NOVELIS EUROPE HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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Novelis Europe Holdings Limited

Registered office:
Latchford Locks Works
Thelwall Lane
Warrington
Cheshire
United Kingdom
WA4 1NN

Telephone : +44 (0) 1925 784 100
Facsimile : +44 (0) 1925 784 102

Registered in England Number 5308334

Strategic report

Principal activities, review of the business and future development

The Company is an investment holding company. It does not trade and its principal objective is to facilitate the efficient management and funding of Novelis' operations in Germany, the United Kingdom, Italy and Switzerland.

The statement of financial position can be seen on page 11 of these financial statements.

Section 172(1) Statement

The Board's approach to section 172(1) and decision-making

The primary purpose of the Company as outlined above is that of an intermediate holding company. The overall objective of the Company and the wider Group is to maximise shareholder and stakeholder value whilst working to a sustainable long term business model. Collectively, the Board is responsible for the effective oversight and day-to-day management of the Company. The Board works to ensure the business strategy and objectives of the Company are aligned with the Group strategy and objectives.

The Company has policies in place to support its' values and aims in achieving its' business objectives. The Board acknowledges that the long-term success of the business is critically dependent on its' key stakeholders and these are considered in their decision-making. As a holding company there are limited stakeholders, as set out below.

Government Organisations and Legislators

The Company and Group interact with government and legislative bodies including HMRC and maintaining an open and transparent relationship with all legislative bodies is critical to the ongoing success of the Company and the Group. The Company has a low tolerance for tax risk. The Company minimizes risk in relation to UK taxation by utilizing the services of skilled professional advisors, both internally through the global tax organization, as well as externally through the services of professional service firms.

Principal decisions taken in the year

As a holding company there are limited decisions that have to be taken in the course of the financial year. Aside from the approval of the annual report, there were no principal decisions taken in the year

Key Performance Indicators

The directors consider the Company's key performance indicators to be financial, specifically net assets. These are disclosed in the financial statements.

The Company is a holding Company only, therefore, in the view of the directors, there are no non-financial KPIs which are relevant to this Company.

Financial risk management / principal risks and uncertainties

The Company is an intermediate holding company. The key financial risks therefore relate to the value of its subsidiary companies.

The Company's operations expose it periodically to financial risks associated with the effects of changes in foreign currency exchange rates.

Risk Management Policies are set by the Novelis Group, and are adopted in full by the Company. Specifically Novelis has policies and procedures manuals that set out specific guidelines to manage foreign currency risk and circumstances where it would be appropriate to use financial instruments to manage this.

The Company is occasionally exposed to currency risk on foreign currency capital receipts and payments and dividends. In-line with Novelis Group policy all foreign currency commitments are covered by forward currency contracts, at the time they arise, so as to fix the functional currency value of the Company's future cash flows.

The current health crisis is presenting a challenge to all businesses. The Company is not immune to the risks that the virus presents, but there are also opportunities that have been created.

In the UK, the closure of bars and restaurants has resulted in an increase in the sale of alcohol for consumption in the home. This will mean that there is more scrap available in the market place for recycling. The higher sales of alcohol also presents an opportunity for higher sales of material required to make the cans and replenish stocks.

There is also a downside. Novelis is the leading global supplier of rolled aluminium for the automotive industry. Whilst a number of automotive manufacturers have paused their operations, the demand for this material has temporarily declined.

In response to this situation, Novelis Europe has increased cost management controls and has implemented additional cost saving measures. This will help to protect the subsidiary businesses during the period where some customers are closed and during the expected return to production in these facilities.

On behalf of the Board

D Haydon
Director

17 May 2021

Registered office:
Latchford Locks Works
Thelwall Lane
Warrington
Cheshire
WA4 1NN

Directors' Report

The directors present their report together with the audited financial statements of the Company for the year ended 31 March 2021.

1. Directors and their interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:
F. Lucido
A. Sweeney (appointed 31 December 2020)
D. Haydon (appointed 31 December 2020)
N. Oakes (resigned 31 December 2020)

There are no disclosable directors' interests in the Company's shares. No director during or at the end of the year had any material interest in any significant contract with the Group or Company.

2. Future development of the Company

The directors expect the Company to continue to operate in its current role in the future.

3. Results and dividends

The result for the year is set out on page 10. No dividends were paid during the year (2020: nil).

The Directors do not propose the payment of a final dividend (2020: nil).

4. Going Concern

The Company meets its day-to-day working capital requirement through its intercompany cashpool and loan agreements. The current economic conditions continue to create uncertainty over the level of demand for Novelis' Automotive products but demand for material used in the food and beverage industry remains strong. The company currently has net current liabilities of $57,326,000. However, the Company is able to control the timing of payments of the amounts disclosed as current liabilities by virtue of its controlling shareholding with the counterparty.

The Company is due to receive repayment of a loan to the value of $11,012,000 on 2 June 2022. The Company is also due to repay a loan to the value of $318,044,000 on 2 June 2022. In both of these instances, the loans are with Novelis group companies that are under the controlling shareholding of the Company. Whilst it is expected that the loan terms will be renegotiated during the year ended 31 March 2022 as part of a regular review of the Novelis Group treasury requirements, the directors also note that the settlement of the loan to its subsidiary could also be achieved through the receipt of dividend income or the waiving of the loan, both of which are within the control of the Company. Accordingly, these loans do not pose a risk to the going concern status of the Company.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

5. Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report (continued)

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they 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 auditors are aware of that information

6. Third party indemnity provision

Third party indemnity insurance has been purchased for those persons acting as Directors'. The cover was in force during the year and also at the date of approval of the accounts.

7. Provision of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they 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 auditors are aware of that information.

8. Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office. Resolutions concerning their re-appointment and the authorisation of the directors to determine their remuneration will be submitted to the forthcoming Annual General Meeting of the Company.

On behalf of the Board

D Haydon
Director
Registered office:
Latchford Locks Works
Thelwall Lane
Warrington
Cheshire
WA4 1NN

17 May 2021

Independent auditors' report to the members of Novelis Europe Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Novelis Europe Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 March 2021; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

During the year, the Company was identified as having debt listed on The International Stock Exchange (formerly the Channel Islands Stock Exchange). As a result we are required to report on key audit matters in accordance with ISA (UK) 701.

Overview

Audit scope

- We performed a full scope audit of the single entity on which we report and all material transactions and balances were in scope for our audit.

Key audit matters

- Carrying value of investments
- Impact of COVID-19 on the financial statements

Materiality

- Overall materiality: US$7,500,000.00 (2020: US$15,611,000.00) based on 1% (2020: 2%) of total assets.
- Performance materiality: US$5,600,000.00.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

This is the first year of reporting Key audit matters. Carrying values of investments and Impact of COVID-19 on the financial statements have been identified as the key audit matters this year.

Independent auditors' report to the members of Novelis Europe Holdings Limited (continued)

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments The carrying value of investments in the statement of financial position is $744,490k. This is the most significant asset in the statement of financial position and consists of the investments listed in note 8 to the accounts. In previous years the company has booked impairment charges against its investment in Novelis Italia Srl. Management has performed an assessment to determine whether there are any indicators of impairment to any of its investments. Management concluded that there were no such indicators.	We have held discussions with management to assess whether there are any events or other factors that are triggers for impairments. We have also undertaken our own assessment to consider whether any impairment indicators exist against the company's investments, by considering the current financial position, trading and future outlook and prospects of the investments. We concluded that there were no indicators of impairment for any of the company's investments and hence that the carrying value of investments remains supportable.
Impact of COVID-19 on the financial statements COVID-19 was declared a global pandemic by the World Health Organisation (WHO) on 11 March 2020 and the ongoing response is continuing to cause widespread disruption to financial markets and normal patterns of business operation and activity across the world. COVID-19 has not had a significant impact on Novelis Europe Holdings Limited as it is an intermediate holding company. In order to continue to support the carrying value of its investments, the company is reliant on the trading performance of those investments. Management has considered the risks posed by COVID-19, as set out in the Strategic Report, and concluded that whilst the disruption and economic impact of the pandemic has had, and will continue to have, an impact on the company and its subsidiaries, there has been limited overall impact on the trading performance of the underlying subsidiaries because of the increase in demand for beverage cans to service the at home drinks market.	We critically assessed management's assessment of the impact of COVID-19. We considered how the financial statements and performance of the underlying investments might be impacted by the disruption. As an intermediate holding company, the key risk of COVID-19 is on the trading ability of the company's subsidiaries and hence their carrying values. We have performed the following audit procedures: · Reconsidered our risk assessment; · Held discussions with management to understand, in qualitative and quantitative terms, the impact of COVID-19 on the operations of the company's subsidiaries. This is further outlined in the Key Audit Matter highlighted above; and · Read management's disclosures in the Annual Report. From the procedures performed, we found that the amounts recorded and disclosures within the Annual Report are appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

This is a single entity and therefore all transactions and balances were in scope for our audit if material.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	US$7,500,000.00 (2020: US$15,611,000.00).
How we determined it	1% (2020: 2%) of total assets
Rationale for benchmark applied	The entity does not trade and acts as an intermediate holding company within the Novelis Inc. group. We therefore believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

Independent auditors' report to the members of Novelis Europe Holdings Limited (continued)

Materiality (continued)

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US$5,600,000.00 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $375,000 (2020: $781,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Discussions with management;
- Understanding of the loan agreements with other group companies, including when amounts are due for repayment;
- Assessing the balance sheet position of the company;
- Reviewing management's assessment of going concern;
- Considering management's ability to control inter-company loan repayments through its ownership and financial liquidity of other group companies.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Independent auditors' report to the members of Novelis Europe Holdings Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to misappropriation of cash. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- Reviewing Board minutes and reports;
- Identifying and testing journal entries, in particular those having unusual account combinations with an impact on cash;
- Obtaining third party confirmations of the company's banking arrangements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Novelis Europe Holdings Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Stuart Couch

Stuart Couch (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
17 May 2021

Statement of comprehensive income for the year ended 31 March 2021

Registered in England
Number 5308334

	Note	2021 $'000	2020 $'000
Other operating income/ (expenses)	6	**823**	(258)
Operating profit/ (loss)		823	(258)
Interest receivable and similar income	5	**557**	527
Amounts written off investments	8	-	(25,610)
Interest payable and similar expenses	5	**(20,605)**	(20,782)
Loss before taxation	6	**(19,225)**	(46,123)
Tax on loss	7	-	-
Loss for the financial year		**(19,225)**	(46,123)

The notes on pages 13 to 19 form part of these financial statements.

Novelis Europe Holdings Limited

Statement of financial position as at 31 March 2021

	Note	2021 $'000	2020 $'000
Fixed Assets:			
Investments	8	**744,490**	744,490
Current assets:			
Debtors (including $11,012,000 (2020: $10,279,000) amounts falling due after more than one year)	9	**11,231**	10,472
		11,231	10,472
Creditors: amounts falling due within one year	10	**(68,557)**	(51,247)
Net current liabilities		**(57,326)**	(40,775)
Total assets less current liabilities		**687,164**	703,715
Creditors: amounts falling due after more than one year	11	**(406,820)**	(404,146)
Net assets		**280,344**	299,569
Equity			
Called up share capital	12	**49,097**	49,097
Retained earnings		**231,247**	250,472
Total equity		**280,344**	299,569

The financial statements on pages 10 to 19 were authorised by issue of the board of directors on 17 May 2021 and were signed on its behalf by:

D Haydon
Director

The notes on pages 13 to 19 form part of these financial statements.

Statement of changes in equity for the year ended 31 March 2021

	Called up share capital	Retained earnings	Total equity
	$000	$000	$000
Balance as at 1 April 2019	49,097	296,595	345,692
Loss for the financial year and total comprehensive expense	-	(46,123)	(46,123)
Balance as at 31 March 2020	**49,097**	**250,472**	**299,569**
Balance as at 1 April 2020	49,097	250,472	299,569
Loss for the financial year and total comprehensive expense	-	(19,225)	(19,225)
Balance as at 31 March 2021	**49,097**	**231,247**	**280,344**

Notes to the financial statements

1. General information and summary of significant accounting policies

Novelis Europe Holdings Limited ('the company') is an investment holding company.

The company is a private company limited by shares and is incorporated in the United Kingdom and domiciled in England. The address of its registered office is Latchford Lock Works, Thelwall Lane, Warrington, Cheshire, United Kingdom, WA4 1NN.

A. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

B. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

Going concern - The Company meets its day-to-day working capital requirement through its intercompany cashpool and loan agreements. The current economic conditions continue to create uncertainty over the level of demand for Novelis' Automotive products but demand for material used in the food and beverage industry remains strong. The company currently has net current liabilities of $57,326,000. However, the company is able to control the timing of payments of the amounts disclosed as current liabilities by virtue of its controlling shareholding with the counterparty. The Company is due to receive repayment of a loan to the value of $11,012,000 on 2 June 2022. The Company is also due to repay a loan to the value of $318,044,000 on 2 June 2022. In both of these instances, the loans are with Novelis group companies that are under the controlling shareholding of the Company. Whilst it is expected that the loan terms will be renegotiated during the year ended 31 March 2022 as part of a regular review of the Novelis Group treasury requirements, the directors also note that the settlement of the loan to its subsidiary could also be achieved through the receipt of dividend income or the waiving of the loan, both of which are within the control of the Company. Accordingly, these loans do not pose a risk to the going concern status of the Company.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

C. Exemptions

The Company's results are consolidated in the consolidated financial statements of Novelis Inc. that are publicly available. Consequently, the Company has taken advantage of the following disclosure exemptions allowed by FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

D. Consolidation

The results of the Company and its subsidiaries are consolidated in the consolidated financial statements of its immediate parent, Novelis Inc. These financial statements have been prepared in a manner consistent with consolidated financial statements prepared under the European Commission's 7th Company Law Directive and so the Company has taken advantage of the exemption allowed under section 401(2) (d) of the Companies Act 2006 and has not prepared group financial statements.

Notes to the financial statements (continued)

1. General information and summary of significant accounting policies (continued)

E. Foreign currency

(i) Functional and presentation currency
The company's functional and presentation currency is US $.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within "interest (payable)/ receivable". All other foreign exchange gains and losses are presented in the profit and loss account within "Other operating expenses".

F. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

G. Investments

Investments are recorded at cost. If business conditions or changes in circumstances indicate that asset values may be impaired, an impairment review is undertaken and impairment charges are recorded if the carrying value of the investment exceeds the higher of its realisable value and its value in use.

Notes to the financial statements (continued)

H. Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Statement of compliance

The individual financial statements of Novelis Europe Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the assumptions made in the impairment assessment of its investments in subsidiaries. The key assumptions used are outlined in note 8.

4. Staff costs and directors' emoluments

The Company does not employ any staff (2020: none). During the year no director (2020: none) received any emoluments for qualifying services to the Company. No pension contributions were made on behalf of any director nor at the year end was any director accruing retirement benefits in relation the qualifying services (2020: nil).

Notes to the financial statements (continued)

5. Interest

Interest: interest receivable and similar income

	2021 $'000	2020 $'000
Interest receivable on intercompany loans	557	527

Interest: interest payable and similar expenses

	2021 $'000	2020 $'000
Interest payable on intercompany loans	20,605	20,782

6. Loss before taxation

	2021 $'000	2020 $'000
Loss before taxation is stated after (crediting)/ charging:		
Other operating (income)/ expense	(823)	258
Auditors' remuneration: - for audit services	25	25

The other operating income or expense is related to a foreign exchange gain or loss that is due to a loan denominated in a foreign currency.

The Company's audit fee has been recharged to its subsidiary Novelis UK Ltd.

7. Tax on loss

	2021 $'000	2020 $'000
Tax credit on loss	-	-

UK corporation tax has been provided where applicable at a rate of 19% (2020: 19%).

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 $'000	2020 $'000
Loss before taxation	(19,225)	(46,123)
Loss before taxation multiplied by standard rate in the UK of 19% (2020: 19%)	(3,653)	(8,763)
Effects of:		
Expenses not deductible for tax purposes	-	4,866
Group relief surrendered without charge	3,653	3,897
Total tax credit	-	-

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the balance sheet date and there would have been no impact on any balance sheet items had they been enacted at that date.

Deferred taxation assets of $1,223,000 (2020: $1,223,000) have not been recognised on the grounds that their recovery is uncertain.

Notes to the financial statements (continued)

8. Investments

	$'000
Cost	
At 1 April 2020	831,726
Additions	-
At 31 March 2021	831,726
Provision for impairment	
At 1 April 2020	87,236
Impairment	-
At 31 March 2021	87,236
Net book value	
At 31 March 2021	**744,490**
At 31 March 2020	744,490

The Company's fixed asset investment value represents the purchase cost of its wholly owned subsidiaries less any subsequent impairment. The Company is exempt from preparing group financial statements because the results of both it and its subsidiaries are included in the consolidated financial statements of its immediate parent Novelis Inc. A full list of the company's subsidiaries is included in note 15.

The directors believe that the carrying value of the investments is supported by their underlying net assets and their future expected performance.

The future performance of the Italian business has been reassessed at the year end, and the performance of the business has improved during the current financial year and this is also reflected in the future expected cashflows of the Italian business. As a result of this, no impairment trigger has been identified.

9. Debtors

	2021 $'000	2020 $'000
Amount owed by group undertakings	11,012	10,279
Other debtors	219	193
	11,231	10,472

The loan of $10,279k (2020 : $10,279k), bears interest at a rate of 5.0% is repayable on 2 June 2022. The amount owed by group undertakings is unsecured.

10. Creditors: amounts falling due within one year

	2021 $'000	2020 $'000
Amounts owed to group undertakings	68,557	51,247
	68,557	51,247

The amounts owed to group undertakings are unsecured, bear interest at a rate of 0%, and are repayable on demand.

Notes to the financial statements (continued)

11. Creditors: amounts falling due after more than one year

	2021 $'000	2020 $'000
Amounts owed to group undertakings	**406,820**	404,146

At the balance sheet date, 2 loans were outstanding. A loan of $318,944k (2020 : $310,944k), bearing interest at a rate of 4.5%, is repayable on 2 June 2022. A loan of $87,876k (2020 : $93,202k), bearing interest at a rate of 6.8%, is repayable on 20 March 2026. This debt is listed on The International Stock Exchange (formerly the Channel Islands Stock Exchange). The loan is not available to be purchased. The amounts owed to group undertakings are unsecured.

12. Called up share capital

	2021 $'000	2020 $'000
Allotted, called up and fully paid: 341,138,496 (2020: 341,138,496) ordinary shares of $0.14392	**49,097**	49,097

13. Contingent liabilities

As of March 31, 2021, the senior secured credit facilities consisted of (i) a $0.6 billion (2020: $1.8 billion), five-year secured term loan credit facility (Term Loan Facilities), maturing in June 2022, (ii) a $0.8 billion (2020: $NIL), five year secured term loan credit facility (Term Loan Facilities), maturing in January 2025, (iii) a $0.5 billion (2020: $NIL), seven year secured term loan credit facility (Term Loan Facilities), maturing in March 2028 and (iv) a $1.5 billion (2020: $1.5 billion), five-year asset based loan facility (ABL Revolver), maturing in April 2024. As of March 31, 2021, $31 million (2020: $18 million), of the Term Loan Facility is due within one year. All the assets of the Company, along with those of certain other companies in the Novelis Inc. group, have been pledged as security for these facilities. As of March 31, 2021, there were borrowings outstanding of $89m (2020: $555m) on the ABL facility.

14. Ultimate parent company

In the opinion of the directors, the immediate, ultimate parent company and controlling party at the balance sheet date was Hindalco Industries Ltd, a company incorporated in India. Hindalco Industries Ltd was also the parent company of the largest group in which Novelis Europe Holdings Limited is included. Novelis Inc. is the parent company of the smallest group within which the Company's results are consolidated. Copies of this company's financial statements can be obtained from its head office at Century Bhavan, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai 400 030.

The address of Novelis Inc. is 3560 Lenox Rd NE, Atlanta, GA 30326.

15. Subsidiary listing

A list of the Company's subsidiaries is given below together with their country of incorporation (in brackets) if outside the UK and principal activities. All companies are 100% owned unless otherwise stated and operate in the aluminium industry.

Owned directly by the Company (all ordinary shares):
Novelis Aluminium Holding Company (Ireland) – Investment holding company (99.99%).
25/28 North Wall Quay, 1 Dublin, Ireland

Novelis UK Ltd (U.K.) – Operates a recycling plant (100%).
Latchford Lock Works, Warrington WA4 1NN

Novelis AG (Switzerland) – Investment holding company and provider of management services (100%).
Sternenfeldstrasse 19, CH-8700 Küsnacht (ZH), Switzerland

Majority shareholding owned by the Company (ordinary share capital):
Novelis Italia Srl (Italy) – Operates a sheet rolling mill (62.5%).
Via Vittorio Veneto No. 106, Bresso, Milan, Italy

Owned by Novelis Aluminium Holding Company (ordinary share capital):
Novelis Deutschland GmbH (Germany) – Operates sheet and foil rolling mills (100%).
Hannoverschestr 1, 37075 Göttingen, Germany

Owned by Novelis Deutschland GmbH (ordinary share capital):
Aluminium Norf GmbH (Germany) – 50% joint venture – Operates a sheet rolling mill.
Koblenzerstr. 120, 41468 Neuss-Stüttgen, Germany

Novelis Sheet Ingot GmbH (Germany) – Operates a recycling plant (100%).
Hannoverschestr 1, 37075 Göttingen, Germany

Deutsche Aluminium Verpackung Recycling GmbH (DAVR) – Operates a recycling plant (30%).
Postfach 10 06 64, 41490 Grevenbroich

France Aluminum Recyclage SA– Operates a recycling plant (20%).
ZIP Rhenane Nord, RD52, 68600 BIESHEIM

Novelis Italia Srl (Italy) – Operates a sheet rolling mill (37.5%).
Via Vittorio Veneto No. 106, Bresso, Milan, Italy

Owned by Novelis AG (ordinary share capital):
Novelis Switzerland SA (Switzerland) – Operates a sheet rolling mill (100%).
Route des Laminoirs 15, 3960 Sierre, Switzerland

Owned by Novelis UK Ltd (ordinary share capital):
Novelis Services Limited (U.K.) – Holds license to the Novelis Brand and charges associated branding, technology and service fees (100%)
Latchford Lock Works, Warrington WA4 1NN