Strategic Report

Strategic report for the year ended 31 March 2015

The directors present their strategic report on the Company for the year ended 31 March 2015.

Business Review

The principal activity of the Company is the processing and sale of aluminium products. It operates an aluminium recycling plant.

During the year, the Company reduced its issued share capital from £292,178,747.00 to £146,089,373.50 by reducing the nominal amount of each of the issued and fully paid ordinary shares from £1.00 to £0.50 per share (the "Reduction").

Principal Risks and Uncertainties

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, metal prices, credit risk, liquidity risk and interest rate risk.

Risk Management Policies are set within the Novelis Group at a Global level and are adopted in full by the Company. Specifically Novelis has policies and procedures manuals that set out specific guidelines to manage foreign currency, metal price and credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Foreign currency risk - The Company is exposed to currency risk on foreign purchases and sales. In-line with Novelis Group policy the Company's net foreign currency exposure is covered by forward currency contracts, so as to fix the sterling value of the company's forecast cash flows.

Metal price risk - The Company is exposed to metal price risk from changes in the traded London Metal Exchange (LME) price for Aluminium. In-line with Novelis Group policy this exposure is minimised by hedging sales commitments due for delivery in greater than three months, by the use of conversion only sales contracts and by the use of floating price sales contracts where metal prices for purchase and sale are synchronised.

Credit risk - The Company has implemented the Novelis Credit Management Policy that requires appropriate credit checks on potential customers to be performed before sales orders are taken, and also requires the ongoing monitoring of customers credit agency ratings and credit limits. The Group also utilises credit insurance for the majority of its third party business.

Liquidity risk - The Company has access to short term funding through the Novelis Group Revolving Credit Facility as well as Inter-Company lending through the Novelis Europe Cash Pool.

Interest rate risk - The Company's debt is in the form of short-term inter-company debt being LIBOR based. Management of interest rate risk is performed at a Novelis Inc. Group level.

Key Performance Indicators

The Directors consider the Company's key performance indicators to be financial measures included in these accounts and its environmental, health and safety (EHS) performance. Novelis Inc. mandates very high EHS standards at its operations throughout the world including year on year improvements in safety at work performance.

By order of the Board

F Lucido
Director

12 May 2015

Directors' report

The directors present their report together with the audited financial statements of Novelis UK Ltd (the Company) for the year ended 31 March 2015.

1. Directors and their interests

The directors who served during the year and subsequently were:

F. Lucido
V. Nguyen
P. Labat

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 Company.

2. Principal activity, review of the business and future developments

These details are now contained within the strategic report.

3. Results and dividends

The profit for the year is set out on page 9. The directors do not propose the payment of a dividend (2014: £nil).

4. Subsequent events

There are no subsequent events.

5. Research and development

The Company's research and development is directed towards aluminium products.

6. Financial risk management / principal risks and uncertainties

These details are now contained within the strategic report.

7. Employee involvement

During the year the Company has continued its policy of providing employees systematically with information on matters of concern to them.

Employees or their representatives are consulted on a regular basis, so that their views can be taken into account in making decisions that are likely to affect their interests. It is also Company policy to make employees aware of the financial and economic factors affecting its performance.

The Company continues its policy to give full and fair consideration to applications for employment made by disabled persons, together with the policy of fulfilling its obligations towards employees who are disabled during the year of their employment by the Company.

8. Charitable donations

The Company made donations during the year of £15,821 (2014: £19,850) to charities. These were principally to charities with an association to the Company's plants. No political donations were made (2014: £nil).

9. Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

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

10. Provision of information to auditors

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken appropriate steps to ensure that they are aware of such relevant audit information and that the auditors are aware of that information.

11. 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.

Directors' report (continued)

By order of the Board

F Lucido
Director

12 May 2015

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

Independent auditors' report to the members of Novelis UK Limited

Report on the financial statements

Our opinion

In our opinion, Novelis UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Novelis Services Limited's financial statements comprise:

- the accounting policies;
- the profit and loss account and statement of total recognised gains and losses for the year then ended;
- the balance sheet as at 31 March 2015; and
- the notes to the financial statements, which include and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 UK Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Swansea, 12 May 2015

Statement of Accounting Policies

1. Accounting convention

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Principles.

A summary of the more important policies which have been applied consistently is set out below:-

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 exemptions granted by FRS 1 (revised 1996) and has not provided a cash flow statement.

Under FRS 8, the Company is exempt from the requirement to disclose related party transactions with Novelis Inc. and its subsidiaries on the grounds that it is a wholly owned subsidiary undertaking.

2. Acquisitions and goodwill

The results of any undertakings acquired are dealt with from the effective date of acquisition using acquisition accounting. The assets and liabilities acquired are incorporated into the accounts at their fair values. Any difference between the acquisition cost and the fair values of the net assets acquired is carried on the balance sheet as goodwill or negative goodwill and amortised over its expected useful economic life (subject to a maximum of 20 years).

3. Consolidation

The results of the Company are consolidated in the consolidated accounts of Novelis Inc.. These accounts have been prepared in a manner consistent with consolidated accounts 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 accounts.

4. Turnover

Turnover represents the amount invoiced in the ordinary course of business for goods sold and services provided after deducting returns and value added tax.

5. Depreciation

Depreciation of tangible assets is calculated on original cost at rates estimated to write off the assets over their useful lives by equal instalments. The annual rates in use are:

Land	Nil
Buildings	3.33%
Plant equipment and machinery	4% to 20%

Assets are not depreciated until they are brought into operational use. If business conditions or changes in circumstances indicate asset values may be impaired an estimate is made of the discounted future cashflow arising from an asset or group of assets and impairment charges made when this estimated cashflow is less than the recorded value of the asset.

6. Leases

Payments under operating lease agreements are charged to the profit and loss account on a straight-line basis over the life of the lease.

Rental income is charged to the profit and loss account on a straight-line basis over the life of the lease.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

7. Stocks

Stocks of raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. The cost of manufactured goods and work in progress is taken as production cost which includes an appropriate proportion of production overheads.

8. Research and development costs

Expenditure on research and development is written off in the year/period in which it is incurred.

9. Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for deferred tax liabilities and assets, using full provision accounting, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future in accordance with FRS 19. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

10. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet. Gains or losses on translation are included in the profit and loss account.

Statement of Accounting Policies (continued)

11. Pensions

The cost of providing pensions under defined benefit retirement schemes is determined using the projected unit method with actuarial valuations being carried out every three years and updated at each balance sheet date. Actuarial gains and losses are recognised in full in the year in which they occur. They are recognised outside the income statement in the statement of recognised gains and losses.

Pension liabilities recognised in the balance sheet represent the present value of the defined benefit obligations adjusted for any unrecognised past service cost net of the fair value of scheme assets.

12. Provisions

Where a present obligation is deemed to exist, as a result of a past event, and a reliable estimate of the liability can be made a provision is made to reflect the probable cost in the profit and loss account immediately.

13. 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.

Profit and loss account for the year ended 31 March 2015

Registered in England
Number 279596

	Note	2015 £,000	2014 £'000
Turnover	1	360,602	267,924
Cost of sales		(332,424)	(253,629)
Gross profit		28,178	14,295
Distribution costs		(6,959)	(4,487)
Administration costs		1,528	(2,745)
Other operating income		6,080	1,505
Operating profit		28,827	8,568
Interest payable and similar charges	5	(817)	(394)
Other finance income	18	67	267
Profit on ordinary activities before taxation	2	28,077	8,441
Tax charge on profit on ordinary activities	6	(6,565)	(5,512)
Profit for the financial year	15	21,512	2,929

Statement of total recognised gains and losses

	Note	2015 £'000	2014 £'000
Profit for the financial year	15	21,512	2,929
Actuarial gain / (loss) recognised in the pension scheme	18	860	(3,350)
Movement on deferred tax relating to pension deficit	15	(172)	670
Total recognised gains relating to the year		22,200	249

A statement of movements on the profit and loss account is given in note 15.

The historical cost profit on ordinary activities and profit for the year is not materially different from the reported profit on ordinary activities and profit for the year above and therefore it is not considered necessary to prepare a statement of historical cost profits and losses as required by FRS 3.

The statement of accounting policies on pages 7 to 8 and the notes on pages 11 to 20 form part of these financial statements.

Balance sheet as at 31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets (negative goodwill)	7	-	(713)
Tangible assets	8	23,793	20,936
Investments in subsidiaries	9	124,188	124,104
		147,981	144,327
Current assets			
Stocks	10	23,042	20,334
Debtors: amounts falling due within one year	11	100,227	71,971
Debtors: amounts falling due within after more than one year	11	13,970	18,924
Cash at bank and in hand		1,000	1,266
		138,239	112,495
Creditors: amounts falling due within one year	12	(69,263)	(57,110)
Net current assets		68,976	55,385
Total assets less current liabilities		216,957	199,712
Creditors: amounts falling due after more than one year	12	-	(120)
Provisions for liabilities and charges	13	(45)	(85)
Net assets excluding pension liabilities		216,912	199,507
Pension and other post retirement liabilities	18	(8,715)	(13,594)
Net assets including pension liabilities		208,197	185,913
Capital and reserves			
Called up share capital	14	146,089	292,094
Capital Contribution reserve		7	7
Profit and loss account	15	62,101	(106,188)
Total shareholder's funds	16	208,197	185,913

F Lucido
Director

The Board of Directors approved the financial statements on 12 May 2015.

The statement of accounting policies on pages 7 to 8 and the notes on pages 11 to 20 form part of these financial statements.

Notes to the accounts

1. Turnover

An analysis of turnover by geographical market is as follows:

	2015 £'000	2014 £'000
United Kingdom	86,638	84,660
Rest of Europe	273,946	181,534
Americas	18	1,480
Asia	-	250
	360,602	267,924

2. Profit on ordinary activities before taxation

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Auditors' remuneration:		
- for audit services	67	67
Operating lease charges/(income):		
- other assets	437	82
Amortisation of negative goodwill (note 7)	(713)	(715)
Depreciation of tangible fixed assets (note 8)	2,299	2,101
Foreign exchange (gains)	(2,560)	(31)
Research and development expenditure	493	362

During the year ended 31 March 2015 the audit fees payable by the Novelis UK Pension Plan to PricewaterhouseCoopers LLP totalled £17,105 (2014: £25,000).

3. Staff costs and numbers

The aggregate remuneration and associated costs of persons employed was:

	2015 £'000	2014 £'000
Wages and salaries	8,187	6,094
Social security costs	869	756
Other pension costs – defined benefit scheme (note 18)	(1,190)	1,338
– defined contribution scheme (note 18)	154	94
Total staff costs (all reported in normal operating costs)	8,020	8,282

	2015 Number	2014 Number
Average number employed:		
Manufacturing	143	139
Administration	67	39
	210	178

4. Directors' emoluments

During the year no director (2014: none) received emoluments for qualifying services to the Company (2014: £NIL). At the year end no director was accruing retirement benefits in relation to qualifying services (2014: none).

5. Interest

Interest: interest receivable and similar income

	2015 £'000	2014 £'000
On loans to group undertakings	-	-

Interest: interest payable and similar charges

	2015 £'000	2014 £'000
On bank loans and overdrafts	52	123
On loans from group undertakings	765	271
Total interest payable and similar charges	817	394

6. Tax on profit on ordinary activities

	2015 £'000	2014 £'000
Current tax:		
Current tax charge	-	-
Total current tax charge	-	-
Deferred tax (note 13)		
Origination and reversal of timing differences	5,517	4,458
Movement on deferred taxation relating to the Pension Scheme	1,048	1,054
Tax charge on profit on ordinary activities	6,565	5,512

UK corporation tax has been provided where applicable at a rate of 21% (2014: 23%).

The current tax charge for the year is lower (2014: lower) than the standard rate of corporation tax in the UK (21%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	28,077	8,441
Profit on ordinary activities multiplied by standard rate in the UK 21% / 23%	5,896	1,941
Effects of:		
Permanent differences	4	29
Non-taxable credits	(148)	(164)
Accelerated capital allowances and other short term timing differences	(5,752)	(1,806)
Current tax	-	-

There are no significant current factors that will affect future tax charges.

7. Intangible fixed assets

	Negative goodwill £'000	Total £'000
Cost:		
At beginning and end of the year	(7,148)	(7,148)
Addition	-	-
Disposal	-	-
At end of the year	(7,148)	(7,148)
Amortisation:		
At beginning of the year	6,435	6,435
Credit for the year	713	715
At end of the year	7,148	6,435
Net book amount at 31 March 2015	-	**(713)**
Net book amount at 31 March 2014	(713)	(713)

8. Tangible fixed assets

	Freehold land and buildings £'000	Plant equipment & machinery £'000	Total £'000
Cost:			
At beginning of the year	5,476	29,630	35,106
Additions	-	5,175	5,175
Disposals	-	(279)	(279)
At end of the year	5,476	34,526	40,002
Depreciation:			
At beginning of the year	2,722	11,448	14,170
Charge for the year	222	2,077	2,299
Disposals	-	(260)	(260)
At end of the year	2,944	13,265	16,209
Net book value at 31 March 2015	**2,532**	**21,261**	**23,793**
Net book value at 31 March 2014	2,754	18,182	20,936

Assets with a net book value of £114,000 (2014: £350,000) are held under finance leases and depreciation of £236,000 (2014: 268,000) was charged on them in the year.

At 31 March 2015 the cost of assets in the course of construction included above amounted to £18,149,000 (2014: £13,624,000). The non-depreciable element of freehold land and buildings is £461,000 (2014: £461,000).

Future capital expenditure not provided in the financial statements is as follows:

	2015	2014
	£'000	£'000
Authorised by the directors and contracts placed	175	393
Authorised by the directors but not contracted for	-	-
	175	393

Notes to the accounts (continued)

13. Investments

	£'000
Cost	
At 1 April 2014	124,104
Additions	84
At 31 March 2015	124,188
Net book value	
At 31 March 2015	**124,188**
At 31 March 2014	124,104

The Company's fixed asset investment value represents the purchase cost of its wholly owned subsidiary. The Company is exempt from preparing group accounts because the results of both it and its subsidiary are included in the consolidated accounts of its immediate parent Novelis Inc. The table below shows the shareholders' funds reported by the subsidiary as at 31 March 2015 and their reported profit or loss for the year ended on that date. The numbers are prepared under UK GAAP as in the statutory accounts of the subsidiary.

	Shareholder's Funds £'000	Profit for the year £'000
Novelis Services Limited	187,766	30,844

10. Stocks

	2015 £'000	2014 £'000
Raw materials and consumables	12,363	6,758
Work in progress	687	870
Finished goods and goods for resale	9,992	12,706
	23,042	20,334

There is no material difference between the balance sheet value and the replacement cost of stocks.

11. Debtors

Debtors: amounts falling due within one year	2015 £'000	2014 £'000
Trade debtors	30,725	30,763
Amounts owed by group undertakings	60,420	28,390
VAT and other tax receivables	5,144	5,253
Other debtors	1,421	11
Prepayments and accrued income	391	4,865
Deferred tax asset (note 13)	2,126	2,689
	100,227	71,971

Debtors: amounts falling due after more than one year

	2015 £'000	2014 £'000
Deferred tax asset (note 13)	13,970	18,924
	13,970	18,924

Notes to the accounts (continued)

12. Creditors

Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	26,337	28,076
Amounts owed to group undertakings	19,003	15,124
Other tax and social security	2,942	1,784
Finance leases	114	230
Accruals and deferred income	20,867	11,896
	69,263	57,110

Creditors: amounts falling due after more than one year

	2015 £'000	2014 £'000
Finance leases	-	120
	-	120

The minimum lease payments under finance leases fall due as follows:

	2015 £'000	2014 £'000
Within one year	114	230
Between one and two years	-	120
Between two and five years	-	-
	114	350

13. Provisions for liabilities and charges

	Restructuring provision £'000	Employee sickness & retirement £'000	Total £'000
At 31 March 2014	36	49	85
Profit and loss utilised	(38)	(2)	(40)
At 31 March 2015	**(2)**	**47**	**45**

Maturity profile of provisions:

	2015	2014
	£'000	£'000
Within one year	2	40
Between one and two years	8	4
Between two and five years	12	16
Over five years	23	25
	45	85

Notes to the accounts (continued)

13. Provisions for liabilities and charges (continued)

Deferred taxation in the financial statements is as follows:-

	2015 Provided £'000	2014 Provided £'000
Accelerated capital allowances	(6,170)	(11,540)
Other timing differences	(27)	(23)
Corporation tax losses carried forward	(9,899)	(10,050)
Deferred tax asset	(16,096)	(21,613)

The deferred tax assets have been fully recognised as management believes that suitable taxable profits will be available against which they can be realised. The deferred tax assets have been calculated at a rate of 20% (2014: 20%).

Factors affecting current and future tax charges:-

Reductions to the UK corporation tax rate were announced in the March 2013 Budget. These changes were substantively enacted on 3 July 2013 and reduced the rate of corporation tax to 21% for the tax year beginning 1 April 2014 and to 20% for the tax year beginning 1 April 2015. Since these changes had been substantively enacted at the balance sheet date, they have been recognised in these financial statements.

The movement in the deferred tax asset is as follows:

	£'000
At 1 April 2014	(21,613)
Charged to profit and loss account	5,517
At 31 March 2015	**(16,096)**

14. Called up share capital

	2015	2014
	£'000	£'000
Allotted, called up and fully paid:		
Ordinary shares of £1 each		
146,089,000 (2014: 292,094,000) ordinary shares of £0.50 each (2014: £1 each)	146,089	292,094

During the year, the Company increased its issued share capital from £292,094,000 to £292,178,747.00. This increase was due to a foreign exchange difference of £84,000 in the previous year. On 20 November 2014 the

Company then reduced its share capital to £146,089,373.50 by reducing the nominal amount of each of the issued and fully paid ordinary shares from £1.00 to £0.50 per share (the "Reduction").

15. Profit and loss account

	2015	2014
	£'000	£'000
At beginning of the year	(106,188)	(106,437)
Profit for the financial year	21,512	2,929
Actuarial loss recognised in the pension scheme	860	(3,350)
Movement on deferred tax relating to pension deficit	(172)	670
Reduction of share capital	146,089	-
At end of the year	62,101	(106,188)

16. Reconciliation of movement in shareholder's funds

	2015	2014
	£'000	£'000
Profit for the financial year	21,512	2,929
Actuarial return / (loss) recognised in the pension scheme	860	(3,350)
Movement on deferred tax relating to pension deficit	(172)	670
Increase in Capital Contribution Reserve	-	-
Share capital issued	-	124,097
Foreign exchange of revaluation of investment	84	-
Net increase in shareholder's funds	22,284	124,346
Opening shareholder's funds	185,913	61,567
Closing shareholder's funds	208,197	185,913

17. Operating leases

The Company has annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015 £'000	Other 2015 £'000	Land and buildings 2014 £'000	Other 2014 £'000
Leases that expire:				
Within one year	252	7	-	52
Between two and five years	-	62	-	66
Over five years	-	-	-	-
	252	69	-	118

18. Pension commitments

The Novelis UK Pension Plan is a funded defined benefit scheme that includes employees of the Company together with a small number of expatriate employees working overseas.

For funding purposes, in compliance with the Schedule of Contributions dated 26 March 2013, during the year the Company contributed at a rate of 12.3% (2014: 12.3%). In addition, in order to rectify the deficit the Company is required to make special contributions of £3.0 million per annum up to and including the year ending 31st March 2023. Deficit contributions of £3.0 million were paid in the year.

The Company's current service cost for the year was £1,510,000 (2014: £1,338,000). The company have carried out a Pension Increase exchange exercise. This resulted in a Past Service credit of £2.7 million.

A formal valuation of the scheme was carried out as at 31 March 2012 by an independent qualified actuary using the projected unit method. The main assumptions used were a pre-retirement discount rate of 6.10% per annum, a post-retirement discount rate of 3.35% per annum, salary increases of 3.9% per annum and RPI/CPI inflation of 3.4%/2.4% per annum respectively. The market value of assets at that date was £154.9 million and the valuation disclosed a funding level of 76.7% and a Technical Provisions deficit (i.e. shortfall in assets relative to the funding liabilities) of £47.1 million.

The valuation was updated to 31 March 2015 by a qualified actuary. The main assumptions made by the actuary were:

	At 31 March 2015	At 31 March 2014	At 31 March 2013
Rate of increase in compensation	**CPI: 1.80% to 6.00%**	CPI: 2.00% to 6.00%	CPI: 2.10% to 6.00%
Discount rate	**3.30%**	4.40%	4.50%
Rate of inflation			
- CPI	**2.00%**	2.40%	2.40%
- RPI	**3.00%**	3.40%	3.40%

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 March 2015	**Value at 31 March 2015 £'000**	Long-term rate of return expected at 31 March 2014	Value at 31 March 2014 £'000	Long-term rate of return expected at 31 March 2013	Value at 31 March 2013 £'000
Equities	**n/a**	**35,941**	8.0%	40,581	8.0%	43,531
Diversified Growth funds	**n/a**	**-**	5.9%	35,390	6.7%	37,939
Government bonds & property	**n/a**	**103,262**	3.2%	88,631	3.0%	89,090
Cash / other	**n/a**	**65,332**	2.9%	3,398	-	-
Combined	**n/a**		4.9%		5.1%	
Total market value of assets		**204,535**		168,000		170,560
Present value of scheme liabilities		**(215,429)**		(184,993)		(187,007)
Pension liability		**(10,894)**		(16,993)		(16,447)
Deferred taxation asset		**2,179**		3,399		3,783
Total pension liability		**(8,715)**		(13,594)		(12,664)

1. The asset split as at 31 March 2015 is as per the 2014 disclosures. In particular, the assets shown as "Diversified Growth Funds" are not split into the underlying asset classes.

2. As at 31 March 2015, the Plan's assets are now held under fiduciary management and are in effect 100% invested in Diversified Growth Funds. In the interest of providing more information the assets have been split into the underlying asset classes.

3. Cash / other at 31 March 2015 include £35 million due to be invested in bonds and LDI on 1 April 2015.

The value of members' additional voluntary contribution funds has been excluded from both the value of the assets and the value of the liabilities.

18. Pension commitments (continued)

	2015	2014
	£'000	£'000
Analysis of amount charged to operating profit:		
Current service cost	1,510	1,338
Past service cost	(2,700)	-
Total operating (credit) / charge	(1,190)	1,338
Analysis of amount (charged) / credited / to other finance (expense) / income:		
Expected return on scheme assets	8,074	8,540
Interest on pension liabilities	(8,007)	(8,273)
Net return	67	267
Analysis of amount recognised in statement of total gains and losses:		
Difference between the expected and the actual return on Plan assets	32,556	(7,324)
Experience losses on Plan liabilities	13	5,439
Effect of changes in assumptions underlying the present value of Plan liabilities	(31,709)	(1,465)
Net return / (loss) recognised	860	(3,350)
Movement in Plan assets during year:		
Scheme Assets at 1 April 2014/2013	168,000	170,560
Expected return on Scheme assets	8,074	8,540
Contributions	3,982	3,875
Benefits paid	(8,077)	(7,651)
Actuarial gains on plan assets	32,556	(7,324)
Scheme Assets at 31 March 2015/2014	204,535	168,000
Movement in Plan liabilities during year:		
Scheme Liabilities at 1 April 2014/2013	184,993	187,007
Current service cost	1,510	1,338
Net benefits paid out	(8,077)	(7,651)
Interest cost	8,007	8,273
Past service cost	(2,700)	-
Actuarial (gains) / losses on plan liabilities	31,696	(3,974)
Scheme Liabilities at 31 March 2015/2014	215,429	184,993

History of experience gains and losses:

	31 March 2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Difference between the expected and the actual return on Plan assets:					
Amount	32,556	(7,324)	11,357	6,666	1,001
Percentage of Plan assets	15.9%	(4.4%)	6.7%	4.3%	0.7%
Experience gains and losses on Plan liabilities:					
Amount	13	5,439	(3,389)	(759)	2,191
Percentage of Plan liabilities	-	2.9%	(1.8%)	0.4%	1.4%
Total amount recognised in the Statement of Total Recognised Gains and Losses:					
Amount	860	(3,350)	(3,138)	(13,788)	6,784
Percentage of Plan liabilities	0.4%	(1.8%)	(1.7%)	(8.1%)	4.5%

The Company also operates a defined contribution pension scheme, the Company's contributions to this scheme totalled £154,919 (2014 £93,760)

Notes to the accounts (continued)

19. Financial instruments

The Company enters into hedging transactions where derivative financial instruments are used. These are not held at fair value in the accounts at the balance sheet date. Any gain or loss is accounted for when the instruments are closed out. The fair value of derivatives held at the year end was:

	2015	2014
	£'000	£'000
Net unrealised gain on foreign currency rate derivatives	54	454

20. Contingent liabilities

At the balance sheet date Novelis Inc's senior secured facilities consisted of (1) a $1.73 billion secured term loan credit facility due March 2017 and (2) an $1.2 billion asset based loan facility (ABL Facility) due October 2019 that may be increased by an additional $500 million. 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 2015, there were $609 million of outstanding borrowings under the ABL facility (2014: $563m).

21. Ultimate parent company

In the opinion of the directors, the 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 UK Ltd is included. Novelis Inc is the parent company of the smallest group in which Novelis UK Ltd is included. 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 Company's immediate parent company is Novelis Europe Holdings Limited, a company incorporated in England and Wales.