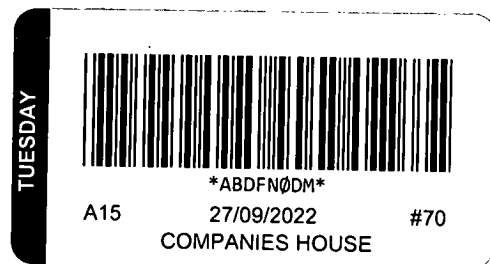


ArcelorMittal Shipping Limited

Annual Report and Financial statements for the year ended 31 December 2021

Registered number: 03107879



ArcelorMittal Shipping Limited

Annual report and financial statements for the year ended 31 December 2021

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ArcelorMittal Shipping Limited

Officers and professional advisers

Directors

V C Vora
R Karol
A Van Ysendyck

Secretary

M Loynes

Registered Office

7th Floor
Berkeley Square House
Berkeley Square
London
W1J 6DA
United Kingdom

Bankers

HSBC Bank
PO Box 648
27/32 Poultry
London
EC2P 2BX
United Kingdom

Auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ
United Kingdom

ArcelorMittal Shipping Limited

Strategic report

The Directors present their Strategic report for the year ended 31 December 2021 to provide a review of the ArcelorMittal Shipping Limited's (the "Company") business, principal risks, uncertainties, performance and position.

Organisation and principal activities

The Company is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1.

The Company is a wholly owned subsidiary of ArcelorMittal S.A. (the "Parent").

ArcelorMittal Shipping Limited's principal activities were ship brokering, chartering and management. No significant change has happened in the Company's business activities.

The Company provides services to ArcelorMittal Group and therefore is dependent on Group performance, which is in turn affected by the global economy, demand for steel in various regions of the world, steel prices in these respective regions, raw material prices, foreign currency, exchange rates, interest rates, base metal prices and energy prices amongst other factors. Since the customers of ArcelorMittal Shipping Limited are internationally based, the assessed risk of Brexit is low. Two of the Company's biggest customers are ArcelorMittal Sourcing S.A. and ArcelorMittal Nippon Steel India.

Business review

The Company's financial performance is presented in the profit and loss account on page 10. The profit for the year after taxation amounted to £9,194,610 (2020: £3,382,042). Operating profit has increased by 136% (2020: decreased by 60%) and revenue increased by 89% (2020: decreased by 52%). This increase is mainly due to easing of restriction post COVID-19 which led to increase in demand for cargo within the Group and higher global freight rates. The actual Baltic rate changes are given below for the year 2021 to 2020.

Baltic market rates	2021	2020	Percentage change
Baltic Cape index	33,317	13,072	155%
Baltic Panamax Index	26,898	9,923	171%
Baltic Supramax Index	26,768	8,189	227%

The balance sheet on page 13 shows the Company's financial position at the year-end 2021. Net assets have increased by 138% (2020: decrease by 60%). The risk management policies have been described below.

Future Developments

The Directors believe that net profit for 2022 will be consistent with 2021 due to there being similar shipping cargo needs within the AM group.

Key Performance indicators

The financial key performance indicators are considered by the Directors to be revenue and operating profit.

There are no non-financial key performance indicators.

ArcelorMittal Shipping Limited

Strategic report

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk management objectives and policies

The Board of Directors are responsible for approving risk management principles, policies and ensuring that the Company's management maintains an effective system of internal controls. They are responsible for the management of risk within the framework of risk management principles and policies approved by the Board.

The Company is exposed to financial risk through its financial assets and financial liabilities. The Company does not use hedging for any type of transactions. All of the Company's income was in foreign currency and there is some risk of earnings fluctuations with changes in exchange rates. Risks, including the ongoing uncertainty around Brexit and COVID-19, are also monitored and reported to the board on a regular basis.

Credit risk

Credit risk is that a counterparty will be unable to pay amounts in full when due. The Company's exposure to credit risk is through its trade debtors. However, since the majority of the debtors are Group companies, all the amounts billed are collected quickly and there are no significant long outstanding or doubtful receivables.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Company is profitable and maintains a good liquidity position. Almost all of its debtors are Group companies and therefore amounts billed are generally collected within 30 days, thus ensuring a good liquidity position.

Cash flow risk

The Company does not face any significant cash flow risk. This is because it funds its operations from the profit generated through its operations and does not utilise any debt financing for its operations.

Interest rate risk

The Company does not have significant interest rate risk. The Company has a cash balance which is kept within the Group's treasury banking system and interest is received every month. Apart from the cash balance in the treasury banking system, the Company does not have any other interest-bearing assets or liabilities and therefore any changes in interest rates do not directly affect the values of its assets and liabilities.

Currency risk

All of the Company's revenue is in foreign currency which makes the Company's earnings fluctuate based on the prevalent exchange rates. It is the Directors' view that this exposure is well within the Company's risk tolerance.

Coronavirus risk

The Directors believe that business has been resilient throughout the effects of the pandemic, including lockdowns and the related general downturn in the economy because of the nature of the business mostly with other group companies. The revival in the general economy after flexible lockdowns and the process of vaccinations in countries provides more confidence to the Director that there is no critical risk with potential financial aspect. However, Management continues to monitor the situation as the year progresses.

The company has also assessed the impact of the coronavirus outbreak on the going concern status of the Company; please see the Directors' Report.

The strategic report was approved by the Board of Directors on 16 September 2022 and signed on behalf of the Board of Directors.

Viralvora

V C Vora
Director

Raman Karol

R Karol
Director

ArcelorMittal Shipping Limited

Directors' report

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2021. The Directors report has been prepared in accordance with the provisions under s.415 of the Companies Act 2006 applicable to companies. The Strategic report on pages 2 and 3 describes the principal activities of the Company and provides detailed information on the development of the Group's business during the year along with the exposure to risks and uncertainties and indications of likely future developments.

Directors

The Directors who served the Company during the year were as follows:

V C Vora
R Karol
A Van Ysendyck

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic report on page 2.

The Company is expected to continue to generate positive cash flow on its own account for the next 12 months from the date of signing the financial statements. In the unlikely event that the business is significantly behind the 2022 forecast, the existing cash balance is sufficient to meet all liabilities due in 12 months from date of signing.

On the basis of their assessment of the Company's financial position, forecast cash flows and sensitivity analysis thereon, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the next 12 months from the date of signing the financial statement. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsequent events

There have not been any significant events after the Balance Sheet date which require disclosure in or an adjustment to the Financial Statements.

Results and Dividends

The profit for the period, before taxation, amounted to £11,350,950 (2020: £4,175,374). The Directors propose the payment of a dividend of £9,200,000 on 2021 results (2020: £3,600,000).

Directors' indemnities

The Company has made indemnity provisions for the benefit of its Directors which remained in force during the year and at the date of this report.

Disclosure of information to auditor

Each of the Directors at the date of approval of this annual report confirms that:

- so far as the director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. Deloitte LLP will shortly resign as auditors in favour of Ernst & Young Global Limited, the new auditor whose appointment will be proposed at the Annual General Meeting.

ArcelorMittal Shipping Limited

Directors' report

Auditor

A resolution to change the auditor will be proposed at the forthcoming Annual General Meeting; subject to the decisions made by the Group Audit Committee in this regard.

These financial statements were approved by the Board of Directors on 16 September 2022 and signed on behalf of the Board of Directors.

Viralvora

V C Vora

Director

Raman Karol

R Karol

Director

ArcelorMittal Shipping Limited

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of ArcelorMittal Shipping Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ArcelorMittal Shipping Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 2 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent auditor's report to the members of ArcelorMittal Shipping Limited

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in revenue from of ship brokering, chartering and management services in relation to cut-off assertion. The procedures performed included tracing a sample of journals posted pre and post year end to supporting evidence including external evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

Independent auditor's report to the members of ArcelorMittal Shipping Limited

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lucy Openshaw - FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
22 September 2022

ArcelorMittal Shipping Limited
Profit and loss account
For the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	13,601,475	7,188,858
Administrative expenses		(2,572,894)	(2,520,687)
Operating profit	4	<u>11,028,581</u>	<u>4,668,171</u>
Interest income	7	44,544	107,222
Foreign exchange gain / (loss)		277,825	(600,019)
Profit on ordinary activities before tax		<u>11,350,950</u>	<u>4,175,374</u>
Tax	8	(2,156,340)	(793,332)
Profit for the period		<u><u>9,194,610</u></u>	<u><u>3,382,042</u></u>

The profit for the current and preceding year is derived from continuing operations.

All the gains and losses have been recognised in the Profit & Loss account above and therefore no Statement of other comprehensive income is presented.

The accompanying notes are an integral part of the financial statements.

ArcelorMittal Shipping Limited
Balance Sheet
As at 31 December 2021

	Notes	2021 £	2020 £
Current assets			
Debtors: amounts falling due within one year	11	2,516,917	1,818,726
Cash and Cash equivalents		8,809,145	3,084,714
Total assets		<u>11,326,062</u>	<u>4,903,440</u>
Creditors: Amounts falling due within one year:			
Trade and other payables	12	(1,666,774)	(838,762)
Net assets		<u>9,659,288</u>	<u>4,064,678</u>
Retained Earning's			
Called up share capital	13	400,000	400,000
Profit and loss accounts		9,259,288	3,664,678
Total shareholders' funds		<u>9,659,288</u>	<u>4,064,678</u>

The financial statements of ArcelorMittal Shipping Limited, registered number 03107879 were approved by the Board of Directors and authorised for issue on 16 September 2022. They were signed on its behalf by:

Viralvora

V C Vora

Director

Raman Karol

R Karol

Director

The accompanying notes are an integral part of the financial statements.

ArcelorMittal Shipping Limited
Statement of Changes in Equity
For the year ended 31 December 2021

	Called up share capital	Profit and loss accounts	Total shareholders' fund
	£	£	£
Balance at 1 January 2020	400,000	9,676,923	10,076,923
Profit for the period	-	3,382,042	3,382,042
Dividends	-	(9,394,287)	(9,394,287)
Balance at 31 December 2020	400,000	3,664,678	4,064,678
Profit for the period	-	9,194,610	9,194,610
Dividends	-	(3,600,000)	(3,600,000)
Balance at 31 December 2021	400,000	9,259,288	9,659,288

The accompanying notes are an integral part of the financial statements.

ArcelorMittal Shipping Limited

Notes to the financial statements

For the year ended 31 December 2021

1. General information

ArcelorMittal Shipping Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

These financial statements are presented in pounds sterling while the function currency is United States Dollars.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the Group accounts of ArcelorMittal S.A. The Group accounts of ArcelorMittal S.A. are available to the public and can be obtained from ArcelorMittal S.A., 24-26 Boulevard d' Avranches, L-1160 Luxembourg.

2. Significant accounting policies

Basis of accounting.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared under the historical cost convention in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, IFRS 16 disclosures and related party transactions. Where required, equivalent disclosures are given in the group accounts of ArcelorMittal S.A.

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic report on page 2.

The Company is expected to continue to generate positive cash flow on its own account for the next 12 months from the date of signing the financial statement. In the unlikely event that the business is significantly behind the 2022 forecast, the existing cash balance is sufficient to meet all liabilities due in 12 months from date of signing.

On the basis of their assessment of the Company's financial position, forecast cash flows and sensitivity analysis thereon, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the next 12 months from the date of signing the financial statement. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

ArcelorMittal Shipping Limited

Notes to the financial statements

For the year ended 31 December 2021

Foreign currencies

The financial statements are presented in pounds sterling because the company is based in the UK. However, the turnover is invoiced in USD since USD is the primary currency that the shipping industry operates in.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Turnover

Turnover, which is stated net of value added tax, is attributable to the continuing activities of ship brokering, chartering and management of companies which are related to ArcelorMittal Shipping Limited by way of common control. The Customer contract is identified with the freight recap. The performance obligation is met when Bill of Lading is signed. The transaction price is determined by the quantity confirmed in the Bill of lading, by the freight rate and the address

ArcelorMittal Shipping Limited

Notes to the financial statements

For the year ended 31 December 2021

commission percentage agreed in the freight recap. Turnover is derived from outside the UK and is recognised based on the Bill of Lading date. This is where the financial obligation is met according to IFRS 15.

Pension costs

It is the policy of the Company to contribute to defined contribution pension schemes for employees. The contributions payable are charged to the profit and loss account. Any difference between amounts charged to the profit and loss account and contributions paid is shown as a separately identified liability or asset in the balance sheet.

Financial instruments

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of assets

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

Non-financial assets

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

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 recognition and measurement principles and, in particular, making the aforementioned critical accounting judgments require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, turnover and expenses. Management reviews its estimates on an ongoing basis using currently available information. Changes in facts and circumstances or obtaining new information or more experience may result in revised estimates, and actual results could differ from those estimates. The Directors consider there are no key sources of estimation uncertainty or significant judgments made in the preparation of these statutory accounts.

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

ArcelorMittal Shipping Limited
Notes to the financial statements
For the year ended 31 December 2021

3. Turnover

Address commission, analysed geographically between countries, was as follows:

	2021	2020
	£	£
Belgium	9,120	-
Canada	96,749	260
China	20,817	
Costa Rica	81,754	41,886
Cyprus	49,711	-
India	2,615,512	915,772
Germany	30,844	-
Luxembourg	9,024,483	5,425,243
Marshall Islands	6,775	-
Mexico	243,061	146,209
Norway	163,955	22,021
Poland	39,536	41,590
Romania	-	1,433
Spain	-	9,016
Singapore	112,234	8,107
South Africa	58,836	-
Sweden	-	14,866
United Arab Emirates	388,457	323,791
United Kingdom	107,172	60,898
United States	552,459	177,766
Total Turnover	13,601,475	7,188,858

4. Profit for the year

	2021	2020
	£	£
Profit for the year is stated after charging/(crediting) :		
Rent for Land and Buildings	234,394	235,787
Foreign exchange gain / (loss)	277,825	(600,019)
Auditor's remuneration for audit services	8,756	8,201

Included within administrative expenses is a management charge of £695,258 (2020: £753,308) to ArcelorMittal Limited for provision of management services.

5. Auditor's remuneration

Fees payable to Deloitte and their associates for the audit of the Company's annual accounts were £8,576 (2020: £8,201).

Fees payable to Deloitte and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

ArcelorMittal Shipping Limited
Notes to the financial statements
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6. Staff costs

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

	2021	2020
	Number	Number
Management Staff	2	2
Administrative Staff	13	13
	<hr/>	<hr/>
Total Staff	15	15
	<hr/> <hr/>	<hr/> <hr/>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	1,152,168	1,027,140
Social security costs	156,223	135,798
Other pension costs	55,446	53,806
	<hr/>	<hr/>
	1,363,837	1,216,744
	<hr/> <hr/>	<hr/> <hr/>

7. Interest income

	2021	2020
	£	£
Bank interest income	44,544	107,222
	<hr/>	<hr/>
Total interest income	44,544	107,222
	<hr/> <hr/>	<hr/> <hr/>

ArcelorMittal Shipping Limited
Notes to the financial statements
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8. Tax on profit on ordinary activities

	2021 £	2020 £
Analysis of tax charge on ordinary activities		
Corporation Tax		
Corporation tax at 19.00% (2020 – 19.00%)	2,156,680	792,256
Expenses not deductible	(158)	11
	<u>2,156,522</u>	<u>792,267</u>
Total current tax charge	2,156,522	792,267
Deferred tax (note 9)		
Timing differences, origination and reversal	(182)	1,065
	<u>(182)</u>	<u>1,065</u>
Tax on profit on ordinary activities	<u>2,156,340</u>	<u>793,332</u>

Corporation tax is calculated at 19% per cent (2020: 19.00% per cent) of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit in the profit and loss account as follows:

Reconciliation of current tax charge for the period

	2021 £	2020 £
Profit on ordinary activities before tax	11,350,950	4,175,374
	<u>11,350,950</u>	<u>4,175,374</u>
Tax charge on profit at standard rate of 19.00% (2020– 19.00%)	2,156,681	793,321
Factors affecting charge:		
Expenses not deductible and non-taxable income for tax purposes	(341)	11
Tax rate changes	-	-
Adjustments to tax charge in respect of previous years	-	-
	<u>(341)</u>	<u>11</u>
Total current tax charge for the year	<u>2,156,340</u>	<u>793,332</u>

9. Deferred tax

	2021 £	2020 £
Other timing differences	182	737
	<u>182</u>	<u>737</u>
Deferred tax charge	<u>182</u>	<u>737</u>

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	2021 £	2020 £
Deferred tax asset:		
At 1 January	2,457	3,522
Profit and loss account movement arising during the year	182	(1,065)
	<u>2,639</u>	<u>2,457</u>
At 31 December	<u>2,639</u>	<u>2,457</u>

Tax rates

In the Finance Bill 2021 issued on the 5 March 2022, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%.

10. Dividends

	2021 £	2020 £
Equity dividends declared on ordinary shares during the year	9,200,000	3,600,000
Pounds per share	<u>23.00</u>	<u>9.00</u>

11. Debtors: amounts falling due within one year

	2021 £	2020 £
Trade debtors	272,511	188,436
Amounts owed by Group undertakings (ArcelorMittal S.A. Group)	2,187,668	1,556,477
Other debtors	52,811	68,407
Prepayments	1,288	2,949
Deferred tax asset (note 9)	2,639	2,457
	<u>2,516,917</u>	<u>1,818,726</u>

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

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12. Trade and other payables

	2021	2020
	£	£
Trade creditors	481	383
Amounts owed to other Group undertakings	283,285	398,623
Corporation Tax	1,155,823	209,819
Other	156,911	183,735
Accruals	70,274	46,202
	<u>1,666,774</u>	<u>838,762</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

13. Called up share capital

	2021	2020
	£	£
Authorised:		
400,000 ordinary shares of £1 each (2020: 400,000)	<u>400,000</u>	<u>400,000</u>
Called up, allotted and fully paid		
400,000 ordinary shares of £1 each (2020: 400,000)	<u>400,000</u>	<u>400,000</u>

14. Related party transactions

The Company has taken advantage of the exemption in paragraph 8(j) (k) of FRS 101 from disclosing transactions with related parties that are members of the ArcelorMittal S.A. Group.

15. Directors' emoluments

In 2021, the Directors received no emoluments from the Company in respect of their services to the Company (2020: £ nil). The Directors are remunerated by other companies in the Group and it is not considered practical to pro rate these costs.

16. Ultimate parent company

The immediate and ultimate parent and controlling party is considered to be ArcelorMittal S.A., registered in Luxembourg.

The largest and smallest group in which the results of the Company are consolidated is that headed by the Company's immediate parent company, ArcelorMittal S.A., the consolidated financial statements of these groups are available to the public and may be obtained from ArcelorMittal S.A., 24-26 Boulevard d'Avranches, L-1160 Luxembourg.

17. Employee Benefits

Defined contribution scheme

The company operates a defined contribution retirement benefit scheme for employees who are willing to join the scheme. The total expense charged to profit and loss account in the year ended 31 December 2021 was £55,446 (2020: £53,806). Provision against pension as at December 2021 was £6,912 (2020: £ 5,816).

18. Subsequent events

There have not been any significant events after the Balance Sheet date which require disclosure in or an adjustment to the Financial Statements.