Registered number: 04578086

CELSA (UK) HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CELSA (UK) HOLDINGS LIMITED

COMPANY INFORMATION

Directors	L Sanz Villares F Mesegue A Fort M McKillop C Rovira Caroz (appointed 1 January 2022)
Company secretary	H Arnold
Registered number	04578086
Registered office	Building 58 East Moors Road Cardiff CF24 5NN
Independent auditors	Ernst & Young LLP Statutory Auditor The Paragon Counterslip Bristol BS1 6BX

CELSA (UK) HOLDINGS LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report and financial statements for the year ended 31 December 2021.

Business review

The group's key financial indicator is EBITDA which was £50.0 million (*2020 £11.9 million*). EBITDA in 2020 was impacted by the COVID-19 pandemic.

Turnover was £678 million (*2020 – £450 million*). The increase year on year is due to both slightly higher volumes and higher pricing.

The group is mainly focused on the domestic market and an analysis of turnover by geographical market is as follows:

	2021	2020
	£000	£000
UK domestic sales	**582,043**	*357,784*
Export	**95,799**	*92,694*

Principal risks and uncertainties

The company's and group's exposure to the price of raw materials is important; therefore purchase strategies are monitored regularly as well as selling prices.

Coronavirus pandemic (COVID-19)

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

The group's strategy remains the same but key financial indicators were significantly impacted as a direct result of the pandemic during 2020. The pandemic saw minimal impact on the financial indicators during 2021. The group continues to manage risks and financial indicators.

As a direct result of COVID-19, the group amended its current lending facility in 2020 with its lenders and introduced a new lender with all facilities being committed to 2023. This financial support provides the group with a financial platform to enable it to continue executing its existing business strategy.

Withdrawal of UK from European Union (BREXIT)

On the 31 December 2020 the transition period between the UK and the EU ended and new rules on exports, imports, tariffs, data and hiring were introduced. For the group a significant proportion of turnover and the supply chain is UK domestic, which reduces the impact of Brexit.

Financial risk management objectives and policies

Foreign currency risk

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

Financial risk management objectives and policies (continued)

Interest rate risk

The company's and group's policy is to manage its cost of borrowing using a mix of debt types.

Credit risk

The company's and group's policy is to insure its trade debtors and exercise strong credit control procedures.

Price risk

The company's and group's products are subject to changing market prices at both selling and purchasing level. It manages this risk by striving to be a low cost producer. During recent months energy prices and other input costs have been volatile and seen significant increases. The company and group continually monitors commodity markets to minimise the impact of any future volatility of all input costs.

Liquidity risk

The company and group aims to mitigate liquidity risk by managing cash generation by its operations, and applying cash collection targets. Investment is carefully controlled, with authorisation limits operating at board level and cash payback periods applied as part of the investment appraisal process.

Section 172 Statement

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

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

F Mesegue
Director

Date: 29 March 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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 and group can continue in operational existence for the period through to 30 June 2023.

In December 2018, the Celsa UK Group (Celsa (UK) Holdings Limited) renewed its Term Loan and Asset Based Lending (ABL) facilities. As a result, both facilities are committed until December 2023. During 2020, as a direct result of the COVID-19 pandemic, the Celsa UK Group introduced a new lender with an additional facility committed to June 2023. The company is part of the guaranteeing group for these facilities and therefore the directors have considered going concern from a group-wide perspective. The financial covenants linked to debt facilities are managed at the parent level. The main financial covenants linked to the Celsa UK debt facilities are debt leverage, interest coverage and a fixed charge cover ratio.

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, covenants and cash flow projections over the period to June 2023. Having undertaken this work, the directors are of the opinion that the Company and the Celsa UK Group have access to adequate resources to continue in operational existence for the period through to 30 June 2023. The group benefits from a letter of support from Celsa (UK) Holdings Ltd being provided from the date of signing the financial statements through to June 2023. Accordingly, the group continues to adopt the going concern basis in preparing the annual report.

Principal activity

The group's principal activity during the year is the manufacture and sale of steel long products.

The company's principal activity during the year was as the holding company for the Celsa UK group of companies.

Results and dividends

The group total operating profit for the year amounted to £30,998 thousand *(2020 - loss of £11,998 thousand)*.

The directors do not recommend a dividend *(2020 - £nil)*.

Directors

The directors who served during the year were:

L Sanz Villares
F Mesegue
A Fort
M McKillop

Environmental matters

The company and group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to minimise any harm that might be caused by the group's activities. The company and group operates an Environmental Management System that is certified to ISO 14001 which it has now maintained for the sixteenth year.

Future developments

The directors aim to maintain the policies of the company.

The company is fully committed to develop the Total Quality Management approach across the organisation.

The company continues to commit resources to the development of new products and processes where this activity is necessary to the evolution of its business and in order to keep it technologically in the forefront of the marketplace.

Research and development activities

Research and development cost relate to the development of new products.

Capital investment

During 2021 there have been no significant capital investments.

Engagement with employees

During the year employees have been regularly briefed on progress on group, company and departmental goals and targets; productive performance; market conditions, and points for action through the company team briefing procedure.

Annual meetings are held between management and employee representatives. Matters concerning the company's and the group's performance such as production, productivity and quality, trading performance, and capital investment are discussed, together with matters of general interest to employees such as company and group policies and procedures, health, safety and environmental issues, and welfare matters.

Employees are also encouraged to be involved in performance improvement projects through team working and other departmental improvement activities.

The company and group operate a Safety Management System that is certified to OHSAS 18001 which it has now maintained for the twelfth year. The full commitment to the Health and Safety policy is a priority for all employees across the company and the group.

Disabled employees

The company and group give full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's and the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

Engagement with stakeholders

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

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Greenhouse gas emissions, energy consumption and energy efficiency action

The company produces steel from scrap metal using an electric arc furnace (EAF) process. As a result of using recycled source materials and advantages inherent in the use of an EAF, the company is over 80% less carbon-intensive than steel produced in a blast furnace using virgin materials.

The Group's greenhouse gas emissions and energy consumption for the year are 208,548 tCO2e (*2020: 204,793 tCO2e*) and 992,579 mWh (*2020: 914,931 mWh*). Metrics in 2020 were impacted by Covid-19.

Celsa (UK) Holdings Limited have followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol - Corporate Standard. The Company has used the 2021 UK Government's Conversion Factors for Company Reporting and used an operational approach to define the boundary and scopes.

The primary source for all energy consumption is supplier invoices purchasing records and UK ETS reported data. There is an estimated mileage for grey fleet for the financial year based on mileage claim records for April 20 to March 21.

CELSA UK has increased its efforts in optimising the efficiency of the steel making process over the past year. Challenging targets were set across all production units regarding their use of electricity and gas usage, which has helped increase awareness around energy consumption.

Some of the areas of focus for energy efficiency improvements for 2021 include:
• Compressed air system optimization
• Optimization of hot charging where possible
• Internal high-level gas reduction project leading into 2022
• Publication of Net Zero by 2030 Pathway document
• Internal high-level project implementing process efficiency step of Net Zero Pathway document, focusing heavily on optimization of energy usage.

The chosen intensity measurement ratio is 0.22 (*2020: 0.24*) total gross emissions in metric tonnes CO2e per tonne.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

F Mesegue
Director

Date: 29 March 2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of CELSA (UK) HOLDINGS LIMITED ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 26 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2021 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period through to 30 June 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the group and company has to comply with laws and regulations to its operations, including health and safety and GDPR.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Bristol, UK
30 March 2022

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	*2020* *£000*
Turnover	3	**677,842**	*450,478*
Change in stocks of finished goods and work in progress		**58,049**	*(19,471)*
Raw materials and consumables		**(518,305)**	*(270,426)*
Other external charges		**(110,649)**	*(94,632)*
Staff costs	5	**(56,940)**	*(54,054)*
Amortisation	4	**(1,982)**	*(1,989)*
Depreciation	12	**(21,232)**	*(20,015)*
Gross profit/(loss)	4	**26,783**	*(10,109)*
Share of operating profit in associate		**4,215**	*1,011*
Exceptional other operating expenses	22	**-**	*(2,900)*
Operating profit/(loss)	4	**30,998**	*(11,998)*
Interest receivable and similar income		**3**	*4*
Interest payable and similar expenses	7	**(8,594)**	*(7,544)*
Profit/(loss) before tax		**22,407**	*(19,538)*
Amortisation of financing costs		**(2,758)**	*(2,094)*
Profit/(loss) on ordinary activities before taxation		**19,649**	*(21,632)*
Tax on profit/(loss)	8	**1,629**	*(1,615)*
Profit/(loss) for the financial year		**21,278**	*(23,247)*
Profit/(loss) for the year attributable to:			
Non-controlling interests		**3,434**	*(480)*
Owners of the parent company		**17,844**	*(22,767)*
Adjusted cash net income*		**47,432**	*2,971*

The notes on pages 19 to 42 form part of these financial statements.

*Adjusted cash net income is the profit/(loss) on ordinary activities before taxation adjusted by the non-cash charges included in the profit and loss account (i.e. amortisation, depreciation, amortisation of financing costs and accrued capitalised interest).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	*2020* *£000*
Reported profit/(loss) on activities after taxation			
Group		**18,473**	*(23,305)*
Associates		**2,805**	*58*
Foreign exchange loss on retranslation of associate investments	13	**(379)**	*(205)*
Deferred tax movement on revaluation of assets		**816**	-
Actuarial loss on defined benefit schemes	23	**(335)**	*(359)*
Deferred tax gain relating to actuarial losses	23	**84**	-
Total comprehensive income for the year		**21,464**	*(23,811)*

The notes on pages 19 to 42 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £000		2020 £000
Fixed assets					
Intangible assets	11		**13,474**		*15,240*
Tangible assets	12		**202,896**		*205,472*
Investments	13		**7,375**		*4,949*
			223,745		*225,661*
Current assets					
Stocks	14	**137,789**		*72,527*	
Debtors	15	**129,562**		*98,848*	
Cash at bank and in hand		**31,523**		*33,704*	
		298,874		*205,079*	
Creditors: amounts falling due within one year	16	**(222,629)**		*(175,278)*	
Net current assets			**76,245**		*29,801*
Total assets less current liabilities			**299,990**		*255,462*
Creditors: amounts falling due after more than one year	17		**(198,387)**		*(175,323)*
Net assets			**101,603**		*80,139*
Capital and reserves					
Called up share capital	21		**130,429**		*130,429*
Share premium account	21		**27,638**		*27,638*
Revaluation reserve			**23,158**		*25,702*
Foreign exchange reserve			**(391)**		*(12)*
Profit and loss account			**(97,710)**		*(118,663)*
Shareholders' funds			**83,124**		*65,094*
Non-controlling interests			**18,479**		*15,045*
			101,603		*80,139*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2022.

L Sanz Villares	**F Mesegue**	**A Fort**	**M McKillop**
Director	Director	Director	Director

CELSA (UK) HOLDINGS LIMITED
REGISTERED NUMBER:04578086

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £000		*2020 £000*
Fixed assets					
Investments	13		**103,635**		*103,635*
Current assets					
Debtors	15	**66,687**		*69,709*	
Bank current accounts		**55**		*76*	
		66,742		*69,785*	
Creditors: amounts falling due within one year	16	**(27,030)**		*(26,489)*	
Net current assets			**39,712**		*43,296*
Net assets			**143,347**		*146,931*
Capital and reserves					
Called up share capital	21		**130,429**		*130,429*
Share premium account	21		**27,638**		*27,638*
Profit and loss account			**(14,720)**		*(11,136)*
			143,347		*146,931*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2022.

L Sanz Villares	**F Mesegue**	**A Fort**	**M McKillop**
Director	Director	Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Reval-uation reserve	Foreign exch. reserve	Profit and loss account	NCI	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2020	**130,429**	**-**	**29,033**	**192**	**(98,971)**	**15,525**	**76,208**
Loss for the year	-	-	-	-	(22,767)	(480)	(23,247)
Actuarial losses on pension scheme	-	-	-	-	(359)	-	(359)
Deferred tax movement on revaluation of assets	-	-	103	-	-	-	103
Transfer in respect of depreciation on revalued assets	-	-	(3,434)	-	3,434	-	-
Loss on retranslation of investments	-	-	-	(204)	-	-	(204)
Shares issued during the year	-	27,638	-	-	-	-	27,638
At 1 January 2021	**130,429**	**27,638**	**25,702**	**(12)**	**(118,663)**	**15,045**	**80,139**
Profit for the year	-	-	-	-	17,844	3,434	21,278
Actuarial losses on pension scheme	-	-	-	-	(251)	-	(251)
Deferred tax movement on revaluation of assets	-	-	816	-	-	-	816
Transfer in respect of depreciation on revalued assets	-	-	(3,360)	-	3,360	-	-
Loss on retranslation of investments	-	-	-	(379)	-	-	(379)
At 31 December 2021	**130,429**	**27,638**	**23,158**	**(391)**	**(97,710)**	**18,479**	**101,603**

The notes on pages 19 to 42 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	**130,429**	**-**	**(5,624)**	**124,805**
Loss for the year	-	-	(5,512)	(5,512)
Contributions by and distributions to owners				
Shares issued during the year	-	27,638	-	27,638
At 1 January 2021	**130,429**	**27,638**	**(11,136)**	**146,931**
Loss for the year	-	-	(3,584)	(3,584)
At 31 December 2021	**130,429**	**27,638**	**(14,720)**	**143,347**

The notes on pages 19 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	21,278	(23,247)
Adjustments for:		
Taxation	(1,629)	1,615
Amortisation of financing costs	2,758	2,094
Net interest expense	8,591	7,540
Exceptional costs	-	2,900
Income from interests in associated undertakings	(4,215)	(1,011)
Depreciation of tangible assets	21,232	20,015
Amortisation of intangible assets	1,982	1,989
Profit on disposal of tangible assets	34	-
Difference between pension charge and contributions	(251)	(359)
(Increase)/decrease in stocks	(65,262)	17,699
(Increase)/decrease in debtors and prepayments	(25,905)	(8,340)
Increase/(decrease) in creditors	40,677	(28,877)
Corporation tax (paid)/received	(1,784)	53
Net cash used in operating activities	(2,494)	(7,929)
Cash flows from investing activities		
Purchase of tangible fixed assets	(18,690)	(11,412)
Dividends received from associate	607	577
Net cash used in investing activities	(18,083)	(10,835)
Cash flows from financing activities		
Receipt of term loans	-	34,780
Repayment of term loans	(11,593)	-
Interest paid	(6,772)	(7,019)
Movement in other financing facilities	36,761	(3,380)
Net cash generated from financing activities	18,396	24,381
Net (decrease)/increase in cash and cash equivalents	(2,181)	5,617

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £000	*2020 £000*
Cash and cash equivalents at beginning of year	**33,704**	*28,087*
Cash and cash equivalents at the end of year	**31,523**	*33,704*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**31,523**	*33,704*

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

	At 1 January 2021 £000	Cash flows £000	Other movements £000	At 31 December 2021 £000
Cash at bank and in hand	33,704	(2,181)	-	31,523
Debt due within 1 year	(11,593)	11,593	(16,520)	(16,520)
Debt due after 1 year	(159,070)	(36,761)	13,762	(182,069)
	(136,959)	(27,349)	(2,758)	(167,066)

The notes on pages 19 to 42 form part of these financial statements.

1. General information

Celsa (UK) Holdings 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, CF24 5NN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company and group can continue in operational existence for the period through to 30 June 2023.

In December 2018, the Celsa UK Group (Celsa (UK) Holdings Limited) renewed its Term Loan and Asset Based Lending (ABL) facilities. As a result, both facilities are committed until December 2023. During 2020, as a direct result of the COVID-19 pandemic, the Celsa UK Group introduced a new lender with an additional facility committed to June 2023. The company is part of the guaranteeing group for these facilities and therefore the directors have considered going concern from a group-wide perspective. The financial covenants linked to debt facilities are managed at the parent level. The main financial covenants linked to the Celsa UK debt facilities are debt leverage, interest coverage and a fixed charge cover ratio.

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, covenants and cash flow projections over the period to June 2023. Having undertaken this work, the directors are of the opinion that the Company and the Celsa UK Group have access to adequate resources to continue in operational existence for the period through to 30 June 2023. The group benefits from a letter of support from Celsa (UK) Holdings Ltd being provided from the date of signing the financial statements through to June 2023. Accordingly, the group continues to adopt the going concern basis in preparing the annual report.

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

2.5 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and non-UK group companies and is attributable to the manufacture and sale of steel products. Turnover is recognised upon shipment.

2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2. Accounting policies (continued)

2.7 Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

2.9 Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatments of certain items for taxation and accounting purposes.

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.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Profit and Loss Account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	- 10 - 50 years
Leasehold buildings	- 10 - 50 years
Plant and machinery	- 3 - 30 years
Fixtures and fittings	- 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets in course of construction are not depreciated until the project is completed and the assets are commissioned.

2.13 Revaluation of tangible fixed assets

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. The decrease of an asset's carrying amount as a result of a revaluation shall be recognised in equity to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. If a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Associated undertakings

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Profit and Loss Account includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets.

2. Accounting policies (continued)

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Pensions

The group operates a defined contribution scheme. Contributions are charged to the profit and loss account as they fall due.

Rom Group Limited is a subsidiary of Celsa (UK) Holdings Limited. Rom Limited, a subsidiary of Rom Group Limited, operates a defined benefit pension scheme as described below:

Rom Limited operates a contracted-out funded defined benefit pension scheme for all employees. The scheme funds are administered by the trustees and are independent of the company's and group's finances. Employees from other companies within the Rom Group participate in the scheme.

Pension scheme assets are measured at fair values and liabilities on an actuarial basis using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The increase in the present value of the liabilities expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of comprehensive income and expenditure.

Pension schemes' surpluses, to the extent they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

A surplus is considered recoverable to the extent the company can recover that surplus through reduced contributions in the future or through refunds from the plan.

2.19 Capitalised finance cost

Interest occurring on borrowings to finance specific capital projects is capitalised, gross of tax related credits until completion of the project. It also includes any accrued interest in addition to the cash paid interest on the borrowings.

2. Accounting policies (continued)

2.20 Deferred financing costs

Financing costs incurred on refinancing borrowings are deferred and amortised over the life of the borrowings.

2.21 Basic financial instruments

(i) Financial assets

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

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

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

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

(ii) Financial liabilities

Financial liabilities, including bank loans and loan amounts due to group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and non-UK group companies and is attributable to the manufacture and sale of steel products.

Analysis of turnover by country of destination:

	2021	*2020*
	£000	*£000*
United Kingdom	**582,043**	*357,784*
Rest of Europe	**95,799**	*92,694*
	677,842	*450,478*

4. Operating profit/(loss)

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

	2021 £000	2020 £000
Net foreign exchange (gains)/losses	(7)	4,334
Operating lease rentals	4,673	3,582
Amortisation of intangible fixed assets and associate goodwill (note 11 and 13)	1,982	1,989
Coronavirus job retention scheme grant	(144)	(2,569)
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	363	327

5. Employees

Staff costs were as follows:

	Group 2021 £000	Group 2020 £000
Wages and salaries	50,101	47,418
Social security costs	4,576	4,343
Cost of defined contribution scheme	2,263	2,293
	56,940	54,054

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

	2021 No.	2020 No.
Administration	401	387
Manufacturing	1,106	1,147
	1,507	1,534

6. Directors' remuneration

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 £134,648 (*2020 – £156,551*).

The total paid to directors of the group and its subsidiaries was £454,226 (*2020 – £527,870*).

The highest paid director received £235,212 (*2020 – £272,985*). No payments were made into directors' pension funds by the group.

7. Interest payable and similar expenses

	2021 £000	*2020 £000*
Bank interest payable	**8,586**	*7,528*
Share of associates interest	**8**	*16*
	8,594	*7,544*

The interest payable charge of £8,586 thousand includes £1,811 thousand (*2020 - £505 thousand*) of accrued capitalised interest. In 2020 a long-term group loan was converted into equity where the accrued capitalised interest was part of the consideration.

8. Taxation

	2021 £000	*2020 £000*
Current tax		
Corporation tax on profit/(loss) for the year	**3,776**	*141*
Adjustments in respect of previous periods	**(330)**	*1,041*
Total current tax charge	**3,446**	*1,182*
Deferred tax		
Deferred tax credit for the year	**(5,124)**	*(1,075)*
Adjustment in respect of previous periods	**49**	*1,508*
Total deferred tax (credit)/charge	**(5,075)**	*433*
Tax (credit)/charge on profit/(loss) on ordinary activities	**(1,629)**	*1,615*

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021 £000	*2020* *£000*
Profit/(loss) on ordinary activities before tax	**19,649**	*(21,632)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**3,733**	*(4,110)*
Effects of:		
Expenses not deductible for tax purposes	**748**	*333*
Depreciation on assets ineligible for capital allowances	**1,224**	*1,106*
Deferred tax not provided	**(3,354)**	*3,049*
Changes in tax rates	**(3,699)**	*(1,202)*
Adjustments to tax charge in respect of prior periods	**(281)**	*2,549*
Non-taxable income	**-**	*(110)*
Total tax (credit)/charge for the year	**(1,629)**	*1,615*

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID- 19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and hence have been reflected in the measurement of the deferred tax assets OR liabilities balance at the period end.

9. Deferred Taxation

		2021 £000	*2020 £000*
Group			
At beginning of year		**7,792**	*8,122*
Credited/(charged) to profit and loss account	8	**5,075**	*(433)*
Credited to other comprehensive income		**816**	*103*
Deferred tax credit related to actuarial losses	23	**84**	*-*
At end of year		**13,767**	*7,792*

The deferred tax asset is made up as follows:

	2021 £000	*2020 £000*
Capital allowances in advance of depreciation	**(15,697)**	*(13,241)*
Revaluation of assets	**(6,188)**	*(5,323)*
Tax losses carried forward	**35,573**	*23,115*
Other timing differences	**79**	*3,241*
	13,767	*7,792*

10. Loss attributable to members of the parent company

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The loss after tax of the parent company for the year was £3,584 *(2020 - loss £5,512 thousand).*

11. *Intangible assets*

Group and Company

	Product development & licence costs £000	Goodwill £000	Total £000
Cost			
At 1 January 2021	6,436	35,464	41,900
At 31 December 2021	6,436	35,464	41,900
Amortisation			
At 1 January 2021	6,436	20,224	26,660
Charge for the year	-	1,766	1,766
At 31 December 2021	6,436	21,990	28,426
Net book value			
At 31 December 2021	-	13,474	13,474
At 31 December 2020	-	*15,240*	*15,240*

Product development costs have been written off in equal annual instalments over the estimated economic life of 5 years. Product development amortisation begins on the commencement of the sale of the relevant products.

Goodwill relates to the acquisition of BRC Limited, Rom Group Limited and Express Reinforcements Limited.

Goodwill is being amortised over the directors' estimate of its useful economic life of twenty years.

12. Tangible fixed assets

Group

	Freehold land and buildings £000	Plant and machinery £000	Leasehold buildings £000	Assets in course of construction £000	Total £000
Cost or valuation					
At 1 January 2021	**70,838**	**282,750**	**4,772**	**4,304**	**362,664**
Additions	-	**16,061**	-	**2,629**	**18,690**
Disposals	-	**(1,183)**	-	-	**(1,183)**
Transfers between classes	-	**52**	-	**(52)**	-
At 31 December 2021	**70,838**	**297,680**	**4,772**	**6,881**	**380,171**
Depreciation					
At 1 January 2021	**17,079**	**137,657**	**2,456**	-	**157,192**
Charge for the year	**1,617**	**19,336**	**279**	-	**21,232**
Disposals	-	**(1,149)**	-	-	**(1,149)**
At 31 December 2021	**18,696**	**155,844**	**2,735**	-	**177,275**
Net book value					
At 31 December 2021	**52,142**	**141,836**	**2,037**	**6,881**	**202,896**
At 31 December 2020	*53,759*	*145,093*	*2,316*	*4,304*	*205,472*

12. Tangible fixed assets (continued)

The net book value of tangible fixed assets above includes £2,494 thousand (*2020 – £2,744 thousand*) in respect of capitalised finance costs.

The group applied the transitional arrangements of Section 35 of FRS 102 and the fair value valuation as the deemed cost for some tangible fixed assets owned by a subsidiary company. The items are being depreciated from the transition date. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings.

As part of the transitional arrangements to FRS 102, tangible fixed assets in one subsidiary (Celsa Manufacturing (UK) Ltd) were independently revalued on the basis of open market value by Intervalor Consultancy Group S.A. in December 2015, which was the date of the last full valuation.

Analysis of the tangible assets valued at the date of transition to FRS 102 using the deemed cost exemption:

	2021	*2020*
	£000	*£000*
Historical cost equivalent	**174,667**	*173,883*
Revaluation	**28,229**	*31,589*
	202,896	*205,472*

13. Fixed asset investments

Group

	Investment in associate £000	Goodwill £000	Total £000
Cost or valuation			
At 1 January 2021	2,894	2,055	4,949
Foreign exchange movement	(247)	(132)	(379)
Share of profit	3,020	-	3,020
At 31 December 2021	5,667	1,923	7,590
Goodwill amortisation			
Charge for the year	-	215	215
At 31 December 2021	-	215	215
Net book value			
At 31 December 2021	5,667	1,708	7,375
At 31 December 2020	*2,894*	*2,055*	*4,949*

Goodwill is being amortised over the directors' estimate of its useful economic life of twenty years.

Company

	Subsidiary companies £000
Cost or valuation	
At 1 January 2021	103,635
At 31 December 2021	103,635
Net book value	
At 31 December 2021	103,635
At 31 December 2020	*103,635*

13. Fixed asset investments (continued)

	Subsidiaries
	£000
Analysed as:	
Celsa Steel (UK) Limited	*1,000*
Celsa (Wales) Limited	*7,500*
Celsa Steel Service (UK) Limited	*29,000*
Celsa Manufacturing (UK) Limited	*66,135*
	103,635

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the company:

Name	Class of shares	Holding
Celsa Steel (UK) Limited	Ordinary	100%
Celsa Manufacturing (UK) Limited	Ordinary	100%
Celsa (Wales) Limited	Ordinary	100%
Celsa Steel Service (UK) Limited	Ordinary	100%

The registered office address for the above subsidiaries is as follows: Building 58, East Moors Road, Cardiff, CF24 5NN, all of which are incorporated in England and Wales.

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings (direct subsidiary undertakings of Celsa Steel Service (UK) Limited):

Name	Class of shares	Holding
BRC Limited	Ordinary	71.3%
Express Reinforcements Limited	Ordinary	71.3%
Rom Group Limited*	Ordinary	71.3%

All of the above subsidiaries are all incorporated in England and Wales. The registered office address is as follows:

BRC Limited: Corporation Road, Newport, Gwent, NP19 4RD
Express Reinforcements Limited: Eaglesbush Works, Milland Road, Neath, West Glamorgan, SA11 1NJ
Rom Group Limited: Building 58, East Moors Road, Cardiff, CF24 5NN

*The subsidiaries of Rom Group Ltd are disclosed in the financial statements of Rom Group Ltd.

13. Fixed asset investments (continued)

Associate

The following was an associate of the company:

Name	Class of shares	Holding
BRC McMahon Limited	Ordinary	35.7%

BRC McMahon Limited is incorporated in the Republic of Ireland. The registered address is Rosanna Road, Tipperary Town, Co. Tipperary, Ireland.

14. Stocks

	Group 2021 £000	*Group 2020 £000*
Raw materials and consumables	**29,621**	*22,408*
Finished goods and goods for resale	**108,168**	*50,119*
	137,789	*72,527*

15. Debtors

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Trade debtors	**100,221**	*78,595*	**-**	*-*
Amounts owed by group undertakings	**10,556**	*7,421*	**66,687**	*69,709*
Other debtors	**2,869**	*2,493*	**-**	*-*
Prepayments and accrued income	**1,552**	*1,384*	**-**	*-*
Corporation tax debtor	**597**	*1,163*	**-**	*-*
Deferred taxation	**13,767**	*7,792*	**-**	*-*
	129,562	*98,848*	**66,687**	*69,709*

15. Debtors (continued)

Amounts falling due after more than one year included above are:

	Group 2021 £000	*Group 2020 £000*
Deferred tax (note 9)	**13,767**	*7,792*

16. Creditors: Amounts falling due within one year

	Note	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Loans	18	**16,520**	*11,593*	-	-
Trade creditors		**170,772**	*137,006*	-	-
Amounts owed to group undertakings		**8,439**	*7,252*	**26,635**	*26,313*
Corporation tax		**148**	-	-	-
Other taxation and social security		**5,489**	*4,793*	**36**	*36*
Other creditors		**21,095**	*14,508*	**359**	*140*
Deferred income		**166**	*126*	-	-
		222,629	*175,278*	**27,030**	*26,489*

Amounts owed to group undertakings are non-interest bearing and payable on standard payment terms.

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

	Note	Group 2021 £000	*Group 2020 £000*
Loans	18	**182,069**	*159,070*
Amounts owed to group undertakings		**8,390**	*8,991*
Dilapidation provision		**2,606**	*2,605*
Accruals and deferred income		**5,322**	*4,657*
		198,387	*175,323*

Amounts owed to group undertakings for 2021 are non-interest bearing and are repayable by 31 December 2023.

18. Loans

	Group 2021 £000	*Group 2020 £000*
Amounts falling due:		
Within one year	**16,520**	*11,593*
In less than five years	**187,732**	*167,245*
	204,252	*178,838*
Less: deferred financing costs	**(5,663)**	*(8,175)*
	198,589	*170,663*

The total limits made available to the Celsa UK Group (Celsa (UK) Holdings Limited) as at 31 December 2021 are as follows:

Term Loan Facilities	£81.6m
Asset Based Lending Working Capital Facilities	£160.0m
	£241.6m

The above loans include the following:

The Term Loan is repayable by instalments until December 2023. The group introduced a new lender during 2020 with an additional facility committed to June 2023. Interest is charged at a spread above LIBOR/SONIA per annum. The main financial covenants linked to the Celsa UK term loan facilities are debt leverage and interest coverage.

Celsa UK Group has an Asset Based Lending working capital facility up to £160m committed until December 2023 secured by a fixed charge on the trade debtors and inventory, and various plant and equipment. Interest is payable at a spread above LIBOR/SONIA per annum.

19. Deferred income

Government grants	**2021**	*2020*
	£000	*£000*
At 1 January	**4,783**	*4,438*
Amounts received during the year	**1,480**	*975*
Amounts recognised in profit and loss account	**(775)**	*(630)*
At 31 December	**5,488**	*4,783*

20. Financial instruments

The group has the following financial instruments:

	2021 £000	*2020* *£000*
Financial assets that are debt instruments measured at amortised cost		
Debtors	**129,562**	*98,848*
Bank and cash balances	**31,523**	*33,704*
	161,085	*132,552*

	2021 £000	*2020* *£000*
Financial liabilities measured at amortised cost		
Trade and other payables	**222,427**	*179,938*
Bank loans	**198,589**	*170,663*
	421,016	*350,601*

The fair value of the financial assets and liabilities have been determined with reference to market prices where these are available.

Investment is carefully controlled, with authorisation limits operating at board level and cash payback periods applied as part of the investment appraisal process.

21. Share capital

	2021 £000	*2020* *£000*
Allotted, called up and fully paid		
130,428,501 *(2020 - 130,428,501)* Ordinary Shares shares of £1 each	**130,429**	*130,429*

A long-term group loan was converted into a single £1 Ordinary share on 30 June 2020 along with the creation of a share premium account.

The Ordinary share confers on the holder all the rights of an Ordinary share to participate at general meetings, in dividends and on the distribution of available assets on a return of capital of the company.

22. Exceptional items

	2021 £000	*2020 £000*
Exceptional operating costs	-	*2,900*

The exceptional costs for the prior year relate directly to COVID-19 operating actions.

23. Defined benefit pensions

The group operates a defined benefit pension scheme. This scheme was closed to future accrual of benefits with effect from 30th June 2012.

The amounts in the financial statements for the year ended 31 December 2021, relating to pensions, are based on a full actuarial valuation dated 31 December 2021.

A full actuarial review was carried out as at 31 December 2021 by a qualified independent actuary. The major assumptions used by the actuary were:

	2021	*2020*
Inflation (RPI)	3.3%	*2.9%*
Inflation (CPI)	2.6%	*2.1%*
Rate of increase in salaries	N/A	*N/A*
Rate of discount	1.8%	*1.4%*
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.6%	*2.1%*
Allowance for Pension in payment increases of RPI or 5% p.a. if less	3.2%	*2.8%*

23. Defined benefit pensions (continued)

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

	Value at 2021 £000	*Value at 2020 £000*
Corporate Bonds	**5,154**	*1,946*
Cash	**1,097**	*84*
Diversified Growth Asset	**20,206**	*14,263*
Property	**2,164**	*1,731*
Liability Driven Equity Investments	**14,776**	*20,670*
Total market value of assets	**43,397**	*38,694*
Present value of defined benefit obligation	**(38,685)**	*(37,441)*
Surplus in the scheme	**4,712**	*1,253*
Net pension asset not recognised	**(4,712)**	*(1,253)*
Net pension deficit	**-**	*-*

The following amounts have been recognised in the financial statements in the year ended 31 December 2021 and 31 December 2020 under the requirements of section 28 of FRS 102:

	2021 £000	*2020 £000*
Financial expenses		
Expenses	**144**	*149*
Losses due to benefit changes (GMP)	**-**	*23*
Net Interest Cost	**(2)**	*-*
Total financial expenses	**142**	*172*

23. Defined benefit pensions (continued)

The following amounts have been recognised in the financial statements in the year ended 31 December 2021 and 31 December 2020 under the requirements of section 28 of FRS 102:

ANALYSIS OF AMOUNT RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS/LOSSES	2021 £000	*2020 £000*
Return on plan assets (excluding amounts included in the net interest cost)	**4,578**	*3,901*
Experience losses arising on the plan liabilities	**259**	*242*
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	**(1,731)**	*(4,974)*
Total actuarial gains/(losses)	**3,106**	*(831)*
Effect of changes in the amount of surplus that is not recoverable	**(3,441)**	*472*
Deferred tax movement relating to actuarial losses	**84**	*-*
Actuarial losses recognised in Statement of Total Recognised Gains/Losses	**(251)**	*(359)*

24. Commitments under operating leases

At 31 December 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £000	*Group 2020 £000*
Not later than 1 year	**3,157**	*2,984*
Later than 1 year and not later than 5 years	**8,351**	*8,910*
Later than 5 years	**10,226**	*11,294*
	21,734	*23,188*

25. Related party transactions

The company has taken the exemption available in FRS 102 to not disclose transactions with companies that are wholly owned by the same group of companies.

The company has outstanding balances with related parties which are disclosed seperately in notes 15,16 and 17.

26. Controlling party

The immediate and 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.