

# Wilkes-Lucas Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2012

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**Wilkes-Lucas Limited**  
**Company Information**

<b>Directors</b>	BR Elliston RMH Malthouse SC Upcott
<b>Company Secretary</b>	A Firman
<b>Registered office</b>	165 Fleet Street London EC4A 2AE
<b>Auditor</b>	KPMG LLP Statutory Auditor and Chartered Accountants 15 Canada Square London E14 5GL

## **Wilkes-Lucas Limited**

### **Directors' Report for the Year Ended 31 December 2012**

The Directors present their report and the financial statements for the year ended 31 December 2012

#### **Directors of the Company**

The Directors who held office during the year were as follows

BR Elliston

RS Fell (resigned 21 March 2013)

RMH Malthouse

SA O'Hara (resigned 28 June 2013)

SC Upcott

#### **Principal activity and review of the business**

The Company is a holding company for investments in group undertakings, and its investing activities during the year are detailed in note 6. The Directors do not envisage any change to the business of the Company in the foreseeable future.

#### **Results and dividends**

The result for the year is shown on page 5. The Directors do not recommend payment of a final dividend (2011 £nil).

#### **Political and charitable donations**

During the year the Company made political donations of £nil (2011 £nil) and charitable donations of £nil (2011 £nil).

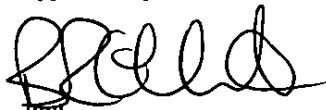
#### **Disclosure of information to the auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Reappointment of auditors**

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

Approved by the Board on 9 September 2013 and signed on its behalf by



BR Elliston  
Director

## **Wilkes-Lucas Limited**

### **Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditor's Report to the Members of Wilkes-Lucas Limited**

We have audited the financial statements of Wilkes-Lucas Limited for the year ended 31 December 2012, set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

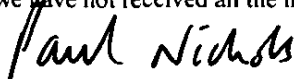
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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



Paul Nichols (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

9 September 2013

**Wilkes-Lucas Limited****Profit and Loss Account for the Year Ended 31 December 2012**

	Note	2012 £ 000	2011 £ 000
Impairment of fixed asset investments reversal/(charge)	6	90,220	(64,377)
Operating profit/(loss)	2	90,220	(64,377)
Other interest receivable and similar income	3	358	3,116
Interest payable and similar charges	4	(686)	(29)
Profit/(loss) on ordinary activities before taxation		89,892	(61,290)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) for the financial year	9	89,892	(61,290)

All activities relate to continuing operations

**Wilkes-Lucas Limited**

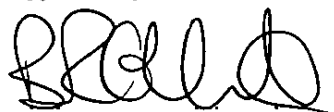
**Statement of Total Recognised Gains and Losses for the Year Ended 31 December 2012**

	<b>Note</b>	<b>2012 £ 000</b>	<b>2011 £ 000</b>
Profit/(loss) for the financial year		89,892	(61,290)
Dividend in specie		202,691	-
Unrealised impairment of fixed asset investments charge		<u>(168,909)</u>	<u>-</u>
Total recognised gains and losses relating to the year		<u>123,674</u>	<u>(61,290)</u>

**Wilkes-Lucas Limited**  
**(Registration number: 00368205)**  
**Balance Sheet at 31 December 2012**

	Note	2012 £ 000	2011 £ 000
<b>Fixed assets</b>			
Investments	6	477,798	390,491
Creditors Amounts falling due within one year	7	(257,692)	(460,055)
Net assets/(liabilities)		<u>220,106</u>	<u>(69,564)</u>
<b>Capital and reserves</b>			
Called up share capital	8	10	204,904
Share premium account	9	-	216,184
Profit and loss account	9	<u>220,096</u>	<u>(490,652)</u>
Shareholders' funds/(deficit)	10	<u>220,106</u>	<u>(69,564)</u>

Approved by the Board on 9 September 2013 and signed on its behalf by



BR Elliston  
Director



## **Wilkes-Lucas Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2012**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### **Going concern**

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities as shown on page 7, which the Directors believe to be appropriate for the following reason. The Company is dependent for its working capital on funds provided to it by Vesuvius plc, the Company's ultimate parent. Vesuvius plc has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future and to meet its liabilities as they fall due for payment.

##### **Exemption from preparing a cash flow statement**

The Company is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement as its cash flows are included within the consolidated cash flow statement of Vesuvius plc.

##### **Exemption from preparing group accounts**

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements since the Company is itself a wholly-owned subsidiary of Vesuvius plc. These financial statements present information about the Company as an individual undertaking and not about its group.

##### **Fixed asset investments**

Investments in subsidiary undertakings ('subsidiaries') are stated at cost, less any impairment in value.

##### **Taxation**

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

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, except as otherwise required by FRS 19.

##### **Foreign currency**

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.

## Wilkes-Lucas Limited

### Notes to the Financial Statements for the Year Ended 31 December 2012

*continued*

#### 2 Operating profit

Other than the Directors, the Company had no employees during the year (2011 nil) The Directors received remuneration of £nil (2011 £nil) in respect of services to the Company during the year An allocated audit fee was borne by the ultimate parent undertaking, Vesuvius plc, of £4,000 (2011 £4,000)

#### 3 Other interest receivable and similar income

	2012 £ 000	2011 £ 000
Interest receivable from group undertakings	358	608
Foreign exchange gains	-	2,508
	<u>358</u>	<u>3,116</u>

#### 4 Interest payable and similar charges

	2012 £ 000	2011 £ 000
Interest payable to group undertakings	-	29
Foreign exchange losses	686	-
	<u>686</u>	<u>29</u>

# Wilkes-Lucas Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012

*continued*

### 5 Taxation

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

	2012 £ 000	2011 £ 000
Total tax on profit/(loss) on ordinary activities	-	-

#### Factors affecting current tax charge for the year

Tax on profit/(loss) on ordinary activities for the year is lower than (2011 higher than) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)

The differences are reconciled below

	2012 £ 000	2011 £ 000
Profit/(loss) on ordinary activities before taxation	89,892	(61,290)
Corporation tax at standard rate	22,024	(16,242)
Income not chargeable for tax purposes	(22,104)	-
Expenses not deductible for tax purposes	-	17,060
Losses (claimed from) / surrendered to group	80	(818)
Total current tax	-	-

#### Factors that may affect future tax charges

The unrecognised deferred tax asset is approximately £24,026,831 (2011 £24,579,750) in respect of non-trading deficits. If circumstances change in the future resulting in the recoverability of the deferred tax asset becoming more certain, the asset will be recognised. This will only be the case if there is persuasive and reliable evidence suggesting that suitable taxable profits will be generated in the future.

From 1 April 2012, the UK corporation tax rate reduced to 24% from 26%. Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

# Wilkes-Lucas Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012

*continued*

### 6 Investments held as fixed assets

	Investments in subsidiary undertakings £ 000
<b>Cost</b>	
At 1 January 2012	602,687
Additions	368,686
Disposals	(202,690)
At 31 December 2012	<u>768,683</u>
<b>Provision for impairment</b>	
At 1 January 2012	212,196
Charge for the year	78,689
At 31 December 2012	<u>290,885</u>
<b>Net book value</b>	
At 31 December 2012	<u>477,798</u>
At 31 December 2011	<u>390,491</u>

### Details of undertakings

The principal subsidiaries of Wilkes-Lucas Limited and the countries in which they are incorporated are as follows

Cookson Ceramics Ltd, England and Wales	** Vesuvius Americas Holdings, Inc , USA
* Cookson America, Inc , USA	** Vesuvius Crucible Company, USA
** Cookson Investments, Inc , USA	** Vesuvius U S A Corporation, USA

Where marked with an asterisk (\*), the ordinary capital of the above companies was owned by Wilkes-Lucas Limited and a subsidiary, and where marked with double asterisks (\*\*), the companies were owned by a Wilkes-Lucas Limited subsidiary, at 31 December 2012. All of the above are wholly-owned, unless otherwise stated.

### The following investment activity occurred during the year:

Cookson Ceramics Limited was acquired from Cookson Investments Limited for £165,955,774 in exchange for allotted share capital in the Company.

An 83.33% shareholding in Alent USA Holding, Inc. was acquired from Cookson America Inc. for £168,908,723, and the remaining 16.67% shareholding from Cookson Ceramics Limited for £33,781,745. These were acquired as distributions from subsidiaries, being dividends in specie (an unrealised income). Subsequently, this shareholding was transferred at cost to Vesuvius Holdings Limited (previously Cookson Group plc).

# Wilkes-Lucas Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012

*continued*

Following a reassessment of the expected future profit contributions from its investments in subsidiary undertakings, the Company has recognised an impairment loss of £78,689,353 to reduce the value of its investments in subsidiary undertakings to their recoverable amount. The total impairment loss was measured by reference to the value in use of the investments, using risk-adjusted pre-tax discount rates that ranged between 12.2% and 15.4%.

Of the net impairment charge in the year, a release of £90,219,370 was realised in the profit and loss account, and £168,908,723 charge was recognised in the Statement of Total Recognised Gains and Losses, this relates to the dividends in specie from subsidiaries and as such is not realised.

### 7 Creditors: Amounts falling due within one year

	2012 £ 000	2011 £ 000
Amounts owed to group undertakings	<u>257,692</u>	<u>460,055</u>

### 8 Share capital

#### Allotted, called up and fully paid shares

	2012		2011	
	No.	£ 000	No.	£ 000
Ordinary shares of £0.00005 each (2011 £1.00) each	<u>204,903,702</u>	<u>10</u>	<u>204,903,700</u>	<u>204,904</u>

During the year 2 Ordinary shares having an aggregate nominal value of £1 were allotted for an aggregate consideration of £2.

Subsequently, the Company performed a capital reduction, reducing the nominal value of its issued ordinary shares from £1 to £0.00005 each, being a reduction in share capital value of £204,893,702 which was transferred to the profit and loss account, resulting in £10,000 total nominal value of the share capital.

# Wilkes-Lucas Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012

*continued*

### 9 Reserves

	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2012	216,184	(490,652)	(274,468)
Profit for the year	-	89,892	89,892
Premium on issue of shares	165,996	-	165,996
Transfer to profit and loss account	(382,180)	587,074	204,894
Dividends in specie	-	202,691	202,691
Unrealised impairment of fixed asset investments charge	-	(168,909)	(168,909)
At 31 December 2012	-	220,096	220,096

The issue of share premium of £165,995,772 relates to the allotment of 2 ordinary shares, being consideration for the acquisition of an investment in subsidiary

The dividends in specie received in the year of £202,690,468 (2011 nil) was received on distribution of an investment from subsidiaries, all of which was recognised as non-distributable reserves. The unrealised impairment relating to this transaction was also recognised in non-distributable reserves. Subsequently, qualifying consideration was received, and as such these reserves became distributable.

A capital reduction was performed reducing the nominal value of issued share capital (note 8) by £204,893,702 and simultaneously cancelling the entire £382,179,725 share premium account and transferring both to the profit and loss account, becoming distributable.

### 10 Reconciliation of movement in shareholders' funds

	2012 £ 000	2011 £ 000
Profit/(loss) attributable to the members of the Company	89,892	(61,290)
New share capital allotted	165,996	-
Dividends in specie	202,691	-
Unrealised impairment of fixed asset investments charge	(168,909)	-
Net addition/(reduction) to shareholders' funds	289,670	(61,290)
Shareholders' deficit at 1 January	(69,564)	(8,274)
Shareholders' funds/(deficit) at 31 December	220,106	(69,564)

### 11 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 8 and has therefore not disclosed transactions or balances with entities which form part of the Vesuvius plc group.

## **Wilkes-Lucas Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2012**

*continued*

#### **12 Immediate parent undertaking**

The immediate parent undertaking is Cookson Investments Limited

The Company's ultimate controlling party was Cookson Group plc. On 17 December 2012 the new holding company of Cookson group became Vesuvius plc, registered in England and Wales, which heads the largest group in which the results of the Company are consolidated. The financial statements of Vesuvius plc are available to the public and may be obtained from the Company Secretary, Vesuvius plc, 165 Fleet Street, London EC4A 2AE.

No other group financial statements include the results of the Company.