

AM10

Notice of administrator's progress report



Companies House

MONDAY



A11 *A7GMQIW9* 15/10/2018 #126
COMPANIES HOUSE

1 Company details

Company number 01947996

Company name in full Moorgate Industries Loans Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) David James

Surname Kelly

3 Administrator's address

Building name/number 7 More London

Street Riverside

Post town London

County/Region

Postcode SE1 2RT

Country United Kingdom

4 Administrator's name ①

Full forename(s) Ian David

Surname Green

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 7 More London

Street Riverside

Post town London

County/Region

Postcode SE1 2RT

Country United Kingdom

② Other administrator
Use this section to tell us about
another administrator.

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6 Period of progress report

From date	d	2	d	7	m	0	m	8	y	2	y	0	y	1	y	8
To date	d	0	d	5	m	1	m	0	y	2	y	0	y	1	y	8

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d	1	d	2	m	1	m	0	y	2	y	0	y	1	y	8
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AM10

Notice of administrator's progress report



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **James Crowther**

Company name **PricewaterhouseCoopers LLP**

Address **Central Square**

29 Wellington Street

Post town **Leeds**

County/Region

Postcode

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Country **United Kingdom**

DX

Telephone **01132894076**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Joint administrators' final progress
report
from 27 August 2018 to 5 October
2018

***Moorgate Industries Loans
Limited***
(in administration)

12 October 2018

High Court of Justice, Chancery Division,
Companies Court

Case no. 6782 of 2015

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report.

Abbreviation or definition	Meaning
the Company	Moorgate Industries Loans Limited – in administration
the Administrators	David J Kelly and Ian D Green, joint administrators of the Company
the firm	PricewaterhouseCoopers LLP
the Group	International steel trading group which traded as Stemcor
Core Group	Direct and indirect subsidiaries of an intermediate Group holding company, Moorgate Industries 1 Limited (formerly in administration), which carried out the Group's core steel trading operations prior to the administration
MIL	Moorgate Industries Limited
MI1L	Moorgate Industries 1 Limited
RemainCo	The Group's Indian business and various other non-core companies
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
Sch.B1 IA86	Schedule B1 to the Insolvency Act 1986
HMRC	HM Revenue & Customs
Junior and Senior Lenders, together the Lenders	Creditors with security in respect of their debt, in accordance with section 248 IA86
prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
preferential creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
unsecured creditors	Creditors who are neither secured nor preferential

Key messages

Why we've sent you this report

I'm pleased to let you know that our work in the administration of the Company is now complete and so I set out below our final report.

You can still view our earlier reports on our website www.pwc.co.uk/moorgate. Please get in touch with James Crowther on 0113 289 4076 or at crowther.james@pwc.com if you need any of the passwords to access the reports.

How much creditors have received

The following table summarises the final outcome for creditors*.

Class of creditor	Amount paid	Previous estimate
Senior Lenders	4,898k	TBC
Junior Lenders	Claims released	Claims released
Unsecured creditors	Nil	Nil

**Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

Under the financial restructuring, the Senior lenders obtained fixed charges or assignments over the majority of the Company's realisable assets, including its intercompany balances.

There has been a small realisation under the floating charge from pre-appointment cash at bank. This was not sufficient to give rise to a prescribed part distribution for unsecured creditors because administration expenses were met from charge realisations and exceeded floating charge realisations. Accordingly the Company's floating charge net property and prescribed part values were nil.

The Junior lenders released and transferred their claims during the restructuring so no balances remained payable.

There are no known preferential creditors.

What you need to do

This report is for your information and you don't need to do anything.

What happens next

The administration ends on 14 October 2018. In line with our proposals approved by creditors on 7 December 2015 we filed notice of move from administration to dissolution on 12 October 2018. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies.

We consider that dissolution of the Company is the most appropriate exit route in the circumstances because it is the most cost effective option given that the objective of the administration has now been achieved and there are no further funds to distribute to creditors. As noted in our proposals, we will be discharged from liability in respect of any of our actions as joint administrators 14 days after we cease to be joint administrators of the Company.

Overview of our work

Why we were appointed

You may remember that when we were appointed the position was as follows:

- The Company operated as the treasury function and main borrower for the Group and traded offset agreements.
- We were appointed because the Group experienced trading difficulties following a decline in the global commodity price of steel and an unsustainable level of debt in excess of \$1bn due to the Lenders, which could not be serviced.
- As ultimate parent of the Group, MIL was facing :
 - Low demand for steel;
 - Instability within the Group's business in India;
 - Cash shortages;
 - Breaches in asset realisation targets; and
 - No prospect of a viable purchaser.

Following a high level contingency plan and consideration of the various options, the Group and a co-ordinating committee of the Senior Lenders agreed that a Lender led restructuring was the only viable option to secure a long-term future of the business.

A scheme of arrangement, sanctioned by the Court, became effective on 30 September 2015 to allow the Core Group to be relieved of the pre-restructuring Lender debt and continue as a viable and sustainable business by way of a de-merger of the Group. This led to the appointment of administrators over three Group companies:

- MIL by order of the Court on 2 October 2015
- MIL and the Company on 14 October 2015.

On 15 October 2015, the Group commenced the Lender led restructuring.

Group entities that fell outside of the Core Group formed RemainCo, which remained in the Group with MIL as the parent company with a view to realising any shareholder value in due course.

Asset realisations

As explained in our earlier reports, after an initial review, we established reporting requirements with the management of RemainCo and have worked closely with them to facilitate realisations.

To date we realised book debts of \$4.2m, a dividend of \$706k in respect of the Company's intercompany position with Moorgate Industries Limited (in Administration) and cash from pre-appointment bank balances of \$147k. No further asset realisations are expected.

Approval of our proposals

On 25 November 2015, we sent to creditors our proposals for achieving the purpose of administration.

Creditors approved our proposals on 7 December 2015 without modification by a meeting by correspondence

We attach a summary of our proposals at Appendix A.

Changes of administrator

Paul David Copley, one of the previous Administrators, left the firm in 2016. As previously reported, an application was made to the Court to release him as Joint Administrator and was granted with effect from 27 May 2016.

Investigations and actions

Nothing came to our attention during the administration to suggest that we needed to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Tax clearance

We fulfilled our duties as proper officers for tax during the administration and filed VAT and corporation tax returns for all relevant accounting periods. HMRC raised no queries on our returns and has confirmed that they have no objection to the administration ending.

Our final receipts and payments account

We set out in Appendix B an account of our final receipts and payments in the administration from 2 October 2015 to 5 October 2018. As the primary currency of the Group and of the assets and liabilities of the Company was US dollars, we continue to show our receipts and payments account in US dollars.

Our expenses

We set out in Appendix C a statement of the final expenses that we incurred to the date covered by this report.

Our fees

We set out in Appendix D an update on our remuneration which covers our fees, disbursements and other related matters.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<http://www.icaew.com/en/technical/insolvency/creditors-guides>

You can also get a copy free of charge by telephoning James Crowther on 0113 289 4076.

If you have any questions, please get in touch.

Yours faithfully

For and on behalf of the Company



David Kelly
Joint administrator

David James Kelly and Ian David Green have been appointed as joint administrators of the Company to manage its affairs, business and property as its agents without personal liability. Both are licensed in the United Kingdom to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales. The joint administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators may act as Data Controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

Appendix A: Summary of our proposals

We made the following proposals for achieving the purpose of administration.

- i. The Administrators will continue to manage and finance the Companies' businesses, affairs and property in such manner as they consider expedient with a view to achieving a better result for the Companies' respective creditors as a whole than would be likely if the Companies were wound up (without first being in Administration).
- ii. The Administrators may investigate and, if appropriate, pursue any claims that the Companies may have under the Companies Act 2006, IA86 or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Companies or to maximise realisations or for any other purpose incidental to these proposals.

The Administrators may use any or a combination of "exit route" strategies in order to bring the Administrations to an end, but in this particular instance the Administrators are likely to wish to pursue the following option as being the most cost effective and practical in the present circumstances:

Once all of the assets have been sufficiently realised and the Administrators have sufficiently concluded all work within the Administrations, the Administrators will file a notice under Paragraph 84(1) Sch.B1 IA86 with the Registrar of Companies, following registration of which the Companies will be dissolved three months later. If matters arise during the course of the Administrators' work which indicate that either of the Companies should be placed into liquidation, the Administrators will place one or both of the Companies into compulsory liquidation or otherwise act in accordance with any order of the Court.

- iii. The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch.B1 IA86 in respect of any action of theirs as Administrators 14 days after they cease to be joint administrators of the Companies or in any case at a time determined by the Court.
- iv. It is proposed that the Administrators' fees be fixed under Rule 2.106 of the Insolvency Rules 1986 as a set amount and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No.9) be charged in accordance with the Administrators' firm's policy as set out in the attached remuneration report: initial advice to creditors. It will be for the general body of creditors to fix the basis and level of the Administrators' fees and Category 2 disbursements. The basis of the Administrators' remuneration and Category 2 disbursements are to be fixed no later than 18 months after the date of the Administrators' appointment.

Appendix B: Receipts and payments

	<i>Estimated to realise per directors' statement of affairs \$'000</i>	<i>From 14 October 2015 to 26 August 2018 \$'000</i>	<i>From 27 August 2018 to 5 October 2018 \$'000</i>	<i>From 14 October 2015 to 5 October 2018 \$'000</i>	<i>Notes</i>
Receipts					
Funding from MIL on the direction of the participating Senior Lenders	-	291.1	-	291.1	1
Pre-appointment bank balances	22.7	147.0	-	147.0	2
Recoveries from book debts	965.4	2,032.7	2,192.0	4,224.7	
Dividend from Moorgate Industries Limited	-	706.3	-	706.3	
Bank interest	-	1.2	0.5	1.7	
RemainCo funding	-	8.7	-	8.7	3
VAT payable / VAT refunded by HMRC	-	45.5	-	45.5	
Total receipts		3,232.5	2,192.5	5,425.0	
Payments					
Distributions on directions of the participating Senior Lenders	-	2,647.8	2,250.4	4,898.2	
Administrators' fees	-	344.2	59.2	403.4	
Legal fees	-	38.9	-	38.9	
Statutory and other costs	-	4.1	-	4.1	
VAT receivable	-	73.5	12.3	85.8	4
Total payments		3,108.5	2,321.9	5,430.4	
Sub-Total		124.0	(129.4)	5.4	
Foreign exchange gain/(loss)	-	3.8	1.6	5.4	
Balance of funds in hand		127.8	(127.8)	-	5

Notes

- 1 The pre-appointment cash reserve was allocated across the Group as agreed in the restructuring agreement.
- 2 All of the Company's assets are subject to the participating Senior Lenders' fixed charge aside from funds held in pre-appointment bank accounts
- 3 Funding for Administrators' fees in relation to costs incurred recovering book debts of \$4.2m.
- 4 We expect to recover VAT inputs in full, giving a net VAT position of a \$85.8k repayment due from HMRC
- 5 Funds are held in both USD and GBP accounts. The indicative foreign exchange used for the purpose of this report is GBP:USD = 1.3062 as at 5 October 2018.

Appendix C: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and exclude our fees and distributions to creditors.

The table should be read in conjunction with the receipts and payments account at Appendix B, which shows expenses actually paid during the period and the total paid to date.

\$'000	Brought forward from preceding period	Incurred in the period under review	Cumulative	Estimated future	Anticipated total	Initial estimate	Variance
Administrators' fees	361.7	7.7	369.4	0.0	369.4	241.6	127.8
Legal fees	39.2	0.0	39.2	0.0	39.2	42.4	(3.2)
Statutory & other costs	4.7	0.0	4.7	0.0	4.7	2.8	1.9
Total	405.6	7.7	413.3	0.0	413.3	286.8	126.5

Explanation for the variance against the initial estimate:

- Administrators' fees for unforeseen work in connection with RemainCo assets are subject to discussion with RemainCo management. Due to the nature of costs they were not anticipated in the original budget and it was agreed with RemainCo management that payment of these expenses would be recoverable once the value of associated asset recoveries had been established and realised.
- The legal fees incurred all relate to specific realisations outside the scope of the initial estimate and have been borne out of those realisations. Any future legal fees will be paid from future realisations. The initial estimate relates to fees that have been paid by Moorgate Industries Limited out of the initial funding to cover such costs.
- Statutory & other costs were previously estimated in GBP, but appear higher here due to our reporting in USD and the lower £:\$ rate as at 5 October 2018.

Appendix D: Remuneration update

Our fees were approved on a fixed fee basis by a meeting of creditors by correspondence.

In total, we have drawn fees of \$403k in line with the approval given, as shown on the enclosed receipts and payments account.

Our work in the period

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work: -

Area of work	Work undertaken	Whether or not the work will provide a financial benefit to creditors
Creditors and other stakeholders		<ul style="list-style-type: none"> The administrators have a duty to act in the best interest of creditors as a whole
Creditor enquiries	<ul style="list-style-type: none"> Dealing with enquiries from creditors Reviewing and preparing correspondence to creditors 	
Secured creditors	<ul style="list-style-type: none"> Responding to Senior Lenders' general queries Effecting distributions under security entitlements 	
Statutory & compliance		<ul style="list-style-type: none"> Required by IA86/IR86/IR16; regulatory requirement
Case reviews	<ul style="list-style-type: none"> Strategy and case progression reviews by case manager and appointment takers on closure 	
Progress reports and extensions	<ul style="list-style-type: none"> Preparing and issuing final progress report to creditors and Registrar of Companies 	
Books and records	<ul style="list-style-type: none"> Dealing with records in storage Sending job files to storage 	
Other statutory and compliance	<ul style="list-style-type: none"> Filing of documents Updating checklists and diary management system 	
Closure and discharge	<ul style="list-style-type: none"> Preparing and circulating the necessary documents to bring the administration to an end 	

- Filing appropriate notices to move the Company to dissolution

Administration

Accounting and treasury

- Processing receipts, payments and journals
- Closure of administration bank accounts
- Statutory duties to manage the affairs, business and property of the Company, settle expenses in the prescribed order of priority, and keep proper books and records

Work that was additional to what we expected to do

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Assets		<ul style="list-style-type: none"> • To assist RemainCo and ensure that all realisable assets are recovered 	<ul style="list-style-type: none"> • To maximise realisations for the benefit of creditors as a whole
RemainCo entities	<ul style="list-style-type: none"> • Ongoing liaison with management to effect statutory documentation necessary to maintain the RemainCo group assets including those that own the slow moving assets 	<ul style="list-style-type: none"> • To mitigate potential claims against the Company and preserve assets / Group entities 	
Accounting and treasury	<ul style="list-style-type: none"> • Accounting for ad-hoc realisations, including receipt of funds and payment of expenses 	<ul style="list-style-type: none"> • To comply with the restructuring agreement 	

Our previous work

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Assets			<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
Intangible assets	<ul style="list-style-type: none"> Liaison with RemainCo management to realise remaining book debts 	<ul style="list-style-type: none"> To ensure reporting structure remains up-to-date and for oversight of realisations from RemainCo entities 	
Creditors and other stakeholders			<ul style="list-style-type: none"> The Administrators have a duty to act in the best interests of creditors as a whole and maintain proper records
Secured creditors	<ul style="list-style-type: none"> Effecting distributions under security entitlements Responding to Senior Lenders' general enquiries 	<ul style="list-style-type: none"> Stakeholder management As required by the terms of the new lending facility 	
Creditor enquiries	<ul style="list-style-type: none"> Dealing with enquiries from creditors Review and preparation of correspondence to creditors 		
Statutory & compliance		<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by IA86/IR86/IR16 or a regulatory requirement
Case reviews	<ul style="list-style-type: none"> Strategy and case progression reviews by case manager and appointment takers 		
Progress Report	<ul style="list-style-type: none"> Preparation and circulation of 		

	progress reports to creditors, giving details of the progress of the administration, work carried out and the expenses that are likely to be incurred		
Other statutory and compliance	<ul style="list-style-type: none"> • Filing of documents • Updating checklists and diary management system 	<ul style="list-style-type: none"> • Statutory duty to maintain proper records 	
Tax & VAT		<ul style="list-style-type: none"> • In compliance with duties as proper officers for tax 	<ul style="list-style-type: none"> • Governance • To ensure tax accounting is accurate for the benefit of creditors as a whole
Tax	<ul style="list-style-type: none"> • Consideration of matters arising and potential tax implications • Liaison with management regarding post-appointment tax returns • Preparation and submission of post-appointment tax return for the period from 14 October 2017 to the end of the administration 		
VAT	<ul style="list-style-type: none"> • Preparation of final VAT 426 Form to HMRC 		
Administration			
Strategy and planning	<ul style="list-style-type: none"> • Preparation of periodic budget reviews and monitoring costs • Team meetings not relating to trading and discussions regarding status of the administration 	<ul style="list-style-type: none"> • To resolve outstanding matters in line with the purpose of administration to achieve a better outcome for creditors than would be the case if the Company went into liquidation (without first being in administration) 	<ul style="list-style-type: none"> • The Administrators are required by statute to perform their functions as quickly and effectively as possible

Accounting and treasury	<ul style="list-style-type: none"> • Periodic bank reconciliations • Processing receipts, payments and journals 	<ul style="list-style-type: none"> • To maintain the books and records • Pay administration expenses 	<ul style="list-style-type: none"> • Statutory duties to manage the affairs, business and property of the Company, settle expenses in the prescribed order or priority, and keep proper books and records
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Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the administration and has been approved by the creditors' committee where required.

No disbursements arose in the period of this report.

Our relationships

We had no business or personal relationships with the parties who approved our fees or who provided services to the administration where the relationship could give rise to a conflict of interest.

Details of subcontracted work

No work, which we or our staff would normally do, has been done by subcontractors in the period.

Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: <ul style="list-style-type: none"> • appointment related matters; • RemainCo matters 	<ul style="list-style-type: none"> • Freshfields Bruckhaus Deringer LLP 	<ul style="list-style-type: none"> • Industry and company knowledge 	<ul style="list-style-type: none"> • Costs subject to approval by RemainCo or the Senior Lenders who participated in the restructuring
Other legal services, including: <ul style="list-style-type: none"> • Advice on book debt realisations; • Notary services 	<ul style="list-style-type: none"> • Ventura Garces & Lopez-Ibor • S & Partners s.r.o 	<ul style="list-style-type: none"> • Industry and local jurisdiction knowledge 	<ul style="list-style-type: none"> • Costs subject to approval by RemainCo or the Senior Lenders who participated

-
- Espana
Notario
 - Reputation and
local jurisdiction
knowledge
 - in the
restructuring
-

Appendix E: Other information

Court details for the administration:	High Court of Justice, Chancery Division, Companies Court 6782 of 2015
Company's registered name:	Moorgate Industries Loans Limited
Trading name:	Stemcor
Registered number:	01947996
Registered address:	7 More London Riverside, London SE1 2RT
Date of the joint administrators' appointment:	14 October 2015
Joint administrators' names, addresses and contact details:	David James Kelly of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT and Ian David Green of PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Extension(s) to the initial period of appointment:	Two years to 14 October 2018 by order of the court
