

Company Registration No. 04603613

ArcelorMittal Mining UK Limited

Annual Report and Financial Statements

31 December 2021

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**ArcelorMittal Mining UK Limited
Report and financial statements 2021**

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ArcelorMittal Mining UK Limited
Report and financial statements 2021
Company Information

Directors

R C Saraf
C J Olivieri
A Van Ysendyck
S C Wandke (resigned October 11, 2021)
S P Buys (appointed November 3, 2021)

Secretary

M R Loynes

Registered Office

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

Bankers

HSBC Bank plc
City of London Branch
60 Queen Victoria Street, London
EC4N 4TR

Auditor

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

ArcelorMittal Mining UK Limited

Strategic report

The directors present their Strategic report for the year ended 31 December 2021 to provide a review of the Company's business, principal risks and uncertainties and performance and position.

Organisation and principal activities

ArcelorMittal Mining UK Limited (the "Company") was incorporated on 28 November 2002 (Companies House registration no. 04603613).

The Company is a wholly owned subsidiary of ArcelorMittal Holding AG, a wholly owned subsidiary of ArcelorMittal (the "ultimate Parent").

ArcelorMittal Mining UK Limited's principal activity during the year is the provision of mining commercial and technical services to Group companies in the Mining segment of the Arcelor Mittal Group ("the Group"). The principal activity of the Group is the manufacture of semi-finished steel and steel related products.

Business review

The directors are satisfied with the Company's performance in the year as it is aligned with the expected forecast and budgets of the period. The Company will be guided by its immediate parent company in seeking further opportunities for growth.

Financial performance

Turnover during the year was £11,815,855 (2020; £18,838,470) the decline in revenue due in main to lower rechargeable operating expenditure including staff costs driven by headcount reductions and Travel costs caused by the Covid-19 pandemic. Operating expenses comprise mainly salaries and social costs, travel costs, rental charges, other HR costs and subscription fees. The profit for the year, after taxation, amounted to £681,202 (2020; £2,239,823). Tax for the year saw an increase in our tax expense from the remeasurement of our deferred tax asset related to share options. Net current assets amounted to £6,368,449 (2020; £5,477,649)

The directors believe that the Company can sustain this level of activity in the foreseeable future. The Company's financial performance is presented in the profit and loss account on page 9 and the risk management policies have been described below.

Future Developments

The Directors believe that this level of activity will continue for the foreseeable future.

The Company's financial performance is presented in the Statement of Profit and Loss on page 9.

Key Performance indicators

The Directors consider the key performance indicators to be turnover and profit after tax as set out above Directors consider the key performance indicators to be turnover and profit after tax, as set out above.

The company provides services to affiliated companies and for this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance, or position of its particular business. There are no non-financial key performance indicators.

Principal risks and risk governance

The Board of Directors are responsible for approving risk management principles and policies as well as 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.

Covid-19

Throughout the COVID-19 pandemic, our priorities have been to ensure the safety of our colleagues, to preserve financial resources and limit the impact on profitability. Continuing outbreaks of the virus and periodic strengthening of public safety measures in UK, including forced travel bans, temporary office closure and the ongoing requirement to maintain strict social distancing in our office, makes us conscious that further challenges may lie ahead.

The company made preparations for potentially disruptive scenarios both financial and non-financial as a consequence the COVID-19 outbreak has not adversely affected the company's principal activity which is the provision of technical and commercial support services to affiliated companies and therefore, its operating results remain largely unaffected.

Adopting a temporary remote working policy and strict social distancing in our office has enabled our staff and business to continue functioning effectively. This together with cost mitigation measures including the reductions in staff, overhead and discretionary spending has allowed the company to maintain its operating results that have remained largely unaffected

Our liquidity position remains strong and has meant that we have been able to sustain the business throughout the crisis, AM Limited's balance sheet holds net current assets of £7.2m at the end of July 2022.

ArcelorMittal Mining UK Limited

Strategic report

Brexit

The board assessed both specific and direct challenges to operations and those challenges that result from broader economic circumstances. Direct challenges assessed included potential disruption of supply chains & UK overhaul of the immigration rules. More general threats include those that arise from a general economic downturn that may follow, in particular those resulting from a disorderly exit.

The directors continue to ensure that these factors are considered when planning to manage and mitigate the risks as efficiently as possible. Over the last year the businesses have taken reasonable steps to mitigate where possible the impacts of leaving the EU without a transitional agreement. The key risks identified, and mitigating actions taken are as follows:

- Data. Where necessary, the business has agreed Standard Contractual Terms to enable certain personal data to be transferred from the EU to the UK.
- People. The business where appropriate have assisted employees with the Settled Status Scheme application process.

Financial risk

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.

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, all the debtors are Group companies, therefore all the amounts billed are generally collected promptly and there are no 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 a profitable unit and maintains a good liquidity position. All its debtors are Group companies and therefore amounts billed are generally promptly paid and thus ensuring a good liquidity position.

Interest rate risk

The Company has a bank balance kept in an interest-bearing bank account and a loan from ArcelorMittal Finance and is therefore exposed to the movements in interest rates. The Company monitors the interest rate risk exposure, currently this exposure is not being hedged.

Currency risk

Turnover is invoiced in United States Dollar (USD). Additionally, part of the creditors is also payable in United States Dollar (USD). The company is therefore exposed to currency risk as no financial instruments are used to mitigate the risk of exchange differences.

Going concern

The Company had net assets of £7,392,553, net current assets of £6,368,449 and cash of £5,592,558 at the year end and generated a profit after tax of £681,202 the year. The Directors have reviewed cash flow forecasts prepared for a period of 18 months from the date of approval of these accounts which show trading and cash generation to have continued at a level similar to 2021, and more pessimistic scenarios designed to test the ability of the business to withstand exceptional operating conditions.

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.

The strategic report was approved by the Board of Directors on 27 September 2022 and signed on behalf of the Board of Directors.

R C Saraf

R C Saraf
Director

M Olivieri

C Olivieri
Director

ArcelorMittal Mining UK Limited

Directors' report

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 and up to the date of this report were as follows:

R C Saraf
S C Wandke
C J Olivieri
A Van Ysendyck
S P Buys

Directors' indemnities

The company has made indemnity provisions for the benefit of its directors which remain in force during the year and at the date of this report.

Disclosure of information to auditor

Each of the persons who is a director 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Subsequent events

Other than as disclosed in note 16 to the accounts, there are no events subsequent to the year end that requires adjustment or disclosure in the financial statements.

Dividend

The directors recommend the payment of dividends for 2021 of £5,000,000 (2020: £0).

Auditor

Deloitte LLP will resign as auditor in 2022 and a new auditor will be appointed at the forthcoming Annual General Meeting. We would like to take this opportunity to thank Deloitte LLP for their service as auditor.

These financial statements were approved by the Board of Directors on 27 September 2022 and signed on behalf of the Board of Directors.



R C Saraf
Director



C Olivieri
Director

ArcelorMittal Mining UK Limited

Directors' responsibilities statement

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 Mining UK Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 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"; 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 statement;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 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" (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.

We have nothing to report in this regard.

Independent auditor's report to the members of ArcelorMittal Mining UK Limited

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 and internal audit 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 regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management 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

Independent auditor's report to the members of ArcelorMittal Mining UK Limited

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

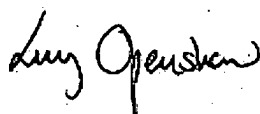
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

Date: 30 September 2022

ArcelorMittal Mining UK Limited
Profit and loss account
As at 31 December 2021

	<u>Notes</u>	<u>2021</u> £	<u>2020</u> £
Turnover	3	11,815,855	18,838,470
Operating expenses		<u>(10,471,770)</u>	<u>(13,485,109)</u>
Operating profit	4	1,344,085	5,353,361
Realised exchange losses		(137,517)	(2,905,084)
Unrealised exchange gains/(losses)		(58,056)	21,993
Interest receivable	7	20,151	552,865
Interest payable	7	<u>(21,160)</u>	<u>(629,950)</u>
Profit before taxation		1,147,503	2,393,184
Tax on profit	8	<u>(466,301)</u>	<u>(153,361)</u>
Profit after taxation		<u>681,202</u>	<u>2,239,823</u>

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

All gains and losses have been recognised in the profit and 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 Mining UK Limited
Balance sheet
As at 31 December 2021

	Notes	2021 £	2020 £
Non-current assets			
Deferred tax	8	871,299	1,071,059
Intangible assets	9	7,700	10,500
Tangible assets	10	145,106	152,144
Total non-current assets		1,024,105	1,233,703
Current assets			
Debtors	11	11,958,488	10,509,813
Cash at bank and in hand		271,511	223,512
Total current assets		12,229,999	10,733,325
Creditors: amounts falling due within one year	12	(5,861,550)	(5,255,676)
Net current assets		6,368,449	5,477,649
Total assets less current liabilities		7,392,554	6,711,352
Capital and reserves			
Called up share capital	13	500,000	500,000
Capital contribution		753,087	753,087
Retained earnings and other reserves		6,139,467	5,458,265
Equity shareholders' funds		7,392,554	6,711,352

The financial statements of ArcelorMittal Mining UK Limited, registered number 04603613 were approved by the Board of Directors and authorised for issue on 27 September 2022.

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

They were signed on its behalf by:

R C Saraf

R C Saraf
Director

M Olivieri

C Olivieri
Director

ArcelorMittal Mining UK Limited
Statement of changes in equity
For the year ended 31 December 2021

	Share capital £	Profit and Loss'and other reserves £	Capital contribution £	Total shareholders' funds £
At 1 January 2020	<u>500,000</u>	<u>12,218,442</u>	<u>753,087</u>	<u>13,471,529</u>
Profit for the year	-	<u>2,239,823</u>	-	<u>2,239,823</u>
Dividends Paid	-	<u>(9,000,000)</u>	-	<u>(9,000,000)</u>
At 31 December 2020	<u>500,000</u>	<u>5,458,265</u>	<u>753,087</u>	<u>6,711,352</u>
Profit for the year	-	<u>681,202</u>	-	<u>681,202</u>
Dividends Paid	-	-	-	-
At 31 December 2021	<u>500,000</u>	<u>6,139,467</u>	<u>753,087</u>	<u>7,392,554</u>

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

ArcelorMittal Mining UK Limited

Notes to the accounts

For the year ended 31 December 2021

1. General information

ArcelorMittal Mining UK 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 because that is the currency of the primary economic environment in which the Company operates.

2. Significant accounting policies

2.1 Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. The financial statements have therefore been prepared in accordance with FRS 101.

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 and related party transactions. Where required, equivalent disclosures are given in the Group accounts of ArcelorMittal. The Group accounts of ArcelorMittal are available to the public and can be obtained from ArcelorMittal, 24-26 boulevard d'Avranches, L-1160 Luxembourg, Luxembourg.

Going concern

The Company had net assets of £7,392,553, net current assets of £6,368,449 and cash of £5,592,558 at the year end, and generated a profit after tax of £681,202 the year. The Directors have reviewed cash flow forecasts prepared for a period of 18 months from the date of approval of these accounts which show trading and cash generation to have continued at a level similar to 2021, and more pessimistic scenarios designed to test the ability of the business to withstand exceptional operating conditions.

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.

2.2 Adoption of new and revised Standards Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

2.3 Intangible assets

Intangible assets with a definite useful life are amortised using the straight-line method over their useful lives, assets with an indefinite useful life are not amortised, but tested for impairment at least annually.

Patents and licenses - Patents and licenses are amortized over their useful life. If there is no time restriction, the useful life is limited to 5 years.

Computer software is amortised over its useful life, software which does not have a determined useful life is amortised over 5 years.

2.4 Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a reducing balance basis over its expected useful life, as follows:

Fixtures and fittings	-	15% per annum reducing balance
Office equipment	-	25% per annum reducing balance

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Useful lives and residual values are reviewed at the end of every reporting period.

ArcelorMittal Mining UK Limited

Notes to the accounts

For the year ended 31 December 2021

2.5 Turnover

Turnover, which is stated net of value added tax, represents amounts derived from the services which fall within the Company's ordinary activities. Turnover relating to the services provided is recognised at the end of each month on an accrual basis as the economic benefits associated with the sale are expected to flow to the Company.

IFRS 15 "Revenue from Contracts with Customers" is applied to revenue recognition criteria using a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognise revenue as performance obligations are met rather than based on the transfer of risks and rewards.

The Company's revenue is predominantly derived from the single performance obligation which is the provision of technical and commercial support services to affiliated companies mainly in the ArcelorMittal Group in which the transfer of risks and rewards of ownership and the fulfilment of the Company's performance obligation occur at the same time.

2.5 Turnover (continued)

Revenue from the provision of services is recognised as and when the expense associated with the support services are incurred, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the services provided.

2.6 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.

ArcelorMittal Mining UK Limited

Notes to the accounts

For the year ended 31 December 2021

2.7 Foreign currencies

The financial statements are presented in pounds' sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

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.

2.8 Pension costs

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either liabilities or assets in the balance sheet.

2.9 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, including borrowings, 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.

2.10 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 judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS 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 critical accounting judgements and key sources of estimation uncertainty assumptions made by management in the preparation of these statutory accounts are provided below.

Equity settled share-based payments

Equity settled share-based payments are measured at the fair value of the awards based on the market value of the shares at the grant date; fair value excludes the effect of non-market-based vesting conditions. The fair value is charged to the statement of income and credited to retained earnings (unless the share-based payments are settled by the parent company

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For the year ended 31 December 2021

Equity settled share-based payments (Continued)

in parent company equity in which case it is credited as a capital contribution by the parent company) on a straight-line basis over the period the estimated number of awards are expected to vest.

At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings (or intercompany payables where the subsidiary intends to reimburse the parent company in the future for awards made to subsidiary employees).

3. Turnover

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
Canada	4,404,130	5,031,525
Luxembourg	7,355,884	13,459,071
Rest of the World	55,841	347,874
	<u>11,815,855</u>	<u>18,838,470</u>

4. Operating profit

	2021	2020
	£	£
This is stated after charging/(crediting):		
Staff costs (see note 6)	7,466,230	8,992,159
Amortisation on Intangible assets (see note 9)	2,800	2,800
Depreciation on Tangible assets (see note 10)	36,203	36,723

5. Auditor's remuneration

Fees payable to Deloitte and their associates for the audit of the Company's annual accounts were £20,287 (2020: £19,818)

6. Staff costs

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

	2021	2020
	No.	No.
Management staff	2	2
Administrative staff	19	29
Monthly average number of employees during the year	<u>21</u>	<u>31</u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Staff costs during the year (including directors)		
Wages and salaries	6,013,801	6,803,204
Social security costs	818,114	1,168,125
Pension costs	207,281	245,997
Share-based payments (see note 14)	427,033	774,832
	<u>7,466,229</u>	<u>8,992,158</u>

PCL XL ERROR

VERSION: 11.00.54 11-03-2015

ERROR: Incomplete Session by time out

OPERATOR: Kernel

POSITION: 529330

ERROR CODE: 11-1312

JOB INFO:

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