

Celsa (Wales) Limited

Report and Financial Statements

31 December 2009

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COMPANIES HOUSE

Celsa (Wales) Limited

Directors

F Rubiralta Rubio
J Puiggali
F Masip
R Trias
L Sanz

Secretary

R Trias

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 2009

Results and dividends

The profit for the year after taxation, amounted to £73,000 (2008 – loss of £18,000) The directors do not recommend a final dividend

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 £956,000 (2008 – £922,000) and can foresee no significant risks for 2009

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

Events since the balance sheet date

On 1st of December 2010, the Celsa group (Celsa (UK) Holdings Limited) signed a legally binding agreement with its lenders to refinance its bank facilities Key terms for the new facility are described in Note 16 and during February 2011 all documentation has been finalised and signed

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 1st of December 2010, the Celsa group (Celsa (UK) Holdings Limited) signed a legally binding agreement with its lenders to refinance its bank facilities Key terms for the new facility are described in Note 16 and during February 2011 all documentation has been finalised and signed

The directors have assessed the future funding requirements of the Group and the Company and compared them to the level of available borrowing facilities under the terms agreed with the lenders on the 1st of December 2010 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 of the company

The directors in the year and to the date of this report were as follows

F Rubiralta	(resigned 19 th May 2009)
F Rubiralta Rubio	
F Mesegue	(resigned 2 nd January 2009)
J Puiggali	
F Masip	
R Trias	
L Sanz	

Directors' report

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.

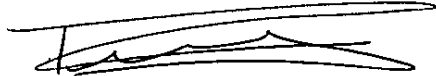
Disclosure of information to the auditors

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.

Re-appointment of 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



R Trias
Secretary

22nd FEB 2011

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.

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 may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Celsa (Wales) Limited

We have audited the financial statements of Celsa (Wales) Limited for the year ended 31 December 2009 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 18. 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 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 (APB'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.

Opinion on 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 2009 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

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

28 FEB 2011

Profit and loss account

for the year ended 31 December 2009

	Notes	2009 £000	2008 £000
Turnover	2	956	922
Administrative expenses		(356)	(319)
Operating profit	3	600	603
Bank interest receivable		1	9
Interest payable and similar charges	4	(433)	(599)
Profit on ordinary activities before taxation		168	13
Tax on profit on ordinary activities	7	(95)	(31)
Profit (loss) on ordinary activities after taxation	15	73	(18)

Statement of historical cost profits and losses

for the year ended 31 December 2009

	2009 £000	2008 £000
Reported profit on ordinary activities before taxation	168	13
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	249	94

Statement of total recognised gains and losses

for the year ended 31 December 2009

There are no recognised gains and losses other than the profit attributable of £73,000 to the shareholders' of the company for the year ended 31 December 2009 (2008 – loss of £18,000)

Balance sheet

at 31 December 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible assets	8	21,694	21,934
Current assets			
Trade debtors	9	7,986	8,244
Cash at bank and in hand		92	91
		8,078	8,335
Creditors: amounts falling due within one year	10	(9,160)	(8,137)
Net current (liabilities) assets		(1,082)	198
Total assets less current liabilities		20,612	22,132
Creditors: amounts falling due in more than one year	11,12	(10,207)	(11,800)
Net assets		10,405	10,332

Capital and reserves

Called up share capital	14,15	7,500	7,500
Revaluation reserve	15	3,036	3,118
Profit and loss account	15	(131)	(286)

Shareholders' funds

28 FEB 2011

F Rubiralta Rubio
Director

2010

R Trias
Director

2010

J Puigdoll
Director

2010

Notes to the financial statements

at 31 December 2009

1. Accounting policies

Basis of preparation

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

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 1st of December 2010, the Celsa group (Celsa (UK) Holdings Limited) signed a legally binding agreement with its lenders to refinance its bank facilities. Key terms for the new facility are described in Note 16 and during February 2011 all documentation has been finalised and signed.

The directors have assessed the future funding requirements of the Group and the Company and compared them to the level of available borrowing facilities under the terms agreed with the lenders on the 1st of December 2010. 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 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.

Depreciation

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.

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 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.

Notes to the financial statements

at 31 December 2009

1. Accounting policies (continued)

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

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

	2009 £000	2008 £000
Depreciation of owned fixed assets	240	223

Audit fees are borne by another group company

4. Interest payable

	2009 £000	2008 £000
Interest on bank loans	421	595
Amortised loan issue costs	12	4
	433	599

5. Directors' emoluments

No emoluments were paid to the directors by this company during the year (2008 – £nil), they are borne by another group company

6. Staff costs

No staff costs were incurred by the company during the year (2008 – £nil)

Notes to the financial statements

at 31 December 2009

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2009 £000	2008 £000
<i>Current tax</i>		
Group relief	95	31
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 13)	-	-
Tax on profit on ordinary activities	95	31

(b) 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 28%. The differences are explained below

	2009 £000	2008 £000
Profit on ordinary activities before taxation	168	13
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK by 28%	47	4
<i>Effect of</i>		
Depreciation in excess of capital allowances	48	-
Expenses not deductible for tax purposes	-	27
Current tax charge/(credit) for the year (note 7a)	95	31

(c) Factors that may affect future tax charges

In accordance with the requirements of FRS 19, no provision is made for deferred tax on gains recognised on revaluing freehold land and buildings to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £850,000 (2008 – £873,000). At present, it is not envisaged that any tax will become payable in the foreseeable future.

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly.

Notes to the financial statements

at 31 December 2009

8. Tangible fixed assets

	<i>Freehold land £000</i>	<i>Buildings £000</i>	<i>Total £000</i>
Cost or valuation			
At 1 January 2009	17,604	7,175	24,779
At 31 December 2009	17,604	7,175	24,779
Depreciation			
At 1 January 2009	-	2,845	2,845
Provided during the year	-	240	240
At 31 December 2009	-	3,085	3,085
Net book value			
At 31 December 2009	17,604	4,090	21,694
At 31 December 2008	17,604	4,330	21,934

Freehold land and buildings were revalued on the basis of open market value by independent external valuers, American Appraisal (UK) Limited (MRICS) in June 2003 and an amount of £4,211,000 was included in the company's 2003 financial statements in respect of this as a revaluation gain

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

	<i>2009 £000</i>	<i>2008 £000</i>
Cost		
At 31 December	20,567	20,567
Cumulative depreciation based on cost		
At 31 December	1,909	1,751

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

9. Debtors

	<i>2009 £000</i>	<i>2008 £000</i>
Trade Debtors	53	93
Prepayments	-	78
Amounts due from group undertakings	7,933	8,073
	7,986	8,244

Notes to the financial statements

at 31 December 2009

10. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Current instalments due on long term loan	1,380	424
Bank overdrafts	918	848
Amounts due to group companies	6,862	6,759
Accruals	-	106
	<u>9,160</u>	<u>8,137</u>

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

	2009 £000	2008 £000
Long term loan	<u>10,207</u>	<u>11,800</u>

12. Loans

	2009 £000	2008 £000
Amounts falling due		
In less than five years	9,100	4,243
In more than five years	2,543	8,069
	<u>11,643</u>	<u>12,312</u>
Less issue costs	(56)	(88)
Less included in creditors amount falling due within one year	<u>(1,380)</u>	<u>(424)</u>
	<u>10,207</u>	<u>11,800</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. Provisions for liabilities

The movement in deferred taxation during the current year is as follows

	2009 £000	2008 £000
At 1 January	-	-
Deferred tax charge/(credit) for the year (note 7(a))	-	-
	<u>-</u>	<u>-</u>
At 31 December	-	-

Notes to the financial statements

at 31 December 2009

14. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>2009</i>	<i>No</i>	<i>2008</i>
		<i>£000</i>		<i>£000</i>
Ordinary shares of £1 each	7,500,000	7,500	7,500,000	7,500

15. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 December 2007	7,500	3,199	(349)	10,350
Loss for the year	-	-	(18)	(18)
Transfer in respect of depreciation on revalued land and buildings	-	(81)	81	-
At 31 December 2008	7,500	3,118	(286)	10,332
Profit for the year	-	-	73	73
Transfer in respect of depreciation on revalued land and buildings	-	(82)	82	-
At 31 December 2009	7,500	3,036	(131)	10,405

16. Events since the balance sheet date

On 1st of December 2010, the Group reached agreement with its lenders on the terms to refinance its banking facilities. As a result of this agreement

- Existing facilities (both long term and short term) will be maintained and committed until at least December 2013
- The Group will receive 3 new facilities for £6 million that will mature at the end of 2011
- As part of the agreement the Group will receive a subordinated loan from a related party in Spain of €20 million

17. Related party transactions

There were no transactions with Catalunya Steel SL

The company is taking advantage of the exemption available under FRS 8, section 23, as 100 per cent of the voting rights are controlled within the Celsa UK Holdings Limited Group

Notes to the financial statements

at 31 December 2009

18. Ultimate parent company

The ultimate parent company is Celsa (UK) Holdings Limited. The ownership of Celsa (UK) Holdings Limited is vested in, 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.