

ROM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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ROM LIMITED

COMPANY INFORMATION

Directors	L Sanz Villares F Mesegue A Fort M McKillop
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 2020

The directors present their strategic report for the year ended 31 December 2020.

Business review and results

The operating loss for the year amounted to £337 thousand (2019 – profit of £4,561 thousand).

Financial key performance indicators

The company's key financial indicator is turnover of £95,875 thousand (2019 – £110,928 thousand).

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.

Withdrawal of UK from European Union (BREXIT)

On the 31 December 2020 the transition period between the UK and the EU ended and new rules on exports, imports, tariffs, data and hiring were introduced. For ROM Limited a significant proportion of turnover and the supply chain is UK domestic, which reduces the impact of Brexit. As a result, in the period since 31 December 2020 the company has seen no significant impact from the new rules introduced.

Coronavirus pandemic (COVID-19)

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

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

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

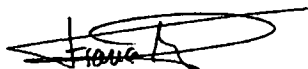
ROM LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Section S172 statement

In 2020, the directors continued to exercise all their duties under Section 172 of The Companies Act 2006. The directors are dedicated to managing and operating the company in a safe, ethical, environmental and socially responsible way. The directors support employees, their safety, their commitment and development and encourage employees to be involved in performance improvement projects through team working and other departmental improvement activities. The company is engaged in employee training and development supported by comprehensive internal and external training platforms. The directors value long-term partnerships and aim to work collaboratively throughout the supply chain with customers, suppliers and other stakeholders. The directors are responsible for establishing and reviewing the short and long-term strategy considering strategic, economic, political and social issues, alongside other regulations and external matters relevant to the company. Through working together with management, the directors support the company in following the long-standing Total Quality Management approach of continuous improvement and innovation.

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



F Mesegue
Director

Date: 12 May 2021

ROM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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 30 June 2022.

In December 2018, 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 December 2023. The company is part of the guaranteeing group for these facilities and therefore the directors have considered going concern from a group-wide perspective.

During 2020, as a direct result of the COVID-19 pandemic the Celsa UK Group undertook a re-financing, which amended the conditions of its current term loan and ABL facilities with the facilities remaining committed until December 2023. The company introduced a new lender during 2020 with an additional facility committed to June 2023. The debt facilities also contain ring-fencing arrangements designed to protect the lenders. The financial covenants linked to the term loan facilities are managed at the parent level.

The directors have assessed Celsa (UK) Holdings Limited and its subsidiaries' (the group's) forecasted performance over the period to June 2022 with a particular focus on ensuring there is sufficient cash in the business and the business complies with covenants. A base case forecast has been prepared based on a gradual recovery in demand. A downside forecast has been prepared which assumes less favourable economic conditions which impact expected demand levels over the whole going concern period. These cases have been compared to a reverse stress test where volumes would need to reduce by 20% from the base case before there is a breach of one of the covenants. If this situation was to occur the directors have noted that there are mitigating actions available to them that can be implemented prior to any potential breach. Based on the above considerations, the directors have concluded that the reverse stress scenario test is remote.

Having undertaken this work, and noted the facilities that are in place to December 2023, 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 30 June 2022. The Company benefits from a letter of support from Celsa (UK) Holdings Ltd being provided for at least the next twelve months from the date of signing the financial statements. 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 loss for the year, after taxation, amounted to £569 thousand (2019 – profit £3,300 thousand).

The directors do not recommend a dividend (2019 – £nil).

Directors

The directors who served during the year were:

L Sanz Villares
F Mesegue
A Fort
M McKillop

ROM LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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 will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues.

The company is committed to the environment and has ISO 14001 accreditation in all factories.

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.

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

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.

Engagement with stakeholders

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

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.

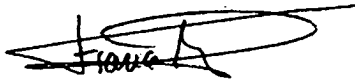
ROM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.



F Mesegue
Director

Date: 12 May 2021

ROM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report, 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 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'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21 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 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 2020 and of its loss 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.

Emphasis of matter – Effects of COVID-19

We draw attention to note 2 of the financial statements, which describe the economic consequences the company is facing as a result of the impact of COVID-19 and the group's funding position. Our opinion is not modified in respect of this matter.

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 30 June 2022.

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.

Our approach was as follows:

- 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 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 laws and regulations to its operations, including health and safety and GDPR.

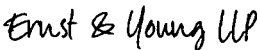
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROM LIMITED (CONTINUED)

- We understood how the Company is complying with those frameworks by making enquiries of 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 for fraudulent transactions.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be a risk of management override associated with manipulation of accounts such as revenue and provisions to meet loan covenants. We also noted a fraud risk around revenue recognition, and in particular manual revenue journals throughout the period. We performed detailed journal entry testing over manual revenue journals and used lower testing thresholds in performing our substantive procedures for accounts identified to be susceptible to higher risk of management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our inquiry with no indication of non-compliance identified.

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

Bristol, UK
13 May 2021

ROM LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	3	95,875	110,928
Change in stocks of finished goods and work in progress		(458)	(2,575)
Raw materials and consumables		(74,143)	(81,946)
Operating and external charges		(12,011)	(14,143)
Staff costs	5	(8,781)	(7,310)
Depreciation	10	(819)	(393)
Operating (loss)/profit	4	(337)	4,561
Interest receivable and similar income	7	119	130
Interest payable and similar expenses	8	(340)	(580)
(Loss)/profit before tax		(558)	4,111
Tax on (loss)/profit	9	(11)	(811)
(Loss)/profit for the financial year		(569)	3,300

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

The notes on pages 14 to 28 form part of these financial statements.

ROM LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
(Loss)/profit for the financial year		(569)	3,300
Other comprehensive income			
Actuarial loss on defined benefit schemes	18	(359)	(134)
Movement on deferred tax relating to pension gains		-	23
Total comprehensive income for the year		(928)	3,189

The notes on pages 14 to 28 form part of these financial statements.

ROM LIMITED
REGISTERED NUMBER:00213629

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	10	5,776	5,763
Current assets			
Stocks	11	5,551	6,009
Debtors	12	41,192	41,042
Cash at bank and in hand		2,218	1,625
		<u>48,961</u>	<u>48,676</u>
Creditors: amounts falling due within one year	13	(20,630)	(19,219)
Net current assets		<u>28,331</u>	<u>29,457</u>
Total assets less current liabilities		<u>34,107</u>	<u>35,220</u>
Creditors: amounts falling due after more than one year	14	(13,027)	(13,260)
Provisions for liabilities			
Deferred taxation	15	(93)	(45)
Net assets		<u><u>20,987</u></u>	<u><u>21,915</u></u>
Capital and reserves			
Called up share capital	16	21	21
Revaluation reserve		3,389	3,475
Profit and loss account		17,577	18,419
		<u><u>20,987</u></u>	<u><u>21,915</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 May 2021.


L Sanz Villares
Director
Date: 12 May 2021


F Mesegue
Director
Date: 12 May 2021


A Fort
Director
Date: 12 May 2021


M McKillop
Director
Date: 12 May 2021

ROM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2019	21	3,475	15,230	18,726
Profit for the year	-	-	3,300	3,300
Actuarial losses on pension scheme	-	-	(111)	(111)
At 1 January 2020	21	3,475	18,419	21,915
Loss for the year	-	-	(569)	(569)
Actuarial losses on pension scheme	-	-	(359)	(359)
Transfer in respect of depreciation on revalued land and buildings	-	(86)	86	-
At 31 December 2020	21	3,389	17,577	20,987

The notes on pages 14 to 28 form part of these financial statements.

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Celsa (UK) Holdings Limited as at 31 December 2020 and these financial statements may be obtained from Building 58, East Moors Road, Cardiff, CF24 5NN.

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

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 30 June 2022.

In December 2018, 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 December 2023. The company is part of the guaranteeing group for these facilities and therefore the directors have considered going concern from a group-wide perspective.

During 2020, as a direct result of the COVID-19 pandemic the Celsa UK Group undertook a re-financing, which amended the conditions of its current term loan and ABL facilities with the facilities remaining committed until December 2023. The company introduced a new lender during 2020 with an additional facility committed to June 2023. The debt facilities also contain ring-fencing arrangements designed to protect the lenders. The financial covenants linked to the term loan facilities are managed at the parent level.

The directors have assessed Celsa (UK) Holdings Limited and its subsidiaries' (the group's) forecasted performance over the period to June 2022 with a particular focus on ensuring there is sufficient cash in the business and the business complies with covenants. A base case forecast has been prepared based on a gradual recovery in demand. A downside forecast has been prepared which assumes less favourable economic conditions which impact expected demand levels over the whole going concern period. These cases have been compared to a reverse stress test where volumes would need to reduce by 20% from the base case before there is a breach of one of the covenants. If this situation was to occur the directors have noted that there are mitigating actions available to them that can be implemented prior to any potential breach. Based on the above considerations, the directors have concluded that the reverse stress scenario test is remote.

Having undertaken this work, and noted the facilities that are in place to December 2023, 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 30 June 2022. The Company benefits from a letter of support from Celsa (UK) Holdings Ltd being provided for at least the next twelve months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report.

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.

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.5 Revenue

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.

2.6 Operating leases: the company as lessee

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.

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.

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

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 land and buildings	- 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.

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.

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.13 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.

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 2020

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.

3. Turnover

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	95,845	110,913
Rest of Europe	30	15
	<u>95,875</u>	<u>110,928</u>

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Operating (loss)/profit

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

	2020	2019
	£000	£000
Depreciation of tangible fixed assets	819	393
Auditors remuneration	43	55
Operating lease rentals	957	777
CJRS grant	(473)	-
Exchange losses/(gains)	63	(58)

5. Employees

Staff costs were as follows:

	2020	2019
	£000	£000
Wages and salaries	7,326	5,935
Social security costs	685	556
Other pension costs	770	819
	8,781	7,310

Included in other pension costs are £531 thousand (2019 – £633 thousand) in respect of the defined benefit scheme.

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

	2020	2019
	No.	No.
Administration	73	67
Manufacturing	172	131
	245	198

6. 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 £14,516 (2019 – £16,210).

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Interest receivable

	2020	2019
	£000	£000
Other interest receivable on loans from associated company	119	130

8. Interest payable and similar expenses

	2020	2019
	£000	£000
Bank interest payable	340	580

9. Taxation

	2020	2019
	£000	£000
Current tax		
UK corporation tax on (loss)/profit for the year	-	119
Adjustments in respect of previous periods	(43)	-
Group tax relief	6	602
Total current tax	(37)	721
Deferred tax		
Deferred tax charge for the year	9	7
Adjustment in respect of previous periods	39	-
Relating to defined benefits scheme	-	83
Total deferred tax	48	90
Tax charge on (loss)/profit on ordinary activities	11	811

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020	2019
	£000	£000
(Loss)/profit on ordinary activities before tax	(558)	4,111
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(106)	781
Effects of:		
Expenses not deductible for tax purposes	(14)	-
Depreciation on assets ineligible for capital allowances	125	41
Adjustments to tax charge in respect of prior periods	(4)	-
Changes in tax rates	10	(11)
Total tax charge for the year	11	811

Factors that may affect future tax charges

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%.

Deferred tax should be measured at the tax rates that are expected to apply to the period when the timing difference is reversed, based on rates that have been enacted or substantively enacted by the balance sheet date. As at 31 December 2020 the rate substantively enacted for periods after 1 April 2020, when the timing differences were expected to reverse, was 19%, therefore deferred tax has been recognised at this rate.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date any deferred tax asset/liabilities recognised would need to be updated to reflect this rate change.

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. 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 2020	3,608	714	2,286	16,352	22,960
Additions	-	-	-	832	832
At 31 December 2020	3,608	714	2,286	17,184	23,792
Depreciation					
At 1 January 2020	216	78	1,233	15,670	17,197
Charge for the year	34	13	235	537	819
At 31 December 2020	250	91	1,468	16,207	18,016
Net book value					
At 31 December 2020	3,358	623	818	977	5,776
At 31 December 2019	3,392	636	1,053	682	5,763

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:

	2020 £000	2019 £000
Historical Cost	3,358	3,392
Revaluation	649	649
Net book value	4,007	4,041

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Stocks

	2020	2019
	£000	£000
Raw materials and consumables	2,468	3,040
Work in progress (goods to be sold)	196	218
Finished goods and goods for resale	2,887	2,751
	<u>5,551</u>	<u>6,009</u>

12. Debtors

	2020	2019
	£000	£000
Trade debtors	8,962	8,640
Amounts owed by group undertakings	31,273	31,623
Other debtors	310	363
Prepayments and accrued income	647	416
	<u>41,192</u>	<u>41,042</u>

Included in the amounts owed by fellow group companies is £8,695 thousand (2019 – £8,695 thousand) which is due in more than one year.

13. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	4,165	4,493
Amounts owed to group undertakings	12,579	11,622
Amounts owed to associated undertakings	933	851
Other taxation and social security	2,953	2,253
	<u>20,630</u>	<u>19,219</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 2020**

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

	2020 £000	2019 £000
Bank loans	12,195	13,260
Other provisions	832	-
	<u>13,027</u>	<u>13,260</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. Financial covenants are managed at Celsa UK Group level.

15. Deferred taxation

	2020 £000	2019 £000
At beginning of year	(45)	(38)
Charged to profit and loss account (note 9)	(48)	(7)
At end of year	<u>(93)</u>	<u>(45)</u>

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Capital allowances in advance of depreciation	(98)	(48)
Other timing differences	5	3
	<u>(93)</u>	<u>(45)</u>

16. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
21,000 (2019 - 21,000) Ordinary Shares shares of £1 each	<u>21</u>	<u>21</u>

ROM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17. 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 2020, the group bank loans and secured loans amounted to £13,629 thousand (2019 – £19,209 thousand), of which £12,195 thousand (2019 – £13,260 thousand) related to ROM Limited.

18. Defined Benefit Pensions

The pension cost for the year represents contributions payable by the company to the fund and amounted to £239 thousand (2019 – £186 thousand). At 31 December 2019 the outstanding commitment payable was £20 thousand (2019 – £16 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.

The company's total defined benefit pension cost included within the operating profit was £531 thousand (2019 – £633 thousand). The company expects contributions to be paid into the scheme, for the next accounting period to amount to £538 thousand.

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

A full actuarial review was carried out as at 31 December 2020 by a qualified independent actuary. The major assumptions used by the actuary were:

	2020	2019
Inflation (RPI)	2.9%	2.9%
Inflation (CPI)	2.1%	1.8%
Rate of increase in salaries	N/A	N/A
Rate of discount	1.4%	2.1%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.1%	1.8%
Allowance for Pension in payment increases of RPI or 5% p.a. if less	2.8%	2.8%

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Defined Benefit Pensions (continued)

The group invests in an independent pensions managed fund. The allocation of assets in the fund and the expected long term rates of return were:

	Value at	<i>Value at</i>
	2020	<i>2019</i>
	£000	<i>£000</i>
Equities	-	2,392
Corporate Bonds	1,946	1,899
Cash	84	110
Diversified Growth Asset	14,263	16,321
Property	1,731	1,856
Liability Driven Equity Investments	20,670	12,345
Total market value of assets	<u>38,694</u>	<u>34,923</u>
Present value of defined benefit obligation	<u>(37,441)</u>	<u>(33,237)</u>
Surplus in the scheme	1,253	1,686
Net pension surplus	1,253	1,686
Pension asset not recognised	<u>(1,253)</u>	<u>(1,686)</u>
Pension deficit	<u>-</u>	<u>-</u>

The following amounts have been recognised in the financial statements in the year ended 31 December 2020 and 31 December 2019 under the requirements of FRS 102:

	2020	<i>2019</i>
	£000	<i>£000</i>
Financial expenses		
Expenses	149	143
Losses due to benefit changes (GMP)	23	-
Net Interest Cost	-	4
Total financial expenses	<u>172</u>	<u>147</u>

ROM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Defined Benefit Pensions (continued)

The following amounts have been recognised in the financial statements in the year ended 31 December 2020 and 31 December 2019 under the requirements of FRS 102:

ANALYSIS OF AMOUNT RECOGNISED IN THE STATEMENT OF	2020	2019
TOTAL RECOGNISED GAINS AND LOSSES	£000	£000
Return on plan assets (excluding amounts included in the net interest cost)	3,901	4,645
Experience losses arising on the plan liabilities	242	86
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	(4,974)	(3,179)
Total actuarial (losses)/gains	(831)	1,552
Effect of changes in the amount of surplus that is not recoverable	472	(1,686)
Deferred tax movement relating to actuarial losses	-	23
Actuarial losses recognised in Statement of Total Recognised Gains/Losses	(359)	(111)

19. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£000	£000
Not later than 1 year	892	765
Later than 1 year and not later than 5 years	2,412	2,436
Later than 5 years	3,321	2,345
	6,625	5,546

20. 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.

21. 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 Catalunya Steel SL, which is a company incorporated in Spain.