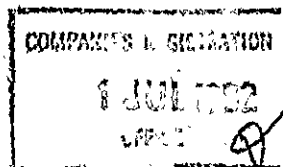


Weir Pumps Limited

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✓ 106

Report and Accounts
January 1, 1982



Arthur Young McClelland Moores & Co.
Chartered Accountants Glasgow

WEIR PUMPS LIMITED

DIRECTORS' REPORT

The directors submit their twelfth annual report together with the audited accounts of the company for the 52 weeks ended January 1, 1982.

Principal activities

The company is principally engaged in the manufacture of power plant auxiliaries, nuclear pumps, oil and process pumps, marine auxiliaries, pumps for industrial markets and electric motors.

Results and dividends

The profit for the year after taxation amounted to £3,651,000.

No dividend is recommended and the profit will be taken to reserves.

Board of directors

The directors of the company at the date of this report are:

J.J.B. Young Chairman
R. Garrick Managing director
J.D. Begg
R.S. Brown
M.B. Leiper
T.O. Leith
W.A. McLean
W. Mitchell
J.A. Montgomery
T. Motherwell
M.L. Ryall
P.T. Syme

With the exception of J.D. Begg, M.B. Leiper, T. Motherwell and P.T. Syme who were appointed on January 20, 1982, the above named served as directors throughout the year.

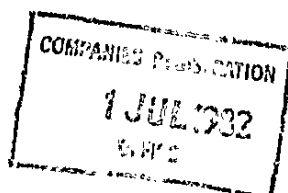
Other persons who served as directors during the year were:

R.M. Murray - retired March 31, 1981
L.S. Wigdor - resigned November 6, 1981

Directors' interests

No director had during or at the end of the year any material interest in any contract of significance in relation to the company's business.

No arrangement to which the company was a party subsisted during or at the end of the year which would have enabled directors to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.



DIRECTORS' REPORT
(continued)

Directors' interests
(continued)

According to the register kept by the company pursuant to section 29 of the Companies Act 1967:

- (i) no director had any interest in the share capital or loan stock of the company;
- (ii) the interests of the directors at January 1, 1982 (except those directors who were also directors of the company's holding company, The Weir Group PLC) in the ordinary shares of 25p each and 10% redeemable cumulative participating convertible preference shares of 25p each (first issued May 28, 1981) of The Weir Group PLC as at January 1, 1982 and at the end of the preceding year were as follows:

	<u>Beneficial interest</u>		
	<u>Ordinary shares</u>		<u>Preference shares</u>
	<u>1.1.82</u>	<u>2.1.81</u>	<u>1.1.82</u>
R.S. Brown	500	500	Nil
T.O. Leith	150	150	Nil
M.L. Ryall	19,000	8,000	5,000

No director had an interest in the debenture or loan stocks of The Weir Group PLC or in the shares or loan stock of any subsidiary of The Weir Group PLC.

Fixed assets

Details of the fixed assets of the company as at January 1, 1982 and changes in the fixed assets during 1981 are set out in note 10 to the accounts.

Exports

The value of goods exported directly by the company from the United Kingdom during the year including sales to overseas subsidiaries of The Weir Group PLC was £25,429,000 (1980 - £23,396,000).

Employment of disabled persons

During the year the company has applied a policy of non-discrimination in respect of the recruitment, training and integration of disabled persons within the company's workforce having regard to overall manpower requirements. To this end the company maintains contact with Disablement Resettlement Officers at the Department of Employment and with other bodies concerned with the welfare of disabled persons.

Close company

So far as is known, the company is not a 'close company' under the terms of the Income and Corporation Taxes Act 1970.

WEIR PUMPS LIMITED

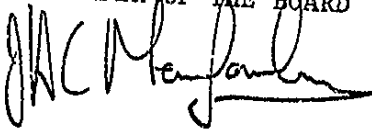
DIRECTORS' REPORT
(continued)

3.

Auditors

A resolution to re-appoint as auditors Arthur Young McClelland Moores & Co. will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



Secretary

February 15, 1982

George House, 50 George Square, Glasgow G2 1RR

AUDITORS' REPORT TO THE MEMBERS OF
WEIR PUMPS LIMITED

We have audited the accounts on pages 5 to 17 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings, give a true and fair view of the state of the company's affairs at January 1, 1982 and of its results and source and application of funds for the 52 weeks then ended and comply with the Companies Acts 1948 to 1981.

Arthur Young McClelland Moors

February 15, 1982

WEIR PUMPS LIMITED

5.

PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED JANUARY 1, 1982

	<u>Notes</u>	<u>1981</u> £'000	<u>1980</u> £'000
Turnover	2	79,158 =====	77,004 =====
Profit/(loss) before interest and taxation	3	5,346	(5,898)
Interest payable less receivable	4	1,646	4,525
Profit/(loss) before taxation		3,700	(10,423)
Taxation	5	49	-
Profit/(loss) for year	8	3,651 =====	(10,423) =====

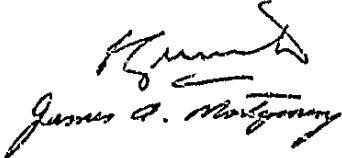
The notes on pages 8 to 17 form part of these accounts

WEIR PUMPS LIMITED

6.

BALANCE SHEET AT JANUARY 1, 1982

	Notes	1981 £'000	1980 £'000
Source of capital:			
Shareholders' capital:			
Issued shares	7	2,500	2,500
Share premium account		1,966	1,966
Reserves	8	(603)	(4,254)
		-----	-----
Loans from holding company	9	3,863	212
		17,250	17,250
		-----	-----
		21,113	17,462
		=====	=====
Employment of capital:			
Fixed assets	10	12,538	13,167
Investment in subsidiary company	11	287	287
Investment in associated companies	12	354	198
		-----	-----
		13,179	13,652
Current assets:			
Stocks and work-in-progress	13	6,454	14,416
Completed contract work		4,209	3,414
Debtors		15,229	16,971
Amount owing by group companies	14	1,393	257
Amount owing by associated companies	15	1,018	954
Cash and bank		3,650	27
Corporation tax		16	16
		-----	-----
		31,969	36,055
		-----	-----
Current liabilities:			
Bank overdraft	20	-	1,638
Bank bills payable		-	2,397
Creditors and advance payments		18,199	17,207
Amount owing to group companies	16	5,836	11,000
Amount owing to group associated companies		-	3
		-----	-----
		24,035	32,245
		-----	-----
Net current assets		7,934	3,810


)
) Directors
)

 21,113 17,462
 =====

The notes on pages 8 to 17 form part of these accounts

WEIR PUMPS LIMITED

7.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE 52 WEEKS ENDED JANUARY 1, 1982

	<u>Notes</u>	<u>1981</u> £'000	<u>1980</u> £'000
Source of funds:			
Funds generated by operations	18	4,561	-
Government grants		12	212
Proceeds from sale of fixed assets		79	50
		<u>4,652</u>	<u>262</u>
Application of funds:			
Funds absorbed by operations	18	-	9,715
Purchase of fixed assets		323	1,251
Investment in associated companies		156	48
Overseas tax paid		49	-
		<u>528</u>	<u>11,014</u>
Increase/(decrease) in working capital		<u>4,124</u>	<u>(10,752)</u>
Components of increase/(decrease) in working capital:			
Cash and bank		3,623	7
Bank overdraft		1,638	(440)
Bank bills payable		2,397	-
Net liquid funds		<u>7,658</u>	<u>(433)</u>
Completed contract work		795	(1,108)
Stocks and work-in-progress		(7,962)	(6,304)
Debtors		(1,742)	(1,451)
Creditors and advance payments		(992)	(3,875)
Group and associated company balances		6,367	2,419
		<u>4,124</u>	<u>(10,752)</u>

The notes on pages 8 to 17 form part of these accounts

WEIR PUMPS LIMITED

8.

NOTES TO THE ACCOUNTS AT JANUARY 1, 1982

These accounts take into consideration events occurring between January 1, 1982 and February 15, 1982, the date of their approval by the finance director on behalf of the board of directors.

1. Accounting policies

Group accounts

Group accounts are not prepared and the results of associated companies are not included in the accounts in view of the fact that the company is a wholly owned subsidiary of another body corporate.

Fixed assets

Freehold land and buildings are stated at valuation with subsequent additions at cost. Other fixed assets are stated at cost. Government grants are deducted from the cost of the assets to which they relate. Depreciation is calculated to write off the net cost or valuation of each asset over its estimated useful life by equal annual instalments, at the following rates:

Freehold land	NIL
Freehold buildings	2½%
Plant and equipment	5% to 25%

The surplus arising on the revaluation of properties, included in non-distributable reserves, is amortised over the estimated useful lives of the properties by equal annual instalments, by transfer to distributable reserves.

Stocks and work-in-progress, completed contract work, and retentions

Stocks and short term work-in-progress are stated at the lower of cost and net realisable value. Provision is made for all foreseeable losses and, in the case of stocks, due allowance is made for obsolete and slow moving items. Claims for progress payments are deducted from the value of work-in-progress, or, to the extent that they exceed cost or net realisable value are included in creditors.

Cost comprises direct materials, on a first in, first out basis, and direct labour plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling price less anticipated costs to disposal. A contract is defined as short term where the supply is completed within one year. The supply of separately identifiable entities under a contract is regarded as the completion of these entities under separate contracts.

When these entities are completed, the amounts which will be receivable including related profit, but which are not yet due in terms of contracts with customers, are separately disclosed as completed contract work.

Retentions on work completed are included in debtors.

Foreign currencies

Balances in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Transactions in foreign currency are translated at the rate ruling on the date of the transaction. Differences on exchange are taken to profit and loss account.

NOTES TO THE ACCOUNTS AT JANUARY 1, 1982
(continued)

1. Accounting policies
(continued)

Experimental and product development expenditure

Experimental and product development expenditure is written off in the year in which it is incurred.

Deferred taxation

Provision for deferred taxation is made on the liability method in respect of short term and other significant timing differences, except to the extent that such taxation is not expected to become payable or recoverable in the foreseeable future.

2. Turnover

Turnover represents the amount invoiced in respect of goods sold and services provided during the year excluding value added tax; in the case of contracts, it represents the value of work completed during the year.

3. Profit/(loss) before interest and taxation

is after charging:

	<u>1981</u> £'000	<u>1980</u> £'000
(a) Depreciation	774 =====	733 =====
(b) Directors' emoluments (see note 6)		
Fees	-	-
Other emoluments	202	242
Compensation for loss of office	-	20
	202 =====	262 =====
(c) Auditors' remuneration and expenses	47 =====	48 =====
(d) Amounts charged to revenue for hire and lease of plant and machinery	1,100 =====	1,213 =====
(e) Exchange losses (realised and unrealised)	107 =====	631 =====
(f) Loss/(gain) on disposal of fixed assets	87 =====	(25) =====
(g) Redundancy payments	775 =====	2,026 =====

WEIR PUMPS LIMITED

10.

NOTES TO THE ACCOUNTS AT JANUARY 1, 1982
(continued)

4. Interest payable less receivable

	1981 £'000	1980 £'000
Interest payable:		
On borrowings repayable after 5 years:		
7½% Convertible unsecured loan stock 1999	750	750
On borrowings repayable within 5 years:		
Bank bills payable	108	429
Term loan 1985 (unsecured)	1,015	1,179
Other inter-company	-	1,797
Other	129	609
	-----	-----
Less: Interest receivable	2,002	4,764
	356	239
	-----	-----
	1,646	4,525
	=====	=====

5. Taxation

The taxation charge for the year represents overseas withholding tax of £49,000.

There was no charge for corporation tax for the year, principally due to stock relief of £985,000 (at 52%) and the utilisation of taxation losses brought forward of £1,317,000 (at 52%). Taxation losses of £342,000 (at 52%) arising in the year from excess charges are available for carry forward.

If full provision had been made for deferred taxation the overall taxation charge for the year would have been £49,000 (1980 - £3,091,000 credit).

The total benefit derived from timing differences which have not been provided comprises, at year end tax rates:

	1981 £'000	1980 £'000
Accelerated capital allowances	1,382	791
Other timing differences	(1,170)	(67)
Unutilised tax losses	(212)	(724)
Capital gains on revaluation	1,393	1,458
	-----	-----
	1,393	1,458
	=====	=====

NOTES TO THE ACCOUNTS AT JANUARY 1, 1982
(continued)

5. Taxation
(continued)

Unutilised tax losses available for surrender to other group companies or to offset future trading profits (at 52%):

	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
Available for surrender or carry forward	6,288	11,297
Available only for carry forward	1,778	-
	-----	-----
Provisional surrenders without compensation	8,066	11,297
	-	(1,875)
	-----	-----
Unutilised tax losses available	8,066	9,422
	=====	=====
Of which: Included in timing differences above	212	724
Not included in timing differences above	7,854	8,698
	-----	-----
	8,066	9,422
	=====	=====

6. Directors' emoluments

	<u>1981</u>	<u>1980</u>
(i) Chairmen (2 Chairmen served during the year)	£ -	£ -
	=====	=====
(ii) Highest paid director	£30,840	£26,786
	=====	=====
(iii) Other directors:		
Not more than £5,000	1	4
£15,001 to £20,000	2	7
£20,001 to £25,000	4	1

7. Share capital

	<u>Authorised</u> <u>£'000</u>	<u>Issued and</u> <u>fully paid</u> <u>£'000</u>
Ordinary shares of £1 each	2,500	2,500
	=====	=====

NOTES TO THE ACCOUNTS AT JANUARY 1, 1982
(continued)8. Reserves

	Accumulated deficit on distributable reserves <u>£'000</u>	Non- distributable reserves <u>£'000</u>	Total <u>£'000</u>
At 2.1.81			
Profit for year	(10,830)	6,576	(4,254)
Amortisation of revaluation surplus	3,651	-	3,651
	55	(55)	-
At 1.1.82	<u>(7,124)</u>	<u>6,521</u>	<u>(603)</u>

9. Loans from holding company

	1981 <u>£'000</u>	1980 <u>£'000</u>
Repayable after 5 years:		
7½% Convertible unsecured loan stock 1999	10,000	10,000
Repayable within 5 years:		
Term loan 1985 (unsecured)	7,250	7,250
	<u>17,250</u>	<u>17,250</u>

The rate of interest charged throughout the year on the term loan is fixed with the holding company during the preceding financial year. During 1981 the rate charged was 14% (1980 - 16½%).

NOTES TO THE ACCOUNTS AT JANUARY 1, 1982
(continued)10. Fixed assets

	<u>Freehold land and buildings</u> £'000	<u>Plant and equipment</u> £'000	<u>Total</u> £'000
Cost or valuation:			
At 2.1.81			
Cost			
Valuation (1978)	1,023	8,867	9,890
Additions before grants	9,764	-	9,764
Government grants	100	223	323
Disposals	(4)	(8)	(12)
	(83)	(661)	(744)
At 1.1.82	10,800	8,421	19,221
Whereof:			
Cost			
Valuation (1978)	1,119	8,421	9,540
	9,681	-	9,681
	10,800	8,421	19,221
Aggregate depreciation:			
At 2.1.81			
Charge for year	467	6,020	6,487
Disposals	259	515	774
	(6)	(572)	(578)
At 1.1.82	720	5,963	6,683
Net book value:			
At 1.1.82	10,080	2,458	12,538

The value of freehold land included in freehold land and buildings amounted at January 1, 1982 to £752,500 at valuation (1980 - £752,500 at valuation).

11. Investment in subsidiary company

<u>Name</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>Class of shares held</u>	<u>Percentage of shares held</u>
Weir Pumps (Jersey) Limited	Investment	Jersey	Ordinary	100

Weir Pumps (Jersey) Limited owns 100% of Weir Engineering Services Company (Jersey) Limited (formerly Tessco-Weir Engineering (Jersey) Limited) and 49% of Manweir Engineering (Jersey) Limited.

In the opinion of the directors the value of the above investment is in excess of the book value.

WEIR PUMPS LIMITED

14.

NOTES TO THE ACCOUNTS AT JANUARY 1, 1982
(continued)12. Investment in associated companies

	<u>Book value</u>		<u>Directors' valuation</u>	
	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Associated companies	354	198	354	198
	===	===	===	===

The associated companies are:

	<u>Country of incorporation</u>	<u>Percentage holding (Ordinary shares)</u>	
		<u>1981</u>	<u>1980</u>
Worthington-Weir Limited	Scotland	50	50
Hargill-Weir Engineering Services Pte. Limited	Singapore	50	50
Saihati-Weir Engineering Services Limited	Saudi Arabia	49	49
UTC-Weir (Nigeria) Limited	Nigeria	20	20

During the year the company increased its investment in Saihati-Weir Engineering Services Limited by £156,000 as a result of a rights issue.

13. Stocks and work-in-progress

	<u>1981</u>	<u>1980</u>
	<u>£'000</u>	<u>£'000</u>
Raw materials and components	5,191	6,587
Short term work-in-progress	8,910	14,202
	-----	-----
Less: Progress payments received and claimed	14,101	20,789
	7,647	6,373
	-----	-----
	6,454	14,416
	=====	=====

14. Amount owing by group companies

	<u>1981</u>	<u>1980</u>
	<u>£'000</u>	<u>£'000</u>
Fellow subsidiaries	1,393	257
	=====	=====

15. Amount owing by associated companies

	<u>1981</u>	<u>1980</u>
	<u>£'000</u>	<u>£'000</u>
Associated companies of:		
The company	786	540
Subsidiary	206	133
Other group companies	26	281
	-----	-----
	1,018	954
	=====	=====

WEIR PUMPS LIMITED

15.

NOTES TO THE ACCOUNTS AT JANUARY 1, 1982
(continued)16. Amount owing to group companies

	<u>1981</u> £'000	<u>1980</u> £'000
Holding company		
Fellow subsidiaries	4,722	10,917
Subsidiary	130	39
Accrued interest on loans from holding company	101	44
	883	-
	<u>5,836</u>	<u>11,000</u>

17. Funds generated/(absorbed) by operations

	<u>1981</u> £'000	<u>1980</u> £'000
Profit/(loss) before taxation	3,700	(10,423)
Adjustments for items not involving the use of working capital:		
Depreciation	774	733
Loss/(gain) on disposal of fixed assets	87	(25)
	<u>4,561</u>	<u>(9,715)</u>

18. Capital commitments

	<u>1981</u> £'000	<u>1980</u> £'000
As at January 1, 1982, outstanding capital commitments, before deduction of government grants were as follows:		
Contracted but not provided	422	84
Authorised but not contracted	632	-

19. Leasing commitments

	<u>1981</u> £'000	<u>1980</u> £'000
As at January 1, 1982 the balance of rentals outstanding under leasing agreements amounted to:	1,820	2,776
of which payable within one year	852	1,113

NOTES TO THE ACCOUNTS AT JANUARY 1, 1982
(continued)

20. Contingent liabilities

As at January 1, 1982 contingent liabilities outstanding were as follows:

(a) Floating charges ranking in order of priority

- (i) There is a floating charge over the whole of the company's property and undertaking jointly and severally with certain other fellow subsidiaries as security for £345,000 (1980 - £345,000) 6½% debenture stock 1985/90 and £287,000 (1980 - £287,000) 10% debenture stock 1988/94 raised by The Weir Group PLC (formerly The Weir Group Limited).
- (ii) There is a floating charge over the whole of the company's property and undertaking jointly and severally with certain other fellow subsidiaries as security for loan facilities of £11,380,000 (1980 - £11,380,000) made available to The Weir Group PLC by FFI (UK Finance) Limited.
- (iii) There is a floating charge over the whole of the company's property and undertaking jointly and severally with certain other fellow subsidiaries as security for term loan, overdraft and other bank facilities made available to The Weir Group PLC and certain subsidiaries, including the company. Borrowings thus secured amounted to £1,337,000 at January 1, 1982 (1980 - £27,250,000).

(b) Fixed charges ranking in order of priority

- (i) There is a fixed charge over the company's freehold land and buildings, excluding property with a net book value at January 1, 1982 of £729,000 (1980 - £285,000) as security for facilities set out at (a)(ii) above.
- (ii) There is a fixed charge over the company's freehold land and buildings, excluding property with a net book value at January 1, 1982 of £729,000 (1980 - £285,000) as security for facilities set out at (a)(iii) above.

(c) Guarantees

Guarantees to the extent noted below have been granted in respect of overdraft and other banking facilities of associated companies to banks as follows:

To the Chartered Bank, Singapore up to a limit of S\$200,000 (1980 - S\$200,000)

To the Chartered Bank, Qatar up to a limit of QR3,000,000 (1980 - QR3,000,000)

To Societe Generale Bank (Nigeria) Limited up to a limit of Naira 60,000 (1980 - Nil).

WEIR PUMPS LIMITED

17.

NOTES TO THE ACCOUNTS AT JANUARY 1, 1982
(continued)

21. Ultimate holding company

The directors report that The Weir Group PLC (incorporated in Great Britain) is the company's ultimate holding company.

Weir Pumps Limited

33381/117
117

Report and Accounts
December 31, 1982



Arthur Young McClelland Moores & Co.

A MEMBER OF AMSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

Chartered Accountants Glasgow

Handwritten signature and a rectangular stamp containing the text "S.R.O. F. MURCH" and "1.1.1983".

DIRECTORS' REPORT

The directors submit their thirteenth annual report together with the audited accounts of the company for the 52 weeks ended December 31, 1982.

Principal activities

The company and its subsidiary are principally engaged in the manufacture of power plant auxiliaries, nuclear pumps, oil and process pumps, marine auxiliaries, pumps for industrial markets, electric motors and hydraulic drilling tools for the oil industry.

Results and dividends

The profit for the year after taxation amounted to £5,509,000.

No dividend is recommended and the profit will be taken to reserves.

Board of directors

The directors of the company at the date of this report are:

J.J.B. Young Chairman
R. Garrick Managing director
J.D. Begg
M.B. Leiper
T.O. Leith
W.A. McLean
W. Mitchell
J.A. Montgomery
T. Motherwell
M.L. Ryall
P.T. Syme

With the exception of J.D. Begg, M.B. Leiper, T. Motherwell and P.T. Syme who were appointed on January 20, 1982, the above named served as directors throughout the year.

The only other person who served as director during the year was R.S. Brown who retired on June 30, 1982.

Directors' interests

No director had during or at the end of the year any material interest in any contract of significance in relation to the company's business.

According to the register kept by the company pursuant to section 29 of the Companies Act 1967:

- (1) no director had any interest in the share capital or loan stock of the company;

WEIR PUMPS LIMITED

2.

DIRECTORS' REPORT
(continued)Directors' interests
(continued)

(ii) the interests of the directors (except those directors who were also directors of the company's holding company, The Weir Group PLC) in the ordinary shares of 25p each, 10% redeemable cumulative participating convertible preference shares of 25p each of The Weir Group PLC and under The Weir Group PLC Savings Related Share Option Scheme, were as follows:

	<u>Beneficial interest</u>				<u>Savings Scheme</u>
	<u>Ordinary shares</u>	<u>Preference shares</u>	<u>Ordinary shares</u>	<u>Preference shares</u>	<u>Ordinary shares</u>
	<u>31.12.82</u>	<u>1.1.82</u>	<u>31.12.82</u>	<u>1.1.82</u>	<u>31.12.82</u>
	or subsequent	date of	or subsequent	date of	
	appointment	appointment	appointment	appointment	
J.D. Begg	1,500	1,103	Nil	334	2,785
M.B. Leiper	Nil	1,500	Nil	Nil	2,089
T.O. Leith	150	150	Nil	Nil	Nil
J.A. Montgomery	Nil	Nil	Nil	Nil	6,964
T. Motherwell	Nil	2,500	2,500	2,500	6,964
M.L. Ryall	12,000	19,000	Nil	5,000	Nil
P.T. Syme	Nil	Nil	Nil	2,800	6,964

The Weir Group PLC Savings Related Share Option Scheme is a scheme approved by the Board of the Inland Revenue in accordance with the provisions of the Finance Act 1980. Under the scheme all eligible employees and directors of the company have the option to subscribe for ordinary shares of 25p each of The Weir Group PLC. Applications to join were first invited on April 2, 1982 at an option price of 56p per share, this being approximately 90% of the middle market quotation of such shares on April 1, 1982.

No director had an interest in the debenture or loan stocks of The Weir Group PLC or in the shares or loan stock of any subsidiary of The Weir Group PLC.

Fixed assets

Details of the fixed assets of the company as at December 31, 1982 and changes in the fixed assets during 1982 are set out in note 10 to the accounts.

Disposal by subsidiary company

On April 14, 1982 the company's subsidiary, Weir Pumps (Jersey) Limited, disposed of its 49% interest in Manweir Engineering Services (Jersey) Limited whose principal activity was the provision of engineering services in Qatar. However, Manweir's engineering activities in Qatar continue under management by the company.

DIRECTORS' REPORT
(continued)

Exports

The value of goods exported directly by the company from the United Kingdom during the year, including sales to overseas subsidiaries of The Weir Group PLC, was £24,557,000 (1981 - £25,429,000).

Employment of disabled persons

During the year the company has applied a policy of non-discrimination in respect of the recruitment, training and integration of disabled persons within the company's workforce having regard to overall manpower requirements. To this end the company maintains contact with Disablement Resettlement Officers at the Department of Employment and with other bodies concerned with the welfare of disabled persons.

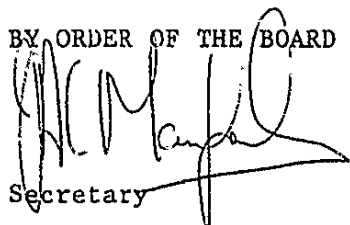
Close company

So far as is known, the company is not a 'close company' under the terms of the Income and Corporation Taxes Act 1970.

Auditors

A resolution to re-appoint as auditors Arthur Young McClelland Moores & Co. will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD


Secretary

February 14, 1983



Arthur Young McClelland Moores & Co.

Chartered Accountants
George House, 50 George Square,
Glasgow G2 1RR

AUDITORS' REPORT TO THE MEMBERS OF WEIR PUMPS LIMITED

We have audited the accounts on pages 5 to 16 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings, give a true and fair view of the state of the company's affairs at December 31, 1982 and of its profit and source and application of funds for the 52 weeks then ended and comply with the Companies Acts 1948 to 1981.

Arthur Young McClelland Moores & Co.

February 14, 1983

WEIR PUMPS LIMITED

5.

PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED DECEMBER 31, 1982

	<u>Notes</u>	<u>1982</u> £'000	<u>1981</u> £'000
Turnover	2	76,175 =====	79,158 =====
Profit before interest and taxation	3	5,502	5,346
Interest receivable less payable	4	71	(1,646)
Profit before taxation		5,573	3,700
Taxation	5	64	49
Profit for year	8	5,509 =====	3,651 =====

The notes on pages 8 to 16 form part of these accounts

6.

Notes	1982 £'000	1981 £'000
7	2,500	2,500
	1,966	1,966
8	4,906	(603)
	-----	-----
	9,372	3,863
9	15,250	17,250
	-----	-----
	24,622	21,113
	=====	=====
10	11,967	12,538
11	287	287
12	422	354
	-----	-----
	12,676	13,179
13	5,790	6,454
	5,461	4,209
	16,678	15,229
14	3,114	1,393
15	1,205	1,018
	1,153	3,650
	-	16
	-----	-----
	33,401	31,969
	-----	-----
	20,877	18,199
16	578	5,836
	-----	-----
	21,455	24,035
	-----	-----
	11,946	7,934
	-----	-----
	24,622	21,113
	=====	=====

The notes on pages 8 to 16 form part of these accounts

WEIR PUMPS LIMITED

7.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE 52 WEEKS ENDED DECEMBER 31, 1982

	<u>Notes</u>	<u>1982</u> £'000	<u>1981</u> £'000
Source of funds:			
Funds generated by operations	17	6,237	4,561
Government grants		46	12
Proceeds from sale of fixed assets		22	79
Taxation repayment		16	-
		-----	-----
		6,321	4,652
		-----	-----
Application of funds:			
Purchase of fixed assets		229	323
Investment in associated companies		-	156
Overseas tax paid		64	49
Repayment of loan from holding company		2,000	-
		-----	-----
		2,293	528
		-----	-----
Increase in working capital		4,028	4,124
		=====	=====
Components of increase in working capital:			
Cash and bank		(2,497)	3,623
Bank overdraft		-	1,638
Bank bills payable		-	2,397
		-----	-----
Net liquid funds		(2,497)	7,658
Completed contract work		1,252	795
Stocks and work-in-progress		(664)	(7,962)
Debtors		1,449	(1,742)
Creditors and advance payments		(2,678)	(992)
Group and associated company balances		7,166	6,367
		-----	-----
		4,028	4,124
		=====	=====

The notes on pages 8 to 16 form part of these accounts

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1982

These accounts have been prepared in compliance with S149A of, and Schedule 8A to, the Companies Act 1948.

The accounts take into consideration events occurring between December 31, 1982 and February 14, 1983, the date of their approval by the finance director on behalf of the board of directors.

1. Accounting policies

Group accounts

Group accounts are not prepared and the results of associated companies are not included in the accounts in view of the fact that the company is a wholly owned subsidiary of another body corporate.

Fixed assets

Freehold land and buildings are stated at valuation with subsequent additions at cost. Other fixed assets are stated at cost. Government grants are deducted from the cost of the assets to which they relate. Depreciation is calculated to write off the net cost or valuation of each asset over its estimated useful life by equal annual instalments, at the following rates:

Freehold land	NIL
Freehold buildings	2½%
Plant and equipment	5% to 25%

The surplus arising on the revaluation of properties, included in non-distributable reserves, is amortised over the estimated useful lives of the properties by equal annual instalments, by transfer to distributable reserves.

Stocks and work-in-progress, completed contract work, and retentions

Stocks and short term work-in-progress are stated at the lower of cost and net realisable value. Provision is made for all foreseeable losses and, in the case of stocks, due allowance is made for obsolete and slow moving items. Claims for progress payments are deducted from the value of work-in-progress, or, to the extent that they exceed cost or net realisable value, are included in creditors.

Cost comprises direct materials, on a first in, first out basis, and direct labour plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling price less anticipated costs to disposal. A contract is defined as short term where the supply is completed within one year. The supply of separately identifiable entities under a contract is regarded as the completion of these entities under separate contracts.

When these entities are completed, the amounts which will be receivable including related profit, but which are not yet due in terms of contracts with customers, are separately disclosed as completed contract work.

Retentions on work completed are included in debtors.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1982
(continued)

1. Accounting policies
(continued)

Foreign currencies

Balances in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Transactions in foreign currency are translated at the rate ruling on the date of the transaction. Differences on exchange are taken to profit and loss account.

Experimental and product development expenditure

Experimental and product development expenditure is written off in the year in which it is incurred.

Deferred taxation

Provision for deferred taxation is made on the liability method in respect of short term and other significant timing differences except to the extent that such taxation is not expected to become payable or recoverable in the foreseeable future.

2. Turnover

Turnover represents the amount invoiced in respect of goods sold and services provided during the year excluding value added tax; in the case of contracts, it represents the value of work completed during the year.

3. Profit before interest and taxation

Profit before interest and taxation is after charging/(crediting):	1982 £'000	1981 £'000
(a) Depreciation	740	774
(b) Directors' emoluments (see note 6)		
Fees	-	-
Other emoluments	292	202
	292	202
(c) Auditors' remuneration and expenses	52	47
(d) Amounts charged to revenue for hire and lease of plant and machinery	984	1,100
(e) Exchange (gains)/losses	(233)	107
(f) (Gain)/loss on disposal of fixed assets	(8)	87
(g) Payments for redundancy	850	775

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1982
(continued)

4. Interest receivable less payable

	<u>1982</u> £'000	<u>1981</u> £'000
Interest receivable	290	356
Less: Interest payable:		
On borrowings repayable after 5 years:		
7½% Convertible unsecured loan stock 1999	-	(750)
On borrowings repayable within 5 years:		
Term loan 1985 (unsecured)	-	(1,015)
Other inter-company	(148)	-
Bank bills payable	-	(108)
Other	(71)	(129)
	<u>(219)</u>	<u>(2,002)</u>
	<u>71</u>	<u>(1,646)</u>
	=====	=====

5. Taxation

The taxation charge for the year represents overseas withholding tax of £64,000 (1981 - £49,000).

There was no charge for corporation tax for the year, principally due to stock relief of £459,000 (at 52%) (1981 - £985,000) and the utilisation of taxation losses brought forward of £3,412,000 (at 52%) (1981 - £1,317,000). Taxation losses of £407,000 (at 52%) (1981 - £342,000) arising in the year from excess charges are available for carry forward.

If full provision had been made for deferred taxation the overall taxation charge for the year would have been £64,000 (1981 - £49,000).

The total benefit derived from timing differences which have not been provided comprises, at year end tax rates:

	<u>1982</u> £'000	<u>1981</u> £'000
Accelerated capital allowances	443	1,382
Other timing differences	(443)	(1,170)
Unutilised tax losses	-	(212)
Capital gains on revaluation	1,326	1,393
	<u>1,326</u>	<u>1,393</u>
	=====	=====

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1982
(continued)

5. Taxation
(continued)

In addition to the above, potential future benefits relating to timing differences comprise, at year end tax rates:

	<u>1982</u> <u>£'000</u>	<u>1981</u> <u>£'000</u>
Tax losses	3,831	7,854
Other timing differences	1,101	-
	<u>4,932</u>	<u>7,854</u>

6. Directors' emoluments

	<u>1982</u>	<u>1981</u>
(i) Chairman	£ -	£ -
(ii) Highest paid director	£29,518	£30,840
(iii) Other directors:		
Not more than £5,000	0	1
£10,001 to £15,000	1	-
£15,001 to £20,000	2	2
£20,001 to £25,000	4	4
£25,001 to £30,000	3	-

7. Share capital

	<u>Authorised</u> <u>£'000</u>	<u>Issued and</u> <u>fully paid</u> <u>£'000</u>
Ordinary shares of £1 each	2,500	2,500

8. Reserves

	<u>Accumulated</u> <u>deficit on</u> <u>distributable</u> <u>reserves</u> <u>£'000</u>	<u>Non-</u> <u>distributable</u> <u>reserves</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
At 1.1.82	(7,124)	6,521	(603)
Profit for year	5,509	-	5,509
Amortisation of revaluation surplus	281	(281)	-
At 31.12.82	<u>(1,334)</u>	<u>6,240</u>	<u>4,906</u>

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1982
(continued)9. Loans from holding company

	1982 £'000	1981 £'000
Repayable after 5 years:		
7½% Convertible unsecured loan stock 1999	10,000	10,000
Repayable within 5 years:		
Term loan 1985 (unsecured)	5,250	7,250
	<u>15,250</u>	<u>17,250</u>
	=====	=====

During the year the holding company waived interest payments of £750,000 on the 7½% Convertible Unsecured Loan Stock 1999.

The rate of interest charged throughout the year on the term loan is fixed with the holding company during the preceding financial year. During 1982 no interest was charged (1981 - 14%).

10. Fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation:			
At 1.1.82			
Cost	1,119	8,421	9,540
Valuation (1978)	9,681	-	9,681
Additions before grants	13	216	229
Government grants	(2)	(44)	(46)
Disposals	(9)	(470)	(479)
	<u>10,802</u>	<u>8,123</u>	<u>18,925</u>
	-----	-----	-----
At 31.12.82	10,802	8,123	18,925
	-----	-----	-----
Whereof:			
Cost	1,130	8,123	9,253
Valuation (1978)	9,672	-	9,672
	<u>10,802</u>	<u>8,123</u>	<u>18,925</u>
	-----	-----	-----
Aggregate depreciation:			
At 1.1.82	720	5,963	6,683
Charge for year	253	487	740
Disposals	-	(465)	(465)
	<u>973</u>	<u>5,985</u>	<u>6,958</u>
	-----	-----	-----
At 31.12.82	973	5,985	6,958
	-----	-----	-----
Net book value:			
At 31.12.82	9,829	2,138	11,967
	=====	=====	=====

The value of freehold land included in freehold land and buildings amounted at December 31, 1982 to £752,500 at valuation (1981 - £752,500 at valuation).

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1982
(continued)

11. Investment in subsidiary company

<u>Name</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>Class of shares held</u>	<u>Percentage of shares held</u>
Weir Pumps (Jersey) Limited	Engineering	Jersey	Ordinary	100

Weir Pumps (Jersey) Limited owns 100% of Weir Engineering Services Company (Jersey) Limited.

In the opinion of the directors the value of the above investment is in excess of the book value.

12. Investment in associated companies

	<u>Book value</u>		<u>Directors' valuation</u>	
	<u>1982</u> <u>£'000</u>	<u>1981</u> <u>£'000</u>	<u>1982</u> <u>£'000</u>	<u>1981</u> <u>£'000</u>
Associated companies	422 ===	354 ===	422 ===	354 ===

The associated companies are:

	<u>Activity</u>	<u>Country of incorporation</u>	<u>Percentage holding (Ordinary shares)</u>	
			<u>1982</u>	<u>1981</u>
Worthington-Weir Limited	Non-trader	Scotland	50	50
Hargill-Weir Engineering Services Pte. Limited	Engineering	Singapore	50	50
Saihati-Weir Engineering Services Limited	Engineering	Saudi Arabia	49	49
UTC-Weir (Nigeria) Limited	Engineering	Nigeria	20	20

13. Stocks and work-in-progress

	<u>1982</u> <u>£'000</u>	<u>1981</u> <u>£'000</u>
Raw materials and components	4,711	5,191
Short term work-in-progress	5,865	8,910
	-----	-----
	10,576	14,101
Less: Progress payments received and claimed	4,786	7,647
	-----	-----
	5,790	6,454
	=====	=====

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1982
(continued)

14. Amount owing by group companies

	<u>1982</u> £'000	<u>1981</u> £'000
Loan to holding company	1,730	-
Fellow subsidiaries	1,384	1,393
	<u>3,114</u>	<u>1,393</u>
	=====	=====

15. Amount owing by associated companies

	<u>1982</u> £'000	<u>1981</u> £'000
Associated companies of:		
The company	89	786
Subsidiary	209	206
Other group companies	907	26
	<u>1,205</u>	<u>1,018</u>
	=====	=====

16. Amount owing to group companies

	<u>1982</u> £'000	<u>1981</u> £'000
Holding company	90	4,722
Fellow subsidiaries	111	130
Subsidiary	377	101
Accrued interest on loans from holding company	-	883
	<u>578</u>	<u>5,836</u>
	=====	=====

17. Funds generated by operations

	<u>1982</u> £'000	<u>1981</u> £'000
Profit before taxation	5,573	3,700
Adjustments for items not involving the use of working capital:		
Depreciation	740	774
(Gain)/loss on disposal of fixed assets	(8)	87
Exchange gain on translation of investments	(68)	-
	<u>6,237</u>	<u>4,561</u>
	=====	=====

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1982
(continued)

18. Capital commitments

	<u>1982</u> £'000	<u>1981</u> £'000
As at December 31, 1982, outstanding capital commitments, before deduction of government grants, were as follows:		
Contracted but not provided	141 =====	422 =====
Authorised but not contracted	573 =====	632 =====

19. Leasing commitments

	<u>1982</u> £'000	<u>1981</u> £'000
As at December 31, 1982 the balance of rentals outstanding under leasing agreements amounted to:	1,904 =====	1,820 =====
of which payable within one year	985 =====	852 =====

20. Contingent liabilities

As at December 31, 1982 contingent liabilities outstanding were as follows:

(a) Floating charges ranking in order of priority

- (i) There is a floating charge over the whole of the company's property and undertaking jointly and severally with certain other fellow subsidiaries as security for £345,000 (1981 - £345,000) 6½% debenture stock 1985/90 and £287,000 (1981 - £287,000) 10% debenture stock 1988/94 raised by The Weir Group PLC.
- (ii) There is a floating charge over the whole of the company's property and undertaking jointly and severally with certain other fellow subsidiaries as security for loan facilities of £9,766,000 (1981 - £11,380,000) made available to The Weir Group PLC by FFI (UK Finance) Limited.
- (iii) There is a floating charge over the whole of the company's property and undertaking jointly and severally with certain other fellow subsidiaries as security for term loan, overdraft and other bank facilities made available to The Weir Group PLC and certain subsidiaries, including the company, which at December 31, 1982 amounted to £14,000 (1981 - £1,337,000).

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1982
(continued)

20. Contingent liabilities
(continued)

(b) Fixed charges ranking in order of priority

- (i) There is a fixed charge over the company's freehold land and buildings, excluding property with a net book value at December 31, 1982 of £713,000 (1981 - £729,000), as security for facilities set out at (a)(ii) above.
- (ii) There is a fixed charge over the company's freehold land and buildings, excluding property with a net book value at December 31, 1982 of £713,000 (1981 - £729,000), as security for facilities set out at (a)(iii) above.

(c) Guarantee

A guarantee has been granted to the Chartered Bank, Singapore up to a limit of S\$600,000 (1981 - S\$200,000) in respect of overdraft facilities of an associated company.

21. Ultimate holding company

The directors report that The Weir Group PLC (incorporated in Scotland) is the company's ultimate holding company.