

Celsa (Wales) Limited

Report and Financial Statements

Company number 04578079

31 December 2015

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COMPANIES HOUSE

Directors

L Sanz Villares

F Mesegue

A Fort

M McKillop

Secretary

X Puig

Auditors

Ernst & Young LLP

The Paragon

Counterslip

Bristol BS1 6BX

Registered Office

Building 58

East Moors Road

Cardiff CF24 5NN

Strategic Report

The directors present this strategic report for the year ended 31 December 2015.

Results and dividends

The loss for the year after taxation amounted to £87,000 (2014 – profit of £14,000). The directors do not recommend the payment of a dividend (2014 – £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 rental income of £777,000 (2014 – £891,000).

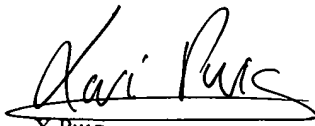
Financial risk management objectives and policies

The company's currency risk is controlled by a 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.

By order of the Board



X Puig

Secretary

Date: 26 April 2016

Directors' report

The directors present their report and financial statements for the year ended 31 December 2015.

During the year the Company transitioned from previously extant UK GAAP to FRS 102 and has taken advantage of the disclosure exemptions allowed under this standard. The Company's immediate parent undertaking, Celsa (UK) Holdings Limited, was notified of and did not object to the use of the disclosure exemptions. Details of the recognition or measurement differences arising on the adoption of FRS102 are included in note 18 to these financial statements.

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.

In July 2014, the Celsa UK group (Celsa (UK) Holdings Limited) of which this company is a part, completed the extension of its bank facilities. As a result, the existing long term facilities were renewed and are committed until December 2018.

The directors have assessed the future funding requirements of the Celsa UK Group and the Company. The assessment included a detailed review of financial forecasts and covenants for at least the twelve month period from the date of signing the accounts and a review of cash flow projections. Having undertaken this work, the directors are of the opinion that the Company and the Celsa UK Group have 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:

L Sanz Villares
F Mesegue
M McKillop
A Fort

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.

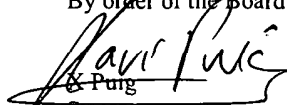
Disclosure of information to the auditors

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


& Pung
Secretary
Date: 26 April 2016

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)'.

Under company law the directors must not approve the financial statements unless they are satisfied 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report

to the members of Celsa (Wales) Limited

We have audited the financial statements of Celsa (Wales) Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Statement of Changes in Equity 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), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

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 strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; 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 strategic report and 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: *27th April 2016*

Profit and loss account

for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Turnover	4	777	891
Administrative expenses		(192)	(192)
Operating profit	5	585	699
Interest payable and similar charges	8	(645)	(658)
Interest receivable		-	29
(Loss)/profit on ordinary activities before taxation		(60)	70
Tax	9	(27)	(56)
(Loss)/profit for the financial year		(87)	14

All items dealt with in arriving at the (loss)/profit above relate to continuing operations.

Statement of total recognised gains and losses

for the year ended 31 December 2015

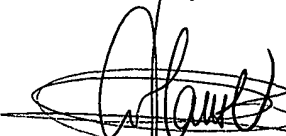
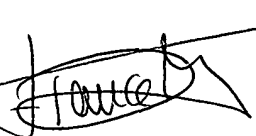
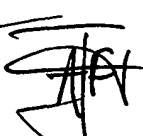

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £87,000 in the year ended 31 December 2015 (2014 – profit of £14,000).

Balance Sheet

at 31 December 2015

	Notes	2015 £000	2014 £000
Fixed assets			
Tangible assets	10	20,474	20,666
Current assets			
Debtors	11	9,111	9,104
Cash at bank and in hand		125	163
		9,236	9,267
Creditors: amounts falling due within one year	12	(7,826)	(7,643)
Net current assets		1,410	1,624
Total assets less current liabilities		21,884	22,290
Creditors: amounts falling due in more than one year	13	(11,543)	(11,862)
Net assets		10,341	10,428
Capital and reserves			
Called up share capital	15	7,500	7,500
Revaluation reserve		2,550	2,631
Profit and loss account		291	297
Shareholders' funds		10,341	10,428

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

			
L Sanz Villares	F Mesegue	A Fort	M Mckillop
Director	Director	Director	Director
Date: 26 April 2016	Date: 26 April 2016	Date: 26 April 2016	Date: 26 April 2016

Statement of changes in equity

for the year ended 31 December 2015

	<i>Notes</i>	<i>Share capital £'000</i>	<i>Revaluation reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 January 2014		7,500	2,712	202	10,414
Profit for the year		-	-	14	14
Transfer in respect of depreciation on revalued land and buildings	10	-	(81)	81	-
At 1 January 2015		7,500	2,631	297	10,428
Loss for the year		-	-	(87)	(87)
Transfer in respect of depreciation on revalued land and buildings	10	-	(81)	81	-
At 31 December 2015		7,500	2,550	291	10,341

Notes to the financial statements

at 31 December 2015

1. General Information

Celsa (Wales) Limited ('the company') is a private company limited by shares and is incorporated and domiciled in Wales. The address of its registered office is Building 58, East Moors Road, Cardiff.

2. Statement of compliance

The individual financial statements of Celsa (Wales) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 18.

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future.

In 2014, the Celsa UK group (Celsa (UK) Holdings Limited) of which this company is a part, completed the extension of its bank facilities. As a result, the existing long term facilities were renewed and are committed until December 2018.

The directors have assessed the future funding requirements of the Celsa UK Group and the Company. The assessment included a detailed review of financial forecasts and covenants for at least the twelve month period from the date of signing the accounts and a review of cash flow projections. Having undertaken this work, the directors are of the opinion that the Company and the Celsa UK Group have 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.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following exemptions:

- (i) preparing a statement of cash flows under FRS 102 paragraph 1.12(b)
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29.

Turnover

Turnover, 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.

Notes to the financial statements

at 31 December 2015

3. Summary of significant accounting policies (continued)

Tangible fixed assets

Freehold land and buildings are measured at deemed cost (historical cost adjusted for revaluation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation 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.

Land is not depreciated.

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 exception:

- 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.

Complex Financial Instruments

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives, as it does not have any of these instruments in either the current or prior period.

Basic financial instruments

(i) Financial assets

Financial assets, including trade and other receivables, amounts due from group companies, cash and bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

Notes to the financial statements

at 31 December 2015

3. Summary of significant accounting policies (continued)

Basic financial instruments (continued)

(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.

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.

4. 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.

5. Operating profit

This is stated after charging:

	2015 £000	2014 £000
Depreciation of owned fixed assets	192	192

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

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) has 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: £26,800 (2014 – £34,581).

7. Staff costs

No staff costs were incurred by the company during the year (2014 – £nil).

Notes to the financial statements

at 31 December 2015

8. Interest payable and similar charges

	2015 £000	2014 £000
Interest on bank loans	645	658

9. Tax

(a) Tax on (loss)/profit on ordinary activities

The tax charge is made up as follows:

	2015 £000	2014 £000
<i>Current tax:</i>		
Group relief	27	56
Tax on (loss)/profit on ordinary activities	27	56

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%). The differences are explained below:

	2015 £000	2014 £000
(Loss)/profit on ordinary activities before taxation	(60)	70
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%)	(12)	15
<i>Effect of:</i>		
Depreciation in excess of capital allowances	39	41
Total tax for the year (note 9(a))	27	56

(c) Factors that may affect future tax charges

A reduction in the corporation tax rate from 20% to 19% (effective from 1 April 2017) and a further reduction to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. Furthermore, the Chancellor of the Exchequer announced on 16 March 2016 that the corporation tax rate would reduce to 17%, effective from 1 April 2020. As this rate has not yet been substantively enacted it has not been reflected within the deferred tax calculation.

Notes to the financial statements

at 31 December 2015

10. Tangible fixed assets

	<i>Freehold land £000</i>	<i>Buildings £000</i>	<i>Total £000</i>
Cost or valuation:			
At 1 January 2015	17,604	7,245	24,849
At 31 December 2015	17,604	7,245	24,849
Depreciation:			
At 1 January 2015	-	4,183	4,183
Provided during the year	-	192	192
At 31 December 2015	-	4,375	4,375
Net book value:			
At 31 December 2015	17,604	2,870	20,474
At 1 January 2015	17,604	3,062	20,666

The company applied the transitional arrangements of Section 35 of FRS 102 and used a previous valuation as the deemed cost for the freehold land and buildings. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings.

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

Analysis of the land and buildings valued at the date of transition to FRS 102 using the deemed cost exemption:

	<i>2015 £'000</i>	<i>2014 £'000</i>
Historical cost equivalent	17,924	18,035
Revaluation	2,550	2,631
Net book value	20,474	20,666

Notes to the financial statements

at 31 December 2015

11. Debtors

	2015 £000	2014 £000
Trade debtors	-	33
Amounts due from group undertakings	9,110	9,071
Prepayments and accrued income	1	-
	<u>9,111</u>	<u>9,104</u>

12. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Current instalments due on long term loan	614	456
Amounts due to group companies	7,129	7,187
Deferred income	83	-
	<u>7,826</u>	<u>7,643</u>

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

	2015 £000	2014 £000
Long term loan	<u>11,543</u>	<u>11,862</u>

14. Loans

	2015 £000	2014 £000
Amounts falling due:		
In less than five years	12,157	12,318
Less: included in creditors: amount falling due within one year	(614)	(456)
	<u>11,543</u>	<u>11,862</u>

The above loans are repayable by instalments up to December 2018. 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.

Notes to the financial statements

at 31 December 2015

15. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.000's</i>	<i>2015 £000</i>	<i>No.000's</i>	<i>2014 £000</i>
Ordinary shares of £1 each	7,500	7,500	7,500	7,500
B Ordinary shares of £1 each	-	-	-	-

A single £1 B Ordinary share was allotted on 27 March 2013. The B Share shall not confer on the holder thereof any right to attend or speak or vote at a general meeting other than a general meeting at which any resolution relating to any restricted matter is proposed. There is no right to participate in any dividend. On a return of capital the assets available for distribution to the shareholders shall first be applied in paying to the holder of the B share a sum equal to the amount of its subscription price. The B share is not redeemable.

16. 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.

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 and controlling party 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.

18. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. There have been no adjustments made as a result of the transition to FRS 102.