

Vesuvius UK Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2020



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

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Vesuvius UK Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present their strategic report for the year ended 31 December 2020.

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 in the UK, Europe, Africa, Asia and the Americas.

As shown in the Company's profit and loss account on page 11, the Company's turnover has decreased by £21,402,000 to £113,179,000 (2019: £134,581,000) due to a downturn in the European steel market and could be partially attributed to the Global Covid-19 pandemic. The profit for the financial year has decreased by £2,738,000 to £9,070,000 (2019: £11,808,000).

The balance sheet on page 13 of the financial statements shows that the Company's net assets at year end of £107,584,000 has increased by £9,070,000 (2019: £11,808,000) 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 2020 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 2020 (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 inaugural 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. Vesuvius operates a European Works Council (EWC) that contains representatives elected from the UK workforce. European management and the EWC meet formally once a year. At this meeting, management provides an update on the performance of the business, with a focus on the developments likely to impact European employees. Other meetings are held during the year and the Chief HR Officer of Vesuvius joins part of these meetings.

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.

Vesuvius UK Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

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.

The Covid-19 pandemic has had a significant impact on business activity in all of the Group's end markets. The World Steel Association reported that, in 2020, steel production in the world (excluding China) declined 8.2% year-on-year. The impact of Covid-19 on the Group has been disclosed in the 2020 Annual Report and Financial Statements of Vesuvius plc. The Group has maintained a robust financial position during this uncertain period and continues to have a strong balance sheet and liquidity position as well as covenant headroom and is acting to conserve cash so that the Group remains well positioned for long term success.

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 28 September 2021 and signed on its behalf by:


.....
Michael Satterthwaite
Director & Company Secretary

Vesuvius UK Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Certain disclosures required under Companies Act 2006 to be included within the Directors' Report have been presented within the Strategic Report to avoid duplication.

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 2020 was £3,490,000 (2019: £4,065,000).

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 2020 (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 auditors

The auditors, PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Going Concern

At 31 December 2020 the company had net assets of £107,584,000 (2019: £98,514,000). At 31 December 2020 the company had net current assets of £12,941,000 (2019: £20,744,000). 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.

Approved by the Board on 28 September 2021 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).

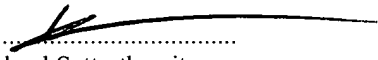
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- 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 28 September 2021 and signed by order of the board:


.....
Michael Satterthwaite
Director & Company Secretary

Vesuvius UK Limited

Independent auditors' report to the members of Vesuvius UK limited Report on the audit of the financial statements

Opinion

In our opinion, Vesuvius UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Profit and Loss Account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Vesuvius UK Limited

Independent auditors' report to the members of Vesuvius UK limited Report on the audit of the financial statements (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to income and indirect tax, health and safety compliance at sites, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results and management bias in making accounting estimates. Audit procedures performed by the engagement team included:

- Testing of income and indirect tax amounts;
- Enquiries of management, health and safety and legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations or fraud;

Vesuvius UK Limited

Independent auditors' report to the members of Vesuvius UK limited Report on the audit of the financial statements (continued)

- Testing of journal entries for any unusual or unexpected combinations, particularly those impacting revenue; and
- Evaluation of the results of our testing over management estimates for evidence of any bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Patrick O'Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2021

Vesuvius UK Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Turnover	4	113,179	134,581
Cost of sales		<u>(93,104)</u>	<u>(110,628)</u>
Gross profit		20,075	23,953
Distribution costs		(921)	(995)
Administrative expenses		<u>(10,446)</u>	<u>(11,625)</u>
Trading profit		8,708	11,333
Exceptional items	5	(973)	(1,610)
Profit on disposal of business	14	<u>2</u>	<u>1,467</u>
Operating profit	6	<u>7,737</u>	<u>11,190</u>
Interest receivable and similar income	8	2,006	1,435
Interest payable and similar expenses	7	<u>(118)</u>	<u>(232)</u>
Profit before taxation		9,625	12,393
Tax on profit	12	<u>(555)</u>	<u>(585)</u>
Profit for the financial year		<u>9,070</u>	<u>11,808</u>

The above results were derived from continuing operations. The separately reported items would form part of Administrative expenses and would total £11,419,000 (2019: £13,235,000).

Vesuvius UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020


	2020 £ 000	2019 £ 000
Profit for the year	9,070	11,808
Total comprehensive income for the year	9,070	11,808

The notes on pages 15 to 30 form an integral part of these financial statements.

Vesuvius UK Limited
(Registration number: 54713)
Balance Sheet as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Intangible assets	14	8,992	9,209
Tangible assets	13	5,942	6,128
Investments	15	1	64
Debtors	17	107,713	91,689
		<u>122,648</u>	<u>107,090</u>
Current assets			
Consideration receivable	14	-	2,933
Stocks	16	10,036	11,769
Debtors	17	18,752	19,999
Cash at bank and in hand	18	1,284	2,550
		<u>30,072</u>	<u>37,251</u>
Creditors: Amounts falling due within one year			
Trade and other payables	22	(14,721)	(12,767)
Loans and borrowings	20	(1,893)	(2,960)
Provisions for liabilities	21	(517)	(780)
		<u>(17,131)</u>	<u>(16,507)</u>
Creditors: Amounts falling due within one year			
Net current assets		<u>12,941</u>	<u>20,744</u>
Total assets less current liabilities		<u>135,589</u>	<u>127,834</u>
Creditors: Amounts falling due after more than one year			
Trade and other payables	22	(25,483)	(25,500)
Provisions for liabilities	21	(917)	(689)
Loans and borrowings	20	(1,605)	(3,131)
		<u>(28,005)</u>	<u>(29,320)</u>
Creditors: Amounts falling due after more than one year			
Net assets		<u>107,584</u>	<u>98,514</u>
Capital and reserves			
Called up share capital	19	70,000	70,000
Profit and loss account		<u>37,584</u>	<u>28,514</u>
Total Shareholders' funds		<u>107,584</u>	<u>98,514</u>

Approved by the Board on 28 September 2021 and signed on its behalf by:


.....
Michael Satterthwaite
Director & Company Secretary

The notes on pages 15 to 30 form an integral part of these financial statements.

Vesuvius UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	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

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	70,000	16,706	86,706
Profit for the year	-	11,808	11,808
Total Shareholders' funds	-	11,808	11,808
At 31 December 2019	70,000	28,514	98,514

The notes on pages 15 to 30 form an integral part of these financial statements.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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. The major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities are set out in note 3.

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 2020

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.

Going concern

At 31 December 2020 the Company had net assets of £107,584,000 (2019: £98,514,000). At 31 December 2020 the Company had net current assets of £12,940,000 (2019: £20,744,000). 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 2020 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 2020

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 4 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 2020

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 2020

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 2020

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 2020

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 and 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 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.

3 Critical accounting judgements and key sources of estimation uncertainty

Determining the carrying amount of some assets and liabilities requires estimation of uncertain future events. The major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets or liabilities are noted below.

Lease related liabilities/Provisions

The Company has onerous lease obligations relating to two partially occupied properties and the provision reflects the Directors' best estimate of costs likely to be incurred between the balance sheet date and the expiry of the leases. To assist in making this judgement, the Directors' undertake an estimate, at least annually, of the costs likely to be incurred to the expiry of the lease. In 2020 these amounts are included within Lease Liabilities and provisions.

The costs of the future lease payments for onerous leases are included in lease obligations within loans and borrowings. Other costs likely to be occurred between the balance sheet date and the expiry of the lease continue to be reported in provisions. Where certain lease contracts may be subject to dispute, there remains the potential for the amount of liabilities held in respect of these contracts to materially change in subsequent periods.

4 Turnover

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

	2020 £ 000	2019 £ 000
Sale of goods	111,407	132,434
Rendering of services	1,772	2,147
	<u>113,179</u>	<u>134,581</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 2020

4 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.

5 Exceptional items

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

	2020 £ 000	2019 £ 000
Fixed asset write off	-	(606)
Other restructuring costs	(973)	(1,004)
	<u>(973)</u>	<u>(1,610)</u>

Restructuring charges of £973,000 (2019: £1,610,000) largely comprise the costs associated with closing a manufacturing facility, and include remediation, redundancy and other directly associated closure costs. Further detail is given in note 21 (provisions).

6 Operating profit

Arrived at after charging

	2020 £ 000	2019 £ 000
Depreciation expense	1,542	2,219
Research and development cost	3,490	4,065

7 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest on bank overdrafts and borrowings	43	137
Interest expense on other financing liabilities	30	40
Interest on finance leases	45	55
	<u>118</u>	<u>232</u>

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

8 Interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest on amounts owed by group companies	2,006	1,435
	<u>2,006</u>	<u>1,435</u>

9 Staff costs

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

	2020 £ 000	2019 £ 000
Wages and salaries	11,860	13,772
Social security costs	964	1,382
Other pension costs	1,046	1,210
	<u>13,870</u>	<u>16,364</u>

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

	2020 No.	2019 No.
Production	79	130
Administration and support	28	30
Research and development	17	18
Sales, marketing and distribution	51	56
	<u>175</u>	<u>234</u>

10 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2020 £ 000	2019 £ 000
Remuneration	321	408
Contributions paid to money purchase schemes	44	48
	<u>365</u>	<u>456</u>

In respect of the highest paid Director:

	2020 £ 000	2019 £ 000
Remuneration	213	260
Company contributions to money purchase pension schemes	31	32

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

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	2	2

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Auditors' remuneration

	2020 £ 000	2019 £ 000
Audit of the financial statements	90	92
Non-audit fees	-	-

12 Tax on profit

Tax charged in the profit and loss account

	2020 £ 000	2019 £ 000
Foreign tax	555	585

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:

	2020 £ 000	2019 £ 000
Profit before tax	9,625	12,393
Corporation tax at standard rate	1,829	2,355
Decrease arising from group relief tax reconciliation	(966)	(966)
Exempt profits of foreign branches	(477)	(440)
Increase arising from overseas tax suffered (expensed)	445	460
Decrease from effects of double taxation relief	(122)	(86)
Other tax effects for reconciliation between accounting profit and tax expense	(154)	(459)
Unrecognised tax loss utilisation	-	(279)
Total tax charge	555	585

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

Accordingly, profits earned in future periods will be taxed at 25% rather than 19% and any deferred tax assets or liabilities will be revalued reflecting the latest enacted rate. Had the rate change been substantively enacted at 31 December 2020, the impact of this would be to increase the unrecognised deferred tax asset from £1.3m to £1.7m an increase of £0.2m.

The Company has the following unrecognised deferred tax assets, £0.4m (2019: £0.9m) in respect of other timing differences and £0.9m (2019: £0.8m) for accelerated capital allowances. Total unrecognised deferred tax asset, £1.3m (2019: £1.7m). 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 2020

13 Tangible assets

	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 2020	2,113	395	8,693	2,592	769	14,562
Additions	-	1,380	-	-	99	1,479
Disposals	(125)	-	(1,262)	-	-	(1,387)
Transfers	37	(249)	212	-	-	-
At 31 December 2020	2,025	1,526	7,643	2,592	868	14,654
Accumulated Depreciation						
At 1 January 2020	1,753	-	5,978	449	254	8,434
Charge for the year	72	-	766	449	255	1,542
Disposals	(125)	-	(1,139)	-	-	(1,264)
At 31 December 2020	1,700	-	5,605	898	509	8,712
Carrying amount						
At 31 December 2020	325	1,526	2,038	1,694	359	5,942
At 31 December 2019	360	395	2,715	2,143	515	6,128

14 Intangible assets

	Goodwill £ 000	Other intangible assets £ 000	Total £ 000
Cost or valuation			
At 1 January 2020	21,419	9	21,428
Disposal	(291)	-	(291)
At 31 December 2020	21,128	9	21,137
Accumulated Amortisation			
At 1 January 2020	12,219	-	12,219
Disposal	(74)	-	(74)
At 31 December 2020	12,145	-	12,145
Carrying amount			
At 31 December 2020	8,983	9	8,992
At 31 December 2019	9,200	9	9,209

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% (2019: 10.5%) and no long term growth (2019: 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 2020

14 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 (2019: £1.1 million) against operating profit, and a reduction of £6 million (2019: £7.1 million) in the carrying value of goodwill in the balance sheet.

On 31 December 2020 the company sold its Installation Services. Further details are below.

Assets Sold	Book Value £ 000
Tangible fixed assets	123
Goodwill	217
Stocks	16
	<u>356</u>
Disposal proceeds	358
Profit on disposal	<u>2</u>

15 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2020	64
Disposal to other group companies	<u>(63)</u>
At 31 December 2020	<u>1</u>
Carrying amount	
At 31 December 2020	<u>1</u>
At 31 December 2019	<u>64</u>

Details of the subsidiary as at 31 December 2020 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 2020

16 Stocks

	31 Dec 2020 £ 000	31 Dec 2019 £ 000
Raw materials and consumables	2,798	2,883
Work in progress	251	288
Finished goods and goods for resale	6,987	8,598
	<u>10,036</u>	<u>11,769</u>

The net inventories of £10,036,000 (2019: £11,769,000) includes a provision for obsolete stock of £254,000 (2019: £301,000). Any expense is booked to cost of sales within the profit and loss account.

17 Debtors

	31 Dec 2020 £ 000	31 Dec 2019 £ 000
Non-current Debtors		
Receivables from related parties	<u>107,713</u>	<u>91,689</u>
	31 Dec 2020 £ 000	31 Dec 2019 £ 000
Current Debtors		
Trade receivables	14,111	13,563
Receivables from related parties	1,893	2,786
Prepayments and accrued income	<u>2,748</u>	<u>3,650</u>
Total current trade and other receivables	<u>18,752</u>	<u>19,999</u>

Trade receivables include accrued income that represents a contract asset of £1,194,000 (2019: £1,088,000).

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 2020

17 Debtors

Age of trade debtors that are past due but not impaired

	31 Dec 2020 £ 000	31 Dec 2019 £ 000
7 to 30 days	254	749
31 to 60 days	214	512
61 to 90 days	-	17
91 to 120 days	56	264
	<u>524</u>	<u>1,542</u>

The provision for impairment of trade receivables is the difference between the carrying value and the present value of the expected proceeds. 2020: £75,000 (2019: £67,000).

Age of impaired trade debtors

	31 Dec 2020 £ 000	31 Dec 2019 £ 000
91 to 120 days	30	1

18 Cash and cash equivalents

	31 Dec 2020 £ 000	31 Dec 2019 £ 000
Cash at bank	1,284	2,550
Bank overdrafts	(323)	(1,275)
Cash and cash equivalents.	<u>961</u>	<u>1,275</u>

19 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 2020		31 December 2019	
	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 2020

20 Loans and borrowings

	31 Dec 2020 £ 000	31 Dec 2019 £ 000
Current loans and borrowings		
Bank overdrafts	323	1,275
Lease obligations	1,570	1,685
	<u>1,893</u>	<u>2,960</u>
	31 Dec 2020 £ 000	31 Dec 2019 £ 000
Non-current loans and borrowings		
Lease obligations payable between 2-5 years	1,539	2,854
Lease obligations payable after 5 years	66	277
	<u>1,605</u>	<u>3,131</u>

Total cash outflow for leases in 2020 was £1,621,000 (2019 £1,688,000)

21 Provisions for liabilities

	Disposal and closure costs £ 000	Restructuring charges £ 000	Other provisions £ 000	Total £ 000
At 1 January 2020	1,425	-	44	1,469
Additional provisions	500	473	-	973
Provisions used	(603)	(415)	(20)	(1,038)
Increase (decrease) due to passage of time or unwinding of discount	30	-	-	30
At 31 December 2020	<u>1,352</u>	<u>58</u>	<u>24</u>	<u>1,434</u>
Non-current liabilities	917	-	-	917
Current liabilities	<u>435</u>	<u>58</u>	<u>24</u>	<u>517</u>
At 31 December 2020	<u>1,352</u>	<u>58</u>	<u>24</u>	<u>1,434</u>

Of the total provision balance as at 31 December 2020 of £1,434,000 (2019: £1,469,000), £917,000 (2019: £689,000) is recognised in the balance sheet within non-current liabilities and £517,000 (2019: £780,000) within current liabilities.

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. The provision at 31 December 2020 includes property tax, security, repairs and remediation, insurance and professional fees. The principal source of estimation is that relating to repairs and remediation and is the Directors' best estimate based on available evidence. Where such amounts are subject to ongoing legal assessment there remains the potential for these to materially vary in subsequent period. Cash out flows are expected to be incurred between 2021 and 2022.

Restructuring charges include the costs of a number of initiatives to rationalise operating activities. They largely relate to the closure of a manufacturing facility.

Vesuvius UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

22 Trade and other payables

	31 Dec 2020 £ 000	31 Dec 2019 £ 000
Non-current trade and other payables		
Amounts due to related parties	25,152	25,152
Accrued expenses and other payables	331	348
	<u>25,483</u>	<u>25,500</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 2020 £ 000	31 Dec 2019 £ 000
Current trade and other payables		
Trade payables	8,854	7,103
Accrued expenses	2,717	2,491
Amounts due to related parties	2,528	2,299
Social security and other taxes	622	874
	<u>14,721</u>	<u>12,767</u>

23 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 £1,046,000 (2019 - £1,210,000).

24 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £366,000 (2019 - £440,000).

25 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.

26 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.

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

27 Non adjusting events after the financial period

On 23 June 2021 the company acquired the leased land and buildings located at 67-78 Brown Street, Newmilns, Ayrshire, KA16 9AG. The consideration paid to the seller included full and final settlement of all outstanding obligations.