

Registration number: 00368205

# Wilkes-Lucas Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016



## **Wilkes-Lucas Limited**

### **Company Information**

<b>Directors</b>	HJ Knowles
	SC Upcott
	IJ Lawson
<b>Company secretary</b>	D Murray
<b>Registered office</b>	165 Fleet Street London EC4A 2AE
<b>Registration number</b>	00368205
<b>Incorporated</b>	a Private Limited Company incorporated in England & Wales
<b>Auditors</b>	KPMG LLP 15 Canada Square London E14 5GL

## Wilkes-Lucas Limited

### Strategic Report for the Year Ended 31 December 2016

The Directors present their Strategic Report for the year ended 31 December 2016.

#### **Fair review of the business**

Wilkes-Lucas Limited (the "Company") is an investment holding company for investments in group undertakings, and its investing activities during the year are detailed in the investments note. The Directors do not envisage any change in the business of the Company in the foreseeable future.

The profit before tax for the year is £7,525,000 (2015: loss of £82,577,000). The net assets for the year are £260,945,000 (2015: £253,420,000).

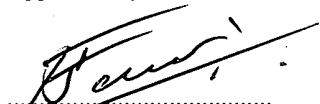
#### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the following:

##### **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.

Approved by the Board on 14 September 2017 and signed on its behalf by:



I. Lawson  
Director

## Wilkes-Lucas Limited

### Directors' Report for the Year Ended 31 December 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

#### **Directors' of the company**

The Directors who held office during the year were as follows:

HJ Knowles

KF Siow (resigned 21 December 2016)

SC Upcott

The following director was appointed after the year end:

IJ Lawson (appointed 5 April 2017)

#### **Dividends**

The Directors do not recommend payment of a final dividend (2015: £nil).

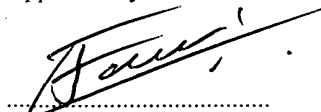
#### **Disclosure of information to the auditors**

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 auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Independent auditors**

In accordance with section 485 of the Companies Act 2006, an ordinary resolution for the approval of the appointment of Mazars LLP as auditor of the Company will be presented to the shareholders following the signing of these financial statements. KPMG LLP remains the auditor for the year ended 31 December 2016.

Approved by the Board on 14 September 2017 and signed on its behalf by:



IJ Lawson  
Director

## **Wilkes-Lucas Limited**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report, 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 year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. 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.

## **Wilkes-Lucas Limited**

### **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 2016, set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 (set out on page 4), 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 to the financial statements.

#### **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 2016 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.

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

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

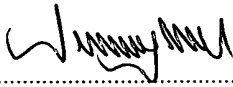
## **Wilkes-Lucas Limited**

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

#### **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.



.....  
Jeremy Hall (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square  
London  
E14 5GL

14 September 2017

# **Wilkes-Lucas Limited**

## **Profit and Loss Account for the Year Ended 31 December 2016**

	Note	2016 £ 000	2015 £ 000
Fixed asset investments reversal/(impairment)	6	<u>30,474</u>	<u>(63,737)</u>
Operating profit/(loss)		30,474	(63,737)
Other interest receivable and similar income	3	1,143	642
Interest payable and similar charges	4	<u>(24,092)</u>	<u>(19,482)</u>
Profit/(loss) before tax		7,525	(82,577)
Tax on profit/(loss) on ordinary activities	5	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u><u>7,525</u></u>	<u><u>(82,577)</u></u>

The above results were derived from continuing operations.

The notes on pages 10 to 14 form an integral part of these financial statements.



**Wilkes-Lucas Limited**

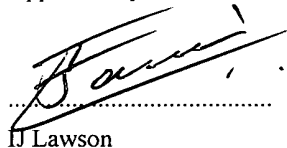
(Registration number: 00368205)

**Balance Sheet as at 31 December 2016**

	Note	2016 £ 000	2015 £ 000
<b>Non current assets</b>			
Investments	6	572,614	542,140
Debtors	7	<u>160,921</u>	<u>139,027</u>
		733,535	681,167
<b>Current assets</b>			
Cash at bank and in hand		<u>-</u>	<u>643</u>
Total assets less current liabilities		733,535	681,810
<b>Creditors: Amounts falling due after more than one year</b>			
Trade and other payables	8	<u>(472,590)</u>	<u>(428,390)</u>
Net assets		<u>260,945</u>	<u>253,420</u>
<b>Capital and reserves</b>			
Called up share capital	9	10	10
Profit and loss account		<u>260,935</u>	<u>253,410</u>
Shareholders' funds		<u>260,945</u>	<u>253,420</u>

The notes on pages 10 to 14 form an integral part of these financial statements.

Approved by the Board on 14 September 2017 and signed on its behalf by:



J.J. Lawson  
Director

# **Wilkes-Lucas Limited**

## **Statement of Changes in Equity for the Year Ended 31 December 2016**

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2016	10	253,410	253,420
Profit for the year	-	7,525	7,525
Total comprehensive income	-	7,525	7,525
At 31 December 2016	10	260,935	260,945
	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	10	335,987	335,997
Loss for the year	-	(82,577)	(82,577)
Total comprehensive income	-	(82,577)	(82,577)
At 31 December 2015	10	253,410	253,420

The notes on pages 10 to 14 form an integral part of these financial statements.

## Wilkes-Lucas Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

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#### 1 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.

##### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework 'FRS 101'.

The amendments to FRS 101 (2014/15 and 2015/2016 Cycles) issued in July 2015 and June 2016 respectively and both effective on 1 January 2016 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The transition to FRS 101 had no effect on the reported financial position, financial performance and cash flows of the Company.

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;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of Key Management Personnel.

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

During the year, we split out the amounts owed by/to group undertakings into current and non current, to be in line with the expected repayment time frame.

##### Summary of disclosure exemptions

###### 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.

## Wilkes-Lucas Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Company.

#### Fixed asset investments

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

#### 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. Foreign exchange gains and losses arising on the retranslation of monetary assets and liabilities are reported in the P&L under other interest receivable and similar income and interest payable and similar charges respectively.

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

#### Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Tax

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.

## 2 Operating profit

Other than the Directors, the Company had no employees during the year (2015: nil). The Directors received remuneration of £nil (2015: £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 (2015: £4,000).

## 3 Other interest receivable and similar income

	2016 £ 000	2015 £ 000
Interest receivable from group undertakings	1,143	642

## 4 Interest payable and similar charges

	2016 £ 000	2015 £ 000
Foreign exchange losses	24,092	19,482

## Wilkes-Lucas Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 5 Income tax

Tax charged/(credited) in the income statement

	2016 £ 000	2015 £ 000
Tax expense/(receipt) in the income statement	-	-

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015: higher than the standard rate of corporation tax in the UK) of 20% (2015: 20.25%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit/(loss) before tax	7,525	(82,577)
Corporation tax at standard rate	1,505	(16,722)
(Decrease) from effect of revenues exempt from taxation	(6,095)	-
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	-	12,907
Tax decrease from utilisation of tax losses	4,590	3,815
Total tax charge	-	-

#### Factors that may affect future tax charges

The unrecognised deferred tax asset is approximately £24,686,302 (2015: £22,527,112) 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.

Further UK corporation tax rate reductions to 19% from 1 April 2017 and 17% from 1 April 2020, were substantively enacted on 6 September 2016.

#### 6 Investments

Subsidiaries	£ 000
<b>Cost or valuation</b>	
At 1 January 2016	768,683
At 31 December 2016	768,683
<b>Provision</b>	
At 1 January 2016	226,543
Provision	(30,474)
At 31 December 2016	196,069
<b>Carrying amount</b>	
At 31 December 2016	572,614
At 31 December 2015	542,140

## Wilkes-Lucas Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

Details of undertakings Company	Country of incorporation	Registered office address
BMI Refractory Services, Inc.	USA	116 Pine Street, 3rd floor, suite 320, Harrisburg, 17101, United States
Flo-Con Holding, Inc.	USA	CT Corporation, 1209 Orange Street, The Corporation Trust Company, Wilmington, Delaware, 19801, United States
Flo-Con Systems, LLC	USA	CT Corporation, 208 South LaSalle Street, Chicago, Cook County, Illinois, IL 60604, United States
Foseco Metallurgical Inc	USA	CT Corporation, 1209 Orange Street, The Corporation Trust Company, Wilmington, Delaware, 19801, United States
Process Metrix, LLC	USA	6622 Owens Drive, Pleasanton, California, 94588, United States
J.H. France Refractories Company	USA	CT Corporation, 1209 Orange Street, The Corporation Trust Company, Wilmington, Delaware, 19801, United States
Realisations 789, LLC	USA	CT Corporation, 1209 Orange Street, The Corporation Trust Company, Wilmington, Delaware, 19801, United States
Sidermes S.A.	Argentina	Urquiza 919 Piso 2 Rosario Santa Fe, Argentina, CP 2000
Vesuvius Americas Holdings, Inc.	USA	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, DE, 19801, United States
Vesuvius America Inc	USA	1209 Orange Street, Wilmington, Delaware, 19801
Vesuvius Ceramics Limited	England & Wales	165 Fleet Street, London, EC4A 2AE, England
Vesuvius Crucible Company	USA	CT Corporation, 1209 Orange Street, The Corporation Trust Company, Wilmington, Delaware, 19801, United States
Vesuvius International Corporation	USA	CT Corporation, 1209 Orange Street, The Corporation Trust Company, Wilmington, Delaware, 19801, United States
Vesuvius Mexico SA de CV*	Mexico	Av. Ruiz Cortinez, Num. 140, Colonia Jardines de San Rafael, Guadalupe, Nuevo León, CP 67119, Mexico
Vesuvius Refractorios de Chile SA	Chile	Street San Martin 870, Room 308, Tower B, Concepcion, Chile
Vesuvius Refractorios de Venezuela C.A.	Venezuela	Av. Principal UD-321, Centro Industrial, Caroni, Galpon #2. Matanzas, Ciudad Guayana, Edo Bolivar, Venezuela

## Wilkes-Lucas Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

Vesuvius USA Corporation	USA	CT Corporation, 208 South LaSalle Street, Chicago, Cook County, Illinois, IL 60604, United States
Vesuvius (V.E.A.R.) S.A*	Argentina	Street Urquiza, 919, Flr 2, Rosario, Provincia de Santa Fé, Argentina

those marked with \* are not wholly owned by Wilkes-Lucas Limited.

#### 7 Trade and other receivables

	2016 £ 000	2015 £ 000
Amounts owed by group undertakings non current	<u>160,921</u>	<u>139,027</u>

#### 8 Trade and other payables

	2016 £ 000	2015 £ 000
Amounts owed to group undertakings non current	<u>472,590</u>	<u>428,390</u>

#### 9 Share capital

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

	2016		2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £0.00005 each	204,904	10.00	204,904	10.00

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.

#### 10 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.

#### 11 Parent and ultimate parent undertaking

The company's immediate parent is Vesuvius Investments Limited.

The most senior parent entity producing publicly available financial statements is Vesuvius plc. These financial statements are available upon request from the Company Secretary, Vesuvius plc, 165 Fleet Street, London EC4A 2AE.