Celsa (Wales) Limited

Report and Financial Statements

Company number 04578079

31 December 2014

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 2014.

Results and dividends

The profit for the year after taxation amounted to £14,000 (2013 – loss of £51,000). The directors do not recommend the payment of a dividend (2013 – £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 £891,000 (2013 – £900,000) and the directors can foresee no significant risks for 2015.

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

Xavi Puig

X Puig
Secretary
Date: 29 April 2015

Directors' report

The directors present their report and financial statements for the year ended 31December 2014.

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 have been 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

X Puig
Secretary
Date: 29 April 2015

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 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 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 2014 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 16. 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 strategic report and 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 2014 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 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: 29/4/15

Profit and loss account

for the year ended 31 December 2014

	Notes	*2014* *£000*	*2013* *£000*
Turnover	2	891	900
Administrative expenses		(192)	(187)
Operating profit	3	699	713
Interest payable and similar charges	6	(658)	(722)
Interest receivable		29	-
Profit/(loss) on ordinary activities before taxation		70	(9)
Tax	7	(56)	(42)
Profit/(loss) for the financial year	14	14	(51)

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

Statement of historical cost profits and losses

for the year ended 31 December 2014

	2014 *£000*	*2013* *£000*
Reported profit/(loss) on ordinary activities before taxation	70	(9)
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	151	72
Historical cost profit for the year	95	30

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £14,000 in the year ended 31 December 2014 (2013 – loss of £51,000).

Balance Sheet
at 31 December 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	8	20,666	20,836
Current assets			
Debtors	9	9,104	8,970
Cash at bank and in hand		163	119
		9,267	9,089
Creditors: amounts falling due within one year	10	(7,643)	(7,894)
Net current assets		1,624	1,195
Total assets less current liabilities		22,290	22,031
Creditors: amounts falling due in more than one year	11	(11,862)	(11,617)
Net assets		10,428	10,414
Capital and reserves			
Called up share capital	13	7,500	7,500
Revaluation reserve	14	2,631	2,712
Profit and loss account	14	297	202
Shareholders' funds	14	10,428	10,414

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 24 April 2015	Date 24 April 2015	Date 24 April 2015	Date 24 April 2015

Notes to the financial statements

at 31 December 2014

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

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 have been 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.

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.

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.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Deferred taxation (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.

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:

	2014	*2013*
	£000	*£000*
Depreciation of owned fixed assets	192	187

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

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 (Holdings and fellow subsidiaries).

The amount apportioned for the directors giving service to this company add up to: £34,581 (2013 – £27,153).

5. Staff costs

No staff costs were incurred by the company during the year (2013 – £nil).

Notes to the financial statements

at 31 December 2014

6. Interest payable and similar charges

	2014	2013
	£000	£000
Interest on bank loans	658	722
	658	722

7. Tax

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

The tax charge is made up as follows:

	2014	2013
	£000	£000
Current tax:		
Group relief	56	42
Tax on profit/(loss) of ordinary activities	56	42

(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 21.5% (2013 – 23.25%). The differences are explained below:

	2014	2013
	£000	£000
Profit/(loss) on ordinary activities before taxation	70	(9)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	15	(2)
Effect of:		
Expenses not deductible for tax purposes	-	44
Depreciation in excess of capital allowances	41	-
Current tax for the year (note 7(a))	56	42

Notes to the financial statements

at 31 December 2014

7. Tax (continued)

(c) Factors that may affect future tax charges

Reductions in the corporate tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted in July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% which was substantively enacted at the balance sheet date to apply from 1 April 2015. Reversals prior to this date have not been quantified as they are not expected to have a material impact in the accounts.

8. Tangible fixed assets

	Freehold land	*Buildings*	*Total*
	£000	*£000*	*£000*
Cost or valuation:			
At 1 January 2014	17,604	7,223	24,827
Additions	-	22	22
At 31 December 2014	17,604	7,245	24,849
Depreciation:			
At 1 January 2014	-	3,991	3,991
Provided during the year	-	192	192
At 31 December 2014	-	4,183	4,183
Net book value:			
At 31 December 2014	17,604	3,062	20,666
At 1 January 2014	17,604	3,232	20,836

Freehold land and buildings were independently revalued on the basis of open market value by American Appraisal (UK) Ltd (MRICS) 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:

	2014	*2013*
	£000	*£000*
Cost:		
At 31 December	20,636	20,614
Cumulative depreciation based on cost:		
At 31 December	2,600	2,489

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

Notes to the financial statements

at 31 December 2014

9. Debtors

	2014	*2013*
	£000	*£000*
Trade debtors	33	29
Amounts due from group undertakings	9,071	8,941
	9,104	8,970

10. Creditors: amounts falling due within one year

	2014	*2013*
	£000	*£000*
Current instalments due on long term loan	456	765
Amounts due to group companies	7,187	7,129
	7,643	7,894

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

	2014	*2013*
	£000	*£000*
Long term loan	11,862	11,617

12. Loans

	2014	*2013*
	£000	*£000*
Amounts falling due:		
In less than five years	12,318	12,382
	12,318	12,382
Less: included in creditors: amount falling due within one year	(456)	(765)
	11,862	11,617

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.

During the course of 2014, the maturities of the Term Loan Facilities have been extended, at broadly their existing levels, from December 2015 to December 2018.

Notes to the financial statements

at 31 December 2013

13. Issued share capital

Allotted, called up and fully paid	*No.000's*	*2014* *£000*	*No.000's*	*2013* *£000*
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.

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 2013	7,500	2,793	172	10,465
Loss for the year	–	–	(51)	(51)
Transfer in respect of depreciation on revalued land and buildings	–	(81)	81	–
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	-	(81)	81	-
At 31 December 2014	7,500	2,631	297	10,428

15. 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.

16. 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.