Registered number: 01141077

MONOCON INTERNATIONAL REFRACTORIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

MONOCON INTERNATIONAL REFRACTORIES LIMITED

COMPANY INFORMATION

Directors	Mr M P Bajoria Mr D A Harris Dr P Myers (appointed 1 April 2018) Mr D Parakh Mr M Payne Mr M Rakhecha
Company secretary	Mr D Parakh
Registered number	01141077
Registered office	Denaby Lane Old Denaby DONCASTER DN12 4LQ
Independent auditor	Grant Thornton UK LLP Statutory Auditor & Chartered Accountants 1 Holly Street SHEFFIELD South Yorkshire S1 2GT
Bankers	HSBC Bank plc Unit 4 Europa Court SHEFFIELD S9 1XE
	ICICI Bank 21 Knightsbridge LONDON SW1X 7LY
	Barclays Bank plc Corporate Banking Level 2 1 Park Row Leeds LS1 5WU

MONOCON INTERNATIONAL REFRACTORIES LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The directors present their Strategic Report for the year ended 31 March 2019.

Business review

On the whole the directors were satisfied with the performance given the competitive environment within which Monocon International Refractories Limited operates. Sales has increased by 13% as compared to the previous year, however because of increase in raw material prices and increase in overheads the Profit after tax was similar to previous year.

We continue to take steps to improve operating margins of the group headed by Monocon International Refractories Limited. Expenditure is tightly controlled, new products and recipes have been developed, alternative raw materials sourced, and innovative product packages are being offered to customers. Manufacturing processes have also been improved to increase productivity and reduce inefficiencies. We continue to invest in research and development to improve our products range with particular emphasis on quality.

As in the previous year, the strategy adopted for the year has been to continually strengthen the company's market position. This is based on largely promoting our well known MONOCON brands and also that of the Indian Holding Company amongst the world's producers of Iron and Steel.

Principal risks and uncertainties

The management of the business and the nature of the Company's strategy are subject to a number of risks.

The major risks presently faced by the Company are a) High proportion of fixed overheads and variable revenues b) Competition c) Product obsolescence d) Fluctuations in currency exchange rates e) Interest rate risk f) Credit risk. The directors are of the opinion that a system for risk assessment, identification, monitoring, control and mitigation exist whereby these risks and other micro and macro risks faced by the Company are continually managed.

Financial key performance indicators

	2019	2018	2017	2016	2015	2014
	£	£	£	£	£	£
Turnover	20,161	17,880	17,667	17,027	20,434	20,580
Profit after tax	956	992	689	432	1,234	1,597

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Financial risk management objectives and policies

The Company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The main risks arising from the Company financial instruments are interest rate risk, liquidity risk and foreign exchange risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk
The Company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The Company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

Liquidity risk
The Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts and bank overdraft facilities.

Currency risk
The Company is exposed to transactions and translation foreign exchange risk. In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowing in the same currency. Transaction exposures are hedged when known, mainly using the forward hedge market.

This report was approved by the board on 10 May 2019 and signed on its behalf.

Mr D Parakh
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Principal activity

The Company manufactures specialised refractories and equipment used by the steel industry.

Results and dividends

The profit for the year, after taxation, amounted to £956,388 *(2018 - £992,323).*

The directors have not recommended a dividend.

Directors

The directors who served during the year were:

Mr M P Bajoria
Mr D A Harris
Dr P Myers (appointed 1 April 2018)
Mr D Parakh
Mr M Payne
Mr M Rakhecha

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Future developments

The directors recognise that increased competition has put pressure on prices and margins. They believe that the Company's continued investment in its product range, with particular emphasis on quality, design and employing people with the relevant expertise, will enable the Company to improve on its market position.

Research and Development

The Company is continuing its policy of developing its product range to meet market requirements and researching new products that will contribute to the future expansion and diversification of the business.

Disclosure of information to auditor

Each of the persons who is a director at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 May 2019 and signed on its behalf.

Mr D Parakh
Director

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONOCON INTERNATIONAL REFRACTORIES LIMITED

Opinion

We have audited the financial statements of Monocon International Refractories Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONOCON INTERNATIONAL REFRACTORIES LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONOCON INTERNATIONAL REFRACTORIES LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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.

Grant Thornton UK LLP

Paul Houghton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Chartered Accountants, Statutory Auditor
Sheffield

10 May 2019

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	*2018* *£*
Turnover	4	**20,160,760**	*17,879,841*
Cost of sales		**(13,954,134)**	*(11,954,614)*
Gross profit		**6,206,626**	*5,925,227*
Administrative expenses		**(4,906,248)**	*(4,890,665)*
Other operating income	5	**-**	*196,079*
Other operating charges		**(121,561)**	*-*
Operating profit	6	**1,178,817**	*1,230,641*
Interest receivable and similar income		**7,473**	*847*
Interest payable and expenses	10	**(397)**	*(346)*
Profit before tax		**1,185,893**	*1,231,142*
Tax on profit	11	**(229,505)**	*(238,819)*
Profit after tax		**956,388**	*992,323*
Retained earnings at the beginning of the year		**12,569,052**	*11,576,729*
		12,569,052	*11,576,729*
Profit for the year		**956,388**	*992,323*
Retained earnings at the end of the year		**13,525,440**	*12,569,052*

The notes on pages 11 to 30 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note		2019 £		2018 £
Fixed assets					
Tangible assets	12		1,907,781		*1,589,300*
Investments	13		9,653,930		*9,654,030*
			11,561,711		*11,243,330*
Current assets					
Stocks	14	2,971,864		*2,346,339*	
Debtors: amounts falling due within one year	15	5,920,026		*5,909,419*	
Cash at bank and in hand		3,285,602		*3,305,020*	
		12,177,492		*11,560,778*	
Creditors: amounts falling due within one year	16	(10,077,192)		*(10,116,171)*	
Net current assets			2,100,300		*1,444,607*
Total assets less current liabilities			13,662,011		*12,687,937*
Provisions for liabilities					
Deferred tax	18	(136,471)		*(118,785)*	
			(136,471)		*(118,785)*
Net assets			13,525,540		*12,569,152*
Capital and reserves					
Called up share capital	19		100		*100*
Profit and loss account	20		13,525,440		*12,569,052*
			13,525,540		*12,569,152*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 May 2019.

Mr D Parakh
Director

The notes on pages 11 to 30 form part of these financial statements.

1. General Information

The registered office of the Company is as stated on the Company Information page.

The principal activities of the Company are included within the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The financial statements are presented in sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This Information is included in the consolidated financial statements of IFGL Worldwide Holdings Limited as at 31 March 2019 and these financial statements may be obtained from its head office amd corporate office at 3 Netaji Subhas Road, Kolkata - 700 001, India..

2.3 Going concern

After reviewing budgets, profit forecasts and business plans, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has more than sufficient resources and available facilities to continue in existence for the foreseeable future, being the period of at least 12 months from the date of signing of these financial statements.. For this reason the directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate.

2.4 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 50 years
Plant & machinery	- 3 - 10 years
Fixtures & fittings	- 1 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.7 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

2. Accounting policies (continued)

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each

2. Accounting policies (continued)

2.12 Financial instruments (continued)

reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.15 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.17 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Management apply their judgement to a variety of balances. Provisions (for depreciation and against debtors) as well as certain accruals or prepayments are based on management's expected outcome with reference to similar balances in prior years.

Judgements with respect to the defined benefit pension scheme are made by management based on advice from qualified actuaries. See note 22 for further details.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	*2018 £*
United Kingdom	5,053,689	*4,462,891*
Rest of Europe	9,236,054	*5,962,640*
Rest of the world	5,871,017	*7,454,310*
	20,160,760	*17,879,841*

5. Other operating income

	2019 £	*2018 £*
Other operating income	-	*196,079*

6. Operating profit

The operating profit is stated after charging:

	2019 £	*2018 £*
Exchange differences	(115,791)	*7,402*
Depreciation of tangible fixed assets	122,329	*109,316*

7. Auditor's remuneration

	2019 £	*2018 £*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	27,444	*35,650*

Non-audit services

Tax compliance services	5,000	*5,000*

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	*2018* *£*
Wages and salaries	**2,578,403**	*2,438,065*
Social security costs	**315,328**	*258,156*
Cost of defined contribution scheme	**146,321**	*135,108*
	3,040,052	*2,831,329*

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	*2018* *No.*
Production	**38**	*33*
Sales and service	**17**	*16*
Office and management	**19**	*19*
	74	*68*

9. Directors' remuneration

	2019 £	*2018* *£*
Directors' emoluments	**767,613**	*557,302*
Directors pension costs	**26,414**	*21,908*
	794,027	*579,210*

During the year retirement benefits were accruing to 5 directors *(2018 - 4)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £253,347 *(2018 - £172,435).*

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £806 *(2018 - £13,500).*

10. Interest payable and similar expenses

	2019 £	*2018 £*
Bank interest payable	397	*346*

11. Taxation

	2019 £	*2018 £*
Corporation tax		
Current tax on profits for the year	211,819	*193,394*
Adjustments in respect of previous periods	-	*36,118*
Total current tax	211,819	*229,512*
Deferred tax		
Origination and reversal of timing differences	17,686	*9,307*
Total deferred tax	17,686	*9,307*
Taxation on profit on ordinary activities	229,505	*238,819*

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2018 - higher than)* the standard rate of corporation tax in the UK of 19.00% *(2018 - 19.00%)*. The differences are explained below:

	2019 £	*2018* *£*
Profit on ordinary activities before tax	**1,185,893**	*1,231,142*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	**225,320**	*233,917*
Effects of:		
Expenses not deductible for tax purposes	**(2,025)**	*970*
Fixed asset differences	**8,309**	*5,342*
Adjustments to tax charge in respect of previous periods	**3,019**	*36,118*
Adjust closing deferred tax to average rate of 19.00%	**(16,055)**	*(13,975)*
Adjust opening deferred tax to average rate of 19.00%	**10,937**	*9,047*
Deferred tax not recognised	-	*(32,575)*
Group relief	-	*(25)*
Total tax charge for the year	**229,505**	*238,819*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Tangible fixed assets

	Land and Buildings £	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 April 2018	1,731,388	2,086,947	604,597	4,422,932
Additions	300,000	133,288	7,522	440,810
At 31 March 2019	2,031,388	2,220,235	612,119	4,863,742
Depreciation				
At 1 April 2018	544,966	1,716,687	571,979	2,833,632
Charge for the year on owned assets	42,729	69,456	10,144	122,329
At 31 March 2019	587,695	1,786,143	582,123	2,955,961
Net book value				
At 31 March 2019	1,443,693	434,092	29,996	1,907,781
At 31 March 2018	*1,186,422*	*370,260*	*32,618*	*1,589,300*

Included in Land and Buildings is land at cost of £344,948 (2018: £344,948) which is not depreciated.

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	10,026,509
Disposals	(100)
At 31 March 2019	10,026,409
Impairment	
At 1 April 2018	372,479
At 31 March 2019	372,479
Net book value	
At 31 March 2019	9,653,930
At 31 March 2018	*9,654,030*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Goricon Metallurgical Services Limited	England	Ordinary	100%
Monocon Overseas Limited	England	Ordinary	100%
IFGL GmbH	Germany	Ordinary	100%
Hofmann Ceramic Gmbh*	Germany	Ordinary	100%
Hofmann Ceramics sro*	Czech Republic	Ordinary	98.78%
Mono Ceramics Inc*	USA	Share stock	100%
IFGL Inc*	USA	Share stock	100%
El Ceramics LLC*	USA	Share stock	100%

*Held indirectly

13. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 March 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Goricon Metallurgical Services Limited	621,431	44,170
Monocon Overseas Limited	7,008,130	(152)
IFGL GmbH	5,389,439	(4,332)
Hofmann Ceramic Gmbh*	664,006	(464,364)
Hofmann Ceramics sro*	(634,900)	(28,165)
Mono Ceramics Inc*	9,246,985	(114,177)
IFGL Inc*	8,219,726	923,065
EI Ceramics LLC*	5,723,256	2,239,572

14. Stocks

	2019 £	*2018 £*
Raw materials and consumables	1,139,883	*714,571*
Work in progress	175,812	*152,233*
Finished goods and goods for resale	1,656,169	*1,479,535*
	2,971,864	*2,346,339*

15. Debtors

	2019 £	*2018 £*
Trade debtors	4,936,073	*4,623,535*
Amounts owed by parent and subsidiary undertakings	685,922	*955,641*
Other debtors	188,035	*263,497*
Prepayments and accrued income	47,151	*26,698*
Financial instruments	62,845	*40,048*
	5,920,026	*5,909,419*

15. Debtors (continued)

All amounts owed by parent and subsidiary undertakings are interest free and repayable on demand.

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	**1,524,953**	*1,335,911*
Amounts owed to group undertakings	**6,005,275**	*6,417,336*
Corporation tax	**101,265**	*109,005*
Other taxation and social security	**78,729**	*74,537*
Other creditors	**197,632**	*35,623*
Accruals and deferred income	**2,169,338**	*2,143,759*
	10,077,192	*10,116,171*

All amounts owed to parent and subsidiary undertakings are interest free and repayable on demand.

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	**4,774,064**	*4,623,535*
Amounts owed by parent and subsidiary undertakings	**685,922**	*955,641*
Other debtors	**188,035**	*263,497*
Prepayments and accrued income	**47,151**	*26,698*
	5,695,172	*5,869,371*
Financial assets carried at fair value:		
Derivative financial instruments	**62,845**	*40,048*

Financial liabilities

Financial liabilities measured at amortised cost:		
Trade creditors	**(1,524,953)**	*(1,335,911)*
Amounts owed to parent and subsidiary undertakings	**(6,005,275)**	*(6,417,353)*
Accruals and deferred income	**(2,169,338)**	*(2,143,762)*
Corporation tax	**(101,265)**	*(109,005)*
	(9,800,831)	*(10,006,031)*

18. Deferred taxation

	2019 £	*2018* *£*
At beginning of year	**(118,785)**	*(109,478)*
Charged to the profit or loss	**(17,686)**	*(9,307)*
At end of year	**(136,471)**	*(118,785)*

The provision for deferred taxation is made up as follows:

	2019 £	*2018* *£*
Accelerated capital allowances	**(136,471)**	*(118,785)*

19. Share capital

	2019 £	*2018* *£*
Authorised, allotted, called up and fully paid		
100 *(2018 - 100)* Ordinary shares of £1.00 each	**100**	*100*

20. Reserves

Profit & loss account

Includes all current and prior period retained profit and losses.

21. Contingent liabilities

There is a cross guarantee between Monocon International Refractories Limited, Monocon Overseas Limited, IFGL Monocon Holdings Limited and Goricon Metallurgical Services Limited on all bank borrowings with HSBC plc. At 31 March 2019 the amount thus guaranteed by the Company was £Nil *(2018: £Nil)*.

22. Pension commitments

The Company operates a defined contributions pension scheme.

The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £146,321 *(2018: £117,194)*. Contributions totalling £Nil *(2018: £Nil)* were payable to the fund at the reporting date.

The Company operates a defined benefit pension scheme.

The assets of the scheme were held separately from those of the Company, being invested with insurance companies.

The pension cost and provision for the year ending 31 March 2019 are based on the advice of a professionally qualified actuary using revised assumptions that are consistent with the requirements of FRS 102. The most recent formal valuation is dated 31 March 2019. Investments have been valued, for this purpose, at fair value.

The contribution made for the year ended 31 March 2019 was £Nil *(2017: £Nil)*.

Reconciliation of present value of plan liabilities:

	2019 £	*2018* *£*
Reconciliation of present value of plan liabilities		
Plan value at the start of the year	2,950,000	*2,908,000*
Interest cost	71,000	*77,000*
Actuarial gains	256,000	*45,000*
Benefits paid	(484,000)	*(80,000)*
At the end of the year	2,793,000	*2,950,000*

Reconciliation of present value of plan assets:

	2019 £	*2018* *£*
Plan value at the start of the year	4,214,000	*3,994,000*
Interest income	103,000	*107,000*
Actuarial gains	95,000	*193,000*
Benefits paid	(484,000)	*(80,000)*
At the end of the year	3,928,000	*4,214,000*

22. Pension commitments (continued)

	2019 £	*2018 £*
Fair value of plan assets	3,928,000	*4,214,000*
Present value of plan liabilities	(2,793,000)	*(2,950,000)*
Unrecognised surplus	(1,135,000)	*(1,264,000)*
Net pension scheme liability	-	*-*

Total

The Company expects to contribute £NIL to its defined benefit pension scheme in 2020.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2019 %	*2018 %*
Discount rate	2.4	*2.6*
Inflation assumption (RPI)	3.2	*3.2*
Inflation assumption (CPI)	2.2	*2.2*
Mortality rates		
- for a male aged 65 now	22.0	*22.1*
- at 65 for a male aged 45 now	23.4	*24.0*
- for a female aged 65 now	23.9	*23.8*
- at 65 for a female member aged 45 now	25.4	*25.8*

23. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	*2018* *£*
Not later than 1 year	69,777	*85,996*
Later than 1 year and not later than 5 years	37,136	*92,451*
	106,913	*178,447*

24. Related party transactions

The Company has taken advantage of the exemption permitted by FRS 102 for the disclosure requirements of section 33 Related Party Disclosures and has not disclosed related party transactions with entities that are part of the IFGL Refractories Limited Group.

25. Controlling party

The ultimate parent undertaking of this Company is IFGL Refractories Limited, a company registered in India.

IFGL Monocon Holdings Limited, a company registered in England and Wales, is the Company's immediate parent company. The smallest and largest undertaking for which group accounts have been drawn up is that headed by IFGL Refractories Limited. Copies of IFGL Refractories Limited's group accounts can be obtained from its head and corporate office at 3 Netaji Subhas Road, Kolkata 700 001, India.