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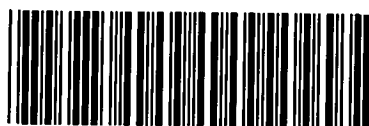
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**CELSA (UK) HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**CELSA (UK) HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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

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**CELSA (UK) HOLDINGS LIMITED**

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**CONTENTS**

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	Page
<b>Group Strategic Report</b>	<b>1 - 3</b>
<b>Directors' Report</b>	<b>4 - 7</b>
<b>Directors' Responsibilities Statement</b>	<b>8</b>
<b>Independent Auditors' Report</b>	<b>9 - 12</b>
<b>Consolidated Profit and Loss Account</b>	<b>13</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>14</b>
<b>Consolidated Balance Sheet</b>	<b>15</b>
<b>Company Balance Sheet</b>	<b>16</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>17</b>
<b>Company Statement of Changes in Equity</b>	<b>18</b>
<b>Consolidated Statement of Cash Flows</b>	<b>19 - 20</b>
<b>Analysis of Net Debt</b>	<b>20</b>
<b>Notes to the Financial Statements</b>	<b>21 - 49</b>

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**CELSA (UK) HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present their strategic report and financial statements for the year ended 31 December 2022.

**Business review and financial key performance indicators**

The group's key financial indicator is EBITDA which was £84.6 million (2021 – £50.0 million).

2022 was an exceptional year largely due to market dynamics allowing the company to pass through significant input cost increases (including scrap and energy) to customers and enhance gross margins, in addition to the company focusing on high quality and margin customers and products.

Turnover was £849 million (2021 – £678 million). The increase year on year is due to higher pricing driven by high input costs offset by lower sales volume.

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

	2022 £000	2021 £000
UK domestic sales	726,309	582,043
Export	122,901	95,799

Adjusted cash net income for the year was £80.8 million (2021 – £47.4 million). 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, as disclosed in note 26.

**Principal risks and uncertainties**

**Market Price risk**

The 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. The group continually monitors commodity markets to minimise the impact of any future volatility of all input costs.

**Energy price risk**

Energy prices have been significantly higher than historical average prices during 2022. As the Steel Producing Sector is an energy intensive industry this has affected European steel producers' costs, with the UK being most affected. During 2022, the group has been able to pass on these increases through the supply chain to the end user. The group continually implements projects that focus on operational efficiency with a particular focus on energy consumption projects in light of the increasing energy prices.

**Inflationary pressure**

The global economic environment has deteriorated significantly in 2022 as inflation risk fully materialised along with other major global crises. The group manages price risk in all products by striving to be a low cost producer and passing costs through the supply chain.

**Financial risk management objectives and policies**

**Foreign currency risk**

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

**Interest rate risk**

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

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**CELSA (UK) HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Credit risk**

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

**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 continue to exercise all their duties under Section 172 of The Companies Act 2006. The directors are dedicated to managing and operating the group in a safe, ethical, environmental and socially responsible way.

Celsa UK is the largest manufacturer of steel reinforcement in the UK, and one of the largest producers of other long steel products. Using recycled source materials and the advantages inherent in the use of "electric arc furnace", Celsa steel is over 86% less carbon-intensive than steel produced in a blast furnace using mined virgin materials.

The directors consider the key stakeholders of the group to be employees, customers, suppliers, industrial partners, financial institutions and the community, amongst others.

The directors consider the interests of all stakeholders when making key business decisions. The relevance of each stakeholder group may increase or decrease by reference to the subject in question, with the directors seeking to understand the needs and priorities of each group. This, together with the combination of the consideration of long-term impacts of decisions and the maintenance of the groups' reputation for high standards of business conduct, is and always will be integral to the way the directors and group operates.

During Board of Director meetings the directors consider stakeholders by reviewing key performance indicators covering Health & Safety including employee training, sustainability & climate risk actions, production and sales volumes and financial indicators. The below are some of the ways stakeholders are considered:

- 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 group is engaged in employee training and development supported by comprehensive internal and external training platforms.
- Celsa UK is proudly part of a new industrial partnership with Net Zero Industry Wales, a network for all industries interested in decarbonisation and circular economy. Celsa UK's CEO is a member of the newly appointed board, showing the commitment to circular economy and the pathway to Net Zero.
- Investing in the local community is an important part of what we do at Celsa UK. The group is an active participant in The Cardiff Commitment, supporting young people into STEM-related work, and have forged long lasting links with local primary and secondary schools in the area.
- Celsa UK has retained the gold award for We Invest in Apprentices certification, as part of the Investors in People standard and are the first steel company in the world to receive this award.

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 group. Through working together with management, the directors support the group in following the long-standing Total Quality Management approach of continuous improvement and innovation.

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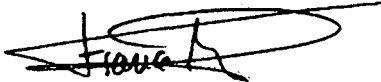
**CELSA (UK) HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

A handwritten signature in black ink, appearing to read 'F Meseguer', is written over a horizontal line.

F Meseguer  
Director

Date: 28 June 2023

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## CELSA (UK) HOLDINGS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

#### 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 of at least 12 months and further considered the period through to 31 December 2024.

In June 2023, 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 June 2028. 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 December 2024. 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 of at least 12 months and further considered the period through to 31 December 2024. Accordingly, they continue 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 £62,457 thousand (2021 - £30,998).

The directors do not recommend a dividend (2021 – £nil).

#### 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 seventeenth year.

#### Future developments

The directors aim to maintain the policies of the company.

The group continues to commit resources to the development of new products and processes in order to keep it technologically in the forefront of the marketplace.

The group believes that sustainable development is the key to a better future. We are committed to contribute to the solution of the depletion of natural resources and climate change. Circular economy is our business, taking waste and returning it as raw material for new products.

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**CELSA (UK) HOLDINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Research and development activities**

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

**Capital investment**

During 2022 there have been capital investments totaling £20.2 million which is higher than prior years. The group continues to invest in capital projects with a focus on automation and energy efficiency, as well as investment relating to its net zero circular pathway.

**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 thirteenth 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 suppliers, customers and others**

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



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**CELSA (UK) HOLDINGS LIMITED**


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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**Greenhouse gas emissions, energy consumption and energy efficiency action**

The Celsa UK group produces steel from scrap metal using an electric arc furnace (EAF) process. Our recycling-based Electric Arc Furnace process already allows us to produce steel with 86% lower carbon intensity compared with traditional blast furnace steelmaking. Celsa UK is already a low carbon steel recycling company.

The group's greenhouse gas emissions and energy consumption for the year are 179,768 tCO<sub>2</sub>e (2021: 208,548 tCO<sub>2</sub>e) and 905,915 mWh (2021: 992,579 mWh).

Celsa (UK) Holdings Limited have followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol - Corporate Standard. Celsa (UK) Holdings Limited have used the 2022 UK Government's Conversion Factors for Company Reporting and used an operational approach to define our boundary and scopes. The primary source for all energy consumption is supplier invoices and purchasing records.

Celsa UK continues to increase its efforts in optimising the efficiency of our steel making process. Challenging targets were set across all three production units regarding their use of electricity and gas usage, in addition to others, which has helped increase awareness and focus on energy consumption and carbon emissions.

**2022 Areas of Focus**

Significant reductions have been made in our Melt shop operation through a number of projects during 2022 including:

- A new Tundish lining process using cold-setting material, removing the use of natural gas from the process. This will save approximately 300m<sup>3</sup> of natural gas a day.
- Reduction of charge carbon through optimising the furnace.
- Gas fired burners are only used at the start of the scrap melting process instead of throughout.
- Increased alignment across departments to optimise conditions to ensure melting of scrap is as efficient as possible.

During 2022, the rolling mills focused on optimising ratios between gas and air in heating zones and hot charging where possible. Hot charging is the use of hotter input materials that already hold heat from the melt process, this reduces the load on the rolling stands motors and subsequently the electricity needed to power them.

**Future Focus Areas:**

- At the end of 2021, Celsa UK published its Net Zero Pathway. The project teams will continue to progress with the development of the overall pathway identifying new projects and fine-tuning current operations through operational efficiencies and investments.
- A Static Variable Compensator (SVC) will be installed during 2023. A SVC provides fast-acting reactive power on high-voltage electricity transmission networks. SVCs regulate voltage, power factor, harmonics and stabilising systems to reduce energy use.
- Celsa UK is proudly part of a new industrial partnership with Net Zero Industry Wales, a network for all industries interested in decarbonisation and circular economy.
- Celsa UK will continue its partnerships with the University of Cambridge, Materials Processing Institute and key players in the supply industry on a major £6.5m project to develop the world's first zero emission cement on an industrial scale.

Celsa UK is committed to setting ambitious targets to continuously improve environmental performance. Objectives and targets are set on an annual basis to ensure sustained improvement in operations and drive effort in all units towards our goal of producing net zero carbon steel.

More information can be found within the Sustainability Statement 2023 published on the company's website at <https://www.celsauk.com>.

The chosen intensity measurement ratio is the total gross emissions in metric tonnes (CO<sub>2</sub>e) per tonne of steel produced. In 2022 the metric was 0.22 (2021: 0.22).

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**CELSA (UK) HOLDINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Directors**

The directors who served during the year were:

L Sanz Villares  
F Mesegue  
A Fort  
M McKillop  
C Rovira Caroz (appointed 1 January 2022)

**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.

**Disclosure of information to auditors**

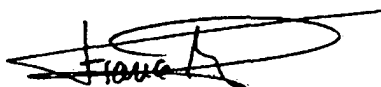
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 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: 28 June 2023

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**CELSA (UK) HOLDINGS LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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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.

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**CELSA (UK) HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSA (UK) HOLDINGS LIMITED**

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**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 2022 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheet, the Group and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Consolidated Analysis of Net Debt and the related notes 1 to 28 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 2022 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 company's ability to continue as a going concern for a period of up until 31 December 2024.

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 company'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 this gives rise to 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.

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**CELSA (UK) HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSA (UK) HOLDINGS LIMITED  
(CONTINUED)**

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**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 8, 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.

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**CELSA (UK) HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSA (UK) HOLDINGS LIMITED  
(CONTINUED)**

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Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the 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 operational and employment laws and regulations, including health & safety, and general data protection regulation (GDPR),
- We understood how the group and company is complying with those frameworks by making enquiries with management and those charged with governance to understand how the group and company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities of fraudulent transactions. We corroborated our enquiries through the review of the following documentation or completion of the following procedures:
  - Review of all minutes of board meeting held during the year and through to the most recent meeting held prior to the approval of these financial statements
  - Reviewed accounting policies and completed a disclosure checklist to ensure compliance with FRS 102 and Company Law requirements
- We assessed the susceptibility of the group and company's financial statements to material misstatement, including how fraud might occur through internal team conversations and enquiry of management. Through these procedures we determined there to be a risk of management override and a fraud risk in relation to revenue recognition and the valuation of provisions and accruals due to the judgements and estimates involved in calculating these liabilities.
  - In performing our work over revenue, we considered there to be specific risks relating to the cut off of transactions and manual journals around period end. We used data analytics to test cut-off and used a lower testing threshold to test manual journals posted around the period-end. We also used data analytics to analyse 100% of the revenue transactions recorded in the year, testing the correlation between revenue, trade receivables and cash.
  - In performing our work relating to valuation of provisions and accruals, we performed analytical review procedures to identify any unexpected fluctuations, used a lower testing threshold in performing our detailed testing, obtained management's assessment of the liabilities, and challenged and validated the assumptions used in the calculations.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of key management, reviewing key policies, and reading Board meeting minutes. We also completed procedures to conclude on the compliance of significant disclosures in the financial statements with the requirements of the relevant accounting standards and UK legislation.

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.

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**CELSA (UK) HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSA (UK) HOLDINGS LIMITED  
(CONTINUED)**

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**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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Eleri James (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP Statutory Auditor

Bristol, UK

29 June 2023

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**CELSA (UK) HOLDINGS LIMITED**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Note	2022 £000	2021 £000
Turnover	4	849,210	677,842
Change in stocks of finished goods and work in progress		(7,524)	58,049
Raw materials and consumables		(555,235)	(518,305)
Other operating and external charges		(131,789)	(110,649)
Staff costs	6	(70,082)	(56,940)
Amortisation	5	(1,980)	(1,982)
Depreciation	13	(23,251)	(21,232)
<b>Gross profit</b>	5	<b>59,349</b>	<b>26,783</b>
Share of operating profit in associate	14	3,108	4,215
<b>Operating profit</b>	5	<b>62,457</b>	<b>30,998</b>
Interest receivable and similar income		1	3
Interest payable and similar expenses	8	(8,061)	(8,594)
<b>Profit before tax</b>		<b>54,397</b>	<b>22,407</b>
Amortisation of financing costs	19	(2,861)	(2,758)
<b>Profit on ordinary activities before taxation</b>		<b>51,536</b>	<b>19,649</b>
Tax (charge)/credit on profit	9	(12,155)	1,629
<b>Profit for the financial year</b>		<b>39,381</b>	<b>21,278</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		9,415	3,434
Owners of the parent company		29,966	17,844
		<b>39,381</b>	<b>21,278</b>

The notes on pages 21 to 49 form part of these financial statements.



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**CELSA (UK) HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Note	2022 £000	2021 £000
Profit for the financial year		39,381	21,278
<b>Other comprehensive income</b>			
Actuarial loss on defined benefit schemes	24	(496)	(335)
Deferred tax gain relating to actuarial losses	24	124	84
Deferred tax movement on revaluation of assets		815	816
Foreign exchange loss on retranslation of associate investments	14	358	(379)
<b>Other comprehensive income for the year</b>		801	186
<b>Total comprehensive income for the year</b>		40,182	21,464

The notes on pages 21 to 49 form part of these financial statements.

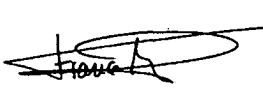
**CELSA (UK) HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04578086**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

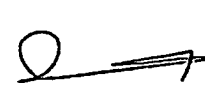
	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Intangible assets	12	11,708	13,474
Tangible assets	13	199,037	202,896
Investments	14	8,102	7,375
		<u>218,847</u>	<u>223,745</u>
<b>Current assets</b>			
Stocks	15	125,183	137,789
Debtors	16	140,830	129,562
Cash at bank and in hand		33,196	31,523
		<u>299,209</u>	<u>298,874</u>
Creditors: amounts falling due within one year	17	(230,210)	(222,629)
<b>Net current assets</b>		<u>68,999</u>	<u>76,245</u>
<b>Total assets less current liabilities</b>		<u>287,846</u>	<u>299,990</u>
Creditors: amounts falling due after more than one year	18	(146,061)	(198,387)
Pension asset	24	-	-
<b>Net assets</b>		<u><u>141,785</u></u>	<u><u>101,603</u></u>
<b>Capital and reserves</b>			
Called up share capital and share premium	22,23	158,067	158,067
Revaluation reserve		20,612	23,158
Foreign exchange reserve		(33)	(391)
Profit and loss account		(64,755)	(97,710)
<b>Shareholders' funds</b>		<u>113,891</u>	<u>83,124</u>
Non-controlling interests		27,894	18,479
		<u><u>141,785</u></u>	<u><u>101,603</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2023.

  
**C Rovira Caroz**  
 Director

  
**F Mesegue**  
 Director

  
**A Fort**  
 Director

  
**M McKillop**  
 Director

**CELSA (UK) HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04578086**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Investments	14	103,635	103,635
		<u>103,635</u>	<u>103,635</u>
<b>Current assets</b>			
Debtors	16	62,566	66,687
Cash at bank and in hand		50	55
		<u>62,616</u>	<u>66,742</u>
Creditors: amounts falling due within one year	17	(28,128)	(27,030)
<b>Net current assets</b>		<u>34,488</u>	<u>39,712</u>
<b>Net assets</b>		<u><u>138,123</u></u>	<u><u>143,347</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	130,429	130,429
Share premium account	23	27,638	27,638
Profit and loss account brought forward		(14,720)	(11,136)
Loss for the year	11	(5,224)	(3,584)
Profit and loss account carried forward		(19,944)	(14,720)
		<u><u>138,123</u></u>	<u><u>143,347</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2023.

  
**C Rovira Caroz**  
 Director

  
**F Mesegue**  
 Director

  
**A Fort**  
 Director

  
**M McKillop**  
 Director

**CELSA (UK) HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital £000	Share premium £000	Reval- uation reserve £000	Foreign exch. reserve £000	Profit and loss account £000	NCI £000	Total equity £000
<b>At 1 January 2021</b>	<b>130,429</b>	<b>27,638</b>	<b>25,702</b>	<b>(12)</b>	<b>(118,663)</b>	<b>15,045</b>	<b>80,139</b>
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)
<b>At 1 January 2022</b>	<b>130,429</b>	<b>27,638</b>	<b>23,158</b>	<b>(391)</b>	<b>(97,710)</b>	<b>18,479</b>	<b>101,603</b>
Profit for the year	-	-	-	-	29,966	9,415	39,381
Actuarial losses on pension scheme	-	-	-	-	(372)	-	(372)
Deferred tax movement on revaluation of assets	-	-	815	-	-	-	815
Transfer in respect of depreciation on revalued assets	-	-	(3,361)	-	3,361	-	-
Gain on retranslation of investments	-	-	-	358	-	-	358
<b>At 31 December 2022</b>	<b>130,429</b>	<b>27,638</b>	<b>20,612</b>	<b>(33)</b>	<b>(64,755)</b>	<b>27,894</b>	<b>141,785</b>

The notes on pages 21 to 49 form part of these financial statements.

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**CELSA (UK) HOLDINGS LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2021</b>	<b>130,429</b>	<b>27,638</b>	<b>(11,136)</b>	<b>146,931</b>
Loss for the year	-	-	(3,584)	(3,584)
<b>At 1 January 2022</b>	<b>130,429</b>	<b>27,638</b>	<b>(14,720)</b>	<b>143,347</b>
Loss for the year	-	-	(5,224)	(5,224)
<b>At 31 December 2022</b>	<b>130,429</b>	<b>27,638</b>	<b>(19,944)</b>	<b>138,123</b>

The notes on pages 21 to 49 form part of these financial statements.

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**CELSA (UK) HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Note	2022 £000	2021 £000
<b>Cash flows from operating activities</b>			
Profit for the financial year		39,381	21,278
<b>Adjustments for:</b>			
Taxation charge		12,155	(1,629)
Amortisation of financing costs		2,861	2,758
Net interest expense		8,060	8,591
Share of operating profit in associate		(3,108)	(4,215)
Depreciation		23,251	21,232
Amortisation		1,980	1,982
Loss on disposal of tangible assets	13	803	34
Difference between pension charge and contributions	24	(372)	(251)
Decrease/(increase) in stocks	15	12,606	(65,262)
Increase in debtors	16	(17,754)	(25,905)
Increase in creditors	17,18	16,709	40,677
Corporation tax paid		(4,424)	(1,784)
<b>Net cash used in operating activities</b>		<u>92,148</u>	<u>(2,494)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	13	(20,195)	(18,690)
Dividends received from associate	14	2,096	607
<b>Net cash used in investing activities</b>		<u>(18,099)</u>	<u>(18,083)</u>
<b>Cash flows from financing activities</b>			
Repayment of term loans		(16,520)	(11,593)
Interest paid	8	(6,892)	(6,772)
Movement in other financing facilities		(48,964)	36,761
<b>Net cash generated from financing activities</b>		<u>(72,376)</u>	<u>18,396</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>1,673</u>	<u>(2,181)</u>

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**CELSA (UK) HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Note	2022 £000	2021 £000
Cash and cash equivalents at beginning of year		31,523	33,704
<b>Cash and cash equivalents at the end of year</b>		<b>33,196</b>	<b>31,523</b>
<b>Cash and cash equivalents at the end of year comprise:</b>			
Cash at bank and in hand		33,196	31,523

**CONSOLIDATED ANALYSIS OF NET DEBT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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		At 1 January 2022 £000	Cash flows £000	Other movements £000	At 31 December 2022 £000
Cash at bank and in hand		31,523	1,673	-	33,196
Secured loans due within 1 year	19	(16,520)	16,520	(6,667)	(6,667)
Secured loans due after 1 year	19	(182,069)	48,964	3,806	(129,299)
		<b>(167,066)</b>	<b>67,157</b>	<b>(2,861)</b>	<b>(102,770)</b>

The notes on pages 21 to 49 form part of these financial statements.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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. In measuring our performance, the financial measures that we use include those which have been derived from our reported results. These are considered non-GAAP financial measures. We believe this information, along with comparable GAAP measurements, is useful to stakeholders in providing a basis for measuring our operational performance.

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 (see note 3).

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 group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings together with the group's share of the results of associates made up to 31 December.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the group holds a long-term interest and where the group has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the group's interest in the entity.

The company has taken exemption from presenting its own profit and loss account under section 408 of Companies Act 2006.



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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 of at least 12 months and further considered the period through to 31 December 2024.

In June 2023, 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 June 2028. 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 December 2024. 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 of at least 12 months and further considered the period through to 31 December 2024. Accordingly, they continue 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. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**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.

Products are often sold with volume discounts. Turnover is recorded based on the price specified in the sales contracts, net of estimated volume discounts. Customer rebate agreements are used to estimate and provide for the discounts. The volume discount are assessed based on anticipated annual purchases.

The Company holds a credit note provision for customer returns which is included within Turnover. Customer correspondence and credit notes issued in the following accounting period are used to calculate the provision.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.6 Operating leases**

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

**2.7 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.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.10 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 for goodwill and other intangible assets. 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.

**2.11 Tangible assets**

Tangible 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.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.11 Tangible 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.

**2.12 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.

**2.13 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the investment is determined and an impairment loss is recognised if the carrying amount exceeds the recoverable amount.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.14 Investments in 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.

**2.15 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.

**2.16 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.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.17 Pensions**

The group operates a defined contribution pension scheme for certain employees. Any contributions made by the relevant company are charged to operating costs as incurred.

Rom Group Limited is a subsidiary of Celsa (UK) Holdings Limited. Rom Limited, a wholly owned 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 employees. The scheme funds are administered by the trustees and are independent of the company'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 total recognised gains and losses.

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.

The defined benefit pension scheme was closed to future accrual with effect from 30th June 2012 and replaced by a defined contribution scheme to which the company contributes. The amount charged against profits represents the contributions payable by the company in respect of the accounting period for both schemes.

**2.18 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.

**2.19 Deferred financing costs**

Financing costs incurred on refinancing of the secured loans are deferred and offset against the secured loans. Subsequently these are amortised over the life of the secured loan.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.20 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.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

**Impairment of stocks**

An estimate for impairment of Stock is calculated based on an independent third-party value for the inventory, less management's estimate of costs to sell.

**Impairment of trade debtors**

A bad debt estimate for Trade Debtors is calculated using an ageing methodology of the uninsured amount.

**Valuation of defined benefit pension schemes' liabilities**

Management use third party specialist pension consultants to value the future liability for the defined benefit pension scheme.

**Deferred tax asset recoverability**

Deferred Tax Asset recoverability is estimated based on the future forecasted profits, capital allowances and loss utilisation of the company .

**Impairment of assets**

Assets are reviewed periodically for signs of impairment and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

**Accruals**

Accruals are calculated using management's best estimate of the the probable future obligation, based on historical and observable internal or external information available.

**Useful life of tangible assets**

Management have determined the useful life of Tangible Assets based on the estimated life of the asset using historical experience of asset replacement. The assets' 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.

**4. 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:

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
United Kingdom	<b>726,309</b>	<i>582,043</i>
Rest of Europe	<b>122,901</b>	<i>95,799</i>
	<b><u>849,210</u></b>	<i><u>677,842</u></i>



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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**5. Operating profit**

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

		<b>2022</b>	<i>2021</i>
		<b>£000</b>	<i>£000</i>
Net foreign exchange gains		(91)	(7)
Operating lease rentals		<b>3,686</b>	4,673
Amortisation of intangible fixed assets and associate goodwill	11,13	<b>1,980</b>	1,982
Coronavirus job retention scheme grant		-	(144)
Auditors' remuneration - audit of company financial statements		<b>30</b>	27
Auditors' remuneration - audit of subsidiaries		<b>372</b>	331
Auditors' remuneration - other assurance services		<b>5</b>	5

**6. Employees**

Staff costs were as follows:

	<b>Group</b>	<i>Group</i>
	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>61,787</b>	50,101
Social security costs	<b>6,132</b>	4,576
Cost of defined contribution scheme	<b>2,163</b>	2,263
	<b>70,082</b>	56,940

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

	<b>2022</b>	<i>2021</i>
	<b>No.</b>	<i>No.</i>
Administration	<b>441</b>	401
Manufacturing	<b>1,249</b>	1,106
	<b>1,690</b>	1,507

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**CELSA (UK) HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**7. 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 £131,319 (2021 – £134,648).

The total paid to directors of the group and its subsidiaries was £442,995 (2021 – £454,226).

The highest paid director received £172,521 (2021 – £235,212). No payments were made into directors' pension funds by the group.

**8. Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Secured loans	<b>8,061</b>	8,586
Share of associates interest	-	8
	<u><b>8,061</b></u>	<u>8,594</u>

The interest payable charge of £8,061 thousand includes £1,168 thousand (2021 - £1,811 thousand) of accrued capitalised interest.

**9. Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
Corporation tax on profit for the year	<b>9,206</b>	3,776
Adjustments in respect of previous periods	<b>(259)</b>	(330)
<b>Total current tax charge</b>	<u><b>8,947</b></u>	<u>3,446</u>
<b>Deferred tax</b>		
Deferred tax charge/(credit) for the year	<b>2,816</b>	(5,124)
Adjustment in respect of previous periods	<b>392</b>	49
<b>Total deferred tax charge/(credit)</b>	<u><b>3,208</b></u>	<u>(5,075)</u>
<b>Tax charge/(credit) on profit on ordinary activities</b>	<u><b>12,155</b></u>	<u>(1,629)</u>

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**9. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<b>51,536</b>	<b>19,649</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>9,792</b>	<b>3,733</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>672</b>	<b>748</b>
Depreciation on assets ineligible for capital allowances	<b>1,200</b>	<b>1,224</b>
Deferred tax not provided	<b>-</b>	<b>(3,354)</b>
Changes in tax rates	<b>353</b>	<b>(3,699)</b>
Adjustments to tax charge in respect of prior periods	<b>138</b>	<b>(281)</b>
<b>Total tax charge/(credit) for the year</b>	<b>12,155</b>	<b>(1,629)</b>

**Factors that may affect future tax charges**

An increase in the UK's main corporation tax rate to 25% takes effect from 1 April 2023. The tax rate change was substantively enacted at the balance sheet date and hence has been reflected in the measurement of the deferred tax balances at the period end.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**10. Deferred Taxation**

		<b>2022</b>	<b>2021</b>
		<b>£000</b>	<b>£000</b>
<b>Group</b>			
At beginning of year		13,767	7,792
(Charged)/credited to profit and loss account	9	(3,208)	5,075
Credited to other comprehensive income		815	816
Deferred tax credit related to actuarial losses		124	84
<b>At end of year</b>		<b>11,498</b>	<b>13,767</b>

The deferred tax asset is made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Capital allowances in advance of depreciation	(15,224)	(15,697)
Revaluation of assets	(5,373)	(6,188)
Tax losses carried forward	31,980	35,573
Other timing differences	115	79
	<b>11,498</b>	<b>13,767</b>

**11. 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 £5,224 (2021 - loss £3,584 thousand).

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**CELSA (UK) HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**12. Intangible assets****Group**

	<b>Product development &amp; licence costs £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2022	<b>6,436</b>	<b>35,464</b>	<b>41,900</b>
At 31 December 2022	<b>6,436</b>	<b>35,464</b>	<b>41,900</b>
<b>Amortisation</b>			
At 1 January 2022	<b>6,436</b>	<b>21,990</b>	<b>28,426</b>
Charge for the year	<b>-</b>	<b>1,766</b>	<b>1,766</b>
At 31 December 2022	<b>6,436</b>	<b>23,756</b>	<b>30,192</b>
<b>Net book value</b>			
At 31 December 2022	<b>-</b>	<b>11,708</b>	<b>11,708</b>
At 31 December 2021	<b>-</b>	<b>13,474</b>	<b>13,474</b>

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.

Goodwill is impaired when its carrying amount is higher than its recoverable amount. The directors have assessed whether the goodwill is showing any indicators of impairment based on their knowledge and actual information of the performance of the companies within the group. No indicators were identified and therefore no impairment test was required in 2022 with no impairment recognised (2021 – nil).

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**CELSA (UK) HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**13. Tangible assets****Group**

	Freehold land and buildings £000	Plant and machinery £000	Leasehold buildings £000	Assets in course of construction £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2022	70,838	297,680	4,772	6,881	380,171
Additions	2,215	10,497	-	7,483	20,195
Disposals	(975)	(2,745)	-	-	(3,720)
At 31 December 2022	<u>72,078</u>	<u>305,432</u>	<u>4,772</u>	<u>14,364</u>	<u>396,646</u>
<b>Depreciation</b>					
At 1 January 2022	18,696	155,844	2,735	-	177,275
Charge for the year	1,581	21,394	276	-	23,251
Disposals	(172)	(2,745)	-	-	(2,917)
At 31 December 2022	<u>20,105</u>	<u>174,493</u>	<u>3,011</u>	<u>-</u>	<u>197,609</u>
<b>Net book value</b>					
At 31 December 2022	<u>51,973</u>	<u>130,939</u>	<u>1,761</u>	<u>14,364</u>	<u>199,037</u>
At 31 December 2021	<u>52,142</u>	<u>141,836</u>	<u>2,037</u>	<u>6,881</u>	<u>202,896</u>

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**13. Tangible assets (continued)**

The net book value of tangible fixed assets above includes £2,244 thousand (2021 – £2,494 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:

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Historical cost equivalent	<b>174,972</b>	<i>174,667</i>
Revaluation	<b>24,868</b>	<i>28,229</i>
	<u><b>199,840</b></u>	<u><i>202,896</i></u>

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**CELSA (UK) HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**14. Investments****Group**

	<b>Investment in associate £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>			
At 1 January 2022	5,667	1,708	7,375
Foreign exchange movement	490	(132)	358
Share of profit before tax	3,108	-	3,108
Share of tax on profit	(429)	-	(429)
Dividends received	(2,096)	-	(2,096)
At 31 December 2022	<u>6,740</u>	<u>1,576</u>	<u>8,316</u>
<b>Goodwill amortisation</b>			
Charge for the year	-	214	214
At 31 December 2022	<u>-</u>	<u>214</u>	<u>214</u>
<b>Net book value</b>			
At 31 December 2022	<u>6,740</u>	<u>1,362</u>	<u>8,102</u>
<i>At 31 December 2021</i>	<u>5,667</u>	<u>1,708</u>	<u>7,375</u>

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



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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**14. Investments (continued)**

**Company**

	<b>Subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 January 2022	103,635
At 31 December 2022	<u>103,635</u>
<b>Net book value</b>	
At 31 December 2022	<u>103,635</u>
At 31 December 2021	<u>103,635</u>
	<b>Subsidiary companies £000</b>
<b>Analysed as:</b>	
Celsa Steel (UK) Limited	1,000
Celsa (Wales) Limited	7,500
Celsa Steel Service (UK) Limited	29,000
Celsa Manufacturing (UK) Limited	66,135
	<u>103,635</u>

**Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
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.

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**CELSA (UK) HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**14. Investments (continued)****Indirect subsidiary undertakings**

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

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
BRC Limited	Ordinary	71.3%
Express Reinforcements Limited	Ordinary	71.3%
Rom Group Limited	Ordinary	71.3%
Rom Limited*	Ordinary	71.3%
Romtech Limited*	Ordinary	71.3%
RFA-Tech Limited*	Ordinary	71.3%

All of the above subsidiaries are 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  
 Rom Limited: Building 58, East Moors Road, Cardiff, CF24 5NN  
 Romtech Limited: Building 58, East Moors Road, Cardiff, CF24 5NN  
 RFA-Tech Limited: Building 58, East Moors Road, Cardiff, CF24 5NN

\*These companies are 100% owned subsidiaries of Rom Group Limited.

**Associates**

The following were associates of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
BRC McMahon Reinforcements Limited	Ordinary	35.7%
BAT Metalwork Limited*	Ordinary	35.7%
Wire Mesh Limited*	Ordinary	35.7%

All of the above associates are incorporated in the Republic of Ireland. The registered address of all associates is Rosanna Road, Tipperary Town, Co. Tipperary, Ireland.

\*These companies are 100% owned subsidiaries of BRC McMahon Reinforcements Limited.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**15. Stocks**

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>
Raw materials and consumables	<b>24,539</b>	29,621
Finished goods	<b>100,644</b>	108,168
	<b>125,183</b>	137,789

Impairment losses totalling £16,705 thousand (2021 - £15,277 thousand) were recognised in profit and loss relating primarily to the market value for the stocks..

**16. Debtors**

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>	<b>Company 2022 £000</b>	<i>Company 2021 £000</i>
Trade debtors	<b>110,501</b>	100,221	-	-
Amounts owed by associated undertakings	<b>9,923</b>	10,556	<b>62,566</b>	66,687
Other debtors	<b>6,601</b>	2,869	-	-
Prepayments and accrued income	<b>2,307</b>	1,552	-	-
Corporation tax debtor	-	597	-	-
Deferred taxation	<b>11,498</b>	13,767	-	-
	<b>140,830</b>	129,562	<b>62,566</b>	66,687

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

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>
Deferred tax	10	11,498

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**17. Creditors: Amounts falling due within one year**

		<b>Group 2022 £000</b>	<i>Group 2021 £000</i>	<b>Company 2022 £000</b>	<i>Company 2021 £000</i>
Secured loans	19	<b>6,667</b>	16,520	-	-
Trade creditors		<b>170,260</b>	170,772	-	-
Amounts owed to associated undertakings		<b>7,507</b>	8,439	<b>27,705</b>	26,635
Corporation tax		<b>2,954</b>	148	-	-
Other taxation and social security		<b>6,880</b>	5,489	<b>43</b>	36
Other creditors		<b>30,582</b>	21,095	<b>380</b>	359
Deferred income		<b>5,360</b>	166	-	-
		<b>230,210</b>	222,629	<b>28,128</b>	27,030

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

**18. Creditors: Amounts falling due after more than one year**

		<b>Group 2022 £000</b>	<i>Group 2021 £000</i>
Secured loans	19	<b>129,299</b>	182,069
Amounts owed to associated undertakings		<b>8,855</b>	8,390
Dilapidation provision		<b>2,606</b>	2,606
Accruals and deferred income		<b>5,301</b>	5,322
		<b>146,061</b>	198,387

Amounts owed to associated undertakings for 2022 are non-interest bearing and are repayable by 31 December 2028.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**19. Secured loans**

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>
<b>Amounts falling due:</b>		
Within one year	<b>6,667</b>	<i>16,520</i>
In less than five years	<b>132,361</b>	<i>187,732</i>
	<b>139,028</b>	<i>204,252</i>
Less: deferred financing costs	<b>(3,062)</b>	<i>(5,663)</i>
	<b>135,966</b>	<i>198,589</i>

The total limits made available to the Celsa UK Group (Celsa (UK) Holdings Limited) as at 31 December 2022 are as follows:

Term Loan Facilities	£65.1m
Asset Based Lending Working Capital Facilities	£160.0m
	<b>£225.1m</b>

The above secured loans include the following:

Term Loans repayable by instalments until December 2023. Interest is charged at a spread above SONIA per annum. The main financial covenants linked to the Celsa UK term loan facilities are debt leverage and interest coverage.

The Term Loans were amended and extended in June 2023 with a lower debt quantum of £32.4 million, committed until June 2028, with the same interest payable, fixed charges and covenants.

The Celsa UK Group has a £160 million Asset Based Lending Facility committed until December 2023. Interest is payable at a spread above SONIA per annum and is secured by a fixed charge on trade debtors, inventories and plant and equipment. Financial covenants are managed at Celsa UK Group level.

The Celsa UK Group ABL Facility agreement was amended and extended in June 2023 with a facility limit increase to £200 million, committed until June 2028, with the same interest payable, fixed charges and covenants which continue to be managed at Celsa UK Group level.

Deferred financing costs in relation to the secured loans are amortised over the life of the secured loan and recognised in the profit and loss account. There is an amount of £2,861 thousand recognised in 2022 (2021: £2,758 thousand).

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**20. Deferred income**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Government grants</b>		
At 1 January	<b>5,488</b>	<b>4,783</b>
Amounts received during the year	<b>720</b>	<b>1,480</b>
Amounts recognised in profit and loss account	<b>(826)</b>	<b>(775)</b>
<b>At 31 December</b>	<b>5,382</b>	<b>5,488</b>

**21. Financial instruments**

The group has the following financial instruments:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Debtors	<b>140,830</b>	<b>129,562</b>
Cash at bank and in hand	<b>33,196</b>	<b>31,523</b>
	<b>174,026</b>	<b>161,085</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	<b>240,305</b>	<b>222,427</b>
Bank Loans	<b>135,966</b>	<b>198,589</b>
	<b>376,271</b>	<b>421,016</b>

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.

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**22. Share capital**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
130,428,501 (2021 - 130,428,501) Ordinary Shares shares of £1 each	<b>130,429</b>	<b>130,429</b>

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.

**23. Share premium**

Share premium	<b>27,638</b>	<b>27,638</b>
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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.

**24. Pension commitments**

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

Contributions paid into the defined benefit pension scheme in 2022 amounted to £538 thousand (2021 – £477 thousand). The company expects contributions to be paid into the scheme, for the next accounting period to amount to £547 thousand.

The amounts in the financial statements for the year ended 31 December 2022, relating to pensions, are based on a full actuarial valuation dated 31 October 2020.

A full actuarial review was carried out as at 31 October 2020 and updated to 31 December 2022 by a qualified independent actuary.

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**CELSA (UK) HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**24. Pension commitments (continued)**

Reconciliation of scheme liabilities:

	2022 £000	2021 £000
<b>Movement in schemes' liabilities</b>		
Present value of defined benefit obligation at end of prior year	38,685	37,441
Interest on pension scheme	672	519
Benefits paid	(2,664)	(747)
Remeasurements effect of change in assumptions	(15,594)	1,731
Remeasurements effect of experience adjustments	2,365	(259)
<b>Present value of defined benefit obligation at end of year</b>	<b>23,464</b>	<b>38,685</b>

Reconciliation of scheme assets:

	2022 £000	2021 £000
<b>Movement in schemes' assets</b>		
Fair value of plan assets at end of prior year	43,397	38,694
Interest income	762	539
Contributions paid	538	477
Benefits paid	(2,664)	(747)
Administrative expenses paid	(47)	(144)
Remeasurements return on plan assets	(16,893)	4,578
<b>Fair value of plan assets at end of year</b>	<b>25,093</b>	<b>43,397</b>

Composition of plan assets:

	2022 £000	2021 £000
<b>Fair value of plan assets at end of year</b>		
Corporate bonds	5,609	5,154
Cash	7	1,097
Diversified growth assets	8,098	20,206
Property	1,766	2,164
Liability driven investments	9,613	14,776
<b>Total plan assets</b>	<b>25,093</b>	<b>43,397</b>



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**CELSA (UK) HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**24. Pension commitments (continued)**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Amount recognised in Balance Sheet</b>		
Fair value of plan assets	<b>25,093</b>	43,397
Present value of plan liabilities	<b>(23,464)</b>	(38,685)
<b>Net pension scheme surplus</b>	<b>1,629</b>	4,712
Unrecognised pension scheme surplus	<b>(1,629)</b>	(4,712)
<b>Net defined benefit asset not recognised</b>	<b>-</b>	-

The net pension surplus of £1,629 thousand has not been recognised as the company cannot recover the pension scheme surplus.

The amounts recognised in profit or loss are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Amount recognised in Profit and Loss Account</b>		
Expenses	<b>47</b>	144
Net interest cost	<b>(83)</b>	(40)
Net interest cost	<b>(5)</b>	(2)
<b>Total</b>	<b>(83)</b>	102

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**CELSA (UK) HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**24. Pension commitments (continued)**

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
<b>Amount recognised in Statement of Comprehensive Income (SOCl)</b>		
Return on plan assets (excluding amounts included in the net interest cost)	<b>(16,893)</b>	<i>4,578</i>
Experience losses arising on the plan liabilities	<b>(2,365)</b>	<i>259</i>
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	<b>15,594</b>	<i>(1,731)</i>
Effect of changes in the amount of surplus that is not recoverable	<b>3,168</b>	<i>(3,441)</i>
	<hr/>	<hr/>
<b>Scheme actuarial losses recognised in SOCI</b>	<b>(496)</b>	<i>(335)</i>
Deferred tax movement relating to scheme actuarial losses	<b>124</b>	<i>84</i>
	<hr/>	<hr/>
<b>Total actuarial losses recognised in SOCI</b>	<b>(372)</b>	<i>(251)</i>
	<hr/>	<hr/>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	<b>2022</b>	<i>2021</i>
	<b>%</b>	<i>%</i>
Discount rate	<b>5.0</b>	<i>1.8</i>
Inflation (RPI)	<b>3.1</b>	<i>3.3</i>
Inflation (CPI)	<b>2.4</b>	<i>2.6</i>
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	<b>2.4</b>	<i>2.6</i>
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	<b>3.9</b>	<i>3.2</i>
Mortality rates		
- for a male aged 65 now	<b>21.9</b>	<i>21.8</i>
- at 65 for a male aged 45 now	<b>23.3</b>	<i>23.2</i>
- for a female aged 65 now	<b>23.7</b>	<i>23.6</i>
- at 65 for a female aged 45 now	<b>25.2</b>	<i>25.1</i>
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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**25. Commitments under operating leases**

At 31 December 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>
Not later than 1 year	<b>3,009</b>	3,157
Later than 1 year and not later than 5 years	<b>8,738</b>	8,351
Later than 5 years	<b>7,051</b>	10,226
	<b>18,798</b>	21,734

**26. Non-GAAP financial measure**

'Adjusted cash net income', as disclosed in the business review and financial key performance indicators section of the strategic report, is a non-GAAP financial measure. '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, including amortisation, depreciation, amortisation of financing costs and accrued capitalised interest, as summarised in the following reconciliation:

	<b>2022 £000</b>	<i>2021 £000</i>
Profit on ordinary activities before taxation	<b>51,536</b>	19,649
Amortisation of financing costs	<b>2,861</b>	2,758
Accrued capitalised interest	<b>1,168</b>	1,811
Depreciation	<b>23,251</b>	21,232
Amortisation	<b>1,980</b>	1,982
<b>Adjusted cash net income</b>	<b>80,796</b>	47,432

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**CELSA (UK) HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**27. Related party transactions**

The company and group has outstanding balances with related parties which are disclosed separately in notes 16,17 and 18.

The company and group is exempt from disclosing the nature and information about transactions with related parties that are wholly owned within the group.

During the year the group entered into transactions, in the ordinary course of business, with entities over which the group has joint control or significant influence. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Sales to related parties	<b>11,841</b>	<b>12,447</b>
Purchases from related parties	<b>727</b>	<b>665</b>
Amounts owed from related parties	<b>2,746</b>	<b>233</b>
Amounts owed to related parties	<b>68</b>	<b>71</b>

**Terms and conditions of transactions**

Sales to entities over which the group has joint control or significant influence are made at normal market prices. Outstanding balances with the entities are unsecured, interest free and cash settlement is expected within 60 days of invoice. The company has not benefited from any guarantees for receivables. During the year the company has not made any provision for doubtful debts relating to the amount of outstanding balances (2021 - nil).

**28. Controlling party**

The immediate and ultimate parent undertaking and controlling party is Inversiones Pico Esapadas S.A., 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.