

Morganite Crucible Limited
Directors' report and financial
statements

Registered number

02133533

For the
year ended 31 December 2016

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Directors' report

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

The Company is a member of the Morgan Advanced Materials plc group (Morgan Group), which, from March 2016, managed its operations on a global business unit 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 the development, performance or position of the business.

Dividend

An interim dividend in respect of the year ended 31 December 2016 was paid during the year of 150p per share, total £1.7 million (2015: £nil). The Directors do not recommend the payment of a final dividend (2015: £nil).

Directors

The Directors who held office during the year and at the date of this report were as follows:

Mr PA Boulton

Mr A C Riley - resigned 19 October 2016

Ms C R Collins - appointed 19 October 2016

Morgan Group purchases directors' and officers' insurance cover on behalf of all Group companies in the UK.

Strategic report

The Directors have not prepared a strategic report, taking a small companies exemption as permitted by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

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.

By order of the board


C R Collins
Director

Quadrant
55-57 High Street
Windsor
SL4 1LP

8 September 2017

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 101 Reduced Disclosure Framework.

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 judgments 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.

Independent auditor's report to the members of Morganite Crucible Limited

We have audited the financial statements of Morganite Crucible Limited for the year ended 31 December 2016 set out on pages 4 to 11. 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 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 Directors' Responsibilities Statement set out on page 2, 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 2016 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 matters prescribed by the Companies Act 2006

In our opinion the information given in 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 Directors' report:

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

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.



Anna Barrell
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill,
Snow Hill Queensway,
Birmingham B4 6GH
United Kingdom
12 September 2017

Profit and loss account and other comprehensive income
for the year ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Other operating expenses		(8)	(65)
Operating loss		(8)	(65)
Income from shares in group undertakings		48	11
Other interest receivable and similar income	4	6	3
Profit/(loss) before taxation		46	(51)
Tax on profit/(loss)	5	-	(2)
Profit/(loss) and total other comprehensive income for the financial year		46	(53)

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

All operating results from the current and previous year have been derived from discontinued activities.

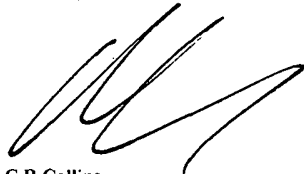
The notes on pages 7 to 11 form part of these financial statements.

Balance sheet
 at 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Fixed assets			
Investments	6	1,468	1,468
Current assets			
Cash at bank and in hand		<u>132</u>	<u>1,838</u>
		132	1,838
Creditors: amounts falling due within one year	7	<u>(6)</u>	<u>(21)</u>
Net current assets		126	1,817
Net assets		<u><u>1,594</u></u>	<u><u>3,285</u></u>
Capital and reserves			
Called up share capital	8	1,158	1,158
Profit and loss account		436	2,127
Shareholders' funds		<u><u>1,594</u></u>	<u><u>3,285</u></u>

The notes on pages 7 to 11 form part of these financial statements.

These financial statements were approved by the board of Directors on 8 September 2017 were signed on its behalf by:



C R Collins
 Director

8 September 2017

Statement of changes in equity
for the year ended 31 December 2016

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	1,158	2,180	3,338
Total comprehensive loss for the year	-	(53)	(53)
Balance at 31 December 2015	<u>1,158</u>	<u>2,127</u>	<u>3,285</u>
Balance at 1 January 2016	1,158	2,127	3,285
Total comprehensive income for the year	-	46	46
Dividend paid	-	(1,737)	(1,737)
Balance at 31 December 2016	<u>1,158</u>	<u>436</u>	<u>1,594</u>

The notes on pages 7 to 11 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Morganite Crucible Limited is a company incorporated and domiciled in the UK.

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

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.

The Company's ultimate parent undertaking, Morgan Advanced Materials plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Morgan Advanced Materials plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Quadrant, 55-57 High Street, Windsor, Berkshire, SL4 1LP.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- cash Flow Statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel and the services provided to them;
- disclosures in respect of capital management.

As the consolidated financial statements of Morgan Advanced Materials plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- the disclosures required by IFRS 7 Financial Instrument Disclosures.

As permitted by Section 400 of the Companies Act 2006, consolidated accounts have not been prepared since the Company is itself a wholly-owned subsidiary undertaking of another Company.

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

There are no significant estimates or judgements made in the preparation of these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Functional and presentation currency

The Company's financial statements are presented in pounds sterling, which is also the Company's functional currency.

Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in the trading performance, show that the Company is able to operate within the level of its available facilities. 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 the going concern basis in preparing the financial statements for the year ended 31 December 2016.

Investments

Fixed asset investments are stated at cost less provision for impairment. Impairment provisions are determined by comparing the carrying value of the investment with its recoverable amount. The recoverable amount is the value of expected discounted cash flows arising from owning the investment. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. Impairment losses are recognised in the profit and loss account.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

Tax on the profit or loss for the year comprises current 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.

2 Notes to the profit and loss account

	2016	2015
	£000	£000
<i>Profit/(loss) before taxation is stated after charging</i>		
<i>Auditor's remuneration</i>		
Audit of these financial statements	<u>8</u>	<u>8</u>

Amounts receivable by the Company's auditor in respect of services to the Company other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's immediate and ultimate parent undertaking, Morgan Advanced Materials plc.

3 Remuneration of directors

The directors performed no qualifying services for the company in respect of the current or preceding periods and therefore received no emoluments.

There are no employees in this Company (2015: none).

4 Other interest receivable and similar income

	2016	2015
	£000	£000
Net exchange gains	5	2
Bank interest	1	1
	<u>6</u>	<u>3</u>

5 Taxation

Analysis of charge in the year:

	2016	2015
	£000	£000
<i>UK corporation tax</i>		
Current tax on profit/(loss) for the year	-	-
Adjustments in respect of prior years	-	2
	<u>-</u>	<u>2</u>
Tax on profit/(loss)	<u>-</u>	<u>2</u>

Reconciliation of effective tax rate:

The tax charge for the year is lower (2015: higher) than the standard rate of corporation tax in the UK of 20%, (2015: 20.25%). The differences are explained below.

	2016	2015
	£000	£000
<i>Tax reconciliation</i>		
Profit/(loss) before tax	46	(51)
Current tax at 20% (2015: 20.25%)	9	(10)
<i>Effects of:</i>		
Non taxable dividend received	(10)	(2)
Group relief not paid for	1	12
Adjustments to tax charge in respect of previous years	-	2
Total tax charge. (See above)	<u>-</u>	<u>2</u>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

6 Investments

	Shares in group undertaking £000	Total £000
<i>Cost</i>		
At beginning of year and end of year.	1,468	1,468
<i>Provisions</i>		
At beginning and end of year	-	-
<i>Net book value</i>		
At 31 December 2016	1,468	1,468
At 31 December 2015	1,468	1,468

The company in which the Company's interest at year end is 20% or more (held in ordinary shares) is as follows:

	Country of incorporation	Registered Office Address	Principal activity	Percentage of ordinary shares held at 2016 and 2015
<i>Subsidiary undertaking - directly held</i>				
Morganite Crucible (India) Ltd	India	B-11, MIDC Industrial Area, Waluj, Aurangabad, 431 136, Maharashtra, India	Crucible manufacture	38.5%

7 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Amounts owed to Group undertakings	-	8
Other creditors	6	13
	<u>6</u>	<u>21</u>

8 Called up share capital

	2016	2015
	£000	£000
<i>Allotted, called up and fully paid</i>		
1,158,002 (2015: 1,158,002) ordinary shares of £1 each	<u>1,158</u>	<u>1,158</u>

9 Contingent liabilities

The Company participates in a cash pooling arrangement provided by Barclays Bank plc with other UK Group companies. As part of that pooling arrangement, the Company has provided a Guarantee for any liabilities of the other participating companies to the bank, limited to the lower of:

- a) an amount equal to the base currency amount of the total liabilities in the cash pool (Dec 2016: £20.9m); and
- b) an amount equal to the base currency amount of such guarantor's own credit balance in the cash pool (Dec 2016: £0.1m).

10 Ultimate parent company and parent undertaking of the larger group of which the Company is a member

The Directors regard Morgan Advanced Materials plc, incorporated in England and Wales, as being the Company's immediate and ultimate parent undertaking. The smallest and largest group in which the results of the Company are consolidated is that headed by Morgan Advanced Materials plc. The Consolidated accounts of Morgan Advanced Materials plc are available to the public and may be obtained from its registered office situated at Quadrant, 55-57 High Street, Windsor, Berkshire SL4 1LP.