

Zircosil Overseas Limited

(formerly Endeka Ceramics Overseas Limited)

**Directors' report and financial
statements**

Registered number 6082544

31 December 2015

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Directors' report

The directors present their Directors' report and financial statements for the year ended 31 December 2015.

Principal activities

The company is the holding company for certain overseas investments of the Endeka Ceramics group.

Proposed dividend

The directors do not recommend the payment of a dividend (2014: *£nil*).

Directors

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

S O'Toole (resigned 2 December 2015)
A Pellizzoni (resigned 31 March 2016)
P Branco (Appointed 3 December 2015)
M Entrecanales (Appointed 1 April 2016)

Political and charitable donations

During the year, the company made no political contributions or incurred any political expenditure during the year (2014: *£nil*).

Disclosure of information to 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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Strategic Report

The company has taken advantage of the exemption under section 414B of the Companies Act 2006 not to present a Strategic Report.

By order of the board


P. Branco
Director

29 September 2016

Joiners Square
Lichfield Street
Hanley
Stoke on Trent
Staffordshire
ST1 3EH

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 year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square

Manchester

M2 3AE

United Kingdom

Independent auditor's report to the members of Zircosil Overseas Limited

We have audited the financial statements of Zircosil Overseas Limited for the year ended 31 December 2015 set out on pages 6 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Directors' Responsibilities Statement 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 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 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 2015 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.

Independent auditor's report to the members of Zircosil Overseas Limited
(continued)

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Antony Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

30 September 2016

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2015

	<i>Note</i>	12 months ended 31 December 2015 £000	9 months ended 31 December 2014 £000
Operating result	2	-	-
Interest receivable and similar income	3	214	231
Interest payable and similar income	4	(69)	(61)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		145	170
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
Profit for the financial year/period		145	170
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income for the year/period		145	170
		<hr/>	<hr/>

All amounts relate to continuing operations.

The notes on pages 9 to 14 form part of these financial statements.

Balance Sheet
at 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments in subsidiary undertakings	6	12,637	12,637
Creditors: amounts falling due after more than one year	7	(3,567)	(3,712)
Net assets		<u>9,070</u>	<u>8,925</u>
Capital and reserves			
Called up share capital	8	200	19,983
Profit and loss account		8,870	(11,058)
Shareholder's funds		<u>9,070</u>	<u>8,925</u>

These financial statements were approved by the board of directors on 29 September 2016 and were signed on its behalf by:


P Branco
Director

The notes on pages 9 to 14 form part of these financial statements.

Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 April 2014	19,983	(11,228)	8,755
Total comprehensive income for the period			
Profit	-	170	170
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	170	170
Balance at 31 December 2014	19,983	(11,058)	8,925

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	19,983	(11,058)	8,925
Total comprehensive income for the period			
Profit	-	145	145
Other comprehensive income	-	-	-
Transactions with owners, recorded directly in equity			
Capital reduction	(19,783)	19,783	-
Total contributions by and distributions to owners	(19,783)	19,783	-
Total comprehensive (loss)/income for the period	(19,783)	19,928	145
Balance at 31 December 2015	200	8,870	9,070

Notes

(forming part of the financial statements)

1 Accounting policies

Zircosil Overseas Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

The Company's parent undertaking, Jem FinCo Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Jem Finco are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, DF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Jem FinCo include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors have reasonable expectation that the company will continue as a going concern for the foreseeable future, due to the all liabilities in the entity being owed to group in greater than one year. The company acts as a holding company and so accrues interest on its intercompany loan which is not due within one year, but will be repaid in the future when the value from its investments are realised.

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Operating result

Directors' remuneration

The directors listed on page 1 do not receive remuneration in respect of their services to this company.

Auditor's remuneration

The audit fee of £3,350 (2014: £2,882) is borne by the company's parent undertaking, Zircosil Holding SLU. No non-audit services were provided to the company by the auditor, KPMG LLP, during the course of the period ended 31 December 2014 or year ended 31 December 2015.

3 Interest receivable and similar income

	12 months ended 31 December 2015 £000	9 months ended 31 December 2014 £000
Foreign exchange	214	231

4 Interest payable and similar charges

	12 months ended 31 December 2015 £000	9 months ended 31 December 2014 £000
Interest payable to group undertakings	69	61

5 Taxation

Total tax expense recognized in the profit and loss account, other comprehensive income and equity

	12 months ended December 2015 £000	9 months ended December 2014 £000
Current tax		
Current tax on income for the period	-	-
Total tax	-	-

Notes (continued)

5 Taxation (continued)

Reconciliation of effective tax rate

	12 months ended 31 December 2015 £000	9 months ended 31 December 2014 £000
Profit for the year	145	170
Total tax expense	-	-
Profit excluding taxation	145	170
Tax using the UK corporation tax rate of 20.25% (2014: 21%)	29	36
Utilisation of tax losses	(29)	(36)
Total tax expense included in profit or loss	-	-

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future tax charge accordingly.

The company has unrecognised gross tax losses of £632,321 (2014: £776,869) relating to non-trade loan relationship losses.

Notes (continued)

6 Fixed assets – investments in subsidiary undertakings

	2015 £000
Cost or valuation	
At beginning and end of the year	22,985
Provisions	
At beginning and end of the year	(10,348)
Net book value at 31 December 2014 and at 31 December 2015	12,637

The subsidiary undertakings of Zircosil Overseas Limited at 31 December 2015 are:

100% held directly by Zircosil Overseas Limited (formerly Endeka Ceramics Overseas Limited) unless otherwise stated	Country of incorporation
Zircosil Overseas Holdings (formerly Endeka Ceramics Overseas Holdings)	UK
100% held by subsidiaries of Zircosil Overseas Limited (formerly Endeka Ceramics Overseas Limited) unless otherwise stated	Country of incorporation
Endeka Ceramics India Limited	India
Zircosil (Malaysia) Sdn Bhd (formerly Endeka Ceramics (Malaysia) Sdn. Bhd)	Malaysia
Endeka Ceramics BVI Ltd	BVI
Endeka Ceramics Changzhou Co Ltd	China
Endeka Ceramics (Shanghai)	China
Zircosil (Jiangsu) Co, Ltd (formerly Endeka Ceramics Jiangsu Co Ltd)	China
Le Moulin des Pres S.A (50% Shareholding)	France

Except where otherwise stated, Zircosil Overseas Limited holds 100% of ordinary shares in the subsidiaries listed above.

All subsidiary undertakings are involved in the manufacture and supply of decorative products and associate drawing materials for ceramics and glass.

7 Creditors: Amount falling due after more than one year

	2015 £000	2014 £000
Amounts owed to group undertaking	3,567	3,712

The group loan is interest bearing at EUROIBOR + 3%. There are no set terms for the repayment of the loan.

Notes (continued)

8 Called up share capital

	31 December 2015 Number	31 December 2014 Number	31 December 2015 £000	31 December 2014 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of €0.01 each	29,455,300	29,455,300	200	19,983

During the year Zircosil Overseas Holdings reduced the nominal value of the Company's issued shares from €1.00 to €0.01, resulting in a reduction in share capital of £19,783,170.

9 Related party transactions

As the company is a wholly owned subsidiary of Jem FinCo Limited, the company has taken advantage of the exemption contained in FRS 102. 33.1A and has therefore no disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

10 Ultimate parent company

The Company's immediate parent company is Zircosil Holding, S.L.U. (formerly Endeka Ceramics Holdings I, S.L.U.) incorporated in Spain. The Company's ultimate parent undertaking is Jem TopCo Limited, incorporated in Jersey. The ultimate controlling party is deemed to be Alchemy Partners GP Limited being the ultimate controller of ASO Lux 2 S.a.r.l. which is the majority shareholder in Jem TopCo Limited.

The largest group in which the results of the Company are consolidated is that headed by Jem FinCo Limited, incorporated in the United Kingdom. The consolidated financial statements of Jem FinCo Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, DF14 3UZ. The smallest group in which they are consolidated is that headed by Zircosil Holding, S.L.U., incorporated in Spain. The consolidated financial statements of Zircosil Holding, S.L.U. are available to the public and may be obtained from Registro Mercantil de Valencia, Gran Via Marqués del Turia, 57, 46005 Valencia, Spain.