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# **Celsa (Wales) Limited**

## **Report and Financial Statements**

31 December 2011

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COMPANIES HOUSE

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## Celsa (Wales) Limited

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### **Directors**

F Rubiralta Rubio

R Trias

L Sanz

X Puig

### **Secretary**

X Puig

### **Auditors**

Ernst & Young LLP

The Paragon

Counterslip

Bristol BS1 6BX

### **Registered Office**

Building 58

East Moors Road

Cardiff CF24 5NN

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

### Results and dividends

The profit for the year after taxation amounted to £17,000 (2010 – profit of £23,000) The directors do not recommend the payment of a dividend (2010 – £nil)

### Principal activity and review of the business

The company's principal activity during the year was the rental of freehold property to other group companies

The company's key financial indicator is rent of £973,000 (2010 – £982,000) and directors can foresee no significant risks for 2012

### Financial risk management objectives and policies

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

### Future developments

The directors aim to maintain the policies of the company

### 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 foreseeable future

On 1 December 2010, the Celsa group (Celsa (UK) Holdings Limited) of which this company is a part, signed a legally binding agreement with its lenders to re-finance its bank facilities On 23 February 2011, the final legal documentation for the re-financing was completed

As a result of the re-financing, the existing facilities (both long term and short term) have been renewed and are committed until December 2013

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

### Directors

The directors who served the company during the year were as follows

#### Directors

F Rubiralta Rubio

J Puiggali (Resigned 15<sup>th</sup> January 2012)

F Masip (Resigned 1<sup>st</sup> February 2012)

R Trias

L Sanz

X Puig (Appointed 1<sup>st</sup> February 2012)

## Directors' report (Continued)

### Directors' qualifying third party indemnity provision

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 the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

By order of the Board



X Puig  
Secretary

Date 20 April 2012

## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and irregularities.

## **Independent auditors' report (Continued)**

**to the members of Celsa (Wales) Limited**

We have audited the financial statements of Celsa (Wales) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Historical Cost Profits and Losses, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report (Continued)**

**to the members of Celsa (Wales) Limited**

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

We have nothing to report in respect of the following matters where 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

*Ernst & Young LLP*

Paul Mapleston (*Senior Statutory Auditor*)  
for and on behalf of Ernst & Young LLP (Statutory Auditor)  
Bristol

Date *26 April 2012*

## Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
<b>Turnover</b>	2	973	982
Administrative expenses		(240)	(598)
<b>Operating profit</b>	3	733	384
Interest payable and similar charges	6	(624)	(273)
<b>Profit on ordinary activities before taxation</b>		109	111
Tax	7	(92)	(88)
<b>Profit for the financial year</b>	14	17	23

All items dealt with in arriving at the operating profit above relate to continuing operations

## Statement of historical cost profits and losses

for the year ended 31 December 2011

	2011 £000	2010 £000
Reported profit on ordinary activities before taxation	109	111
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	81	81
Historical cost profit on ordinary activities before taxation	190	192
Historical cost profit for the year	98	104

## Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £17,000 in the year ended 31 December 2011 (2010 – profit of £23,000)



## Balance sheet

at 31 December 2011

	Notes	2011 £000	2010 £000
<b>Fixed assets</b>			
Tangible assets	8	21,215	21,455
<b>Current assets</b>			
Trade debtors	9	8,766	8,368
Cash at bank and in hand		93	92
		8,859	8,460
<b>Creditors: amounts falling due within one year</b>	10	(8,235)	(7,188)
<b>Net current assets</b>		624	1,272
<b>Total assets less current liabilities</b>		21,839	22,727
<b>Creditors: amounts falling due in more than one year</b>	11	(11,394)	(12,299)
<b>Net assets</b>		10,445	10,428
<b>Capital and reserves</b>			
Called up share capital	13	7,500	7,500
Revaluation reserve	14	2,874	2,955
Profit and loss account	14	71	(27)
<b>Shareholders' funds</b>	14	10,445	10,428

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by

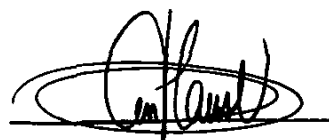


R Trias Fita  
Director

Date 20 April 2012

F Rubiralta Rubio  
Director

Date 20 April 2012

L Sanz Villares  
Director

Date 20 April 2012

## Notes to the financial statements

at 31 December 2011

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

#### *Going concern*

On 1 December 2010, the Celsa group (Celsa (UK) Holdings Limited) of which this company is a part, signed a legally binding agreement with its lenders to re-finance its bank facilities. On 23 February 2011, the final legal documentation for the re-financing was completed

As a result of the re-financing, the existing facilities (both long term and short term) have been renewed and are committed until December 2013

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

#### *Statement of cash flows*

The company has taken advantage of the exemption available under FRS 1 (revised) not to prepare a statement of cash flows

#### *Turnover*

Turnover, which is stated net of value added tax, entirely represents amounts invoiced wholly within the United Kingdom and is attributable to the renting of property

#### *Tangible fixed assets*

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows

Freehold buildings                      –                      over 10-50 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

## Notes to the financial statements

at 31 December 2011

### 1. Accounting policies (continued)

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### *Loans*

All interest-bearing loans and borrowings are initially recognized at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

### 2. Turnover

Turnover, which is stated net of value added tax, entirely represents amounts invoiced wholly within the United Kingdom and is attributable to the renting of property

### 3. Operating Profit

This is stated after charging

	2011 £000	2010 £000
Depreciation of owned fixed assets	240	239

Audit fees are borne by another group company, Celsa Manufacturing (UK) Limited

## Notes to the financial statements

at 31 December 2011

### 4. 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) has paid the remuneration to all the directors of the Group (Holding and fellow subsidiaries).

The amount apportioned for the directors giving service to this company add up to £25,361 (2010 – £24,305)

### 5. Staff costs

No staff costs were incurred by the company during the year (2010 – £nil)

### 6. Interest payable and similar charges

	2011 £000	2010 £000
Interest on bank loans	624	267
Amortised loan issue costs	–	6
	<u>624</u>	<u>273</u>

### 7. Tax

(a) Tax on profit on ordinary activities

The tax on profit on ordinary activities is made up as follows

	2011 £000	2010 £000
<i>Current tax</i>		
Group relief	92	88
<i>Deferred tax</i>		
Origination and reversal of timing differences	–	–
Tax on profit of ordinary activities	<u>92</u>	<u>88</u>

## Notes to the financial statements

at 31 December 2011

### 7. Tax (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before taxation	109	111
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	29	31
<i>Effect of</i> Expenses not deductible for tax purposes	63	57
Current tax for the year (note 7(a))	92	88

(c) Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

## Notes to the financial statements

at 31 December 2011

### 8. Tangible fixed assets

	<i>Freehold land £000</i>	<i>Buildings £000</i>	<i>Total £000</i>
Cost or valuation			
At 1 January 2011	17,604	7,175	24,779
At 31 December 2011	17,604	7,175	24,779
Depreciation			
At 1 January 2011	–	3,324	3,324
Provided during the year	–	240	240
At 31 December 2011	–	3,564	3,564
Net book value			
At 31 December 2011	17,604	3,611	21,215
At 1 January 2011	17,604	3,851	21,455

Freehold land and buildings were independently revalued on the basis of open market value by American Appraisal (UK) Ltd (MRICS) respectively in June 2003, which was the date of the last full valuation. An amount of £4,211,000 is included above in respect of these revaluations. The directors have not updated the valuation because they are not aware of any material change in value.

On the historical cost basis, land and buildings would have been included as follows

	<i>2011 £000</i>	<i>2010 £000</i>
Cost		
At 31 December 2011	20,567	20,567
Cumulative depreciation based on cost		
At 31 December 2011	2,307	2,067

KFW bank has a legal charge over the land formerly known as the Nail Factory in Tremorfa, Cardiff

### 9. Debtors

	<i>2011 £000</i>	<i>2010 £000</i>
Trade debtors	97	45
Amounts due from group undertakings	8,669	8,323
	8,766	8,368

## Notes to the financial statements

at 31 December 2011

### 10. Creditors: amounts falling due within one year

	2011 £000	2010 £000
Current instalments due on long term loan	1,105	34
Amounts due to group companies	7,130	7,135
Accruals	–	19
	<u>8,235</u>	<u>7,188</u>

### 11. Creditors: amounts falling due after more than one year

	2011 £000	2010 £000
Long term loan	<u>11,394</u>	<u>12,299</u>

### 12. Loans

	2011 £000	2010 £000
Amounts falling due		
In less than five years	6,727	5,238
In more than five years	5,772	7,146
	<u>12,499</u>	<u>12,384</u>
Less: issue costs	–	(51)
Less: included in creditors' amount falling due within one year	(1,105)	(34)
	<u>11,394</u>	<u>12,299</u>

The above loans are repayable by instalments up to 15 years. Interest is charged at market spread above LIBOR per annum. The loans are secured on the freehold interest of certain of the land and buildings held by the company.

### 13. Issued share capital

		2011 £000		2010 £000
<i>Allotted, called up and fully paid</i>	<i>No</i>		<i>No</i>	
Ordinary shares of £1 each	7,500,000	<u>7,500</u>	7,500,000	<u>7,500</u>

## Notes to the financial statements

at 31 December 2011

### 14. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At 1 January 2010	7,500	3,036	(131)	10,405
Profit for the year	–	–	23	23
Transfer in respect of depreciation on revalued land and buildings	–	(81)	81	–
At 1 January 2011	7,500	2,955	(27)	10,428
Profit for the year	–	–	17	17
Transfer in respect of depreciation on revalued land and buildings	–	(81)	81	–
At 31 December 2011	7,500	2,874	71	10,445

### 15. Re-financing

On 1 December 2010, the Celsa group (Celsa (UK) Holdings Limited) of which this company is a part, signed a legally binding agreement with its lenders to re-finance its bank facilities. On 23 February 2011, the final legal documentation for the re-financing was completed.

As a result of the re-financing, the existing facilities (both long term and short term) have been renewed and are committed for the next 10 years.

### 16. Related party transactions

The company has taken the exemption available in FRS 8 (Related Parties) to not disclose transactions with other companies that are wholly owned by the same group of companies.

### 17. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Celsa (UK) Holdings Limited, a company incorporated in England & Wales. The ultimate parent undertaking is Catalunya Steel SL, which is a company incorporated in Spain.

The smallest and largest group in which the results of the company are consolidated is that headed by Celsa (UK) Holdings Limited, whose financial statements are available from Building 58, East Moors Road, Cardiff CF24 5NN.