undertakings	2,055,697	9,816,496
Corporation tax		405,089
Other taxation and social security	5,140	119,876
VAT payable	567,817	256,299
Accruals and deferred income	823,749	596,014
Cash overdraft	3,411,634	
	<u>7,570,875</u>	<u>11,565,464</u>

Amounts due to fellow group undertakings are unsecured, do not carry any interest and repayable on demand.

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Notes to the financial statements

For the year ended 31 December 2017

14. Provisions for liabilities

	Deferred taxation £
At 1 January 2017	27,673
Expensed to profit and loss account	51,094
	<u>78,767</u>
At 31 December 2017	<u>78,767</u>

Deferred tax

Deferred tax is provided as follows:

	2017 £	2016 £
Accelerated capital allowances	78,767	29,383
Other timing differences	-	(1,710)
	<u>78,767</u>	<u>27,673</u>
Provision for deferred tax	<u>78,767</u>	<u>27,673</u>

Legislation has been enacted to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred tax liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled.

15. Called-up share capital and reserves

	2017 £	2016 £
Allotted, called-up and fully-paid 10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>

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

16. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Operating leases	
	2017 £	2016 £
Payments fall due:		
Within one year	53,520	46,777
Between one and five years	125,527	134,943
After five years	<u>179,047</u>	<u>181,720</u>

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For the year ended 31 December 2017

17. Employee benefits

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 December 2017 was £121,613 (2016: £100,447).

18. Related party disclosure

Exemption has been claimed under Financial Reporting Standard 102 Section 33 "Related party disclosures" regarding the disclosure of group transactions and transactions with associated companies on the basis that the company is a wholly owned subsidiary of a parent who prepares consolidated financial statements which are publicly available.

19. Ultimate parent company

The financial statements of the company are consolidated into the group financial statements of the immediate parent company, Arcelor Mittal Tailored Blanks NV, registered in Sluispark Offices, Verlorenbroodstraat 122 b4, 9820 Merelbeke, Belgium. ArcelorMittal Tailored Blanks NV is the smallest group preparing consolidated financial statements including this entity for the year ended 31 December 2017.

ArcelorMittal S.A. is the ultimate controlling party of this company and is the largest group preparing consolidated financial statements including this entity for the year ended 31 December 2017.

Copies of the ArcelorMittal S.A. consolidated financial statements may be obtained from the Company Secretary, ArcelorMittal S.A., Boulevard d'Avranches 24-26, LU-1160 Luxembourg (G.D.).