

WEIR GROUP (OVERSEAS HOLDINGS) LIMITED

54821/49

REPORT AND ACCOUNTS
DECEMBER 27, 1985



Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chartered Accountants Glasgow

[Handwritten signature]

4.12.85

The directors submit their annual report together with the audited accounts of the company for the 52 weeks ended December 27 1985.

Principal activities

The company is principally engaged in the acquisition and retention of investments, rights, or interests in other companies outwith the United Kingdom.

Results and dividend

The profit for the year after taxation amounted to £39,125.

It is recommended that a dividend of £309,242 is paid.

Review and future developments

During the year no major transactions were recorded. The directors intend to seek out and pursue attractive opportunities in new areas of business where sustainable growth can be achieved.

Board of directors

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

I.M. Boyd
W. Harkness
R. Garrick

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 325 of the Companies Act 1985:

- (i) no director had any interest in the share capital of the company;
- (ii) the directors of the company at December 27 1985 were also directors of The Weir Group PLC, the ultimate holding company, and their interests in the ordinary shares and the preference shares of The Weir Group PLC at December 27 1985 and at the end of the preceding period are listed in the Report of the Directors of The Weir Group PLC for the 52 weeks ended December 27 1985.



Arthur Young

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

3.

AUDITORS' REPORT TO THE MEMBERS OF
WEIR GROUP (OVERSEAS HOLDINGS) LIMITED

We have audited the accounts on pages 4 to 10 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at December 27, 1985 and of its results and source and application of funds for the fifty-two weeks then ended and comply with the Companies Act 1985.

Arthur Young

February 10, 1986

WEIR GROUP (OVERSEAS HOLDINGS) LIMITED

4.

PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED DECEMBER 27 1985

	<u>Notes</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
Exchange gains		39,518	270,117
Dividends received		-	183,775
Sundry charges		<u>393</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		39,125	453,892
Tax on profit on ordinary activities	3	<u>-</u>	<u>9,189</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		39,125	444,703
Dividends		<u>309,242</u>	<u>174,586</u>
Retained (loss) profit		(270,117)	270,117
Retained profit brought forward		<u>270,117</u>	<u>-</u>
Retained profit carried forward		<u>-</u>	<u>270,117</u>

The notes on pages 7 to 10 form part of these accounts

WEIR GROUP (OVERSEAS HOLDINGS) LIMITED

5.

BALANCE SHEET AT DECEMBER 27 1985

	<u>Notes</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
FIXED ASSETS			
Investment in subsidiary company	5	1,775,206	1,775,206
Loan to subsidiary company	6	<u>6,137,551</u>	<u>6,096,905</u>
		7,912,757	7,872,111
CURRENT ASSETS			
Tax recoverable		-	55,132
CREDITORS: amounts falling due within one year			
Amounts owed to group companies		590,528	590,528
Proposed dividend		<u>309,242</u>	<u>174,586</u>
		<u>899,770</u>	<u>765,114</u>
NET CURRENT LIABILITIES		<u>(899,770)</u>	<u>(709,982)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,012,987	7,162,129
CREDITORS: amounts falling due after more than one year			
Loan from holding company	7	<u>7,012,887</u>	<u>6,891,912</u>
		<u>100</u>	<u>270,217</u>
CAPITAL AND RESERVES			
Called up share capital	4	100	100
Profit and loss account		<u>-</u>	<u>270,117</u>
		<u>100</u>	<u>270,217</u>

Approved by the Board of directors on
10th February 1986

W H *M. D. Verduyn* }
I A D. *John Boyd* } Directors

The notes on pages 7 to 10 form part of these accounts

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE 52 WEEKS ENDED DECEMBER 27 1985

	<u>Notes</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
SOURCE OF FUNDS			
Dividends received	8	-	183,775
Decrease in working capital		<u>55,132</u>	<u>-</u>
		<u>55,132</u>	<u>183,775</u>
APPLICATION OF FUNDS			
Funds absorbed by operations	8	393	-
Tax paid		-	9,189
Dividends paid		174,586	-
Increase in working capital		<u>-</u>	<u>478,936</u>
		<u>174,979</u>	<u>488,125</u>
NET CASH OUTFLOW		<u>(119,847)</u>	<u>(304,350)</u>
STATEMENT OF BORROWINGS			
Net borrowings at 29th December 1984			
Net Loans		(795,007)	(162,912)
Bank loans and overdrafts		<u>-</u>	<u>(597,862)</u>
		(795,007)	(760,774)
Net cash outflow		(119,847)	(304,350)
Exchange		<u>39,518</u>	<u>270,117</u>
Net loans at 27th December 1985		<u>(875,336)</u>	<u>(795,007)</u>

The notes on pages 7 to 10 form part of these accounts

NOTES TO THE ACCOUNTS AT DECEMBER 27 1985

1. Accounting policies

Group accounts

Group accounts are not prepared as the company is a wholly owned subsidiary of another body corporate.

Foreign currency

Transactions in foreign currencies are converted at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at balance sheet date. Differences on exchange are dealt with through the profit and loss account as they arise. Investments in subsidiaries are stated at original cost.

Investment income

Investment income is included at the amount of cash received or receivable plus withholding tax.

Deferred taxation

Provision for deferred taxation is made on the basis of 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. Directors and employees

The company had no employees in 1985 and 1984.

No director received any emoluments for either 1985 or 1984 in respect of services to the company.

NOTES TO THE ACCOUNTS AT DECEMBER 27 1985
(continued)3. Taxation

	<u>£</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
Charge based on the results of the year:			
UK Taxation			
Corporation tax at 41.25% (1984, 46.25%)		-	98,833
Less: Double tax relief	-		39,105
Group relief	-		59,727
		-	98,833
		-	-
Overseas Taxation			
Total suffered	-		94,238
Less: recoverable withholding tax	-		55,132
	-		39,106
Less: underlying tax	-		29,917
Irrecoverable withholding tax	-	-	9,189
		-	9,189

If full provision had been made for deferred tax in 1985 and 1984, the overall tax debit would have been £12,194 (1984 £90,224).

	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
The potential liability at 35% (1984 35%) as abated for chargeable gains, is as follows:		
Surplus on transfer of investments to other group companies	<u>1,385,399</u>	<u>1,373,205</u>

No provision for deferred taxation is made as the company has no plans in the foreseeable future which would result in a taxation charge on the above amounts.

NOTES TO THE ACCOUNTS AT DECEMBER 27 1985
(continued)4. Share capital

	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>

5. Investment in subsidiary (at cost)

	<u>Country of incorporation</u>	<u>Class of shares held</u>	<u>% held</u>
Weir Group International S.A.	Switzerland	Equity	100

6. Loans to subsidiary

These loans represent transferrable interest free loan notes denominated in Swiss Francs. Repayment is not due unless either party gives the other twelve months written notice in advance.

7. Loan from holding company

This is an interest free unsecured loan which is wholly repayable within five years.

8. Source and application of funds

	<u>1985 £</u>	<u>1984 £</u>
(a) Funds absorbed by operations:		
Profit on ordinary activities before tax	39,125	453,892
Adjustments for items not involving the use of working capital:		
Dividends	-	(183,775)
Exchange	<u>(39,518)</u>	<u>(270,117)</u>
	<u>(393)</u>	<u>-</u>
(b) Increase(decrease) in working capital:		
Debtors	(55,132)	55,132
Amounts owed to group companies	-	423,804
Other creditors	<u>-</u>	<u>-</u>
	<u>(55,132)</u>	<u>478,936</u>

NOTES TO THE ACCOUNTS AT DECEMBER 27 1985
(continued)

9. Holding company

The Weir Group PLC, registered in Scotland, is the company's ultimate holding company.

10. Contingent liabilities

As at December 27 1985 contingent liabilities outstanding were as follows:

Floating charges ranking in order of priority

- (i) There is a floating charge over the whole of the company's property and undertaking in support of a guarantee given jointly and severally with certain other fellow subsidiaries of The Weir Group PLC as security for £345,000 (1984 - £345,000) 6 1/2% debenture stock 1985/90 and £287,000 (1984 - £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 in support of a guarantee given jointly and severally with certain other fellow subsidiaries of The Weir Group PLC as security for loan facilities of £9,766,000 (1984 - £9,766,000) made available to The Weir Group PLC by Investors in Industry PLC.
- (iii) There is a floating charge over the whole of the company's property and undertaking in support of a guarantee given jointly and severally with certain other fellow subsidiaries of The Weir Group PLC 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 27 December 1985 amounted to £341,000 (1984 - £7,048,000).