

Registered number: 00213629

ROM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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ROM LIMITED

COMPANY INFORMATION

Directors	L Sanz Villares F Mesegue A Fort M McKillop C Rovira Caroz (appointed 1 January 2022)
Company secretary	H Arnold
Registered number	00213629
Registered office	Building 58 Castle Works East Moors Road Cardiff South Glamorgan CF24 5NN
Independent auditors	Ernst & Young LLP Statutory Auditor The Paragon Counterslip Bristol BS1 6BX

ROM LIMITED

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ROM LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the year ended 31 December 2022.

Business review and financial key performance indicators

Turnover was £196.0 million (2021 – £160.1 million). The increase year on year is due to higher pricing offset by slightly lower sales volume.

The company's key financial indicator is EBITDA which was £21.3 million (2021 – £10.6 million).

2022 benefitted from market conditions underpinned by significant warehouse construction activity following the Covid-19 pandemic which resulted in increased margins.

Principal risks and uncertainties

Market Price risk

The company's products are subject to steel price volatility through changing market prices at both selling and purchasing level. It manages this risk through continually monitoring the market and careful analysis of margins.

Inflationary pressure

The global economic environment has deteriorated significantly in 2022 as inflation risk fully materialised along with other major global crises. The company manages price risk in all products by striving to be a low cost producer and passing costs through the supply chain.

Financial risk management objectives and policies

Foreign currency risk

The company's currency risk is controlled by a natural hedge wherever possible and where there is an excess, the company may take out foreign currency contracts accordingly.

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.

Credit risk

The company's policy is to insure its trade debtors and exercise strong credit control procedures.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generation by its operations, and applying cash collection targets. Investment is carefully controlled, with authorisation limits operating at board level and cash payback periods applied as part of the investment appraisal process.

ROM LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Section S172 statement

The directors continue 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.

Celsa is the largest manufacturer of steel reinforcement in the UK, and one of the largest producers of other long steel products. Using recycled source materials and the advantages inherent in the use of "electric arc furnace", Celsa steel is over 86% less carbon-intensive than steel produced in a blast furnace using virgin mined materials.

The directors consider the key stakeholders of the company to be employees, customers, suppliers, industrial partners, financial institutions and the community, amongst others.

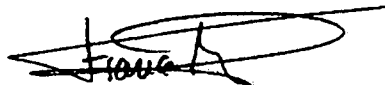
The directors consider the interests of all stakeholders when making key business decisions. The relevance of each stakeholder group may increase or decrease by reference to the subject in question, with the directors seeking to understand the needs and priorities of each group. This, together with the combination of the consideration of long-term impacts of decisions and the maintenance of the company reputation for high standards of business conduct, is and always will be integral to the way the directors and company operates.

During Board of Director meetings the directors consider stakeholders by reviewing key performance indicators covering Health & Safety including employee training, sustainability & climate risk actions, production and sales volumes and financial indicators. The below are some of the ways stakeholders are considered:

- 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.
- Celsa UK is proudly part of a new industrial partnership with Net Zero Industry Wales, a network for all industries interested in decarbonisation and circular economy. Celsa UK's CEO is a member of the newly appointed board, showing the commitment to circular economy and the pathway to Net Zero.
- Investing in the local community is an important part of what we do at Celsa. The company is an active participant in The Cardiff Commitment, supporting young people into STEM-related work, and have forged long lasting links with local primary and secondary schools in the area.
- Celsa UK has retained the gold award for We Invest in Apprentices certification, as part of the Investors in People standard and are the first steel company in the world to receive this award.

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.

This report was approved by the board and signed on its behalf.



F Mesegue
Director

Date: 28 June 2023

ROM LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

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 can continue in operational existence for the period of at least 12 months and considered through the period 31 December 2024.

In June 2023, the parent company Celsa (UK) Holdings Limited (the parent) renewed its Term Loan and Asset Based Lending (ABL) facilities. As a result, both facilities are committed until June 2028. The company is part of the guaranteeing group for these facilities and therefore the directors have considered going concern from a group-wide perspective. The financial covenants linked to debt facilities are managed at the parent level.

The directors have assessed the funding requirements of Celsa (UK) Holdings Limited and its subsidiaries (the groups). The assessment included a detailed review of financial forecasts, covenants and cash flow projections over the period to December 2024. Having undertaken this work, the directors are of the opinion that the parent has access to adequate resources to continue in operational existence for the period of at least 12 months and considered through the period 31 December 2024. The company benefits from a letter of support from Celsa (UK) Holdings Ltd being provided from the date of signing the financial statements through to June 2024. Accordingly, they continue to adopt the going concern basis in preparing the annual report.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £16,722 thousand (2021 – £8,136 thousand).

The directors do not recommend a dividend (2021 – £nil).

Directors

The directors who served during the year were:

L Sanz Villares
F Mesegue
A Fort
M McKillop
C Rovira Caroz (appointed 1 January 2022)

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.

Environmental matters

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities.

ROM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Future developments

The directors aim to maintain the policies of the company with the company continuing to follow the long-standing Total Quality Management approach of continuous improvement and innovation.

The business will continually develop and build long term relationships with its customers and stakeholders to provide innovative and low carbon solutions to the reinforcement market.

The company believes that sustainable development is the key to a better future. We are committed to contribute to the solution of the depletion of natural resources and climate change.

Research and development activities

The company continues to commit resources to the development of new products and processes where this activity is necessary to the evolution of its business and in order to keep it technologically in the forefront of the marketplace.

Engagement with employees

During the year employees have been regularly briefed on progress on company and departmental goals and targets; productive performance; market conditions, and points for action through the company team briefing procedure.

Employees are also encouraged to be involved in performance improvement projects through team working and other departmental improvement activities.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

Engagement with suppliers, customers and others

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

Greenhouse gas emissions, energy consumption and energy efficiency action

The company is exempt from the UK Streamlined Energy and Carbon Report (SECR) regulations. The performance of the Celsa UK Group in respect of these regulations can be found in the Directors' Report of the Celsa (UK) Holdings Limited financial statements.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ROM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

A handwritten signature in black ink, appearing to read 'F Mesegue', is written over a horizontal line.

F Mesegue
Director

Date: 28 June 2023

ROM LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 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'. The financial statements are required by law to 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

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 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards 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 2022 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. 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

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 up until 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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 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 6, 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with operational and employment laws and regulations, including health & safety, and general data protection regulation (GDPR),

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

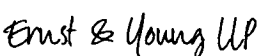
- We understood how the Company is complying with those frameworks by making enquiries with management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities of fraudulent transactions. We corroborated our enquiries through the review of the following documentation or completion of the following procedures:
 - Review of all minutes of board meeting held during the year and through to the most recent meeting held prior to the approval of these financial statements
 - Reviewed accounting policies and completed a disclosure checklist to ensure compliance with FRS 102 and Company Law requirements
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and enquiry of management. Through these procedures we determined there to be a risk of management override and a fraud risk in relation to revenue recognition and the valuation of provisions and accruals due to the judgements and estimates involved in calculating these liabilities.
 - In performing our work over revenue, we considered there to be specific risks relating to the cut off of transactions and manual journals around period end. We used data analytics to test cut-off and used a lower testing threshold to test manual journals posted around the period-end. We also used data analytics to analyse 100% of the revenue transactions recorded in the year, testing the correlation between revenue, trade receivables and cash.
 - In performing our work relating to valuation of provisions and accruals, we performed analytical review procedures to identify any unexpected fluctuations, used a lower testing threshold in performing our detailed testing, obtained management's assessment of the liabilities, and challenged and validated the assumptions used in the calculations.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of key management, reviewing key policies, and reading Board meeting minutes. We also completed procedures to conclude on the compliance of significant disclosures in the financial statements with the requirements of the relevant accounting standards and UK legislation.

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.

DocuSigned by:


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Eleri James (Senior statutory auditor)
for and on behalf of Ernst & Young LLP Statutory Auditor

Bristol, UK

29 June 2023

ROM LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Turnover	4	196,036	160,132
Change in stocks of finished goods and work in progress		1,876	1,031
Raw materials and consumables		(151,594)	(128,590)
Operating and external charges		(15,633)	(13,556)
Staff costs	6	(9,427)	(8,405)
Depreciation	11	(476)	(390)
Operating profit	5	20,782	10,222
Interest receivable and similar income	8	132	65
Interest payable and similar expenses	9	(299)	(207)
Profit before tax		20,615	10,080
Tax on profit	10	(3,893)	(1,944)
Profit for the financial year		16,722	8,136

There were no recognised gains and losses for 2022 or 2021 other than those included in the profit and loss account.

The notes on pages 14 to 30 form part of these financial statements.

ROM LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Profit for the financial year		16,722	8,136
Other comprehensive income			
Actuarial loss on defined benefit schemes	19	(496)	(335)
Movement on deferred tax relating to pension actuarial loss	19	124	84
Total comprehensive income for the year		16,350	7,885

The notes on pages 14 to 30 form part of these financial statements.

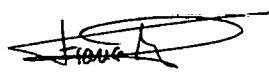
ROM LIMITED
REGISTERED NUMBER:00213629

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	11	6,734	6,397
Current assets			
Stocks	12	8,458	6,582
Debtors	13	54,770	47,488
Cash at bank and in hand		2,307	1,954
		<u>65,535</u>	<u>56,024</u>
Creditors: amounts falling due within one year	14	(22,045)	(26,905)
Net current assets		<u>43,490</u>	<u>29,119</u>
Total assets less current liabilities		<u>50,224</u>	<u>35,516</u>
Creditors: amounts falling due after more than one year	15	(4,772)	(6,505)
Provisions for liabilities			
Deferred taxation	16	(230)	(139)
Pension asset	19	-	-
Net assets		<u><u>45,222</u></u>	<u><u>28,872</u></u>
Capital and reserves			
Called up share capital	17	21	21
Revaluation reserve		3,355	3,372
Profit and loss account		41,846	25,479
		<u><u>45,222</u></u>	<u><u>28,872</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2023.


C Rovira Caroz
 Director


F Mesegue
 Director


A Fort
 Director


M McKillop
 Director

ROM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2021	21	3,389	17,577	20,987
Profit for the year	-	-	8,136	8,136
Actuarial losses on pension scheme	-	-	(251)	(251)
Transfer in respect of depreciation on revalued land and buildings	-	(17)	17	-
At 1 January 2022	21	3,372	25,479	28,872
Profit for the year	-	-	16,722	16,722
Actuarial losses on pension scheme	-	-	(372)	(372)
Transfer in respect of depreciation on revalued land and buildings	-	(17)	17	-
At 31 December 2022	21	3,355	41,846	45,222

The notes on pages 14 to 30 form part of these financial statements.

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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, Castle Works, East Moors Road, Cardiff, South Glamorgan, CF24 5NN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Celsa (UK) Holdings Limited as at 31 December 2021 and these financial statements may be obtained from Building 58, East Moors Road, Cardiff, CF24 5NN.

2.3 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 can continue in operational existence for the period of at least 12 months and considered through the period 31 December 2024.

In June 2023, the parent company Celsa (UK) Holdings Limited (the parent) renewed its Term Loan and Asset Based Lending (ABL) facilities. As a result, both facilities are committed until June 2028. The company is part of the guaranteeing group for these facilities and therefore the directors have considered going concern from a group-wide perspective. The financial covenants linked to debt facilities are managed at the parent level.

The directors have assessed the funding requirements of Celsa (UK) Holdings Limited and its subsidiaries (the groups). The assessment included a detailed review of financial forecasts, covenants and cash flow projections over the period to December 2024. Having undertaken this work, the directors are of the opinion that the parent has access to adequate resources to continue in operational existence for the period of at least 12 months and considered through the period 31 December 2024. The company benefits from a letter of support from Celsa (UK) Holdings Ltd being provided from the date of signing the financial statements through to June 2024. Accordingly, they continue to adopt the going concern basis in preparing the annual report.

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.5 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.

Products are often sold with volume discounts. Turnover is recorded based on the price specified in the sales contracts, net of estimated volume discounts. Customer rebate agreements are used to estimate and provide for the discounts. The volume discount are assessed based on anticipated annual purchases.

The Company holds a credit note provision for customer returns which is included within Turnover. Customer correspondence and credit notes issued in the following accounting period are used to calculate the provision.

2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.7 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit and loss statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the company has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.8 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

2.9 Current and 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.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2 to 10 % straight line
Leasehold Property	- over the period of the lease
Plant and machinery	- 4 to 50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.11 Stocks

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.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.13 Pensions

The company operates a 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.

A surplus is considered recoverable to the extent the company can recover that surplus through reduced contributions in the future or through refunds from the plan.

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.

The group also operates a defined contribution pension scheme for certain employees. Any contributions made by the relevant company are charged to operating costs as incurred.

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.14 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.

(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.

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Impairment of stocks

An estimate for impairment of Stock is calculated based on an independent third-party value for the inventory, less management's estimate of costs to sell.

Impairment of trade debtors

A bad debt estimate for Trade Debtors is calculated using an ageing methodology of the uninsured amount.

Valuation of defined benefit pension schemes' liabilities

Management use third party specialist pension consultants to value the future liability for the defined benefit pension scheme.

Impairment of assets

Assets are reviewed periodically for signs of impairment and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Accruals

Accruals are calculated using management's best estimate of the the probable future obligation, based on historical and observable internal or external information available.

Useful life of tangible assets

Management have determined the useful life of Tangible Assets based on the estimated life of the asset using historical experience of asset replacement. The assets' useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

4. Turnover

Analysis of turnover by country of destination:

	2022	<i>2021</i>
	£000	<i>£000</i>
United Kingdom	196,036	<i>160,131</i>
Rest of Europe	-	<i>1</i>
	196,036	<i>160,132</i>

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Operating profit

The operating profit is stated after charging/(crediting):

	2022	2021
	£000	£000
Depreciation of tangible fixed assets	476	390
Auditors remuneration	69	52
Operating lease rentals	912	1,029
Coronavirus job retention scheme grant	-	(69)
Exchange losses/(gains)	57	(54)

6. Employees

Staff costs were as follows:

	2022	2021
	£000	£000
Wages and salaries	8,299	7,028
Social security costs	833	660
Other pension costs	295	717
	<u>9,427</u>	<u>8,405</u>

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

	2022	2021
	No.	No.
Administration	63	65
Manufacturing	186	166
	<u>249</u>	<u>231</u>

7. Directors' remuneration

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 £12,182 (2021 – £12,491).

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Interest receivable

	2022 £000	2021 £000
Other interest receivable on loans from associated company	132	65

9. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	299	207

10. Taxation

	2022 £000	2021 £000
Current tax		
UK corporation tax on profit for the year	3,831	1,848
Adjustments in respect of previous periods	(153)	(55)
Group tax relief	-	21
Total current tax charge	3,678	1,814
Deferred tax		
Current year	154	130
Adjustment in respect of previous periods	61	-
Total deferred tax charge	215	130
Tax charge on profit on ordinary activities	3,893	1,944

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	20,615	10,080
Profit on ordinary activities multiplied by the corporation tax in the UK of 19% (2021 - 19%)	3,917	1,915
Effects of:		
Expenses not deductible for tax purposes	1	1
Depreciation on assets ineligible for capital allowances	30	30
Adjustments in respect of previous periods	(92)	(55)
Changes in tax rates	37	53
Total tax charge for the year	3,893	1,944

Factors that may affect future tax charges

An increase in the UK's main corporation tax rate to 25% takes effect from 1 April 2023. The tax rate change was substantively enacted at the balance sheet date and hence has been reflected in the measurement of the deferred tax balances at the period end.

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Short-term leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation					
At 1 January 2022	3,608	714	2,286	18,176	24,784
Additions	-	-	-	813	813
Disposals	-	-	-	(1,690)	(1,690)
At 31 December 2022	3,608	714	2,286	17,299	23,907
Depreciation					
At 1 January 2022	284	104	1,667	16,332	18,387
Charge for the year	34	13	197	232	476
Disposals	-	-	-	(1,690)	(1,690)
At 31 December 2022	318	117	1,864	14,874	17,173
Net book value					
At 31 December 2022	3,290	597	422	2,425	6,734
At 31 December 2021	3,324	610	619	1,844	6,397

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.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2022 £000	2021 £000
Historical Cost	3,290	3,324
Revaluation	649	649
Net book value	3,939	3,973

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Stocks

	2022 £000	2021 £000
Raw materials and consumables	5,596	4,062
Work in progress	412	213
Finished goods	2,450	2,307
	<u>8,458</u>	<u>6,582</u>

Impairment losses totalling £2,294 thousand (2021 – £1,458 thousand) were recognised in profit and loss relating primarily to the market value for the stocks.

13. Debtors

	2022 £000	2021 £000
Trade debtors	15,001	13,214
Amounts owed by group undertakings	39,419	33,985
Prepayments and accrued income	350	289
	<u>54,770</u>	<u>47,488</u>

Included in the amounts owed by fellow group companies is £26,095 thousand (2021 – £8,695 thousand) which is due in more than one year.

14. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	6,252	6,074
Amounts owed to group undertakings	10,015	16,655
Amounts owed to associated undertakings	1,008	924
Corporation tax	1,380	148
Other taxation and social security	3,233	3,104
Accruals and deferred income	157	-
	<u>22,045</u>	<u>26,905</u>

Amounts owed to group undertakings are non-interest bearing and payable on standard payment terms.

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Creditors: Amounts falling due after more than one year

	2022	<i>2021</i>
	£000	<i>£000</i>
Secured loans	3,940	<i>5,673</i>
Other provisions	832	<i>832</i>
	<u>4,772</u>	<u><i>6,505</i></u>

Amounts owed to group undertakings are non-interest bearing and payable on standard payment terms.

The Secured Loan is part of a £160 million Celsa UK Group ABL facility, committed until December 2023. Interest is payable at a spread above SONIA per annum and is secured by a fixed charge on trade debtors, inventories and plant and machinery. Financial covenants are managed at Celsa UK Group level.

The Celsa UK Group ABL Facility agreement was amended and extended in June 2023 with a facility limit increase to £200 million, committed until June 2028, with the same interest payable, fixed charges and covenants which continue to be managed at Celsa UK Group level.

16. Deferred taxation

	2022	<i>2021</i>
	£000	<i>£000</i>
At beginning of year	(139)	<i>(93)</i>
Charged to profit and loss account (note 10)	(215)	<i>(130)</i>
Credited to other comprehensive income (note 19)	124	<i>84</i>
At end of year	<u>(230)</u>	<u><i>(139)</i></u>

The provision for deferred taxation is made up as follows:

	2022	<i>2021</i>
	£000	<i>£000</i>
Capital allowances in advance of depreciation	(238)	<i>(154)</i>
Other timing differences	8	<i>15</i>
	<u>(230)</u>	<u><i>(139)</i></u>

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Share capital

	2022	<i>2021</i>
	£000	<i>£000</i>
Allotted, called up and fully paid		
20,500 (2021 – 20,500) Ordinary Shares shares of £1 each	21	<i>21</i>

18. 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 2022, the group bank loans and secured loans amounted to £6,844 thousand (2021 – £8,852 thousand), of which £3,940 thousand (2021 – £5,673 thousand) related to ROM Limited.

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. There are £28 thousand of unpaid contributions outstanding at 31 December 2022 (2021 – £20 thousand).

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

Contributions paid into the defined benefit pension scheme in 2022 amounted to £538 thousand (2021 – £477 thousand). The company expects contributions to be paid into the scheme, for the next accounting period to amount to £547 thousand.

The amounts in the financial statements for the year ended 31 December 2022, relating to pensions, are based on a full actuarial valuation dated 31 October 2020.

A full actuarial review was carried out as at 31 October 2020 and updated to 31 December 2022 by a qualified independent actuary.

Reconciliation of scheme liabilities:

	2022	<i>2021</i>
	£000	<i>£000</i>
Movement in schemes' liabilities		
Present value of defined benefit obligation at end of prior year	38,685	<i>37,441</i>
Interest on pension scheme	672	<i>519</i>
Benefits paid	(2,664)	<i>(747)</i>
Remeasurements effect of change in assumptions	(15,594)	<i>1,731</i>
Remeasurements effect of experience adjustments	2,365	<i>(259)</i>
Present value of defined benefit obligation at end of year	23,464	<i>38,685</i>

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

19. Pension commitments (continued)

Reconciliation of scheme assets:

	2022 £000	2021 £000
Movement in schemes' assets		
Fair value of plan assets at end of prior year	43,397	38,694
Interest income	762	539
Contributions paid	538	477
Benefits paid	(2,664)	(747)
Administrative expenses paid	(47)	(144)
Remeasurements return on plan assets	(16,893)	4,578
Fair value of plan assets at end of year	25,093	43,397

Composition of plan assets:

	2022 £000	2021 £000
Fair value of plan assets at end of year		
Corporate bonds	5,609	5,154
Cash	7	1,097
Diversified growth assets	8,098	20,206
Property	1,766	2,164
Liability driven investments	9,613	14,776
Total plan assets	25,093	43,397

	2022 £000	2021 £000
Amount recognised in Balance Sheet		
Fair value of plan assets	25,093	43,397
Present value of defined benefit obligation	(23,464)	(38,685)
Net pension scheme surplus	1,629	4,712
Unrecognised pension scheme surplus	(1,629)	(4,712)
Net defined benefit asset not recognised	-	-

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

19. Pension commitments (continued)

The net pension surplus of £1,629 thousand has not been recognised as the company cannot recover the pension scheme surplus.

The amounts recognised in profit or loss are as follows:

	2022 £000	2021 £000
Amount recognised in Profit and Loss Account		
Expenses	47	144
Net interest cost	(5)	(2)
Total	<u>42</u>	<u>142</u>

	2022 £000	2021 £000
Amount recognised in Statement of Comprehensive Income (SOI)		
Return on plan assets (excluding amounts included in the net interest cost)	(16,893)	4,578
Experience losses arising on the plan liabilities	(2,365)	259
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	15,594	(1,731)
Effect of changes in the amount of surplus that is not recoverable	3,168	(3,441)
Scheme actuarial losses recognised in SOI	<u>(496)</u>	<u>(335)</u>
Deferred tax movement relating to scheme actuarial losses	124	84
Total actuarial losses recognised in SOI	<u>(372)</u>	<u>(251)</u>

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2022	2021
	%	%
Discount rate	5.0	1.8
Inflation (RPI)	3.1	3.3
Inflation (CPI)	2.4	2.6
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.4	2.6
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	2.9	3.2
Mortality rates		
- for a male aged 65 now	21.9	21.8
- at 65 for a male aged 45 now	23.3	23.2
- for a female aged 65 now	23.7	23.6
- at 65 for a female aged 45 now	25.2	25.1

20. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£000	£000
Not later than 1 year	763	891
Later than 1 year and not later than 5 years	1,352	1,853
Later than 5 years	2,977	3,145
	5,092	5,889

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Related party transactions

The company has outstanding balances with related parties which are disclosed separately in notes 13, 14 and 15.

The company is exempt from disclosing the nature and information about transactions with related parties that are wholly owned within the group.

During the year the company entered into transactions, in the ordinary course of business, with entities over which the group has joint control or significant influence. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	2022	2021
	£000	£000
Purchases from related parties	174	161

Terms and conditions of transactions

Sales to entities over which the group has joint control or significant influence are made at normal market prices. Outstanding balances with the entities are unsecured, interest free and cash settlement is expected within 60 days of invoice. The company has not benefited from any guarantees for receivables. During the year the company has not made any provision for doubtful debts relating to the amount of outstanding balances (2021 – nil).

22. 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, South Glamorgan, CF24 5NN. The ultimate parent undertaking and controlling party is Inversiones Pico Esapadas S.A., which is a company incorporated in Spain.