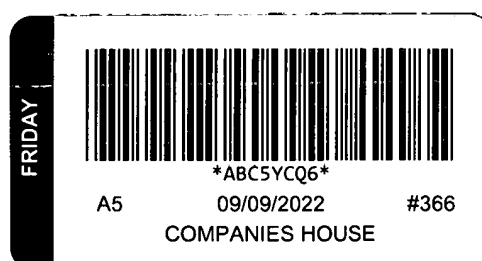


Registration number: 54713

Vesuvius UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



Vesuvius UK Limited

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Vesuvius UK Limited

Company Information

Directors

Michael Satterthwaite

Henry Knowles

Sunderrajan Venkatraman

Company Secretary

Michael Satterthwaite

Registered office

1 Midland Way
Central Park
Barlborough Links
Derbyshire
S43 4XA

Registration Number

54713

Incorporated

A Private Limited Company incorporated in England & Wales

Independent Auditors

Mazars LLP
30 Old Bailey
London
EC4M 7AU

Vesuvius UK Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their strategic report for the year ended 31 December 2021.

Fair review of the business

Vesuvius UK Limited (the "Company") is a wholly owned subsidiary of Vesuvius plc ("Vesuvius").

The Company's principal activities are the manufacture and sale of refractory products to the iron, steel and foundry, industries mainly in the UK and Europe.

As shown in the Company's profit and loss account on page 11, the Company's turnover has increased by £10,455,000 to £123,634,000 (2020: £113,179,000) due to an upturn in the European steel market that is partially attributed to the recovery from the Global Covid-19 pandemic. The profit for the financial year has increased by £3,994,000 to £13,064,000 (2020: £9,070,000).

The balance sheet on page 13 of the financial statements shows that the Company's net assets at year end of £120,648,000 has increased by £13,064,000 (2020: £107,584,000) this being the reported profit of the year.

Vesuvius invests in research activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company in the medium to long term future.

Vesuvius UK Limited is part of the Vesuvius plc Group (the 'Group'). Vesuvius plc manages its operations on a group basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group is discussed in the Vesuvius plc Annual Report which does not form part of this report.

Section 172 duties and business relationships with suppliers, customers and other stakeholders

Under Section 172 of the Companies Act 2006 ("Section 172"), the Directors have a duty to promote the success of the Company over the long term for the benefit of its shareholders, having regard to:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

The activity of the Company is mainly that of manufacturing and selling refractory products on behalf of its ultimate parent, Vesuvius plc. The interests of the Company and its ultimate parent are closely aligned and, as a listed company and parent of a Group of international companies (the "Group"), Vesuvius plc has ultimate responsibility for setting strategic and policy issues and is responsible for the Group's long-term success. In the consolidated 2021 Annual Report and Financial Statements of Vesuvius plc, the board of Vesuvius plc summarises the key actions taken throughout the Group in 2021 to engage with its stakeholders, including its employees, suppliers and customers, and describes the impact of the Group's operations on the community and the environment in accordance with the requirements of Section 172.

Vesuvius UK Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

In performance of their duties throughout the year the Directors took decisions to promote the success of the Company over the long term for the benefit of shareholders, had regard to their duties under Section 172 and remained cognisant of the need to act fairly between members of the Company and consider the potential impact on all stakeholders of the decisions it made. The interests of its employees were supported by the Group's annual employee engagement exercise, which canvassed the opinions of employees and precipitated a series of follow-up actions aimed at supporting employees and implementing change where appropriate. With regard to the Company's need to foster business relationships with suppliers, the Company continued to agree payment terms with its suppliers and sought to pay in accordance with those terms.

The Company recycled materials during the year and continues to support the Group's environmental initiatives. The Company also continued to focus on the desirability of maintaining a reputation for high standards of business conduct with all its stakeholders, with all employees required to comply with the Group's Code of Conduct which states that Vesuvius must maintain an unquestioned reputation for integrity.

Employee engagement

Vesuvius adopts an open and honest approach to employee communications. The Company provides regular updates to employees, including direct email updates on the financial performance of the Group, the industrial environment in which it operates and other significant operational developments. The Company's employees have access to the Vesuvius intranet which distributes Group news and events along with an employee 'app' for information dissemination. The HR department is the primary point of contact for employees on employment and workplace matters, operating with an open-door policy and advising employees of any local legal, tax, pension or other employment changes. Senior management, supported and facilitated by the HR department, encourage open dialogue.

Principal risks and uncertainties

Competitive pressure in all markets could result in the Company losing sales to its key competitors. To manage this risk, the Company strives to provide added value products and services to its customers; prompt response times in the supply of products and services and in the handling of customer queries; and through the maintenance of strong relationships with customers.

The Company sells products into international markets and it is therefore exposed to currency movements on such sales. The management of this risk resides with Vesuvius plc.

The Company's business may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

The Company has no external debt but is however party to a number of loans with other group companies (both receivable and payable).

The Group risks to which Vesuvius plc is exposed are discussed in Vesuvius plc's Annual Report that does not form part of this Report.

Financial counterparty risk

The treasury activities of the ultimate parent company, Vesuvius plc, are monitored and co-ordinated by a central treasury department on behalf of the whole Vesuvius group. This includes the risk of potential failure by counterparties holding cash deposits on behalf of group companies.

Recoverability of intercompany receivables

Where amounts are due from group companies with net liabilities, an assessment of their recoverability is performed to ensure that they will be able to meet their obligations as they fall due.

Vesuvius UK Limited
Strategic Report for the Year Ended 31 December 2021
(continued)

COVID- 19


Its ultimate parent company, Vesuvius plc (the Group) has considered the risks to the Group's liquidity and viability in connection with the COVID-19, including those that may be relevant to the Company and its investee companies. Despite emerging confidence that the worst of the pandemic may be behind us, a detailed exercise was performed by Vesuvius plc as part of the announcement of its annual results to 31 December 2021 to model the impact of a decline in business activity and profitability in 2022 and 2023 to the level achieved in H2 2020, the half year period most severely impacted by COVID-19, on going concern for the Group. Even in this downside scenario, the Group will be able to operate within the current committed facilities and show continued compliance with financial covenants. Based on this, Group management consider that the Group is in a robust financial position, with a strong balance sheet and liquidity position, as well as covenant headroom and is acting to conserve cash so as to remain well positioned for long term success.

The Directors of the Company are satisfied that the COVID-19 pandemic has not materially impacted the Company's financial position or its performance at the date of these financial statements, particularly in relation to the valuation of investments held and the recoverability of intercompany balances. Accordingly, the financial statements have been prepared on a going concern basis. This remains a matter of close attention for the Board.

Future Developments

The Directors' do not envisage any material change to the business of the company in the foreseeable future.

Approved by the Board on 7 September 2022 and signed on its behalf by:


.....
Michael Satterthwaite
Director & Company Secretary

Vesuvius UK Limited
Directors' Report for the Year Ended 31 December 2021

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

The Group has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 to set out certain information in the Strategic Report as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 – including financial risk management and future developments.

Directors' of the company

The Directors, who held office during the year and up to the date of signing the financial statements, were as follows:

Michael Satterthwaite

Henry Knowles

Sunderrajan Venkatraman

Dividends

No dividends were paid or recommended during the current and prior year.

Political and charitable donations

The Company made no political or charitable donations or incurred any political expenditure during the year.

Employee engagement

Directors' assessment of employee engagement is presented in the strategic report.

Directors' indemnity provisions

The ultimate parent company of Vesuvius UK Limited maintains Directors' indemnity cover for all Directors. This cover was in place during the year and remains in place at the date of this report.

Employment of disabled persons

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. The Company participates in Vesuvius group policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

Research and development

The Company continues its commitment in the area of research and development in terms of both existing product lines and a range of new products on behalf of group companies. Expenditure on research and development during 2021 was £3,632,000 (2020: £3,490,000).

Branches outside the United Kingdom

The Company has branches in Seoul, South Korea and in Taiwan.

Vesuvius UK Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Independent auditor

The auditor, Mazars LLP, has been appointed as auditor of the Company for the financial year ended 31 December 2021 and for future financial years until Mazars LLP resign.

Going Concern

At 31 December 2021 the company had net assets of £120,648,000 (2020: £107,584,000). At 31 December 2021 the company had net current assets of £27,683,000 (2020: £12,941,000). The Directors have considered current and forecast liquidity and have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report and the foreseeable future.

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide which undoubtedly has and will continue to have an impact on the global economy in the foreseeable future. The Board has carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event. The Directors expect the greatest impact on the business to be from the indirect economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessments.

Approved by the Board on 7 September 2022 and signed by order of the board:


.....
Michael Satterthwaite
Director & Company Secretary

Vesuvius UK Limited

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

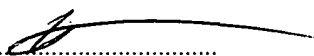
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Approved by the Board on 7 September 2022 and signed by order of the board:


.....
Michael Satterthwaite
Director & Company Secretary

Independent Auditor's Report to the Members of Vesuvius UK Limited

Opinion

We have audited the financial statements of Vesuvius UK Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company 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 at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Independent Auditor's Report to the Members of Vesuvius UK Limited (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Independent Auditor's Report to the Members of Vesuvius UK Limited (continued)

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off risk, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

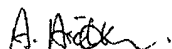
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



Andrew Hickson (Senior Statutory Auditor)
for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M7AU

Date : 7 September 2022

Vesuvius UK Limited

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Turnover	3	123,634	113,179
Cost of sales		<u>(101,522)</u>	<u>(93,104)</u>
Gross profit		22,112	20,075
Distribution costs		(697)	(921)
Administrative expenses		<u>(9,112)</u>	<u>(10,446)</u>
Trading profit		12,303	8,708
Exceptional items	4	(330)	(973)
Profit on disposal of business		<u>-</u>	<u>2</u>
Operating profit	5	<u>11,973</u>	<u>7,737</u>
Interest receivable and similar income	7	1,816	2,006
Interest payable and similar expenses	6	<u>(101)</u>	<u>(118)</u>
Profit before taxation		13,688	9,625
Tax on profit	11	<u>(624)</u>	<u>(555)</u>
Profit for the financial year		<u>13,064</u>	<u>9,070</u>

The above results were derived from continuing operations. The separately reported items would form part of administrative expenses and would total £9,442,000 (2020: £11,419,000). There is no other comprehensive income.

Vesuvius UK Limited


Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021	2020
	£ 000	£ 000
Profit for the year	<u>13,064</u>	<u>9,070</u>
Total comprehensive income for the year	<u>13,064</u>	<u>9,070</u>

Vesuvius UK Limited
(Registration number: 54713)
Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Intangible assets	13	8,992	8,992
Tangible assets	12	6,063	5,942
Investments	14	1	1
Debtors	16	91,483	107,713
		<u>106,539</u>	<u>122,648</u>
Current assets			
Stocks	15	16,006	10,036
Debtors	16	24,204	18,752
Cash at bank and in hand	17	1,248	1,284
		<u>41,458</u>	<u>30,072</u>
Creditors: Amounts falling due within one year			
Trade and other payables	21	(12,046)	(14,721)
Loans and borrowings	19	(1,567)	(1,893)
Provisions for liabilities	20	(162)	(517)
		<u>(13,775)</u>	<u>(17,131)</u>
Creditors: Amounts falling due within one year			
		<u>27,683</u>	<u>12,941</u>
Net current assets			
		<u>134,222</u>	<u>135,589</u>
Total assets less current liabilities			
Creditors: Amounts falling due after more than one year			
Trade and other payables	21	(12,530)	(25,483)
Provisions for liabilities	20	-	(917)
Loans and borrowings	19	(1,044)	(1,605)
		<u>(13,574)</u>	<u>(28,005)</u>
Creditors: Amounts falling due after more than one year			
		<u>120,648</u>	<u>107,584</u>
Net assets			
Capital and reserves			
Called up share capital	18	70,000	70,000
Profit and loss account		50,648	37,584
		<u>120,648</u>	<u>107,584</u>
Total Shareholders' funds			

Approved by the Board on 7 September 2022 and signed on its behalf by:


.....
Michael Satterthwaite
Director & Company Secretary

Vesuvius UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	70,000	37,584	107,584
Profit for the year	-	13,064	13,064
Total Shareholders' funds	-	13,064	13,064
At 31 December 2021	70,000	50,648	120,648

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	70,000	28,514	98,514
Profit for the year	-	9,070	9,070
Total Shareholders' funds	-	9,070	9,070
At 31 December 2020	70,000	37,584	107,584

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England & Wales.

The address of its registered office is:

1 Midland Way
Central Park
Barlborough Links
Derbyshire
S43 4XA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Determining the carrying amount of some assets and liabilities requires the estimation of the effect of uncertain future events.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 as applicable to companies using FRS 101. The financial statements have been prepared under the historical cost convention apart from financial assets and liabilities (including derivative instruments) which are carried at fair value through the profit or loss.

The Company's ultimate parent undertaking, Vesuvius plc includes the Company in its consolidated financial statements. Therefore, the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The consolidated financial statements of Vesuvius plc have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 (IFRS) and the applicable legal requirements of the Companies Act 2006. In addition to complying with International Accounting Standards in conformity with the requirements of the Companies Act 2006, the Group Financial Statements also comply with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The Company's ultimate parent undertaking, Vesuvius plc, includes the Company in its consolidated financial statements. The Company has taken the exemption from preparing consolidated financial statements. The consolidated financial statements of Vesuvius plc are prepared in accordance with International Financial Reporting Standards applicable in the European Union ('IFRS EU') and are available to the public and may be obtained from 165 Fleet Street, London, EC4A 2AE or from the group website www.vesuvius.com

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies - continued

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets and intangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not effective IFRSs; and
- Disclosures in respect of Key Management Personnel.

As the consolidated financial statements of the ultimate parent undertaking, Vesuvius plc include the equivalent disclosures the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- IAS 1 paragraph 40 A - D (requirements for a third statement of financial position).

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Rounding

All amounts in the financial statements and notes have been rounded off to the nearest pound sterling, which is the presentational currency unless otherwise stated

Going concern

At 31 December 2021 the Company had net assets of £120,648,000 (2020: £107,584,000). At 31 December 2021 the Company had net current assets of £27,683,000 (2020: £12,941,000). The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors of the Company are satisfied that there are no material events or uncertainties that they are aware of which will impact the ability of the Company to continue as a going concern.

Changes in accounting policy

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the Company's financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for goods supplied and services rendered to customers after deducting rebates, discounts and value-added taxes. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer, upon the completion of specified performance obligations, at an amount that reflects the considerations to which the company expects to be entitled to in exchange for these consumable products and associated services.

The identification of performance obligations includes a determination of whether the goods or services (or bundle of goods or services) are distinct. Where contracts contain the provision of multiple elements such as refractory consumables, technical assistance and equipment, management applies judgement in determining whether the bundle of goods and/or services are distinct. Where the provision of goods and/or services is distinct, revenue is recognised separately for each performance obligation. If the elements in the contract are not distinct, a distinct bundle of goods/services is identified, and revenue is recognised for this bundle of items.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies – continued

The transaction price is allocated to each performance obligation based on the relative standalone selling prices of the goods or services provided. If a standalone selling price is not available, the company will estimate the selling price with reference to the price that would be charged for the goods or services if they were sold separately.

An assessment of the timing of revenue recognition is made for each performance obligation. Revenue is recognised at a point in time for all standard revenue transactions when control of the goods provided is transferred to the customer. Revenue is also recognised at a point in time for contracts that contain multiple elements ('service contracts') when the agreed output is produced by the customer unless there are specific performance obligations to deliver other services over time. The company recognises revenue over time for contracts that are longer term in nature by measuring the progress of completion of each performance obligation using an output method of completion. For fixed-price contracts, the customer will pay the amounts as agreed in the payment schedule and contract asset or liability balances are recognised in accordance with the timing of completion of the identified performance obligations.

Variable consideration

If the consideration in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer.

Rights of return

No contracts provide a customer a right to return goods within a specific period.

Warranty obligations

The company usually provides warranties for goods where they can be returned if they are faulty. These assurance type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

CONTRACT BALANCES

Contract assets

A contract asset is a right to payment in exchange for goods or services that have been transferred to a customer when that right is conditional on something other than the passage of time. The Company accrues income on Service Contracts where the customer is invoiced one month in arrears from the service being performed. The amount accrued as revenue is included within Contract assets and is all expected to settle within less than 12 months.

Receivable

A receivable is a company's right to payment that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Once the consideration due to the Group is "unconditional", the contract asset should be reclassified as a receivable.

Contract liability

A contract liability is an obligation to transfer goods or services to a customer for which the consideration has been received (or an amount of consideration is due) from the customer.

Royalty Income

Per note 3 revenue includes royalty income. The company receives royalty income from other companies in the Vesuvius group based upon sales of certain products where the intellectual property is owned by Vesuvius UK Limited. Revenue is accounted for on an accruals basis to match when the sales are made and therefore performance obligations are satisfied. This revenue is recognised at a point in time.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies – continued

Exceptional Items

Exceptional items are disclosed separately on the face of the profit and loss account if they are considered exceptional due to their size, nature or incidence. This may include (but is not limited to) the disposal and closure costs of a site, significant restructuring and integration charges and an onerous commercial contract.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Tangible assets also include Right of use assets, under leases. These are measured in accordance with the accounting policy for Leases disclosed further in this note.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Buildings	25 years straight line
Other property, plant and equipment	3-10 years straight line
Right of use assets	Straight line over the period of the lease

Research and development

Expenditure on research activities is recognised in the profit and loss as an expense as incurred. The Company has not incurred any development costs that satisfy all criteria allowing the costs to be capitalised as an intangible fixed asset.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment in the event impairment indicators are identified, and at least annually.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies - continued

Investments

Investments in subsidiary undertakings are stated at cost, less any impairment in value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Stocks

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies - continued

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at fair value.

Derivative financial instruments

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices and are limited to forward foreign currency contracts

Derivative financial instruments are recognised in the balance sheet at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In the balance sheet, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes are included in trading income.

Leases

The Group adopted IFRS 16 Leases from 1 January 2019 and, in accordance with the simplified approach, did not restate comparatives on transition. The reclassifications and adjustments arising from the new lease accounting rules were therefore recognised in the opening balance sheet on 1 January 2020.

Lease liabilities are recognised at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease if that rate could be readily determined. If that rate cannot be readily determined the lessee's incremental borrowing rate was used, calculated as the local government bond rate plus an interest rate spread. In cases where there was an option to terminate or extend a lease, the duration of the lease assumed for this purpose reflected the Company's existing intentions regarding such options. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Leases of low-value assets and short-term leases (shorter than 12 months) are classified as operating leases and neither the asset nor the corresponding liability to the lessor is recognised in the Balance Sheet. Rentals payable under operating leases are charged to the Company Income Statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter an operating lease are also spread on a straight-line basis over the lease term.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies – continued

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity which has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Share based payments

The Company's ultimate parent company, Vesuvius plc, operates equity-settled share based payment arrangements for employees of the Group. The Company bears the expense attributable to those awards made to its employees. Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date takes account of the effect of market-based conditions, such as the Total Shareholder Return target upon which vesting for some of the awards is conditional and is expensed on a straight-line basis over the vesting period with a corresponding increase in equity. The cumulative expense recognised is adjusted for the best estimate of the shares that will eventually vest and for the effect of other non market-based vesting conditions, such as growth in headline earnings per share, which are not included in the fair value determined at the date of grant. For grants with market-based conditions attaching to them, fair value is measured using a form of stochastic option pricing model. For all other grants, fair value is measured using the Black-Scholes model.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2021 £ 000	2020 £ 000
Sale of goods	123,634	111,407
Rendering of services	-	1,772
	<u>123,634</u>	<u>113,179</u>

The company enters into contracts to provide one or multiple items to customers in the Global Steel and Foundry industries. Management applies judgement in determining the number of performance obligations that apply to each contract. Information about the company's performance obligations is summarised below.

Where the company provides consumable items only to the Global Steel and Foundry industries, one performance obligation is present. The performance obligation to deliver consumables to the customer is satisfied upon delivery of these items. Following the satisfaction of the performance obligation, an invoice is raised and payment is due within the timeframe as noted on the invoice. Revenue is recognised at a point in time.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

3 Turnover continued

The company also enters into contracts with customers in the Global Steel industry to primarily provide consumable items to facilitate the steel production process. These contracts often include the supply of equipment and/or technical assistance. The company applies judgement in determining the number of performance obligations in each contract and invoices are raised in accordance with contractual terms with payment due within the timeframe as noted on the invoice. Revenue is recognised at a point in time unless there are specific performance obligations to deliver other services. Revenue related to these other services may be recognised over time.

Revenue is also earned from the installation of product or equipment at customer sites. The company applies judgement in determining the number of performance obligations in each contract and invoices are raised in accordance with contractual terms with payment due within the timeframe as noted on the invoice or as agreed on a payment schedule. Revenue is recognised over time by measuring the progress of completion of each performance obligation.

Turnover by geographical location is given below:

	2021 £ 000	2020 £ 000
UK	28,882	29,472
Europe	75,459	66,628
Asia	16,825	14,658
Americas	2,224	2,067
Rest of World	244	354
Total	123,634	113,179

4 Exceptional items

The analysis of the company's other losses for the year in relation to exceptional items is as follows:

	2021 £ 000	2020 £ 000
Fixed asset write down	(330)	-
Restructuring charges	-	(973)
	(330)	(973)

The fixed asset write down reflects a reduction in the carrying value of a property.

Restructuring charges of £nil (2020: £973,000) largely comprise the costs associated with closing a manufacturing facility, and include remediation, redundancy and other directly associated closure costs.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

5 Operating profit

Arrived at after charging

	2021 £ 000	2020 £ 000
Depreciation expense - owned asset	670	838
Depreciation expense - right of use asset	650	704
Research and development cost	3,632	3,490

6 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Interest on bank overdrafts and borrowings	67	43
Interest expense on other financing liabilities	-	30
Interest on finance leases	34	45
	<u>101</u>	<u>118</u>

7 Interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest on amounts owed by group companies	1,816	2,006
	<u>1,816</u>	<u>2,006</u>

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

8 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	11,456	11,860
Social security costs	917	964
Other pension costs	874	1,046
	<u>13,247</u>	<u>13,870</u>

The monthly average number of persons employed by the company (including Directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Production	70	88
Administration and support	27	28
Research and development	15	17
Sales, marketing and distribution	46	51
	<u>158</u>	<u>184</u>

9 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	358	321
Contributions paid to money purchase schemes	49	44
	<u>407</u>	<u>365</u>

In respect of the highest paid Director:

	2021 £ 000	2020 £ 000
Remuneration	244	213
Company contributions to money purchase pension schemes	35	31

During the year, the number of Directors who were receiving benefits were as follows:

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	2	2

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

10 Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	67	90

11 Tax on profit

Tax charged in the profit and loss account

	2021 £ 000	2020 £ 000
Foreign tax	-	555

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	13,688	9,625
Corporation tax at standard rate	2,601	1,829
Decrease arising from group relief tax reconciliation	(1,622)	(966)
Exempt profits of foreign branches	(450)	(477)
Increase arising from overseas tax suffered (expensed)	624	445
Decrease from effects of double taxation relief	(80)	(122)
Other tax effects for reconciliation between accounting profit and tax expense	(449)	(154)
Total tax charge	624	555

Following the 2021 Budget announcement, the rate of corporation tax will be increased from 19% to 25% from the 1 April 2023.

The Company has the following unrecognised deferred tax assets, £ 0.3m (2020: £0.4m) in respect of other timing differences and £ 1.3m (2020: £0.9m) for accelerated capital allowances. Total unrecognised deferred tax asset, £1.6m (2020: £1.3m). If circumstances change in the future resulting in recoverability becoming more certain, the asset will be recognised. This will only be the case if there is persuasive and reliable evidence suggesting that sustainable taxable profits will be generated in the future.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

12 Tangible assets	Leasehold land & buildings £ 000	Assets under construction £ 000	Other property, plant & equipment £ 000	Right of Use Assets land & buildings £000	Right of Use Assets plant & equipment £000	Total £ 000
Cost or valuation						
At 1 January 2021	2,025	1,526	7,643	2,592	868	14,654
Additions	830	650	-	-	291	1,771
Asset impairment	(1,502)	-	(67)	-	-	(1,569)
Disposals	-	-	-	-	(159)	(159)
Transfers	-	(472)	472	-	-	-
At 31 December 2021	1,353	1,704	8,048	2,592	1,000	14,697
Accumulated Depreciation						
At 1 January 2021	1,700	-	5,605	898	509	8,712
Charge for the year	72	-	598	449	201	1,320
Asset Impairment	(1,172)	-	(67)	-	-	(1,239)
Disposals	-	-	-	-	(159)	(159)
At 31 December 2021	600	-	6,136	1,347	551	8,634
Carrying amount						
At 31 December 2021	753	1,704	1,912	1,245	449	6,063
At 31 December 2020	325	1,526	2,038	1,694	359	5,942

13 Intangible assets

	Goodwill £ 000	Other intangible assets £ 000	Total £ 000
Cost or valuation			
At 1 January 2021 and 31 December 2021	21,128	9	21,137
Accumulated Amortisation			
At 1 January 2021 and 31 December 2021	12,145	-	12,145
Carrying amount			
At 31 December 2021	8,983	9	8,992
At 31 December 2020	8,983	9	8,992

Goodwill is measured at cost less accumulated impairment losses, with impairment testing carried out annually, or more frequently when there is an indication that the cash generating unit (CGU) to which the goodwill has been allocated may be impaired. On disposal of a business, the attributable amount of goodwill is included in the calculation of the profit or loss on disposal.

Goodwill largely relates to the operation at Ostend, Belgium that toll manufactures "mix" on behalf of the company which is then sold to a number of Group companies. This is a separately identifiable cash-generating unit. The basis on which this recoverable is determined is value in use. Based on the value in use model prepared, which includes assumptions regarding future cash flows, post tax discount rate of 10.5% (2020: 10.5%) and no long term growth (2020: nil), the directors have not identified any reasonably possible scenarios where an impairment is expected to arise.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

13 Intangible assets – continued

The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. Instead, an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410)', which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified. However, the effect of amortising over a useful life of 20 years would be a charge of £1.1 million (2020: £1.1 million) against operating profit, and a reduction of £8 million (2020: £7 million) in the carrying value of goodwill in the balance sheet.

14 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2021 and 31 December 2021	1
Carrying amount	
At 1 January 2021 and 31 December 2021	1

Details of the subsidiary as at 31 December 2021 are as follows:

Name of subsidiary	Country	Registered office
Vesuvius Refractory India Private Limited	India	Room No.9 3rd Floor, 7 Ganesh Chandra Avenue Kolkata, WB 700013 IN

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

15 Stocks

	31 Dec 2021 £ 000	31 Dec 2020 £ 000
Raw materials and consumables	4,573	2,798
Work in progress	450	251
Finished goods and goods for resale	10,983	6,987
	<u>16,006</u>	<u>10,036</u>

The net inventories of £16,006,000 (2020: £10,036,000) includes a provision for obsolete stock of £168,000 (2020: £254,000). Any expense is booked to cost of sales within the profit and loss account.

16 Debtors

	31 Dec 2021 £ 000	31 Dec 2020 £ 000
Non-current Debtors		
Receivables from related parties	<u>91,483</u>	<u>107,713</u>
	31 Dec 2021 £ 000	31 Dec 2020 £ 000
Current Debtors		
Trade receivables	19,254	14,111
Receivables from related parties	1,968	1,893
Prepayments and accrued income	<u>2,982</u>	<u>2,748</u>
Total current trade and other receivables	<u>24,204</u>	<u>18,752</u>

Trade receivables include accrued income that represents a contract asset of £1,844,000 (2020: £1,194,000).

Interest on loans from other companies within the Vesuvius Group are interest free from dormant companies and charged on an arm's length basis from non-dormant companies. Repayment dates across all loans are variable and includes loans repayable on demand but can be renewed as required. The expected credit loss has been assessed on receivables from related parties and contract assets and is not considered to be material.

Credit Risk

The exposure to credit risk is limited to current trade and other receivables disclosed above and cash and cash equivalents disclosed in note 17 below.

Trade debtors above include amounts (detailed below) that are past due at the end of the reporting period and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there hasn't been a significant change in credit quality.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

16 Debtors - continued

Age of trade debtors that are past due but not impaired

	31 Dec 2021 £ 000	31 Dec 2020 £ 000
7 to 30 days	474	254
31 to 60 days	133	214
61 to 90 days	12	-
91 to 120 days	12	56
	<u>631</u>	<u>524</u>

The provision for impairment of trade receivables is the difference between the carrying value and the present value of the expected proceeds. 2021: £59,000 (2020: £75,000).

Age of impaired trade debtors

	31 Dec 2021 £ 000	31 Dec 2020 £ 000
91 to 120 days	<u>33</u>	<u>30</u>

17 Cash and cash equivalents

	31 Dec 2021 £ 000	31 Dec 2020 £ 000
Cash at bank	1,248	1,284
Bank overdrafts	<u>(811)</u>	<u>(323)</u>
Cash and cash equivalents.	<u>437</u>	<u>961</u>

18 Called up share capital

The Company only has one class of shares in issue, Ordinary Shares. All shareholders enjoy the same rights in relation to these shares, including rights in relation to voting at general meetings of the Company, distribution of dividends and repayment of capital.

Allotted, called up and fully paid shares

	31 December 2021		31 December 2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	70,000	70,000	70,000	70,000

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

19 Loans and borrowings

	31 Dec 2021 £ 000	31 Dec 2020 £ 000
Current loans and borrowings		
Bank overdrafts	811	323
Lease obligations – right of use land and buildings	509	1,395
Lease obligations – right of use other assets	247	175
	<u>1,567</u>	<u>1,893</u>
	31 Dec 2021 £ 000	31 Dec 2020 £ 000
Non-current loans and borrowings		
Lease obligations payable between 2-5 years – right of use land and buildings	856	1,356
Lease obligations payable between 2-5 years – right of use other assets	188	183
Lease obligations payable after 5 years - right of use land and buildings	-	66
	<u>1,044</u>	<u>1,605</u>

Total cash outflow for leases in 2021 was £1,375,000 (2020 £1,621,000)

20 Provisions for liabilities

	Disposal and closure costs £ 000	Restructuring charges £ 000	Other provisions £ 000	Total £ 000
At 1 January 2021	1,352	58	24	1,434
Provisions used	<u>(1,190)</u>	<u>(58)</u>	<u>(24)</u>	<u>(1,272)</u>
At 31 December 2021	<u>162</u>	<u>-</u>	<u>-</u>	<u>162</u>
Non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities	<u>162</u>	<u>-</u>	<u>-</u>	<u>162</u>
At 31 December 2021	<u>162</u>	<u>-</u>	<u>-</u>	<u>162</u>

Disposal and closure costs include the Directors' current best estimate of the costs to be incurred in the fulfilment of obligations incurred in connection with the closure of two production sites together with the costs related to clean up. We exited one site in January 2021, we expect to partially exit the other in 2022. The provision at 31 December 2021 includes property tax, security, repairs and remediation, insurance and professional fees.



Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

21 Trade and other payables

	31 Dec 2021 £ 000	31 Dec 2020 £ 000
Non-current trade and other payables		
Amounts due to related parties	12,239	25,152
Accrued expenses and other payables	291	331
	<u>12,530</u>	<u>25,483</u>

Interest on loans from other companies within the Vesuvius Group are interest free from dormant companies and charged on an arm's length basis from non-dormant companies. Repayment dates across all loans are variable and includes loans repayable on demand but can be renewed as required.

	31 Dec 2021 £ 000	31 Dec 2020 £ 000
Current trade and other payables		
Trade payables	5,572	8,854
Accrued expenses	2,807	2,717
Amounts due to related parties	2,936	2,528
Social security and other taxes	731	622
	<u>12,046</u>	<u>14,721</u>

22 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £874,000 (2020: £1,046,000).

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £602,000 (2020: £366,000).

24 Related party transactions

As the Company is a wholly owned subsidiary of Vesuvius plc, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Vesuvius plc group.

25 Parent and ultimate parent undertaking

The company's immediate parent is Vesuvius-Premier Refractories (Holdings) Limited a company registered in England & Wales. The ultimate controlling party is Vesuvius plc, incorporated in England and Wales.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Vesuvius plc, incorporated in England and Wales.

The address of Vesuvius plc is: 165 Fleet Street, London, EC4A 2AE.

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