

Company Registration No. 00495682

Moorgate Industries UK Limited

Annual Report

31 December 2020



Moorgate Industries UK Limited

Report and Financial Statements 2020

Contents	Page
Officers and professional advisers	1
Group strategic report	2-3
Directors' report	4
Statement of directors' responsibilities	5
Independent auditor's report	6-9
Consolidated profit and loss account	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated statement of cash flows	15
Consolidated analysis of net debt	16
Notes to the financial statements	17-33

Moorgate Industries UK Limited

Report and Financial Statements 2020

Officers and professional advisers

Directors

John F Soden
Jade L Moore

Registered Office

Longbow House
14 – 20 Chiswell Street
London
EC1Y 4TW

Auditor

Cooper Parry Group Limited
Chartered Accountants and Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Moorgate Industries UK Limited

Group strategic report

Attached are the financial statements for the group headed by Moorgate Industries UK Limited ('the company') for the year ended 31 December 2020.

Business review and company background

This is the seventh period for which group accounts are required. Prior to 31 December 2014, the company had taken exemption from the requirement to produce group accounts on the grounds that its results had been included within the financial statements of a larger group which were publicly available. This exemption became no longer available when the ultimate parent company entered administration in 2015 and did not file accounts for its 2014 year end.

In October 2015, a Scheme of Arrangement relating to the Moorgate Industries Limited (MIL) (in liquidation) (formerly Stemcor Holdings Limited) group, of which the company was a member, was approved by the High Court under Part 26 of the Companies Act 2006. Under the creditor led scheme, a demerger of the businesses formerly contained within the MIL group took place under which the former group was demerged into a 'Core Group', consisting of those businesses which the ongoing group wished to retain, and a 'Remain Co Group' consisting of those remaining businesses which were to be liquidated or sold. The objective was to provide a stable platform for companies within the Core Group to continue trading on a going concern basis and to deliver a financial restructuring of the former group's substantial indebtedness. MIL is now the holding company for those businesses, including the company, within the Remain Co Group.

The company effectively ceased active trading in early 2014. It now sits as the head of a group and acts as a holding company for two material subsidiaries, the first being Moorgate Industries India Private Limited (MIPL) located in India. MIPL no longer trades in its own right but continues to be the vehicle through which any outstanding monies due to the group in India are recovered. The second was transferred during the year from MIL and is Moorgate Industries DMCC located in United Arab Emirates. In line with the rest of the group, MIDMCC no longer trades in its own right but is in the process of asset realisations from third parties. As MIDMCC was acquired in the year, the consolidated results of the group include the performance of MIDMCC from its acquisition date of September 2020. MIDMCC was transferred as a result of changing regulations in the jurisdiction in which it operates.

The group continues to pursue a number of substantial claims against third parties for amounts due under historic trading agreements. These claims are being handled in various legal jurisdictions around the world and progress can therefore be slow. The directors, based upon legal advice and with the support of the company's lenders, continue to pursue these claims aggressively. During the year the speed at which the group could reach settlement agreements with various third parties in respect of historic trade disputes was adversely impacted by the Covid-19 pandemic and the resultant closures of courts across all global jurisdictions, because of this recoveries in the year are lower than those reported in previous financial periods. All disputed balances had previously been fully provided against within the group financial statements. Because of the historic difficulties in relation to recovery of these monies, even where favourable court judgements have been received, receipts are being recognised on a cautious basis. The 2020 financial statements reflect only monies received up to the date of the signing of those statements.

Because the company, and MIL, of which it is a part, are in a wind down situation, normal disclosures relating to Key Performance Indicators, are not deemed to be appropriate.

Because of the wind down situation the financial statements have been prepared on an 'other than going concern basis' as required by Financial Reporting Standard 102 Section 3. The directors have taken a prudent approach to preparing the financial statements with assets being written down to their estimated realisable amounts. Where there is perceived to be any doubt surrounding the value of a claim or asset it has been written down to zero.

Moorgate Industries UK Limited

Group strategic report

Business review and company background (continued)

The results for the year show a loss after tax of US\$2.6m (2019: US\$9.3m). As previously noted the group is no longer trading and is in a wind down process. The loss for the year arises as a result of the adverse impact of the Covid-19 pandemic on reaching settlement agreements with third parties. Due to this, recoveries are lower than previous years and as such costs incurred in pursuing the solvent wind down of the group are in excess of income for the year.

As referred to in Note 1 of these financial statements, in connection with the October 2015 Scheme of Arrangement, such portion of the original US\$581 million bank debt not repaid by October 2020 is of a non-recourse nature. During the year, MIL's lenders took the decision not to terminate the current operation at its 5 year anniversary in October 2020 and a subset of the lenders have advanced a separate Super Senior facility of US\$7 million to enable it to continue in its pursuit of recoveries from third parties. All parties remain committed to recovery of these amounts.

Principal risks and uncertainties

The company and the group which it heads, and the larger MIL group of which both are a part, are now in a wind down position. The objective is to achieve an orderly and solvent wind down for the benefit of the parent group's creditors. Further details are given in note 1 to the financial statements.

The principal risks which would threaten the orderly wind down of the MIL group include the failure to deliver the wind down within the funds available to it or a successful significant and unexpected claim or counter claim against the group which summarily ended the wind down process. As the wind down is now in its seventh year the risk of unexpected claims and counter claims reduces with the passage of time. The directors, one of whom is also a director of MIL, regularly monitor and review the progress of the MIL liquidation and liaise on a monthly basis with the MIL group's lenders who will be the primary beneficiaries of any recoveries made.

Approved by the Board
and signed on behalf of the Board

DocuSigned by:



C4A4800CD64C4D1...

Jade Moore

Director

Date: 15 September 2021

Moorgate Industries UK Limited

Directors' report

The directors present their report on the affairs of the company and the group together with the financial statements and auditor's report for the year ended 31 December 2020. They are prepared in accordance with applicable law and regulations. The directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The directors are satisfied that the Group Strategic Report, Directors' Report and financial statements give a true and fair view of the state of affairs of the company and the group and of the profit of the group for that period.

Indemnities

The company has agreed to indemnify its directors in respect of proceedings brought against them by third parties subject to the limitations provided in the Companies Act. Such qualifying third party indemnity provisions were in force during the year and continue to be in force as at the date of this report. The company has purchased directors' and officers' liability insurance in order to minimise the potential impact of any such proceedings.

Results and dividends

The results for the year are set out on page 10.

The directors do not recommend the payment of a final dividend (2019: US\$nil).

Directors

The directors who held office throughout the year are noted on page 1.

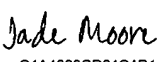
Director's statement as to the disclosures of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and;
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the Board
and signed on behalf of the Board

DocuSigned by:

C4A4800CD64C4D1...
Jade Moore

Director

Date: 15 September 2021

Moorgate Industries UK Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Moorgate Industries UK Limited

Opinion

We have audited the financial statements of Moorgate Industries UK Limited for the year ended 31 December 2020, which comprise the Consolidated profit and loss account, the Consolidated and Company balance sheets, the Consolidated and Company statement of changes in equity, the Consolidated statement of cash flows, Consolidated analysis of net debt and the related notes, including a summary of significant accounting policies set out on pages 10 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the period 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter – Basis of preparation of financial statements

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the basis on which the financial statements have been prepared. Because the company and group are in the process of disposing of all of its assets and has substantially ceased trading, the financial statements have been prepared on a basis other than a going concern basis under which assets have been impaired to their estimated recoverable amount.

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 auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the members of Moorgate Industries UK Limited (continued)

Opinion on other matter 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 group strategic report and the directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 5, 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 group's and 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 group or the parent 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 group 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.

Our assessment focused on key laws and regulations the entity has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

Independent auditor's report to the members of Moorgate Industries UK Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We are not responsible for preventing irregularities. Our approach to detect irregularity included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework, including a review of legal and professional codes and board minutes in the year and post year end;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and assessment of the appropriateness of controls put in place;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale for significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- assessing key areas of estimation such as provision for liabilities and recovery of assets and tailoring our testing to ensure amounts are recognised appropriately within the financial statements.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- discussing with local auditors and accountants any non-compliance noted in local jurisdictions of the subsidiary companies;
- reviewing correspondence with HMRC and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

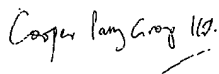
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 auditors' report.

**Independent auditor's report to the members of
Moorgate Industries UK Limited
(continued)**

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 auditors' 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.



Peter Sterling (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants and Statutory Auditor

Sky View

Argosy Road

East Midlands Airport

Castle Donington

Derby

DE74 2SA

Date: 15 September 2021

Moorgate Industries UK Limited**Consolidated profit and loss account
For the year ended 31 December 2020**

	Notes	2020 US\$'000	2019 US\$'000
Turnover	1,3	-	5
Cost of sales		(7,472)	(1,161)
Gross loss		(7,472)	(1,156)
Administrative expenses and distribution costs		(3,896)	(2,361)
Operating loss	7	(11,368)	(3,517)
Exceptional items	4	11,692	(2,085)
Interest receivable and similar income	5	8,569	9,040
Interest payable and similar charges	6	(11,530)	(12,769)
(Loss)/profit on ordinary activities before taxation		(2,637)	(9,331)
Tax on loss on ordinary activities	10	-	-
Loss on ordinary activities after taxation		(2,637)	(9,331)
Currency differences on retranslation of opening balances		1,136	1,184
Total comprehensive loss for the year		(1,501)	(8,147)
Total comprehensive loss for the year attributable to:			
Non controlling interest		(7)	32
Provision against liabilities of non controlling interest		(23)	(146)
Shareholders of the parent company		(1,471)	(8,033)

Moorgate Industries UK Limited
Registered number: 00495682

Consolidated balance sheet
As at 31 December 2020

	Notes	2020 US\$'000	2019 US\$'000
Fixed assets			
Intangible assets	12	-	-
Tangible fixed assets	13	-	-
		<u>-</u>	<u>-</u>
Current assets			
Debtors	15	1,327	2,576
Cash at bank and in hand		661	3,168
		<u>1,988</u>	<u>5,744</u>
Creditors: amounts falling due within one year	16	<u>(266,074)</u>	<u>(268,329)</u>
Net current liabilities		<u>(264,806)</u>	<u>(262,585)</u>
Net liabilities		<u><u>(264,806)</u></u>	<u><u>(262,585)</u></u>
Capital and reserves			
Called up share capital	17	7,187	7,187
Profit and loss account	18	<u>(271,273)</u>	<u>(269,772)</u>
Shareholders' deficit		<u>(264,806)</u>	<u>(262,585)</u>
Non controlling interest	18	-	-
Total capital employed		<u><u>(264,806)</u></u>	<u><u>(262,585)</u></u>

The financial statements of Moorgate Industries UK Limited were approved and authorised for issue by the board of directors and signed on its behalf by:

DocuSigned by:

Jade Moore

C4A4800CD64C4D1...

Jade Moore

Director

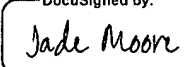
Date: 15 September 2021

Moorgate Industries UK Limited
Registered number: 00495682

Company balance sheet
As at 31 December 2020

	Notes	2020 US\$'000	2019 US\$'000
Fixed assets			
Fixed asset investments	11	-	-
Current assets			
Debtors	15	949	1,843
Cash at bank and in hand		340	1,276
		<u>1,289</u>	<u>3,119</u>
Creditors: amounts falling due within one year	16	<u>(233,702)</u>	<u>(222,471)</u>
Net liabilities		<u>(232,413)</u>	<u>(219,352)</u>
Capital and reserves			
Called up share capital	17	7,187	7,187
Profit and loss account	18	<u>(239,600)</u>	<u>(226,539)</u>
Shareholders' deficit		<u>(232,413)</u>	<u>(219,352)</u>

The financial statements of Moorgate Industries UK Limited were approved and authorised for issue by the board of directors and signed on its behalf by:

DocuSigned by:

 C4A4800CD64C4D1...

Jade Moore

Director

Date: 15 September 2021

Moorgate Industries UK Limited

Consolidated statement of changes in equity For the year ended 31 December 2020

	Called up share capital US\$'000	Profit and loss account US\$'000	Share- holders deficit US\$'000	Non controlling interest US\$'000	Total equity US\$'000
At 1 January 2019	7,187	(261,625)	(261,625)	-	(254,438)
Loss for the financial year	-	(9,335)	(9,335)	4	(9,331)
Currency translation differences	-	1,156	1,156	28	1,184
Total comprehensive loss	-	(8,179)	(8,179)	32	(8,147)
Adjustment arising from change in non controlling interest	-	(114)	(114)	114	-
Provision against non controlling interest	-	146	146	(146)	-
At 31 December 2019	<u>7,187</u>	<u>(269,772)</u>	<u>(269,772)</u>	<u>-</u>	<u>(262,585)</u>
Loss for the financial year	-	(2,603)	(2,603)	(34)	(2,637)
Currency translation differences	-	1,109	1,109	27	1,136
Total comprehensive loss	-	(1,494)	(1,494)	(7)	(1,501)
Adjustment arising from change in non controlling interest	-	(30)	(30)	30	-
Provision against non controlling interest	-	23	23	(23)	-
At 31 December 2020	<u>7,187</u>	<u>(271,273)</u>	<u>(271,273)</u>	<u>-</u>	<u>(264,086)</u>

Moorgate Industries UK Limited

Company statement of changes in equity For the year ended 31 December 2020

	Called up share capital US\$'000	Profit and loss account US\$'000	Total equity US\$'000
At 1 January 2019	7,187	(212,392)	(205,205)
Loss for the financial year	-	(14,147)	(14,147)
At 31 December 2019	<u>7,187</u>	<u>(226,539)</u>	<u>(219,352)</u>
Loss for the financial year	-	(13,061)	(13,061)
At 31 December 2020	<u>7,187</u>	<u>(239,600)</u>	<u>(232,413)</u>

Moorgate Industries UK Limited

Consolidated statement of cash flows For the year ended 31 December 2020

	2020 US\$'000	2019 US\$'000
<i>Operating activities</i>		
Loss on ordinary activities after taxation	(2,637)	(9,331)
Depreciation and impairment charges in respect of tangible fixed assets	-	(3)
Loss on sale of tangible fixed assets	-	4
Exceptional items	(11,692)	2,085
Interest receivable and similar income	(8,569)	(9,040)
Provision against interest receivable	8,467	8,442
Interest payable and similar charges	11,530	12,769
Decrease/ (increase) in debtors	14,743	(137)
(Decrease) in creditors	(12,276)	(2,192)
Taxation charge	-	-
Taxation paid	-	-
Net cash (outflow)/inflow from operating activities	(434)	2,597
<i>Investing activities</i>		
Interest received	102	598
Cash acquired with subsidiary	31	-
Net cash inflow from investing activities	133	598
<i>Financing activities</i>		
Interest paid	-	-
Exceptional – restructuring costs	(2,140)	(2,264)
Net cash outflow from financing activities	(2,140)	(2,264)
Increase in cash and cash equivalents	(2,441)	931
Effect of exchange rates on cash and cash equivalents	(66)	(28)
Cash and cash equivalents at 1 January	3,168	2,265
Cash and cash equivalents at 31 December	661	3,168

Moorgate Industries UK Limited**Consolidated analysis of net debt
For the year ended 31 December 2020**

	At 1 January 2020 US\$'000	Cash flows US\$'000	Other non- cash changes US\$'000	At 31 December 2020 US\$'000
Cash at bank and in hand	3,168	(2,441)	(66)	661
Cash and cash equivalents	<u>3,168</u>	<u>(2,441)</u>	<u>(66)</u>	<u>661</u>

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

1. Accounting policies

Moorgate Industries UK Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on page 1 to these financial statements. These financial statements are prepared in US dollars (US\$) which is the functional currency of the company. The financial statements are for the year ended 31 December 2020 (2019: year ended 31 December 2019).

The financial statements have been prepared on an 'other than going concern' basis under the historical cost convention and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group'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 2.

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

Basis of preparation of accounts

The company is a wholly owned subsidiary of Moorgate Industries Limited (MIL). MIL is in the process of liquidation and the liquidators are continuing with the process of realising assets and discharging liabilities. MIL is a complex group with many subsidiary companies around the world and the process of realising assets is a difficult and time consuming one. The bulk of the realisation process now involves pursuing debts owed to the group and obtaining legal judgements where necessary. Some of the debts being pursued are very significant in size.

In October 2015, a Scheme of Arrangement relating to the MIL group, of which the company was a member, was approved by the High Court under Part 26 of the Companies Act 2006. Under the creditor led scheme, a demerger of the businesses formerly contained within the MIL group took place under which the former group was demerged into a 'Core Group', consisting of those businesses which the ongoing group wished to retain, and a 'Remain Co Group' consisting of those businesses which were to be liquidated or sold. The objective was to provide a stable platform for companies within the Core Group to continue trading on a going concern basis and to deliver a financial restructuring of the former group's substantial indebtedness. MIL is the holding company for those businesses, including the company, within the Remain Co Group.

Under the terms of the demerger the former group's principal lenders agreed to the restructuring of approximately US\$2bn of total bank debt. This was largely satisfied by the issue to the lenders of equity in the new Core Group and the repayment and redrawing of existing facilities within Core Group. After these transactions, a debt balance of US\$581m remained with Remain Co Group which was due for repayment in October 2020. During the year, MIL's lenders have taken the decision not to terminate the current operation at its 5 year anniversary in October 2020 and a subset of the lenders have advanced a separate Super Senior facility of US\$7 million to enable it to continue in its pursuit of recoveries from third parties. This debt, along with the original US\$581m debt, is non-recourse, and is structured in such a way that recoveries of funds from the disposal of assets within the Remain Co Group are to be earmarked for the benefit of lenders in accordance with the terms of an inter-creditor agreement. No lender has any right of recourse in respect of sums not covered by asset realisations. Lenders are aware that asset realisations may not be sufficient to repay the US\$581m in full and that they have no recourse in respect of any shortfall.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

1. Accounting policies (continued)

Basis of preparation of accounts (continued)

The ongoing operation of Remain Co Group is now being funded by the Super Senior Facility of US\$7m loaned to Moorgate Industries Finance Limited (MIFL), a member of the Remain Co Group, which manages the funding of Remain Co Group. The directors of MIFL have set aside sufficient funds from the cash provided to Remain Co Group to satisfy the current creditors of the company as well as the costs of a solvent liquidation. This position is monitored closely, and on an ongoing basis, by the directors of the company, MIL, and MIFL. As any shortfall in asset recoveries against the US\$581m and the Super Senior facility is non-recourse, the directors expect that they will be able to achieve a solvent liquidation with all non-bank liabilities and all non-group liabilities being repaid in full. Since October 2015, in addition to the repayment of the US\$14.3m loan to MIFL made by the Core Group, approximately US\$72m of recoveries have also been repaid to the group's principal lenders.

Since the 2015 Scheme of Arrangement, there have always been risks to achieving a solvent liquidation. The principal risks include the costs of achieving a wind down exceeding the funding facilities with the Remain Co Group and lenders refusing to make up any shortfall, or of a third party obtaining judgement against a member of the Remain Co Group in respect of any unprovided historic legal claim and pursuing a summary liquidation of Remain Co Group such that the solvent liquidation process is jeopardised. These risks reduce with the passage of time.

Because the company, along with the rest of the Remain Co Group, is in a wind down situation with a solvent liquidation being pursued, the financial statements have not been prepared on a going concern basis. The financial statements have been prepared on a basis which states assets at their estimated recoverable amounts. Because the wind down is complex, and is likely to continue for some time, estimating future costs in connection with the wind down process is difficult. Provision has therefore not been made for future costs. Details as to the key assumptions made in relation to asset realisations are given within the notes to the financial statements.

In preparing these financial statements, and in view of the wind down of the Remain Co Group, the company's directors have taken a prudent but realistic view of the carrying value of all categories of assets. Provisions have been made where there are uncertainties as to the recovery of an asset's value. In particular, where the group, headed by the company, is involved in litigation with third parties for the recoveries of amounts due to the group, provision is made against the carrying value of the assets in question. Such provisions are released, and credited to the profit and loss account, when recovery becomes certain.

Group accounts

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. Where subsidiary undertakings are acquired or disposed of during the year the group profit and loss account includes their results only for the part of the year from, or to the date, on which control is passed. Acquisitions are accounted for under the purchase method.

Joint ventures and associates

Investments in material joint ventures and associates are originally accounted for under the equity method. The group's share of net assets and share of profit or loss in immaterial associates is excluded from the consolidated results. The consolidated profit and loss account originally includes the group's share of joint ventures and associates profit less losses and the group's share of the net assets or liabilities is originally shown in the consolidated balance sheet. As at 31 December 2020 the group no longer holds any material interests in joint ventures or associates.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

1. Accounting policies (continued)

Turnover

Turnover is recognised to the extent that it is probable that economic benefits will flow to the group and that the turnover can be reliably measured. Turnover is measured at the fair value of the consideration of goods sold and services provided to third parties net of sales taxes and trade discounts. Turnover arising from the sale of steel and steel-making raw materials is recognised when the risks and rewards of ownership have substantially passed to the customer.

Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated profit and loss account over its useful economic life.

Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Interest costs associated with loans used exclusively to fund the construction of assets in the course of construction are capitalized.

Repairs and maintenance costs are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Land and assets in the course of construction are not depreciated.

Buildings are depreciated at a rate of 5% per annum on a straight line basis.

Plant and machinery and equipment and vehicles are depreciated at rates between 20% and 25% per annum on a straight line basis.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within administrative expenses in the profit and loss account.

At each balance sheet date, the group reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense immediately. The carrying value of fixed assets have been impaired to US\$nil at the year end (2019: US\$nil).

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account. Stock was previously impaired to its carrying value of US\$nil.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts and loans that are repayable on demand and form an integral part of the company's cash management.

Bank borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated profit and loss account on a straight-line basis.

Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks, other third parties and loans with related parties.

All financial instruments and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Foreign exchange

Transactions in foreign currencies are recorded in US dollar (US\$) using the rate of exchange ruling at the date of the transaction or if hedged at the forward contract rate. Monetary assets and liabilities denominated in currencies other than US\$ are translated at the effective rate of exchange ruling at 31 December or if hedged at the forward contract rate, and gains or losses on translation are included in the profit and loss account.

Leased assets

The cost of operating leases is charged to the consolidated profit and loss account on a straight-line basis over the life of the lease.

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Legal advice is sought where appropriate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

1. Accounting policies (continued)

Interest income

Interest income is recognised in the consolidated profit and loss account using the effective interest method.

Finance costs

Finance costs are charged to the consolidated profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pensions

The principal pension arrangements are defined contribution schemes and other money purchase schemes. The contributions are recognised as an expense in the consolidated profit and loss account as they are payable. Amounts that are paid in advance or remain unpaid at the year end are included in the balance sheet as a prepayment or accrual as applicable.

Taxation

Tax is recognised in the consolidated profit and loss account, except that a change attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in Equity is also recognised in Other Comprehensive Income or directly in Equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet dates in the countries in which the group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining the associated tax allowances have been met.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

Parent company result

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account dealing with the results of the company has not been presented. The loss retained by Moorgate Industries UK Limited was US\$13,061,000.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The group makes estimates and assumptions concerning the future. These estimates and assumptions are made in the context of a company and group which is preparing its accounts on a basis that is other than a going concern basis. Management are also required to exercise judgement in the process of applying the group's accounting policies. 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

2. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Impairment of investments

The group reviews the carrying value of its investments, primarily in associated companies, for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

Carrying value of stocks

Management review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the group's products and achievable selling prices.

Recoverability of trade debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made against specific balances where recoverability is uncertain. Because the group is in an extended wind down situation and recoveries tend only to be confirmed after court awards have been made debtors are only shown as being recoverable where cash has been received after the balance sheet date.

Provisions

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not. Legal advice, both internal and external, is taken when assessing the risks involved.

As noted elsewhere in these accounts, the group is in a wind down position which is complex and which may take several years to complete. Because future costs associated with the wind down are not capable of reliable estimation, no provision for such costs have been made within the financial statements.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain especially in overseas jurisdiction. The group takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of the taxation that is likely to be due.

Management estimation is required to determine the amount of any deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits. Because of the uncertainty surrounding the group, deferred tax assets have not been recognised.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

3. Segmental analysis

The segmental analysis of turnover by location of origin and of turnover by destination is as follows:

	<u>Turnover by origin</u>		<u>Turnover by destination</u>	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
United Kingdom	-	-	-	-
Asia	-	5	-	5
	<u>-</u>	<u>5</u>	<u>-</u>	<u>5</u>

Full segmental information has not been disclosed on the grounds of materiality and relevance to an overall understanding of the financial statements given that the group is in a wind down situation.

The turnover recognised in 2019 related to previously impaired, residual stock which was the subject of a dispute with a business partner. During the prior year, the group were successful in obtaining a court order to dispose of this stock.

4. Exceptional items

	2020	2019
	US\$'000	US\$'000
Intercompany loans waived	753	179
Release of negative goodwill	13,079	-
Costs in relation to restructuring	(2,140)	(2,264)
	<u>11,692</u>	<u>(2,085)</u>

The credit recorded in the profit and loss account arises from loans waived during the year that were due to fellow undertakings of the MIL group.

The release of the negative goodwill arises following the acquisition of Moorgate Industries DMCC by the group in the year. Previously amounts due from this company to the Moorgate Industries UK Limited group had been provided against in full with a corresponding liability being carried within the Moorgate Industries UK Limited consolidated balance sheet. In effect, by acquiring MIDMCC the group have acquired the debt value along with it and have therefore recovered the negative goodwill upon acquisition.

Costs in relation to restructuring relate mainly to ongoing professional fees in relation to the group wind down and employee termination costs.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

5. Interest receivable and similar income

	2020 US\$'000	2019 US\$'000
Interest from bank and short-term deposits	13	54
Interest received from taxation authorities	89	544
Interest from fellow group undertakings	-	-
Interest received on settlement of trade disputes	8,467	8,442
	<u>8,569</u>	<u>9,040</u>

As noted in the Group Strategic Report, the group successfully reached settlement in connection with a number of historic trade disputes brought against third parties. The various settlements contained additional sums awarded to the group in respect of interest on the amounts due. Some of the settlements are being received via a series of instalments payable over a number of years. Because of the difficulty in obtaining the awards the directors remain cautious over receiving the full amounts. Receipts are therefore only being recognised as and when received. The amount included above in respect of interest received from the settlements reflects the full amount of interest awarded, however a provision against interest awarded but not received by the date of signing these financial statements has been made within cost of sales.

6. Interest payable and similar charges

	2020 US\$'000	2019 US\$'000
Interest payable on bank overdrafts, loans and group borrowings	<u>11,530</u>	<u>12,769</u>

7. Operating loss

	2020 US\$'000	2019 US\$'000
The operating loss is stated after charging/(crediting):		
Impairment of fixed assets release	-	(3)
Operating leases – land and buildings	44	73
Auditors' remuneration	60	60
Remuneration – other auditors	14	6
Foreign exchange losses	1,161	1,227
Loss on disposal of tangible fixed assets	-	4
	<u></u>	<u></u>

Auditor's remuneration for non-audit services during the year was US\$5,000 (2019: US\$5,000) in respect of tax compliance services.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

8. Directors' costs

	2020 US\$'000	2019 US\$'000
Directors' fees	567	623

Fees paid in respect of the highest paid director were US\$448,000 (2019: US\$510,000).

9. People costs

The total people costs (including directors) were as follows:

	2020 US\$'000	2019 US\$'000
Wages, salaries and directors fees	1,039	1,105
Social security costs	-	-
Other pension costs	13	-
	1,052	1,105

Average people numbers (including directors) during the year were as follows:

	2020 No.	2019 No.
Administrative staff	8	6

The increase in average people numbers was as a result of the acquisition of MIDMCC in the year.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

10. Tax on loss on ordinary activities

	2020 US\$'000	2019 US\$'000
<i>Current taxation</i>		
UK corporation tax for the year	-	-
Prior year adjustment	-	-
Overseas tax	-	-
	<hr/>	<hr/>
Total current tax charge on loss on ordinary activities	-	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2019: 19%). The actual tax charge for the current year is higher than (2019: higher than) the standard rate for the reasons set out in the following reconciliation:

	2020 US\$'000	2019 US\$'000
Loss on ordinary activities before tax	(2,637)	(9,331)
	<hr/>	<hr/>
Tax on loss on ordinary activities at 19% (2019: 19%)	(501)	(1,773)
Effects of:		
Losses carried forward/(utilised) and non taxable income	501	1,773
Overseas tax paid	-	-
	<hr/>	<hr/>
Current tax charge/(credit) for the year	-	-

The group has tax losses arising that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to the uncertainty as to whether there will be suitable profits in the foreseeable future against which to offset them.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

11. Fixed asset investments

Group

The subsidiary undertakings, associates and other investments of the group held during the year ended 31 December 2020 are as follows:

	Country of incorporation	Nature of main business	Effective percentage of ordinary shares and voting rights held
Subsidiaries			
Moorgate Industries India Private Ltd (MIPL)	India	Steel Merchant (now in a wind down situation)	97.75%
Hermteam Limited	United Kingdom	Dormant company	100%
Moorgate Industries DMCC	United Arab Emirates	Steel Trading (now in a wind down situation)	100% (Acquired on 11 September 2020)
Associates			
Moorgate Projects Private Limited	India	Dormant	* 48.85% (Dissolved on 12 December 2019)
Other investments			
Mideast Integrated Steel Ltd	India	Iron mine and steel operations	* 9.78%

Undertakings marked * are held via subsidiary companies.

On 11 September 2020, the entire share capital of Moorgate Industries DMCC was purchased for consideration of AED 1.

The results of Moorgate Projects Private Limited have not been included within the consolidated financial statements on the grounds of materiality. On 12 December 2019, this company was dissolved.

The results of Hermteam Limited have not been included within the consolidated financial statements on the grounds of materiality.

Full provision has been made against any investment held in and any balances due from Mideast Integrated Steel Ltd.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

11. Fixed asset investments (continued)

Company

	2020 US\$'000	2019 US\$'000
At 1 January	-	-
Additional share capital subscribed	478	1,892
Impairment	(478)	(1,892)
	<hr/>	<hr/>
At 31 December	-	-
	<hr/>	<hr/>

The investment relates to the company's 97.75% (2019: 97.71%) investment in Moorgate Industries India Private Limited (MIPL). Due to the likely irrecoverability of the investment, the carrying value has been fully impaired.

As noted in the Group Strategic Report, trading within MIPL substantially ceased during the early part of 2014. Full provision against the cost of the investment in MIPL has been made within the company accounts along with full impairment against amounts owed to the company by MIPL in view of the substantial deficit on shareholders' funds within that company. During the year the company subscribed for additional share capital in MIPL in order to provide funds for MIPL's continued operation as it seeks to recover monies owed to it.

The company holds 100% of the share capital of Hermteam Limited. The company is registered in the United Kingdom and is dormant. Due to the uncertainty surrounding the recoverability of this investment, the amount has been provided against in full.

On 11 September 2020, the company acquired 100% of the share capital of Moorgate Industries DMCC for a consideration of AED 1. The company is registered in the United Arab Emirates. The company is now in a wind down situation but prior to this was involved in the trading of steel, steel products and basic non-ferrous metals. Due to the uncertainty surrounding the recoverability of this investment, the amount has been provided against in full.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

12. Intangible fixed assets

	Negative Goodwill US\$'000	Group Total US\$'000
Cost		
Additions (note 21)	(13,079)	(13,079)
At 31 December 2020	(13,079)	(13,079)
Amortisation		
Released to the profit and loss account	(13,079)	(13,079)
At 31 December 2020	(13,079)	(13,079)
Net book value		
At 31 December 2020	-	-

13. Tangible fixed assets

	Land and buildings US\$'000	Plant and machinery US\$'000	Equipment and vehicles US\$'000	Group Total US\$'000
Cost				
At 1 January 2020	62	1,024	7	1,093
Additions	-	-	-	-
Disposals	-	-	-	-
Foreign exchange differences	(1)	(24)	-	(25)
At 31 December 2020	61	1,000	7	1,068
Accumulated depreciation				
At 1 January 2020	62	1,024	7	1,093
Charge for the year	-	-	-	-
Impairment charge	-	-	-	-
Disposals	-	-	-	-
Foreign exchange differences	(1)	(24)	-	(25)
At 31 December 2020	61	1,000	7	1,068
Net book value				
At 31 December 2020	-	-	-	-
At 31 December 2019	-	-	-	-

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

14. Stocks

Stocks recognised as an expense in the period were US\$Nil (2019: US\$Nil) and are recognised in cost of sales.

An impairment provision of US\$Nil (2019: US\$Nil) was recognised in cost of sales against stock during the year.

15. Debtors

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors	520	1,748	520	1,748
Other debtors	807	828	429	95
	<u>1,327</u>	<u>2,576</u>	<u>949</u>	<u>1,843</u>

An impairment provision movement of US\$7,209,000 (2019: US\$5,213,000) was recognised in cost of sales, these amounts are primarily in respect of interest awarded by courts in respect of successful claims by the group but not yet received (see note 5).

16. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Trade creditors	1,665	1,795	-	-
Amounts owed to fellow group undertakings	263,161	265,299	233,498	222,149
UK and overseas tax payable	-	-	-	-
Other creditors	979	913	-	-
Accruals and deferred income	269	322	204	322
	<u>266,074</u>	<u>268,329</u>	<u>233,702</u>	<u>222,471</u>

During 2018, an agreement was entered into with the group's principal intercompany creditor, MIL (in liquidation), whereby the indebtedness of the company to MIL is to be capped at an amount equal to the assets of the company which are capable of being realised and converted into cash. At 31 December 2020 the amount due to MIL was US\$262m. Based upon the consolidated balance sheet as at 31 December 2020 and recoveries still being sought from third parties it would appear unlikely that amounts due to MIL will be repaid in full. Any release of the obligation to make full repayment to MIL will be recognised in the accounting period in which the group determines that further recoveries from third parties are unlikely and at which point certainty as to its final financial position can be ascertained.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

17. Share capital

	2020 US\$'000	2019 US\$'000
Allotted, called-up and fully paid: 4,750,000 ordinary shares of £1 each	7,187	7,187

18. Group reserves

Profit and loss account

The profit and loss account reserve represents all current and prior period retained profit and losses.

Non controlling interest

The non controlling interest represents the share of net assets attributable to the non controlling interest of the group's subsidiary, MIIPL. Because the non controlling interest holder is in liquidation it will not be contributing to any of the accounting shortfall within the group accounts, full provision has been made against any balance which would otherwise be arising.

19. Pension costs

The principal pension arrangements in the group are money purchase schemes, the assets of which are held separately from those of the group in independently administered funds. The costs are charged to the consolidated profit and loss account as incurred. There were no outstanding contributions or prepaid contributions at either the beginning or end of the financial year.

	2020 US\$'000	2019 US\$'000
Defined contribution scheme	13	-
	13	-

20. Related party transactions

Moorgate Industries UK Limited, Moorgate Industries India Private Limited and Moorgate Industries DMCC, at 31 December 2020, are wholly owned by Moorgate Industries Limited (in liquidation). It has therefore taken exemption under Financial Reporting Standard 102 Section 33 paragraph 1A of the requirement to report transactions with other wholly owned subsidiaries within the Moorgate Industries Limited (in liquidation) group.

The directors are considered to be the only persons who have authority and responsibility for planning, directing and controlling the activities of the group and are considered to be key management personnel. Fees paid in respect of the directors are disclosed in the Directors' remuneration note.

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

21. Business combinations

Acquisition of Moorgate Industries DMCC

On 11 September 2020, the group acquired control of Moorgate Industries DMCC through the acquisition of 100% of the share capital for total consideration of AED 1. This was not a normal commercial acquisition of an ongoing trading business but was a transfer of ownership within the MIL Group as a result of changing legislation in the jurisdiction in which MIDMCC operate.

The negative goodwill arising upon consolidation of \$13,079,000 has been initially recognised within intangible assets at a group level. The negative goodwill arises in respect of amounts due to MIDMCC by other members of the MIUK group which had previously been provided against within the MIDMCC financial statements. Upon MIDMCC becoming part of the MIUK group the previously provided against debt has effectively become recoverable at a consolidation level where the liability recorded in the MIUK group is now offset by the corresponding asset within MIDMCC. This has been treated as a fair value adjustment in the table below by the directors. Subsequently, in view of the fact that the group is no longer trading and is in the course of delivering a solvent liquidation, the negative goodwill has been released as an exceptional item within the consolidated profit and loss account.

The following table summarises the consideration paid by the group, the fair value of the assets acquired and liabilities assumed.

	Book value US\$'000	Fair value adjustments US\$'000	Fair value US\$'000
Current assets			
Debtors	24	13,491	13,515
Cash	31	-	31
	55	-	13,546
Creditors			
Due within one year	(467)	-	(467)
	(412)	-	13,079
Total identifiable net liabilities			
Negative goodwill			(13,079)
Total purchase consideration			-
Consideration			US\$'000
Cash			-
Total purchase consideration			-
Purchase consideration settled in cash, as above			-
Less: cash and cash equivalents acquired			(31)
Net cash inflow on acquisition			(31)

Moorgate Industries UK Limited

Notes to the financial statements For the year ended 31 December 2020

22. Contingent liabilities

The group is involved in legal proceedings in various jurisdictions around the world as it seeks to recover very substantial sums of monies which it believes are due to the group in respect of historic trading agreements. In pursuing these claims the directors take the advice of both internal and external lawyers. The costs of the proceedings are charged against profits as incurred. In certain cases, counterclaims have been made against the group. Provision for the counterclaims have not been made within the financial statements as based upon legal advice the directors do not believe an outflow of funds to be probable.

The group is a guarantor of a US\$581m bank facility for Moorgate Industries Limited (in liquidation). This facility is non-recourse. The group has also guaranteed a further sum of US\$7m advanced to Moorgate Industries Limited (in liquidation) in respect of the Super Senior facility.

There are several ongoing enquiries from Indian tax authorities and other regulatory bodies into the group's principal subsidiary. To date, initial assessments have been received by the company and these are being defended. No provision has been made in these financial statements for any amount due with respect to these enquiries as the directors are of the opinion that there will be no material economic outflow impacting the group.

23. Auditor's liability limitation agreement

By a resolution dated 9 September 2021 the company entered into a liability limitation agreement with its auditors, Cooper Parry Group Limited, in respect of the audit of the consolidated financial statements for the year ended 31 December 2020. The liability is limited to US\$16.5m.

24. Ultimate parent company and controlling party

The ultimate and immediate parent company is Moorgate Industries Limited, which is registered in England and Wales. This company is in liquidation and will not be filing accounts.