

Thermal Ceramics Europe Limited

Annual report and financial statements

Registered number

01476692

For the year ended 31 December 2018



Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 December 2018.

Principal activities and review of the business

The Company is a wholly-owned subsidiary of the Morgan Advanced Materials plc group (Morgan Group) and its principal activity is to support the Morgan Advanced Materials business within Europe on behalf of itself, and its fellow subsidiary and associated companies.

The balance sheet on page 6 of the financial statements shows the Company's financial position at the year-end. For the 2018 financial year the Company made an operating loss of £6,000 (2017: profit £128,000).

The Company is a member of the 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. The performance of the Thermal Products global business unit of Morgan Group, which include the Company, is discussed in Morgan Group's Annual Report which does not form part of this Report.

Dividend

The Directors do not recommend the payment of a dividend (2017: Nil).

Directors

The Director shown below held office during the whole year of the period from 1 January 2018 to the date of this report:

M J Price

Other changes in directors holding office are as follows:

K C Dodd (Resigned 26 January 2018)

C R Collins (Appointed 26 January 2018, Resigned 18 January 2019)

R A Pollard (Appointed 18 January 2019)

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 auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are 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



M J Price

Director

Quadrant

55-57 High Street

Windsor

Berkshire

SL4 1LP

24th September 2019

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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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Thermal Ceramics Europe Limited

Opinion

We have audited the financial statements of Thermal Ceramics Europe Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and loss account and other comprehensive income, the Balance sheet, the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note.

Our opinion is not modified in respect of this matter.

The impact of uncertainties due to the UK exiting the EU on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as investment impairment and related disclosures and the appropriateness of the going concern basis of preparation of financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the company's future implications for a company and this is particularly the case in relation to Brexit.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Paul Sawdon (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

25th September 2019

Profit and loss account and other comprehensive income
for the year ended 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Other operating expenses	2	(6)	144
Operating profit/(loss)		<u>(6)</u>	<u>144</u>
Interest payable and similar charges	3	-	(16)
Profit/(Loss) before taxation		<u>(6)</u>	<u>128</u>
Tax on loss on ordinary activities	4	-	-
Profit/(Loss) for the financial year		<u><u>(6)</u></u>	<u><u>128</u></u>
Other comprehensive income			
Item that may be reclassified subsequently to profit and loss			
Net foreign exchange movement on translation to presentational currency		-	(2)
Other comprehensive income for the year		<u><u>-</u></u>	<u><u>(2)</u></u>
Total comprehensive income for the year		<u><u>(6)</u></u>	<u><u>126</u></u>

All of the above figures relate wholly to continuing operations
The notes on pages 8 to 12 form part of these financial statements

Balance sheet
at 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Current assets			
Debtors	5	745	743
Cash at bank and in hand		-	-
		<u>745</u>	<u>743</u>
Creditors: amounts falling due within one year	6	(737)	(729)
Net current (liabilities)/assets		<u>8</u>	<u>14</u>
Total assets less current liabilities		<u>8</u>	<u>14</u>
Net (Liabilities)/assets		<u>8</u>	<u>14</u>
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account	8	8	14
Shareholders' (deficit)/funds		<u>8</u>	<u>14</u>

The notes on pages 8 to 12 form part of these financial statements

These financial statements were approved by the board of directors on 24th September 2019 and were signed on its behalf by:



M J Price
Director
24th September 2019

Statements of changes in equity
for the year ended 31 December 2018

	Called up share capital £000	Profit and loss account £000	Total Equity £000
Balance at 1 January 2017	-	(112)	(112)
Total comprehensive income for the year	-	126	126
Balance at 31 December 2017	-	14	14
Total Comprehensive income for the year	-	(6)	(6)
Balance at 31 December 2018	-	8	8

The notes on pages 8 to 12 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

Thermal Ceramics Europe Limited is a company incorporated and domiciled in England 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.

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 has not affected the reported financial position and financial performance of the Company.

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:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

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.

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

During 2010 it was decided to wind down the activities of the Company and the future plans are to close the Company; therefore the financial statements have not been prepared on a going concern basis. However, this does not have a material impact on the accounts since the remaining assets would not be significantly different if valued on a going concern basis.

Thermal Ceramics Europe Limited is a company incorporated in the UK and its operations are conducted in France. The functional currency of the Company is the Euro; however these financial statements have been presented in pounds sterling, as the ultimate parent company also presents its financial statements in pounds sterling.

As the Company is a wholly-owned subsidiary of the Morgan Group, the Company has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions or balances with entities which form part of the Morgan Group.

Foreign currencies

The assets and liabilities are translated from the functional currency, Euro, to the Company's presentational currency, pounds sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation are reported in other comprehensive income

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 adjustments to tax payable in respect of previous years.

Notes (continued)

2 Remuneration of directors, audit fees and employees

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

In the year ended 31 December 2018, an amount of £2,000 (2017: £2,000) was receivable by the auditor and their associates in respect of audit services.

The Company did not have any employees during the year (2017: nil).

3 Interest payable and similar charges

	2018	2017
	£000	£000
Interest payable to Group undertaking	-	16

Notes (continued)

4 Taxation

Analysis of charge in period

	2018 £000	2017 £000
<i>UK corporation tax</i>		
Current tax on loss for the period	-	-
Adjustments in respect of prior periods	-	-
	-	-
<i>Foreign tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	-	-
Total current tax	-	-
Tax on profit on ordinary activities	-	-

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2017: lower) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%).
The differences are explained below:

	2018 £000	2017 £000
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	(6)	128
	(6)	128
Current tax at 19.00% (2017: 19.25%)	(1)	25
<i>Effects of:</i>		
Group relief not paid for	1	(25)
Total tax charge (see above)	-	-

A reduction in the UK corporation tax rate from 20% 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.

Notes (continued)

5 Debtors

	2018	2017
	£000	£000
Amounts owed by group undertakings	745	743
	<u>745</u>	<u>743</u>

6 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	4	4
Amounts owed to group undertakings	733	725
	<u>737</u>	<u>729</u>

Notes (continued)

7 Called up share capital

	2018	2017
	£	£
<i>Allotted, called up and fully paid</i>		
2 (2017: 2) Ordinary shares of £1 each	2	2

8 Reserves

	Profit and loss account £000
At 1 January 2017	(112)
Profit for the year	128
Exchange movements	(2)
At 31 December 2017	14
Loss for the year	(6)
Exchange movements	-
At 31 December 2018	8

9 Ultimate parent company and parent undertaking of 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 ultimate parent undertaking. The Annual Report and Accounts may be obtained from its registered office situated at Quadrant, 55-57 High Street, Windsor, Berkshire SL4 1LP.