

Registration number: 468147

Foseco International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2014

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Foseco International Limited
Company Information

Directors	G Smith M Satterthwaite HJ Knowles KF Siow NDM-C Matthei
Company Secretary	M Satterthwaite
Registered office	1 Midland Way Barlborough Links Barlborough Derbyshire S43 4XA
Auditor	KPMG LLP 1 The Embankment Leeds West Yorkshire LS1 4DW

Foseco International Limited
Strategic Report for the Year Ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014.

Principal activity and review of the business

The Company is a wholly owned subsidiary of Foseco Overseas Limited. The ultimate holding company is Vesuvius plc, a leading company operating on a worldwide basis in Ceramics.

The Company's principal activities during the year were as follows:

- The development and licensing of consumable products, primarily for use in foundry and steel-making industries.
- Providing central resources for the Foundry sector of Vesuvius plc.

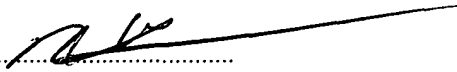
Other operating income predominantly consists of royalties received from other group companies in relation to the licensing of products developed by the Company. As shown in the Company's profit and loss account on page 7 operating profit has decreased by 10.5% over the prior year.

The balance sheet on page 8 shows that the Company's net assets have decreased during the year by £42,419,000, this being the Company's retained profit for the year of £7,581,000 less a dividend declared and paid of £50,000,000. Vesuvius plc manages its operations on a divisional 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 development, performance or position of the business. The performance of Vesuvius plc as a whole, which includes the Company, is discussed in the Vesuvius plc annual report, which does not form part of this report.

Principal risks and uncertainties

The Company's Directors consider the risks for the Company to be covered by those presented in the Vesuvius plc annual report, which does not form part of this report.

Approved by the Board on 21 September 2015 and signed on its behalf by:


.....
M Satterthwaite
Company secretary

Foseco International Limited
Directors' Report for the Year Ended 31 December 2014

The Directors present their report and the financial statements for the year ended 31 December 2014.

Directors of the Company

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

BR Elliston (resigned 31 March 2014)

RM Sykes (resigned 31 March 2015)

G Smith

M Satterthwaite

AJ Harrison (resigned 31 December 2014)

HJ Knowles

KF Siow (appointed Director 31 March 2014)

Dividends

The Directors recommend payment of a final dividend of £50,000,000 (2013: £nil).

Political and charitable donations

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

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 2014 was £7,459,000 (2013: £6,916,000).

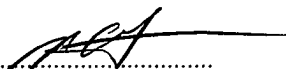
Disclosure of information to the auditor

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 21 September 2015 and signed on its behalf by:


.....

M Satterthwaite
Company secretary

Foseco International Limited
Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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; 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.

Independent Auditor's Report to the Members of Foseco International Limited

We have audited the financial statements of Foseco International Limited for the year ended 31 December 2014, set out on pages 7 to 16. 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 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.

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.

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 2014 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

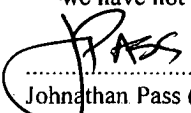
**Independent Auditor's Report to the Members of
Foseco International Limited**

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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.


Johnathan Pass (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditors

Chartered Accountants
1 The Embankment
Leeds
West Yorkshire
LS1 4DW

28/9/2015

Foseco International Limited
Profit and Loss Account for the Year Ended 31 December 2014

	Note	2014 £ 000	2013 £ 000
Administrative expenses		(12,140)	(12,762)
Other operating income		<u>19,422</u>	<u>20,898</u>
Operating profit	2	7,282	8,136
Other interest receivable and similar income	5	<u>1,134</u>	<u>114</u>
Profit on ordinary activities before taxation		8,416	8,250
Tax on profit on ordinary activities	6	<u>(835)</u>	<u>(938)</u>
Profit for the financial year	13	<u><u>7,581</u></u>	<u><u>7,312</u></u>

All activities relate to continuing operations.


The Company has no recognised gains or losses for the year other than the results above.

The notes on pages 9 to 16 form an integral part of these financial statements.

Foseco International Limited
(Registration number: 468147)
Balance Sheet at 31 December 2014

	Note	2014 £ 000	2013 £ 000
Current assets			
Stocks	7	55	-
Debtors	8	43,810	86,755
		<u>43,865</u>	<u>86,755</u>
Creditors: Amounts falling due within one year	9	(17,350)	(17,690)
Total assets less current liabilities		26,515	69,065
Creditors: Amounts falling due after more than one year	10	(354)	(485)
Net assets		<u>26,161</u>	<u>68,580</u>
Capital and reserves			
Called up share capital	11	11,000	11,000
Profit and loss account	13	15,161	57,580
Shareholders' funds	14	<u>26,161</u>	<u>68,580</u>

Approved by the Board on 21 September 2015 and signed on its behalf by:


.....
M Satterthwaite
Director

Foseco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards (UK Generally Accepted Accounts Practice) and under the historical cost accounting rules. The following accounting policies have been applied consistently on dealing with items which are considered material in relation to the Company's financial statements.

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.

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.

Research and development

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stock

Stocks are valued at the lower of cost and net realisable 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.

Hire purchase and leasing

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The Company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Foseco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

2 Operating profit

Operating profit is stated after charging:

	2014 £ 000	2013 £ 000
Operating lease - land and buildings	100	134
Operating leases - other assets	43	38
Auditor's remuneration - The audit of the company's annual accounts	<u>13</u>	<u>13</u>

3 Particulars of employees

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

	2014 No.	2013 No.
Sales, marketing and distribution	<u>22</u>	<u>19</u>

The aggregate payroll costs were as follows:

	2014 £ 000	2013 £ 000
Wages and salaries	2,185	2,346
Social security costs	158	148
Staff pensions	<u>308</u>	<u>298</u>
	<u>2,651</u>	<u>2,792</u>

4 Directors' remuneration

The directors' remuneration for the year was as follows:

	2014 £ 000	2013 £ 000
Remuneration	98	93
Company contributions paid to money purchase schemes	<u>16</u>	<u>15</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

Foseco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

	2014 No.	2013 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>
5 Other interest receivable and similar income		
	2014 £ 000	2013 £ 000
Interest receivable from group undertakings	<u>1,134</u>	<u>114</u>
6 Taxation		
Tax on profit on ordinary activities		
	2014 £ 000	2013 £ 000
Current tax		
Corporation tax charge	902	974
Adjustments in respect of previous years	-	(53)
Double taxation relief	<u>(902)</u>	<u>(974)</u>
UK Corporation tax	-	(53)
Current tax on income	<u>902</u>	<u>974</u>
Total current tax	902	921
Deferred tax		
Origination and reversal of timing differences	<u>(67)</u>	<u>17</u>
Total tax on profit on ordinary activities	<u>835</u>	<u>938</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2013: lower than) the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%).

The differences are reconciled below:

Foseco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

	2014 £ 000	2013 £ 000
Profit on ordinary activities before taxation	8,416	8,250
Corporation tax at standard rate	1,809	1,918
Difference between depreciation and capital allowances	(4)	(8)
Short-term timing differences	(28)	-
Non-deductible items	4	23
Overseas withholding tax	902	974
Adjustment in respect of prior years	-	(53)
Double tax relief	(902)	(974)
Group relief not paid for	(879)	(959)
Total current tax	902	921

Factors that may affect future tax charges

The future tax charge is affected by the amount of group relief surrendered/utilised without payment.

7 Stocks

	2014 £ 000	2013 £ 000
Finished goods	55	-

8 Debtors

	2014 £ 000	2013 £ 000
Amounts owed by group undertakings	43,604	86,613
Deferred tax	101	34
Prepayments and accrued income	105	108
	43,810	86,755

Deferred tax

The movement in the deferred tax asset in the year is as follows:

Foseco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

£ 000

At 1 January 2014	34
Deferred tax credited to the profit and loss account	67
At 31 December 2014	101

Analysis of deferred tax

	2014 £ 000	2013 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	101	34
	101	34

9 Creditors: Amounts falling due within one year

	2014 £ 000	2013 £ 000
Trade creditors	689	867
Bank loans and overdrafts	10	-
Amounts owed to group undertakings	15,079	15,282
Corporation tax	620	620
Other taxes and social security	72	82
Accruals and deferred income	880	839
	17,350	17,690

10 Creditors: Amounts falling due after more than one year

	2014 £ 000	2013 £ 000
Accruals and deferred income	354	485

Foseco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

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11 Share capital

Allotted, called up and fully paid shares

	2014		2013	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	<u>11,000,000</u>	<u>11,000</u>	<u>11,000,000</u>	<u>11,000</u>

12 Dividends

	2014 £ 000	2013 £ 000
Dividends proposed and recognised in the accounts		
Ordinary dividend proposed	<u>50,000</u>	<u>-</u>

13 Reserves

	Profit and loss account £ 000	Total £ 000
At 1 January 2014	57,580	57,580
Profit for the year	7,581	7,581
Dividends	<u>(50,000)</u>	<u>(50,000)</u>
At 31 December 2014	<u>15,161</u>	<u>15,161</u>

14 Reconciliation of movement in shareholders' funds

	2014 £ 000	2013 £ 000
Profit attributable to the members of the Company	7,581	7,312
Dividends	<u>(50,000)</u>	<u>-</u>
Net (reduction)/addition to shareholders' funds	(42,419)	7,312
Shareholders' funds at 1 January	<u>68,580</u>	<u>61,268</u>
Shareholders' funds at 31 December	<u>26,161</u>	<u>68,580</u>

Foseco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

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15 Pension 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 £308,000 (2013 - £298,000).

The company also participated in the UK defined benefit pension scheme operated by its ultimate parent company ("UK Scheme"). As the company is unable to identify its share of the underlying assets and liabilities of the UK Scheme it therefore accounts for its membership of the UK Scheme as it would for a defined contribution scheme. The UK Scheme was closed to future accrual, following the completion of the required period of consultation with its employees.

Particulars of the latest actuarial valuation and deficit of the UK Scheme, which was carried out by independent qualified actuaries, are included in the accounts of the ultimate parent company, Vesuvius plc, which are available at the address given in note 18.

16 Commitments

Operating lease commitments

As at 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2014 £ 000	2013 £ 000
Land and buildings		
Over five years	<u>138</u>	<u>134</u>
Other		
Within one year	5	6
Within two and five years	<u>20</u>	<u>31</u>
	<u>25</u>	<u>37</u>

17 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.

Foseco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

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18 Immediate parent undertaking

The immediate parent undertaking is Foseco Overseas Limited.

The ultimate controlling party is 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.