

Registration number: 5322423

Vesuvius China Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2016

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Vesuvius China Limited

Company Information

Directors HJ Knowles
SC Upcott
IJ Lawson

Company secretary D Murray

Registered office 165 Fleet Street
London
EC4A 2AE

Registration number 5322423

Incorporated a Private Limited Company incorporated in England & Wales

Vesuvius China 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

Vesuvius China 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 loss before tax for the year is £405,000 (2015: loss £555,000). The net assets for the year are £55,344,000 (2015: £55,766,000).

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.

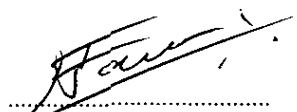
Financial counterparty risk

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.

Recoverability of intercompany receivables

Where amounts are due from group companies with net liabilities, letters of support are obtained to ensure that they will be able to meet their obligations as they fall due.

Approved by the Board on 18 September 2017 and signed on its behalf by:



IJ Lawson
Director

Vesuvius China Limited

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the unaudited 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 (appointed 29 April 2016)

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).

Political and charitable donations

During the year the Company made political donations of £nil (2015: £nil) and charitable donations of £nil (2015: £nil).

Approved by the Board on 18 September 2017 and signed on its behalf by:



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IJ Lawson
Director

Vesuvius China Limited

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Administrative expenses		<u>28</u>	<u>-</u>
Operating profit		28	-
Income from shares in group undertakings		345	187
Other interest receivable and similar income		54	50
Interest payable and similar charges	3	<u>(832)</u>	<u>(792)</u>
Loss before tax		(405)	(555)
Tax on loss on ordinary activities	4	<u>(17)</u>	<u>-</u>
Loss for the year		<u><u>(422)</u></u>	<u><u>(555)</u></u>

The above results were derived from continuing operations.

The notes on pages 7 to 12 form an integral part of these financial statements.

Vesuvius China Limited
(Registration number: 5322423)
Balance Sheet as at 31 December 2016

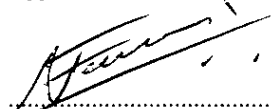
	Note	2016 £ 000	2015 £ 000
Fixed assets			
Investments	5	79,604	79,604
Debtors	6	<u>2,967</u>	<u>2,967</u>
		<u>82,571</u>	<u>82,571</u>
Current assets			
Debtors	6	-	295
Cash at bank and in hand		<u>-</u>	<u>59</u>
		<u>-</u>	<u>354</u>
Creditors: Amounts falling due within one year			
Trade and other payables	7	-	(1,840)
Loans and borrowings	9	<u>(2,451)</u>	<u>-</u>
Creditors: Amounts falling due within one year		<u>(2,451)</u>	<u>(1,840)</u>
Net current liabilities		<u>(2,451)</u>	<u>(1,486)</u>
Total assets less current liabilities		80,120	81,085
Creditors: Amounts falling due after more than one year			
Trade and other payables	7	<u>(24,776)</u>	<u>(25,319)</u>
Net assets		<u>55,344</u>	<u>55,766</u>
Capital and reserves			
Called up share capital	8	9,145	9,145
Profit and loss account		<u>46,199</u>	<u>46,621</u>
Shareholders' funds		<u>55,344</u>	<u>55,766</u>

For the financial year ending 31 December 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 18 September 2017 and signed on its behalf by:



IJ Lawson

Director

The notes on pages 7 to 12 form an integral part of these financial statements.

Vesuvius China 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	9,145	46,621	55,766
Loss for the year	-	(422)	(422)
Total comprehensive income	-	(422)	(422)
At 31 December 2016	9,145	46,199	55,344
	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	9,145	47,176	56,321
Loss for the year	-	(555)	(555)
Total comprehensive income	-	(555)	(555)
At 31 December 2015	9,145	46,621	55,766

The notes on pages 7 to 12 form an integral part of these financial statements.

Vesuvius China Limited

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

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 July 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.

During the year, the Company has split out the amounts owed by / to group undertakings into current and non-current, to be in line with the expected repayment timeframe.

Vesuvius China Limited

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

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.

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 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:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

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.

Tax

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.

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.

Investments

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

Vesuvius China Limited

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

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.

3 Interest payable and similar charges

	2016 £ 000	2015 £ 000
Interest on bank overdrafts and borrowings	5	-
Other finance costs	827	792
	<u>832</u>	<u>792</u>

4 Income tax

Tax charged/(credited) in the income statement

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	<u>17</u>	<u>-</u>

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

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Loss before tax	<u>(405)</u>	<u>(555)</u>
Corporation tax at standard rate	(81)	(112)
Decrease (increase) from effect of revenues exempt from taxation	(69)	(38)
Increase (decrease) arising from group relief tax reconciliation	150	150
Increase (decrease) from effect of foreign tax rates	<u>17</u>	<u>-</u>
Total tax charge	<u>17</u>	<u>-</u>

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

Vesuvius China Limited

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

5 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2016	79,604
At 31 December 2016	79,604
Provision	
At 31 December 2015	-
At 31 December 2016	-
Carrying amount	
At 31 December 2016	79,604
At 31 December 2015	79,604

Details of the subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Country	Registered office
Vesuvius China (Holdings) Co. Limited	Hong Kong	Office 813, 8/F, Paul Y Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong
Vesuvius Advanced Ceramics (China) Co., Limited	China	221 Xingming Street Industrial Park Suzhou, 215021 China
Vesuvius Solar Crucible (Suzhou) Co., Limited	China	58, KuaChun Road, Kua Tang, China-Singapore Suzou Ind Park, Suzhou, Jiangsu Province, 215122, China
Vesuvius Zyarock Ceramics (Suzhou) Co., Limited	China	58, KuaChun Road, Kua Tang, China-Singapore Suzou Ind Park, Suzhou, Jiangsu Province, 215122, China
Vesuvius Refractories (Tianjin) Co., Limited	China	56, 13th Avenue, TEDA, Tianjin, 300457, China
Yingkou Bayuquan Refractories Co., Limited	China	Qing Long Shan Street, Bayuquan District, Liaoning Province, YingKou
Vesuvius Foundry Products (Suzhou) Co., Limited	China	12 Wei Wen Road, China-Singapore Suzhou Ind Park, Suzhou, Jiangsu Province, 215122, China
Vesuvius Foundry Technologies (Jiangsu) Co. Limited	China	Chang Chung Road, Economic development zone
Angang Vesuvius Refractory Co. Limited *	China	Taxi District, Anshan City, Liaoning province, China

Vesuvius China Limited

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

Name of subsidiary	Country	Registered office
Wuhan Wugang - Vesuvius Advanced CCR China Co. Limited *		Gongnong Village, Qingshan Districty, Wuhan City, 430082, China

* Vesuvius China Limited holds a 50% interest in the share capital of the joint venture, Wuhan Wugang-Vesuvius Advanced CCR Co. Limited, a trading company incorporated in China. Vesuvius China (Holdings) Limited holds a 50% interest in the share capital of the joint venture, Angang Vesuvius Refractory Company Limited, a trading company incorporated in China.

6 Trade and other debtors

	31 December 2016 £ 000	31 December 2015 £ 000
Non-current trade and other receivables		
Amounts owed by group undertaking	2,967	2,967
Current trade and other receivables		
Amounts owed by group undertaking	-	295

Vesuvius China Limited

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

7 Trade and other payables

	31 December 2016 £ 000	31 December 2015 £ 000
Non-current trade and other payables		
Amounts owed to group undertakings	24,776	25,319
	2016	2015
	£ 000	£ 000
Current trade and other payables		
Amounts owed to group undertakings	-	1,840

8 Share capital

Allotted, called up and fully paid shares

	2016	2015
	No. 000 £ 000	No. 000 £ 000
Ordinary Shares of £1 each	9,145 9,145	9,145 9,145

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.

9 Loans and borrowings

	2016 £ 000	2015 £ 000
Current loans and borrowings		
Bank overdrafts	2,451	-

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 Overseas 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