

# ROM LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019



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ROM LIMITED

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COMPANY INFORMATION

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**DIRECTORS**

L Sanz Villares  
F Mesegue  
A J Fort  
M L McKillop

**SECRETARY**

H Arnold

**COMPANY NUMBER**

00213629

**REGISTERED OFFICE**

Building 58  
Castle Works  
East Moors Road  
Cardiff  
CF24 5NN

**AUDITORS**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

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ROM LIMITED

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**STRATEGIC REPORT**  
**For the year ended 31 December 2019**

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The directors present their strategic report for the year ended 31 December 2019.

**PRINCIPAL ACTIVITIES**

The principal activities of the company are the supply of steel reinforcements and accessory products to the civil engineering and construction industry.

**BUSINESS REVIEW AND RESULTS**

The profit for the year, before taxation, amounted to £4,111,000 (2018: £3,569,000). The company's key financial indicator is turnover of £110,928,000 (2018: £112,420,000).

**PRINCIPAL RISKS AND UNCERTAINTIES**

*Financial risk management objectives and policies*

The company's principal financial instruments comprise a trade receivables and stock financing facility, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments is interest rate risk.

*Interest rate risk*

The company's exposure to interest rate fluctuations relates primarily to the company's asset based lending facility. The company's policy is to manage its interest cost using a variable rate debt.

*Coronavirus pandemic (COVID-19)*

The global coronavirus pandemic involving the spread of COVID-19 presents a number of different risks and impacts to the business including safety, operational, financial and liquidity risk. The main priority for the Company is the Health & Safety of all employees and the Company continues to follow Government advice. The company responded rapidly and dynamically to the changing situation which allowed the production operations to continue to operate throughout.

The Company's strategy remains the same but key financial indicators have seen a significant impact as a direct result of the pandemic. The Company will continue to manage risks and financial indicators in the future, as it has done in previous years.

As a direct result of COVID-19, the company amended its current lending facility with its lenders and introduced a new lender with all facilities being committed to 2023. This financial support provides the Company with a financial platform to enable it to continue executing its existing business strategy.

**FUTURE DEVELOPMENTS**

The directors aim to maintain the policies of the company.

The company is fully committed to develop the Total Quality Management approach across the organisation.

**STRATEGIC REPORT (continued)**  
**For the year ended 31 December 2019**

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**SECTION 172 STATEMENT**

In 2019, the directors continued to exercise all their duties under Section 172 of The Companies Act 2006. The directors are dedicated to managing and operating the company in a safe, ethical, environmental and socially responsible way. The Directors support employees, their safety, their commitment and development and encourage employees to be involved in performance improvement projects through team working and other departmental improvement activities. The company is engaged in employee training and development supported by comprehensive internal and external training platforms. The directors value long-term partnerships and aim to work collaboratively throughout the supply chain with customers, suppliers and other stakeholders. The directors are responsible for establishing and reviewing the short and long-term strategy considering strategic, economic, political and social issues, alongside other regulations and external matters relevant to the company. Through working together with management, the directors support the company in following the long-standing Total Quality Management approach of continuous improvement and innovation.

By order of the Board

A handwritten signature in black ink, appearing to read 'F Mesegue', with a large, sweeping loop above it.

F Mesegue  
Director

Date: 25 August 2020

**DIRECTORS' REPORT**  
**For the year ended 31 December 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

**EMPLOYEE INVOLVEMENT**

The company recognises the benefit of keeping employees informed of the progress of the business and involving them in the company's performance during the year. All employees are systematically briefed with information regarding factors affecting the company's performance and on matters of concern to them as employees. Regular consultations take place with employee representatives so that the views of the employees can be taken into account in making decisions likely to affect their interests.

**DISABLED EMPLOYEES**

It is the policy of the company that disabled persons be given full and fair consideration in all applications for employment having regard to their capabilities. Where existing employees become disabled (whether from illness and accident), every reasonable effort is made to continue to provide suitable employment either in the same or, by training in an alternative job. Disabled persons are given equal opportunity for training, career development and promotion within the company.

**STAKEHOLDER INVOLVEMENT**

The directors and the company value long-term partnerships and aim to work collaboratively throughout the supply chain with customers, suppliers and other stakeholders.

**DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**GOING CONCERN**

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company and group can continue in operational existence for the foreseeable future.

In December 2018, the Celsa UK Group (Celsa (UK) Holdings Limited) renewed its Term Loan and Asset Based Lending (ABL) facilities. As a result, both facilities are committed until December 2023.

During 2020, as a direct result of the Covid-19 pandemic the Celsa UK Group undertook a re-financing, which amended the conditions of its current term loan and ABL facilities with the facilities remaining committed until December 2023. The company introduced a new lender during 2020 with an additional facility committed to June 2023.

The directors have assessed the future funding requirements of the Celsa UK Group and the Company. The assessment included a detailed review of financial forecasts and covenants for at least the twelve-month period from the date of signing the accounts and a review of cash flow projections. Having undertaken this work, the directors are of the opinion that the Company and the Celsa UK Group have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report.

**DIRECTORS' REPORT (continued)**  
**For the year ended 31 December 2019**

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**DIRECTORS**

The directors who served during the year were:

L Sanz Villares  
F Mesegue  
A Fort  
M McKillop

The directors who are directors at the date of approval of these financial statements are set out in the company information page at the front of these financial statements.

**EVENT AFTER REPORTING PERIOD**

On 11 March 2020, the World Health Organization raised the public health emergency situation caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the evolution of business.

For more information can be found in note 22 on page 25.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

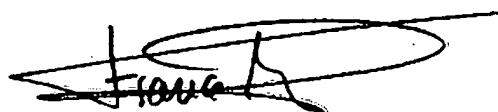
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- having made enquiries of fellow directors, each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf by:



F Mesegue  
Director

Date: 25 August 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the company and of the profit and 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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- 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 that 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.

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROM LIMITED

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### Opinion

We have audited the financial statements of ROM Limited for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, Note of Historical Cost Profits and Losses, the Statement of Total Recognised Gains and Losses, the Statement of changes in equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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 below. 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 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.

### Emphasis of matter – Effects of COVID-19

We draw attention to note 3 and to note 22 of the financial statements, which describe the economic and social consequences the company is facing as a result of COVID-19 that is impacting consumer demand and personnel available for work or being able to access offices. Our opinion is not modified in respect of this matter.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF ROM LIMITED (continued)**

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**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.

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

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

We have nothing to report in this regard.

**Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the 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.

**Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept 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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

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**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF ROM LIMITED (continued)**

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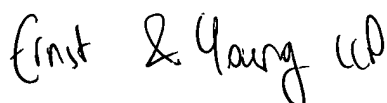
**Auditor's responsibilities for the audit of the financial statements**

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**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.



John Howarth (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP  
Statutory Auditor  
Bristol  
Date: 26 August 2020

ROM LIMITED

Registered Number 00213629

**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2019

		2019	2018
	Note	£000	£000
<b>TURNOVER</b>	4	<b>110,928</b>	112,420
Cost of sales		<u>(96,422)</u>	<u>(98,527)</u>
<b>GROSS PROFIT</b>		<b>14,506</b>	13,893
Selling and distribution costs		<b>(5,645)</b>	(5,595)
Administrative expenses		<u><b>(4,300)</b></u>	<u>(4,326)</u>
<b>OPERATING PROFIT</b>	5	<b>4,561</b>	3,972
Net interest payable	8	<u><b>(450)</b></u>	<u>(403)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>4,111</b>	3,569
Tax on profit on ordinary activities	9	<u><b>(811)</b></u>	<u>(711)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>3,300</b></u>	<u>2,858</u>

All amounts relate to continuing operations.

The notes on pages 14 to 25 form part of these financial statements.

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ROM LIMITED

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Registered Number 00213629

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31 December 2019**

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		<b>2019</b>	<i>2018</i>
	<b>Note</b>	<b>£000</b>	<i>£000</i>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>3,300</b>	2,858
Actuarial losses recognised in the pension scheme	17	<b>(134)</b>	(419)
Deferred tax movement relating to actuarial losses		<b>23</b>	122
<b>TOTAL RECOGNISED GAINS RELATING TO THE YEAR</b>		<u><b>3,189</b></u>	<u>2,561</u>

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ROM LIMITED

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Registered Number 00213629

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**For the year ended 31 December 2019**

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	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>4,111</b>	3,569
Difference between historical cost depreciation charge and the actual depreciation charge for the year on the revalued amount	<b>4</b>	4
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>4,115</b>	3,573
<b>HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION</b>	<b>3,304</b>	2,862

The notes on pages 14 to 25 form part of these financial statements.

ROM LIMITED

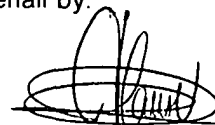
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**BALANCE SHEET**  
As at 31 December 2019

	Note	£000	2019 £000	2018 £000
<b>FIXED ASSETS</b>				
Tangible fixed assets	10		5,763	5,882
<b>CURRENT ASSETS</b>				
Stocks	11	6,009		8,584
Debtors	12			
amounts falling due after one year		8,695		8,695
amounts falling due within one year		32,347		27,370
		<u>41,042</u>		<u>36,065</u>
Cash at bank and in hand		1,625		1,410
		<u>48,676</u>		<u>46,059</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(19,219)</u>		<u>(19,920)</u>
<b>NET CURRENT ASSETS</b>			<u>29,457</u>	<u>26,139</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>35,220</u>	<u>32,021</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14		<u>(13,260)</u>	<u>(12,905)</u>
<b>PROVISIONS FOR LIABILITIES</b>				
Deferred tax	15		<u>(45)</u>	<u>(38)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			<u>21,915</u>	<u>19,078</u>
Defined benefit pensions scheme	17		-	(352)
<b>NET ASSETS</b>			<u>21,915</u>	<u>18,726</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	16		21	21
Revaluation reserve			3,475	3,475
Profit and loss account			<u>18,419</u>	<u>15,230</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>21,915</u>	<u>18,726</u>

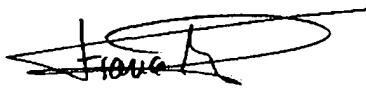
The notes on pages 14 to 25 form part of these financial statements.

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



**L Sanz Villares**  
Director

Date: 25 August 2020



**F Meseguer**  
Director

Date: 25 August 2020



**A Fort**  
Director

Date: 25 August 2020



**M McKillop**  
Director

Date: 25 August 2020

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ROM LIMITED

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Registered Number 00213629

**STATEMENT OF CHANGE IN EQUITY**  
For year ended 31 December 2019

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	Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At 1 January 2018	21	3,475	12,669	16,165
Profit for the year	-	-	2,858	2,858
Pension reserve movement	-	-	(297)	(297)
At 1 January 2019	21	3,475	15,230	18,726
Profit for the year	-	-	3,300	3,300
Pension reserve movement	-	-	(111)	(111)
At 31 December 2019	21	3,475	18,419	21,915

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**1. GENERAL INFORMATION**

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Building 58, East Moors Road, Cardiff.

**2. STATEMENT OF COMPLIANCE**

The individual financial statements of ROM Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the previous revaluations of land and buildings.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**GOING CONCERN**

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company and group can continue in operational existence for the foreseeable future.

In December 2018, the Celsa UK Group (Celsa (UK) Holdings Limited) renewed its Term Loan and Asset Based Lending (ABL) facilities. As a result, both facilities are committed until December 2023.

During 2020, as a direct result of the COVID-19 pandemic the Celsa UK Group undertook a re-financing, which amended the conditions of its current term loan and ABL facilities with the facilities remaining committed until December 2023. The company introduced a new lender during 2020 with an additional facility committed to June 2023.

The directors have assessed the future funding requirements of the Celsa UK Group and the Company. The assessment included a detailed review of financial forecasts and covenants for at least the twelve-month period from the date of signing the accounts and a review of cash flow projections. Having undertaken this work, the directors are of the opinion that the Company and the Celsa UK Group have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**3. ACCOUNTING POLICIES (continued)**

**EXEMPTIONS FOR QUALIFYING ENTITIES UNDER FRS 102**

The company has taken advantage of the following exemptions:

- (i) preparing a statement of cash flows under FRS 102 paragraph 1.12(b)
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29.

**TURNOVER**

Turnover, which is stated net of value added tax and trade discounts, represents the invoiced value of goods and services supplied. Turnover is recognised upon shipment of goods or completion of services.

**TANGIBLE FIXED ASSETS AND DEPRECIATION**

Buildings and Machinery are measured at previous revalued cost less accumulated depreciation.

The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2 -10% straight line
Leasehold land and buildings	-	over the period of the lease
Motor vehicles	-	50% straight line
Plant, machinery, fixtures and fittings	-	4 -50% straight line

**COMPLEX FINANCIAL INSTRUMENTS**

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives as it does not have any of these instruments in either the current or prior period.

**BASIC FINANCIAL INSTRUMENTS**

**(i) Financial Assets**

Financial assets, including trade and other receivables, amounts due from group companies, cash and bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**3. ACCOUNTING POLICIES (continued)**

**BASIC FINANCIAL INSTRUMENTS (continued)**

**(ii) Financial Liabilities**

Financial liabilities, including bank loans and amounts due to fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**OPERATING LEASES**

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**STOCKS AND WORK IN PROGRESS**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. Stocks are measured on a weighted average cost basis.

**DEFERRED TAXATION**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

**FOREIGN CURRENCIES**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

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ROM LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**3. ACCOUNTING POLICIES (continued)**

**PENSIONS**

The company operates a contracted-out funded defined benefit pension scheme for employees. The scheme funds are administered by the trustees and are independent of the company's finances. Employees from other companies within the ROM Group participate in the scheme.

Pension scheme assets are measured at fair values and liabilities on an actuarial basis using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The increase in the present value of the liabilities expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Pension schemes' surpluses, to the extent they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

The defined benefit pension scheme was closed to future accrual with effect from 30<sup>th</sup> June 2012 and replaced by a defined contribution scheme to which the company contributes. The amount charged against profits represents the contributions payable by the company in respect of the accounting period for both schemes.

**4. TURNOVER**

The whole of the turnover is attributable to the supply of steel reinforcements and accessory products to the civil engineering and construction industry.

A geographical analysis of turnover is as follows:

	2019 £000	2018 £000
United Kingdom	110,913	112,418
Rest of Europe	15	2
	<u>110,928</u>	<u>112,420</u>

**5. OPERATING PROFIT**

Operating profit is stated after charging / (crediting):

	2019 £000	2018 £000
Depreciation of tangible fixed assets: (See note 10)		
- owned by the company	393	436
Operating lease rentals:		
- plant and machinery	422	441
- other operating leases	355	356
Auditors' remuneration	55	40
Foreign exchange (gains) / losses	(58)	24

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**6. STAFF COSTS**

Staff costs were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>5,935</b>	4,960
Social security costs	<b>556</b>	468
Other pension costs	<b>819</b>	746
	<b><u>7,310</u></b>	<b><u>6,174</u></b>

Included in other pension costs are £633,000 (2018: £586,000) in respect of the defined benefit scheme.

The average monthly number of employees during the year was as follows:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Management	<b>4</b>	4
Administration	<b>63</b>	62
Production staff	<b>131</b>	96
	<b><u>198</u></b>	<b><u>162</u></b>

**7. DIRECTORS' EMOLUMENTS**

The directors of this company have not received any payment from it directly. The holding company of the Group, (Celsa (UK) Holdings Ltd) have paid the remuneration to all the directors of the Group (Holdings and fellow subsidiaries). The amount apportioned for the directors giving service to this company add up to £16,210 (2018: £16,172).

**8. NET INTEREST PAYABLE**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
On bank loans	<b><u>450</u></b>	<b><u>403</u></b>

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

**9. TAXATION**

	2019 £000	2018 £000
<b>ANALYSIS OF TAX CHARGE FOR THE YEAR</b>		
<b>CURRENT TAX</b>		
UK corporation tax charge on the profit for the year	119	300
Consortium relief	602	351
Adjustments in respect of prior years	-	5
<b>TOTAL CURRENT TAX</b>	<b>721</b>	<b>656</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	7	(12)
Relating to defined benefits scheme	83	62
Adjustments in respect of previous years	-	5
<b>TOTAL DEFERRED TAX</b>	<b>90</b>	<b>55</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>811</b>	<b>711</b>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

	2019 £000	2018 £000
Profit on ordinary activities before tax	4,111	3,569
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19%)	781	678

**EFFECTS OF:**

Depreciation on assets ineligible for capital allowances	41	29
Change in tax rates	(11)	(6)
Adjustment in respect of prior years	-	10
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>811</b>	<b>711</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the March 2020 Budget however, it was announced that the UK corporation tax rate would remain at 19% and not reduce to 17% from 1 April 2020. The legislation to keep the corporation tax rate at 19% was substantively enacted on 17 March 2020.

Deferred tax should be measured at the tax rates that are expected to apply to the period when the timing difference is reversed, based on rates that have been enacted or substantively enacted by the balance sheet date. As at 31 December 2019 the rate substantively enacted for periods after 1 April 2020, when the timing differences were expected to reverse, was 17%, therefore deferred tax has been recognised at this rate.

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

**10. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £000	Long term leasehold land and buildings £000	Short term leasehold £000	Plant, machinery, fixtures, fittings and motor vehicles £000	Total £000
<b>COST OR VALUATION</b>					
At 1 January 2019	3,608	714	2,286	16,078	22,686
Additions	-	-	-	274	274
At 31 December 2019	<u>3,608</u>	<u>714</u>	<u>2,286</u>	<u>16,352</u>	<u>22,960</u>
<b>DEPRECIATION</b>					
At 1 January 2019	181	65	999	15,559	16,804
Charge for the year	35	13	234	111	393
At 31 December 2019	<u>216</u>	<u>78</u>	<u>1,233</u>	<u>15,670</u>	<u>17,197</u>
<b>NET BOOK VALUE</b>					
At 31 December 2019	<u>3,392</u>	<u>636</u>	<u>1,053</u>	<u>682</u>	<u>5,763</u>
At 1 January 2019	<u>3,427</u>	<u>649</u>	<u>1,287</u>	<u>519</u>	<u>5,882</u>

The company applied the transitional arrangements of Section 35 of FRS 102 and included the previous revaluation as the deemed cost for land and buildings. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings.

Analysis of the freehold and long term leasehold land and buildings valued at the date of transition to FRS 102 using the previous revalued cost exemption:

	2019 £000	2018 £000
Historical cost equivalent	3,392	3,427
Revaluation	649	649
Net Book Value	<u>4,041</u>	<u>4,076</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. STOCKS**

	2019 £000	2018 £000
Raw materials	3,040	4,770
Work in progress	218	249
Finished goods and goods for resale	2,751	3,565
	<u>6,009</u>	<u>8,584</u>

**12. DEBTORS**

	2019 £000	2018 £000
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Amounts owed by group undertaking	8,695	8,695
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	8,640	10,862
Amounts owed by group undertakings	22,928	15,780
Prepayments and accrued income	416	668
Deferred tax asset (see note 17)	-	60
Corporation tax debtor	363	-
	<u>41,042</u>	<u>36,065</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £000	2018 £000
Trade creditors	4,493	5,352
Amounts owed to group undertakings	11,622	11,155
Amounts owed to associate undertakings	851	922
Corporation tax	-	53
Other taxes and social security	2,253	2,418
Other creditors	-	20
	<u>19,219</u>	<u>19,920</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019 £000	2018 £000
Bank loan	<u>13,260</u>	<u>12,905</u>

The ABL Facility Bank Loan is part of a £160 million facility committed until Dec 2023 where interest is payable at a spread above LIBOR per annum and is secured by a fixed charge on trade debtors and inventories and plant and machinery.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**15. DEFERRED TAXATION**

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
At 1 January 2019	38	44
Charge / (Credit) during the year	7	(6)
At 31 December 2019	<u>45</u>	<u>38</u>

The deferred taxation balance is made up as follows:

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Difference between accumulated depreciation and capital allowances	<u>45</u>	<u>38</u>

**16. SHARE CAPITAL**

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
Ordinary shares of £1 each	<u>21</u>	<u>21</u>

A single £1 B ordinary share was re-designated as a single £1 Ordinary share on 18 February 2019. The Ordinary share confers on the holder all the rights of an Ordinary share to participate at general meetings, in dividends and on the distribution of available assets on a return of capital of the company.

**17. PENSION COMMITMENTS**

The pension cost for the year represents contributions payable by the company to the fund and amounted to £186,000 (2018: £160,000). At 31 December 2019 the outstanding commitment payable was £16,028 (2018: £13,585).

The company also operates a defined benefit pension scheme. This scheme was closed to future accrual of benefits with effect from 30<sup>th</sup> June 2012.

The company's total defined benefit pension cost included within the operating profit was £633,000 (2018: £586,000). The company expects contributions to be paid into the scheme, for the next accounting period to amount to £429,000.

The amounts in the financial statements for the year ended 31 December 2019, relating to pensions, are based on a full actuarial valuation dated 31 December 2019.

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

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**17. PENSION COMMITMENTS (continued)**

**THE MAIN FINANCIAL ASSUMPTIONS USED IN THE ACTUARIAL VALUATION WERE:**

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Inflation (RPI)	<b>2.9</b>	3.2
Inflation (CPI)	<b>1.8</b>	2.1
Rate of increase in salaries	<b>N/A</b>	N/A
Rate of discount	<b>2.1</b>	2.9
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	<b>1.8</b>	2.1
Allowance for Pension in payment increases of RPI or 5% p.a. if less	<b>2.8</b>	3.1

**THE ASSETS IN THE SCHEME:**

	<b>Value at</b>	<b>Value at</b>
	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Equities	<b>2,392</b>	2,129
Corporate Bonds	<b>1,899</b>	1,611
Cash	<b>110</b>	62
Diversified Growth Asset	<b>16,321</b>	14,530
Property	<b>1,856</b>	1,711
Liability Driven Investments	<b>12,345</b>	9,603
Total market value of assets	<b>34,923</b>	29,646
Present value of defined benefit obligation	<b>(33,237)</b>	(29,998)
Surplus / (deficit) in the scheme	<b>1,686</b>	(352)
Related deferred tax asset (see note 12)	<b>-</b>	60
Net pension surplus / (deficit)	<b>1,686</b>	(292)
Net pension asset not recognised	<b>(1,686)</b>	-
Net pension deficit	<b>-</b>	(292)

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

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**17. PENSION COMMITMENTS (continued)**

The following amounts have been recognised in the financial statements in the year ended 31 December 2019 and 31 December 2018 under the requirements of FRS102:

	2019 £000	2018 £000
<b>FINANCIAL EXPENSES</b>		
Expenses	143	222
Losses due to benefit changes (GMP)	-	297
Net Interest Cost	4	-
Total financial expenses	<u>147</u>	<u>519</u>
 <b>ANALYSIS OF AMOUNT RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>	 <b>2019 £000</b>	 <b>2018 £000</b>
Return on plan assets (excluding amounts included in the net interest cost)	4,645	(2,918)
Experience losses arising on the plan liabilities	86	186
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	<u>(3,179)</u>	<u>1,456</u>
Total actuarial gains / (losses)	1,552	(1,276)
Effect of changes in the amount of surplus that is not recoverable	(1,686)	857
Deferred tax movement relating to actuarial losses	23	122
Actuarial losses recognised in Statement of Total Recognised Gains and Losses	<u>(111)</u>	<u>(297)</u>

**18. OPERATING LEASE COMMITMENTS**

At 31 December 2019 the company had the following future minimum lease payments due under non-cancellable operating leases; payments due within one year £765,000 (2018: £789,000), payments due between two and five years £2,436,000 (2018: £2,254,000), payments due after five years £2,345,000 (2018: £3,099,000).

**19. RELATED PARTY TRANSACTIONS**

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent company is ROM Group Limited, a company incorporated in England & Wales. A copy of the financial statements of that company can be obtained from The Company Secretary, Building 58, Castle Works, East Moors Road, Cardiff, CF24 5NN. The ultimate parent undertaking and controlling party is Catalunya Steel SL, which is a company incorporated in Spain.

**22. EVENT AFTER REPORTING PERIOD**

On 11 March 2020, the World Health Organization raised the public health emergency situation caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the evolution of business.

ROM Limited continues to operate in countries that have been affected by the pandemic. Operations have been impacted by actions and initiatives, which have been implemented by the Company in relation to its own working arrangements and those further up and down the supply chain.

Those measures and actions implemented by the company include social distancing measures, home working and where appropriate furloughing staff. During the COVID-19 pandemic, the company has adhered and complied with all relevant Government guidelines.

There have been significant movements in financial markets precipitated by, amongst other things, the outbreak of the COVID-19 virus. While there remains considerable uncertainty, these movements could potentially mean that the Defined Benefit Pension Scheme position as at the date of signing the accounts could be materially different from that shown at the year-end.

As part of Budget 2020, the government announced the reduction in the corporate income tax rate to 17% that was previously enacted to be effective from 1 April 2020 would be cancelled. The cancellation has been made effective by way of Budget Resolution. Consequently, the corporation income tax rate remains at 19%. Further details on the effect of the corporate income tax rate reduction cancellation on the deferred tax balance can be found in note 9.