

ROM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2018

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ROM LIMITED

COMPANY INFORMATION

DIRECTORS L Sanz Villares
 F Mesegue
 A J Fort
 M L McKillop

SECRETARY F Perez

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

ROM LIMITED

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STRATEGIC REPORT
For the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

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 £3,569,000 (2017: £3,247,000). The company's key financial indicator is turnover of £112,420,000 (2017: £99,647,000).

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

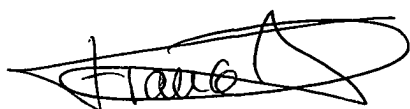
The company's exposure to interest rate fluctuations relates primarily to the company's asset based lending facility. The company's policy is to manage its interest cost using a variable rate debt.

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.

By order of the Board



F. Mesegue
Director

Date: 26 April 2019

ROM LIMITED

DIRECTORS' REPORT **For the year ended 31 December 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

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.

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.

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.

ROM LIMITED

DIRECTORS' REPORT (continued)
For the year ended 31 December 2018

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.

DISCLOSURE OF INFORMATION TO THE AUDITORS

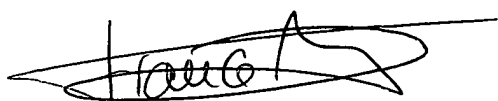
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 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: 26 April 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROM LIMITED

Opinion

We have audited the financial statements of ROM Limited for the year ended 31 December 2018 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 21. 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 2018 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.

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.

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

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 4, 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.

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

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.

Ernst & Young LLP

Paul Mapleston (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
Bristol
Date: 30 April 2019

ROM LIMITED

Registered Number 00213629

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2018

		2018	2017
	Note	£000	£000
TURNOVER	4	112,420	99,647
Cost of sales		<u>(98,527)</u>	<u>(86,856)</u>
GROSS PROFIT		13,893	12,791
Selling and distribution costs		(5,595)	(5,030)
Administrative expenses		<u>(4,326)</u>	<u>(4,074)</u>
OPERATING PROFIT	5	3,972	3,687
Net interest payable	8	<u>(403)</u>	<u>(440)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,569	3,247
Tax on profit on ordinary activities	9	<u>(711)</u>	<u>(682)</u>
PROFIT FOR THE YEAR		<u>2,858</u>	<u>2,565</u>

All amounts relate to continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

ROM LIMITED

Registered Number 00213629

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2018

	Note	2018 £000	2017 £000
PROFIT FOR THE FINANCIAL YEAR		2,858	2,565
Actuarial (losses) / gains recognised in the pension scheme	17	(419)	2,846
Deferred tax movement relating to actuarial gains / (losses)		122	(484)
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		2,561	4,927

ROM LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the year ended 31 December 2018

	2018	2017
	£000	£000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3,569	3,247
Difference between historical cost depreciation charge and the actual depreciation charge for the year on the revalued amount	4	4
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3,573	3,251
HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION	2,862	2,569

The notes on pages 13 to 24 form part of these financial statements.

ROM LIMITED

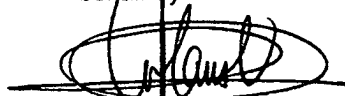
Registered Number 00213629

BALANCE SHEET
As at 31 December 2018

	Note	2018 £000	2017 £000
FIXED ASSETS			
Tangible fixed assets	10	5,882	6,135
CURRENT ASSETS			
Stocks	11	8,584	5,007
Debtors	12		
amounts falling due after one year		8,695	5,695
amounts falling due within one year		27,370	24,600
		<u>36,065</u>	<u>30,295</u>
Cash at bank and in hand		1,410	2,279
		<u>46,059</u>	<u>37,581</u>
CREDITORS: amounts falling due within one year	13	(19,920)	(20,573)
NET CURRENT ASSETS		<u>26,139</u>	<u>17,008</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>32,021</u>	<u>23,143</u>
CREDITORS: amounts falling due after more than one year	14	(12,905)	(6,934)
PROVISIONS FOR LIABILITIES			
Deferred tax	15	(38)	(44)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>19,078</u>	<u>16,165</u>
Defined benefit pensions scheme	17	(352)	-
NET ASSETS		<u>18,726</u>	<u>16,165</u>
CAPITAL AND RESERVES			
Called up share capital	16	21	21
Revaluation reserve		3,475	3,475
Profit and loss account		15,230	12,669
SHAREHOLDERS' FUNDS		<u>18,726</u>	<u>16,165</u>

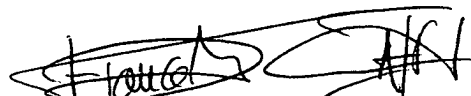
The notes on pages 13 to 24 form part of these financial statements.

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



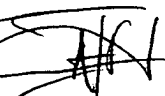
L Sanz Villares
Director

Date: 26 April 2019



F Meseguer
Director

Date: 26 April 2019



A Fort
Director

Date: 26 April 2019



M McKillop
Director

Date: 26 April 2019

ROM LIMITED

STATEMENT OF CHANGE IN EQUITY
For year ended 31 December 2018

	Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At 1 January 2017	21	3,475	7,742	11,238
Profit for the year	-	-	2,565	2,565
Pension reserve movement	-	-	2,362	2,362
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 31 December 2018	21	3,475	15,230	18,726

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1. GENERAL INFORMATION

The company is a private company limited by shares and is incorporated and domiciled in Wales. 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.

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 2018

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 comprises revenue recognised by the company in respect of goods and services supplied, exclusive of value added tax and trade discounts.

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 2018

3. ACCOUNTING POLICIES (continued)

BASIC FINANCIAL INSTRUMENTS (continued)

(i) 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.

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

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 30th 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:

	2018	2017
	£000	£000
United Kingdom	112,418	99,358
Rest of Europe	2	289
	112,420	99,647

5. OPERATING PROFIT

Operating profit is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets: (See note 10)		
- owned by the company	436	427
Operating lease rentals:		
- plant and machinery	441	363
- other operating leases	356	348
Auditors' remuneration	40	40
Foreign exchange losses	24	24

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

6. STAFF COSTS

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	4,960	4,649
Social security costs	468	443
Other pension costs	746	727
	<u>6,174</u>	<u>5,819</u>

Included in other pension costs are £586,000 (2017: £574,000) in respect of the defined benefit scheme.

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

	2018	2017
	No.	No.
Management	4	4
Administration	62	60
Production staff	96	93
	<u>162</u>	<u>157</u>

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 £16,172, (2017: £16,009).

8. NET INTEREST PAYABLE

	2018	2017
	£000	£000
On bank loans	<u>403</u>	<u>440</u>

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

9. TAXATION

	2018	2017
	£000	£000
ANALYSIS OF TAX CHARGE FOR THE YEAR		
CURRENT TAX		
UK corporation tax charge on the profit for the year	300	327
Consortium relief	351	281
Adjustments in respect of prior years	5	(2)
TOTAL CURRENT TAX	656	606
DEFERRED TAX		
Origination and reversal of timing differences	(12)	(12)
Relating to defined benefits scheme	62	88
Amounts underprovided in previous years	5	-
TOTAL DEFERRED TAX	55	76
TAX ON PROFIT ON ORDINARY ACTIVITIES	711	682
FACTORS AFFECTING TAX CHARGE FOR THE YEAR		
	2018	2017
	£000	£000
Profit on ordinary activities before tax	3,569	3,247
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	678	625
EFFECTS OF:		
Expenses not allowed for tax purposes	-	40
Depreciation on assets ineligible for capital allowances	29	29
Change in tax rates	(6)	(10)
Adjustment in respect of prior years	10	(2)
TOTAL TAX CHARGE FOR THE YEAR	711	682

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and a further reduction to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax liability at 31 December 2018 has been calculated based on these rates.

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

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
COST OR VALUATION					
At 1 January 2018	3,608	714	2,255	15,926	22,503
Additions	-	-	31	152	183
At 31 December 2018	<u>3,608</u>	<u>714</u>	<u>2,286</u>	<u>16,078</u>	<u>22,686</u>
DEPRECIATION					
At 1 January 2018	146	52	765	15,405	16,368
Charge for the year	35	13	234	154	436
At 31 December 2018	<u>181</u>	<u>65</u>	<u>999</u>	<u>15,559</u>	<u>16,804</u>
NET BOOK VALUE					
At 31 December 2018	<u>3,427</u>	<u>649</u>	<u>1,287</u>	<u>519</u>	<u>5,882</u>
At 1 January 2018	<u>3,462</u>	<u>662</u>	<u>1,490</u>	<u>521</u>	<u>6,135</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:

	2018 £000	2017 £000
Historical cost equivalent	3,427	3,462
Revaluation	649	662
Net Book Value	<u>4,076</u>	<u>4,124</u>

ROM LIMITED

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For the year ended 31 December 2018

11. STOCKS

	2018 £000	2017 £000
Raw materials	4,770	2,001
Work in progress	249	177
Finished goods and goods for resale	3,565	2,829
	<u>8,584</u>	<u>5,007</u>

12. DEBTORS

	2018 £000	2017 £000
DUE AFTER MORE THAN ONE YEAR		
Amounts owed by group undertaking	8,695	5,695
DUE WITHIN ONE YEAR		
Trade debtors	10,862	10,059
Amounts owed by group undertakings	15,780	13,833
Prepayments and accrued income	668	586
Deferred tax asset (see note 17)	60	-
Corporation tax debtor	-	122
	<u>36,065</u>	<u>30,295</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade creditors	5,352	5,344
Amounts owed to group undertakings	11,155	12,168
Amounts owed to associate undertakings	922	1,096
Corporation tax	53	-
Other taxes and social security	2,418	1,891
Other creditors	20	74
	<u>19,920</u>	<u>20,573</u>

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

	2018 £000	2017 £000
Bank loan	<u>12,905</u>	<u>6,934</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.

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

15. DEFERRED TAXATION

	2018 £000	2017 £000
At 1 January 2018	44	56
Charge during the year	(6)	(12)
At 31 December 2018	<u>38</u>	<u>44</u>

The deferred taxation balance is made up as follows:

	2018 £000	2017 £000
Difference between accumulated depreciation and capital allowances	<u>38</u>	<u>44</u>

16. SHARE CAPITAL

	2018 £000	2017 £000
ALLOTTED, CALLED UP AND FULLY PAID		
Ordinary shares of £1 each	21	21
B ordinary share of £1 each	-	-
	<u>21</u>	<u>21</u>

The B Share shall not confer on the holder thereof any right to attend or speak or vote at a general meeting other than a general meeting at which any resolution relating to any restricted matter is proposed. There is no right to participate in any dividend. On a return of capital the assets available for distribution to the shareholders shall first be applied in paying to the holder of the B share a sum equal to the amount of its subscription price. The B share is not redeemable.

17. PENSION COMMITMENTS

The pension cost for the year represents contributions payable by the company to the fund and amounted to £160,000 (2017: £153,000). At 31 December 2018 the outstanding commitment payable was £13,585 (2017: £14,024).

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

The company's total defined benefit pension cost included within the operating profit was £586,000 (2017: £574,000). The company expects contributions to be paid into the scheme, for the next accounting period to amount to £536,000.

The amounts in the financial statements for the year ended 31 December 2018, relating to pensions, are based on a full actuarial valuation dated 31 December 2018.

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

17. PENSION COMMITMENTS (continued)

THE MAIN FINANCIAL ASSUMPTIONS USED IN THE ACTUARIAL VALUATION WERE:

	2018	2017
	%	%
Inflation (RPI)	3.2	3.1
Inflation (CPI)	2.1	2.0
Rate of increase in salaries	N/A	N/A
Rate of discount	2.9	2.6
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.1	2.0
Allowance for Pension in payment increases of RPI or 5% p.a. if less	3.1	3.0

THE ASSETS IN THE SCHEME:

	Value at	Value at
	2018	2017
	£000	£000
Equities	2,129	4,456
Corporate Bonds	1,611	-
Cash	62	524
Diversified Growth Asset	14,530	15,496
Property	1,711	1,770
Liability Driven Investments	9,603	10,514
Total market value of assets	29,646	32,760
Present value of defined benefit obligation	(29,998)	(31,929)
(Deficit) / surplus in the scheme	(352)	831
Related deferred tax asset (see note 12)	60	-
Net pension (deficit) / surplus	(292)	831
Net pension asset not recognised	-	(831)
Net pension deficit	(292)	-

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

17. PENSION COMMITMENTS (continued)

The following amounts have been recognised in the financial statements in the year ended 31 December 2018 and 31 December 2017 under the requirements of FRS102:

	2018 £000	2017 £000
FINANCIAL EXPENSES		
Expenses	222	130
Losses due to benefit changes (GMP)	297	-
Total financial expenses	<u>519</u>	<u>130</u>
 ANALYSIS OF AMOUNT RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	 2018 £000	 2017 £000
Return on plan assets (excluding amounts included in the net interest cost)	(2,918)	3,702
Experience losses arising on the plan liabilities	186	-
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	1,456	(25)
Total actuarial (losses) / gains	(1,276)	3,677
Effect of changes in the amount of surplus that is not recoverable	857	(831)
Deferred tax movement relating to actuarial losses	122	(484)
Actuarial (losses) / gains recognised in Statement of Total Recognised Gains and Losses	<u>(297)</u>	<u>2,362</u>
	2018 £000	2017 £000
MOVEMENTS IN SURPLUS DURING THE YEAR:		
Surplus / (deficit) in scheme at 1 January 2018	831	(2,792)
Expenses	(222)	(130)
Contributions	586	574
Other finance (cost) / income	(831)	743
Actuarial (losses) / gains	(419)	2,846
(Loss) / gains due to benefit changes	(297)	162
Deferred tax relating to actuarial loss / (gain)	60	(572)
(Deficit) / surplus in scheme at 31 December 2018	<u>(292)</u>	<u>831</u>

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

18. OPERATING LEASE COMMITMENTS

At 31 December 2018 the company had the following future minimum lease payments due under non-cancellable operating leases; payments due within one year £789,000 (2017: £689,000), payments due between two and five years £2,254,000 (2017: £2,242,000), payments due after five years £3,099,000 (2017: £3,504,000).

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.

20. CONTINGENT LIABILITIES

The bank loans and secured loans of all companies within the ROM Group Limited group are secured by means of a cross guarantee by fixed and floating charges over all the assets of the group.

As at 31 December 2018, the group bank loans and secured loans amounted to £19,263,000 (2017: £12,348,000), of which £12,905,000 (2017: £6,934,000) related to ROM Limited.

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.