

**The Morgan Crucible Company Limited**

Directors' report and financial statements

Registered number

07328730

For the

year ended 31 December 2016

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## Contents

Strategic report	1
Directors' report	2
Statement of Directors' responsibilities in respect of the strategic report, Directors' report and the financial statements	3
Independent auditor's report to the members of The Morgan Crucible Company Limited	4
Profit and loss account and other comprehensive income	5
Balance sheet	6
Statement of changes in equity	7
Notes	8-11

## Strategic report

The Directors present their strategic report for the year ended 31 December 2016.

### Business review

The Company is a wholly-owned subsidiary of Morgan Advanced Materials plc (Morgan Group) and operates as an investment holding company. Its investment activities during the year are detailed in note 6. There were no additions to investments in the year. The Directors do not envisage any change to the business of the Company in the foreseeable future.

### Results

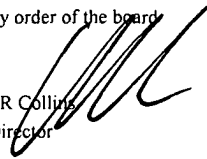
The profit before tax for the year was £331,000 (2015: £444,000). Dividends of £336,000 were received from subsidiaries in the year (2015: £454,000).

### Risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The principal risk to the Company is the permanent diminution in the value of its investments. Investments are tested for impairment at each balance sheet date.

A secondary risk relates to the Company's treasury operations. These are monitored and co-ordinated by the central treasury department at Morgan Advanced Materials plc on behalf of the entire Morgan Group. This includes the risk of potential failure by counterparties holding cash deposits on behalf of group companies.

By order of the board



CR Collins  
Director

Date: 8 September 2017

## 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.

### Dividends

The Directors do not recommend the payment of a dividend (2015: £nil).

### Directors

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

PA Boulton

CR Collins - appointed 19 October 2016

AC Riley - resigned 19 October 2016

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

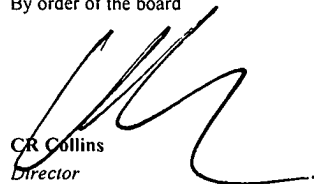
### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they have taken all the steps that they ought to have taken as a director to make themselves 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 will therefore continue in office.

By order of the board



CR Collins  
Director

Quadrant  
55-57 High Street  
Windsor  
Berkshire  
SL4 1LP

Date: 8 September 2017

## **Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements**

The Directors are responsible for preparing the strategic report, 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.



KPMG LLP  
15 Canada Square  
London E14 5GL  
United Kingdom

## Independent auditor's report to the members of The Morgan Crucible Company Limited

We have audited the financial statements of The Morgan Crucible Company Limited for the year ended 31 December 2016 set out on pages 5 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 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](http://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 matter 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

Anthony Sykes  
(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

Date: 14/9/2017

KPMG LLP

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

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Other operating expenses		(4)	-
<b>Operating loss</b>		<u>(4)</u>	<u>-</u>
Income from shares in group undertakings	4	336	454
Interest payable and similar expenses	3	<u>(1)</u>	<u>(10)</u>
<b>Profit/(Loss) before taxation</b>		<b>331</b>	<b>444</b>
Tax on profit	5	(25)	(54)
<b>Profit and total other comprehensive income for the financial year</b>		<u><b>306</b></u>	<u><b>390</b></u>

All of the above figures relate wholly to continuing operations.

The notes on pages 8 to 11 form part of these accounts.

**Balance sheet**  
 at 31 December 2016

	Note	£000	2016 £000	£000	2015 £000
<b>Fixed assets</b>					
Investments	6		893		893
<b>Current assets</b>					
Debtors	7	2	-	-	-
Cash at bank		<u>565</u>	<u>11</u>	<u>11</u>	
		567			
<b>Current Liabilities</b>					
Creditors: amounts falling due within one year	8	<u>(250)</u>	<u>-</u>	<u>-</u>	
<b>Net current assets/(liabilities)</b>			317		11
<b>Net assets</b>			<u>1,210</u>		<u>904</u>
<b>Capital and reserves</b>					
Called up share capital	9	-	-	-	-
Profit and loss account	10		1,210		904
<b>Shareholders' funds</b>			<u>1,210</u>		<u>904</u>

The notes on pages 8 to 11 form part of these accounts.

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



CR Collins  
 Director

Date: 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	-	521	521
Total comprehensive income for the year	-	390	390
Foreign exchange translation differences	-	(7)	(7)
Balance at 31 December 2015	-	904	904
Total comprehensive income for the year	-	306	306
Foreign exchange translation differences	-	-	-
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>1,210</b>	<b>1,210</b>

The notes on pages 8 to 11 form part of these accounts.

## Notes

### *(forming part of the financial statements)*

#### **1 Accounting policies**

The Morgan Crucible Company 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.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirements to prepare group financial statements. The financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements for the year ended 31 December 2016 have been prepared on a going concern basis as Morgan Advanced Materials plc has indicated to the Directors that it will continue to support the Company such that it can continue to settle its liabilities as they fall due.

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.

#### **Functional and presentation currency**

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

#### **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.

#### **Related Party Transactions**

As the Company is a wholly owned subsidiary of Morgan Advanced Materials plc, the Company has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

#### **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 Directors' emoluments, 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.

For the year ended 31 December 2016, an amount of £2,000 (2015: £2,000) receivable by the auditor and its associates in respect of audit services has been paid by another Group company.

The Company has no employees (2015: none).

## 3 Interest payable and similar expenses

	2016 £000	2015 £000
Interest payable to Group undertakings	1	10

## 4 Income from shares in group undertakings

	2016 £000	2015 £000
Income from fixed asset investments	336	454

## 5 Taxation

### Analysis of charge in the year:

	£000	2016 £000	£000	2015 £000
<i>UK corporation tax</i>				
Current tax/(credit) on income for the year	27		45	
Adjustments in respect of prior years	(2)		9	
	25		54	
Total current tax/(credit)		25		54
Tax/(credit) on profit on ordinary activities		25		54

### Reconciliation of effective tax rate:

The tax charge for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016 £000	2015 £000
<i>Tax reconciliation</i>		
Profit on ordinary activities before tax	331	444
	331	444
Current tax at 20% (2015: 20.25%)	66	90
Non-taxable income	(67)	(90)
Withholding taxes	27	45
Adjustment in respect of prior years	(2)	9
Total tax/(credit) (see above)	24	54

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 undertakings £000
<i>Cost</i>	
At beginning and end of year	893
<i>Provisions</i>	
At beginning and end of year	-
<i>Net Book Value</i>	
At 31 December 2016	893
At 31 December 2015	893

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

Name of undertaking	Country of incorporation	Registered Office Address	Principal activity	% of shares held at 2016 and 2015
<i>Directly owned:</i>				
Morgan Advanced Materials India Private Limited	India	P-11, Pandav Nagar, Mayur Vihar Phase- I, New Delhi, Delhi, India 110091	Non-trading	100%
Morgan Advanced Materials (Taiwan) Co. Limited	Taiwan	25 Hsin-Yeh Street, Hsiao Kang, Kaohsiung, 81208, Taiwan	Manufacturing	100%
Morgan Advanced Materials Industries Limited	United Arab Emirates	Plot No. KHIA4 - 07A, Taweeelah, Abu Dhabi, United Arab Emirates	Manufacturing	100%
Morgan Ceramics Middle East FZE	United Arab Emirates	Business Centre 4, 403, Rak Free Trade Zone, PO Box 16426, Ras Al Khaimah, United Arab Emirates	Manufacturing	100%

7 Debtors

	2016 £000	2015 £000
Other Debtors	2	-

8 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to Group undertakings	250	-

**9 Called up share capital**

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
1 (2015: 1) Ordinary share of £1 each	<u>1</u>	<u>1</u>

**10 Reserves**

	Profit and loss account £000
At 1 January 2015	521
Profit for the year	390
Foreign exchange	(7)
At 31 December 2015	<u>904</u>
Profit for the year	306
Foreign exchange	-
At 31 December 2016	<u><u>1,210</u></u>

**11 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 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.

**12 Events occurring after balance sheet date**

On 30th June 2017, Morgan Advanced Materials Plc ceased to be the significant share holder and member of the Company as it sold its' shareholding in the Company to its' wholly owned subsidiary Morgan International Holding Limited, thereby making Morgan International Holding Limited significant shareholder of the Company. All the issued and called up shares of the Company are held by Morgan International Holding Limited since 30th June 2017.