

WEIR GROUP (OVERSEAS HOLDINGS) LIMITED

Report and Financial Statements

1 January 2016

Registered No: SC054821



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Company information

Registered No: SC054821

Directors

Jon Stanton
Christopher Morgan
Andrew Neilson

Company Secretary

Gillian Kyle

Auditors

Ernst & Young LLP
G1
5 George Street
Glasgow
G2 1DY

Bankers

The Royal Bank of Scotland plc
10 Gordon Street
Glasgow
Lanarkshire
G1 3PL

HSBC Bank plc
2 Buchanan Street
Glasgow
G1 3LB

Registered Office

10th floor
1 West Regent Street
Glasgow
G2 1RW

Country of Incorporation

Scotland

Strategic report

The directors present their Strategic report on Weir Group (Overseas Holdings) Limited ('the Company') for the 52 week period ended 1 January 2016.

Principal activities

The Company is principally engaged in the acquisition and retention of investments, rights or interests in other companies.

Business review

On 4 January 2014 the Company transitioned from previously extant UK GAAP to FRS 102 *The financial reporting standard applicable in the UK and Republic of Ireland*. The Company's parent undertaking, The Weir Group PLC, was notified of and did not object to the use of FRS 102. Details of the recognition or measurement differences arising on the adoption of FRS 102 are included in note 20 to the financial statements. The accounting policies which follow set out the policies that apply in preparing the financial statements for the 52 weeks ended 1 January 2016 ('2015') and the comparative information for the 52 weeks ended 2 January 2015 ('2014'). The Company has taken early adoption of SI2015/980 for presentational purposes in order to align with the financial statements of its ultimate parent company.

The profit for the period after taxation amounted to £53,799,000 (2014: loss of £4,593,000). Movement in result for the period is primarily due to dividends received of £61,199,000 (2014: £5,895,000).

The activities of the Company are not expected to change in the near future.

Financial risk management objectives & policies

The Company's principal financial instruments are shown on the balance sheet. The principal financial risks to which the Company is exposed are listed below. These risks are managed in accordance with Board approved policies.

Foreign exchange risk

As a result of the Company's business activities it is exposed to transactional currency risk. Transactional currency exposure arises when the Company enters into transactions denominated in currencies other than its functional currency which is Sterling. Foreign currency exposures are identified and managed directly by the Company within the policies and guidelines established by the Company's ultimate parent, The Weir Group PLC. The parent company enters into foreign exchange hedging transactions on behalf of the Company in accordance with those policies and procedures. The Company makes limited use of derivative financial instruments to hedge balance sheet translation exposures. Transaction exposures are hedged with the use of forward exchange rate contracts where deemed appropriate and where they can be reliably forecast. It is policy not to engage in any speculative transaction of any kind.

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

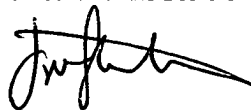
Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and inter-company trading accounts.

Interest rate risk

The Company's borrowings consist of inter group loans and these are at variable rates of interest. Based on current levels of net debt, interest rate risk is not considered to be material.

On behalf of the Board of Directors



Jon Stanton
Director

23 September 2016

Directors' report

The directors present their report and the audited financial statements of Weir Group (Overseas Holdings) Limited (Registered Number SC054821) ('the Company') for the 52 week period ended 1 January 2016.

Dividends

There were £nil dividends declared in the period (2014: £nil).

Financial instruments

The Company's principal financial instruments are shown on the balance sheet. The principal financial risks to which the Company is exposed are outlined in the Strategic report.

Going concern

The Company is ultimately owned by The Weir Group PLC ('the Group') and it participates in the Group's centralised treasury arrangements and so shares banking facilities with its parent company and fellow subsidiaries. As a consequence, the Company depends, in part, on the ability of the Group to continue as a going concern. The directors have considered the Company's funding relationship with The Weir Group PLC to date and have considered available relevant information relating to The Weir Group PLC's ability to continue as a going concern. In addition, the directors have no reason to believe that The Weir Group PLC will not continue to fund the Company, should it become necessary, to enable it to continue in operational existence.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Future developments

Future developments affecting the business are discussed in the Business review section of the Strategic report.

Directors

The directors of the Company during the period and to the date of this report were:

Jon Stanton

Christopher Morgan

Keith Ruddock (resigned 2 December 2015)

Andrew Neilson (appointed 9 December 2015)

Directors' liabilities

The Company's Articles of Association contain a provision that every director or other officer shall be indemnified against all losses and liabilities which they may incur in the course of acting as directors (or officers as the case may be) permitted by the Companies Act 2006 (as amended). These indemnities are uncapped in amount. The Company's ultimate parent company maintained directors and officers liability insurance throughout 2015 in respect of the Company's directors and officers.

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The ultimate parent company's Annual General Meeting has recommended that PricewaterhouseCoopers LLP be appointed under section 485 of the Companies Act 2006 as the Company's auditor.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 *The financial reporting standard applicable in the UK and Republic of Ireland*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements.

Weir Group (Overseas Holdings) Limited

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

A handwritten signature in black ink, appearing to read 'Gillian Kyle', written in a cursive style.

Gillian Kyle

Company Secretary

23 September 2016

Independent auditors' report

to the members of Weir Group (Overseas Holdings) Limited

We have audited the financial statements of Weir Group (Overseas Holdings) Limited for the 52 weeks ended 1 January 2016 which comprise Income statement, Balance sheet, Statement of changes in equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out in the Directors' report, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 1 January 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'; 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, based on the work undertaken in the course of the audit:

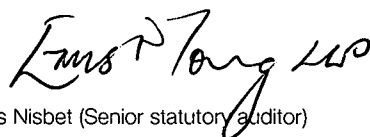
- the information given in the Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic report or Directors' report.

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.



James Nisbet (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
23 September 2016

Income statement
for the 52 weeks ended 1 January 2016

52 weeks ended 1 January 2016				52 weeks ended 2 January 2015		
Notes	Before exceptional items & intangibles amortisation £000	Exceptional items & intangibles amortisation (note 4) £000	Total £000	Before exceptional items & intangibles amortisation £000	Exceptional items & intangibles amortisation (note 4) £000	Total £000
Operating profit (loss)	(317)	(2,906)	(3,223)	(21)	(2,906)	(2,927)
Income from shares in group undertakings	61,199	-	61,199	5,895	-	5,895
Finance costs	6 (5,717)	-	(5,717)	(10,109)	-	(10,109)
Finance income	7 115	-	115	110	-	110
Profit (loss) on ordinary activities before tax	55,280	(2,906)	52,374	(4,125)	(2,906)	(7,031)
Tax on profit (loss) on ordinary activities	8 866	559	1,425	1,845	593	2,438
Profit (loss) for the period	56,146	(2,347)	53,799	(2,280)	(2,313)	(4,593)

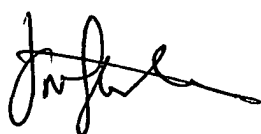
The Company's results for the current and the prior period were earned from continuing operations.

The result reported above includes all income and expenses for the period.

Balance sheet
at 1 January 2016

	Notes	2015 £000	2014 £000
ASSETS			
Non-current assets			
Intangible assets	9	37,148	40,054
Investments	10	225,808	224,118
Deferred tax asset	8	207	217
Total non-current assets		263,163	264,389
Current assets			
Trade & other receivables	11	1,731	2,679
Derivative financial instruments	14	-	1,384
Total current assets		1,731	4,063
Total assets		264,894	268,452
LIABILITIES			
Current liabilities			
Financial liabilities	12	(121,978)	(176,378)
Trade and other payables	13	(506)	(4,284)
Derivative financial instruments	14	(960)	(112)
Total current liabilities		(123,444)	(180,774)
Non-current liabilities			
Deferred tax liabilities	8	(218)	(245)
Total non-current liabilities		(218)	(245)
Total liabilities		(123,662)	(181,019)
NET ASSETS		141,232	87,433
Capital & reserves			
Share capital	15	12,804	12,804
Retained earnings		128,428	74,629
TOTAL EQUITY		141,232	87,433

On behalf of the Board of Directors



Jon Stanton
Director

23 September 2016

**Statement of changes in equity
for the 52 weeks ended 1 January 2016**

	Share capital £000	Retained earnings £000	Total equity £000
At 3 January 2014	12,804	79,222	92,026
Result for the period	-	(4,593)	(4,593)
At 2 January 2015	12,804	74,629	87,433
Result for the period	-	53,799	53,799
At 1 January 2016	12,804	128,428	141,232

Notes to the financial statements

for the 52 week period ended 1 January 2016

1. Authorisation of financial statements and statement of compliance with FRS 102

The financial statements of Weir Group (Overseas Holdings) Limited for the 52 weeks ended 1 January 2016 were authorised for issue by the Board of Directors on 23 September 2016 and the balance sheet was signed on the Board's behalf by Jon Stanton.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The financial reporting standard applicable in the UK and Republic of Ireland* (FRS 102) and the Companies Act 2006.

The Company's financial statements are presented in Sterling and all values have been presented in thousands (£000) except where otherwise indicated.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of The Weir Group PLC. The results of the Company are included in the consolidated financial statements of The Weir Group PLC which are publically available.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

The Company transitioned from the previously extant UK GAAP to FRS 102 for both periods presented. Transition reconciliations showing all material adjustments under FRS 102 are disclosed in note 20. The accounting policies which follow set out the policies which apply in preparing the financial statements for the 52 weeks ended 1 January 2016 ('2015'), the comparative information is provided for the 52 weeks ended 2 January 2015 ('2014'). The Company has taken early adoption of SI2015/980 for presentational purposes in order to align with the Group Consolidated Financial Statements.

The following exemptions from the requirements of FRS 102 have been applied in the preparation of these financial statements as equivalent disclosures are included in the consolidated statements of The Weir Group PLC:

- Section 4 *Statement of financial position* paragraph 4.12(a)(iv);
- Section 7 *Statement of cash flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d);
- Section 11 *Basic financial instruments* paragraphs 11.39 to 11.48(a) and Section 12 *Other financial instruments issues* paragraphs 12.26 to 12.29(a);
- Section 26 *Share-based payment* paragraphs 26.18(b), 26.19 to 26.21 and 26.23, because the share based payment arrangement concerns the instruments of The Weir Group PLC; and
- Section 33 *Related party disclosures* paragraph 33.7.

For the 52 week period ended 1 January 2016 and previous periods, the Company has reported its financial statements to the week ending closest to the Company reference date of 31 December. For practical purposes, a decision has been made to alter the reporting basis to reflect a calendar year, with the next annual reporting date being 31 December 2016. This is not expected to significantly impact the reported results in 2016.

Use of estimates & judgements

The Company's significant accounting policies are set out below. The preparation of the company financial statements, in conformity with FRS102, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense.

Management base these judgements, estimates and assumptions on a combination of past experience, professional expert advice and other evidence that is relevant to each individual circumstance. Actual results may differ from these estimates, judgements and assumptions, which are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The area management consider the more complex estimates, judgements and assumptions are required is in respect of deferred taxation (note 8).

Significant accounting policies

Exceptional items

Exceptional items are items of income and expense which, because of the nature, size and/or infrequency of the events giving rise to them, merit separate presentation to allow a better understanding of the elements of the Company's financial performance for the period and are presented on the face of the income statement to facilitate comparisons with prior periods and assessment of trends in financial performance. Exceptional items may include but are not restricted to: profits or losses arising on disposal or closure of businesses; the cost of significant business restructuring; significant impairments of intangible or tangible assets; adjustments to the fair value of acquisition related items such as contingent consideration and inventory; other items deemed exceptional due to their significance, size or nature; and the related exceptional taxation.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the Company's functional currency at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the balance sheet date. Currency translation differences are recognised in the income statement.

Investments

Investments are held at historical cost less a provision for impairment when required.

Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Impairment of non-current assets

All non-current assets are tested for impairment whenever events or circumstances indicate that their carrying values might be impaired.

An impairment loss is recognised to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's fair value less costs to sell and its value in use. An asset's value in use represents the present value of the future cash flows expected to be derived from the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is conducted for the cash generating unit to which it belongs. Similarly, the recoverable amount of goodwill is determined by reference to the discounted future cash flows of the cash generating units to which it is allocated.

Impairment losses are recognised in the income statement. Impairment losses recognised in previous periods for an asset other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The carrying amount of an asset shall not be increased above the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. Impairment losses recognised in respect of goodwill are not reversed.

Financial assets & liabilities

The Company's principal financial assets and liabilities, other than derivatives, comprise the following:

- bank overdrafts
- short-term borrowings
- loans and fixed rate notes
- cash and short-term deposits
- trade receivables
- trade payables
- contingent consideration.

A financial asset is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Trade receivables

Trade receivables, which are generally of a short term nature, are recognised and carried at original invoice amount less an allowance for estimated irrecoverable amounts. Provision is made where there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, the obligation can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Derivative financial instruments & hedge accounting

The Company uses derivative financial instruments, principally forward foreign currency contracts and cross currency swaps, to reduce its exposure to exchange rate movements. The Company also uses foreign currency borrowings as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Additionally, the Company uses interest rate swaps to manage its exposure to interest rate risk. The Company does not hold or issue derivatives for speculative or trading purposes.

Derivative financial instruments are recognised as assets and liabilities measured at their fair values at the balance sheet date. The fair value of forward foreign currency contracts is calculated as the present value of the estimated future cash flows based on spot and forward foreign exchange rates and counterparty and the Company's own credit risk. The fair value of interest rate swaps and cross currency swaps is calculated as the present value of the estimated future cash flows based on interest rate curves, spot foreign exchange rates and counterparty and own credit risk. Changes in their fair values have been recognised in the income statement, except where hedge accounting is used, provided the conditions specified by IAS 39 are met. Hedge accounting is applied in respect of hedge relationships where it is both permissible under IAS 39 and practical to do so. When hedge accounting is used, the relevant hedging relationships will be classified as fair value hedges, cash flow hedges or net investment hedges.

Where the hedging relationship is classified as a fair value hedge, the carrying amount of the hedged asset or liability will be adjusted by the increase or decrease in its fair value attributable to the hedged risk and the resulting gain or loss will be recognised in the income statement where, to the extent that the hedge is effective, it will be offset by the change in the fair value of the hedging instrument.

Where the hedging relationship is classified as a cash flow hedge, to the extent that the hedge is effective, changes in the fair value of the hedging instrument will be recognised directly in other comprehensive income rather than in the income statement. When the hedged item is recognised in the financial statements, the accumulated gains and losses recognised in other comprehensive income will be either recycled to the income statement or, if the hedged item results in a non-financial asset, will be recognised as adjustments to its initial carrying amount.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is kept in other comprehensive income until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to net profit or loss for the period.

Derivatives embedded in non-derivative host contracts are recognised separately as derivative financial instruments when their risks and characteristics are not closely related to those of the host contract and the host contract is not stated at its fair value with changes in its fair value recognised in the income statement.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3. Revenues & expenses

The following disclosures are given in relation to total continuing operations and include exceptional items & intangibles amortisation.

	2015 £000	2014 £000
A reconciliation of revenue to operating profit (loss) is as follows		
Other operating income	-	52
Administrative expenses	(3,223)	(2,979)
Operating profit (loss)	(3,223)	(2,927)

	2015 £000	2014 £000
Operating profit (loss) is stated after charging (crediting)		
Amortisation of intangible assets (note 9)	2,906	2,906
Impairment of amounts receivable from group undertakings	329	453
Exchange (gains) losses	(12)	(383)

Audit fees for the Company are borne by the ultimate parent company.

4. Exceptional items

	2015 £000	2014 £000
Recognised in arriving at operating profit (loss) from continuing operations		
Intangibles amortisation	(2,906)	(2,906)
	(2,906)	(2,906)

Exceptional items in the period relate to the amortisation of goodwill.

5. Staff costs & directors' remuneration

No management charges were paid to The Weir Group PLC during the period (2014: £nil) in connection with the services of the directors. No remuneration was paid to any director during the period (2014: £nil) in respect of their services to this Company. There were no employees during the period (2014: none).

6. Finance costs

	2015 £000	2014 £000
Interest payable on bank loans, fixed rate notes & overdrafts	320	415
Interest payable to group undertakings	5,397	9,473
Losses on financial asset & liabilities at fair value through profit & loss	-	221
	5,717	10,109

7. Finance income

	2015 £000	2014 £000
Interest receivable from group undertakings	105	110
Gains on financial assets & liabilities at fair value through profit & loss	10	-
	115	110

8. Taxation**Tax charged in the income statement**

	2015 £000	2014 £000
The tax charge (credit) is made up as follows		
Current income tax		
UK corporation tax	(1,691)	(2,650)
Foreign tax	294	217
Adjustments in respect of previous years	(11)	-
Total current income tax	(1,408)	(2,433)
Origination & reversal of temporary differences	(17)	(5)
Total deferred tax	(17)	(5)
Total income tax charge (credit) in the income statement	(1,425)	(2,438)

Factors affecting the tax charge for the period

The standard rate of tax for the period based on the UK standard rate of corporation tax is 20.25% (2014: 21.5%). The actual tax charge for the current period is set out in the following reconciliation.

	2015 £000	2014 £000
Result from continuing operations before income tax	52,374	(7,031)
Tax calculated at UK standard rate of corporation tax of 20.25% (2014: 21.5%)	10,606	(1,512)
Effect of		
Expenses not deductible for tax purposes	66	97
Non-taxable dividend income	(12,393)	(1,267)
Grossing up of dividends	294	217
Adjustments to deferred tax	(17)	(5)
Adjustments in respect of previous years	(11)	-
Exceptional items ineligible for tax	30	32
Tax expense (income) in the income statement	(1,425)	(2,438)

The deferred tax included in the balance sheet is as follows

	2015 £000	2014 £000
Deferred income tax assets		
Tax losses carried forward	207	217
Deferred income tax assets	207	217
Deferred income tax liabilities		
Intangible assets	(218)	(245)
Deferred income tax liabilities	(218)	(245)

9. Intangible assets

	Goodwill £000	Total £000
Cost		
At 2 January 2015	58,121	58,121
At 1 January 2016	58,121	58,121
Accumulated amortisation		
At 2 January 2015	18,067	18,067
Charge for the period	2,906	2,906
At 1 January 2016	20,973	20,973
Net book value at 2 January 2015	40,054	40,054
Net book value at 1 January 2016	37,148	37,148

10. Investments

	Shares in Group companies £000	Joint ventures & Associates £000	Total £000
Cost			
At 2 January 2015	223,466	5,228	228,694
Exchange	1,690	-	1,690
At 1 January 2016	225,156	5,228	230,384
Impairment			
At beginning and end of the period	(4,576)	-	(4,576)
Net book value at 2 January 2015	218,890	5,228	224,118
Net book value at 1 January 2016	220,580	5,228	225,808

At the period end, the Company held an interest in the following companies:

Legal name	Country of incorporation	Class of shares	Percentage of shares held	Ownership
American Hydro Corporation	USA	Common	100%	Indirect
CH Warman Asia Limited	Malta	Ordinary	100%	Indirect
Comercializadora TEP Limitada	Chile	Ordinary	51%	Indirect
Delta Industrial Valves, Inc.	USA	Common	100%	Indirect
Duhn Oil Tool, Inc.	USA	Common	100%	Indirect
Energy Products LLC	USA	Units	49%	Indirect
EnviroTech Pumpsystems, Inc.	USA	Common	100%	Indirect
Hurricane Investments, Inc.	USA	Common	100%	Indirect
Mathena Inc.	USA	Common	100%	Indirect
Mesa Manufacturing, Inc.	USA	Common	100%	Indirect
Metra Equipment Inc.	Canada	Common	100%	Indirect
Novatech Holdings Corp.	USA	Common	100%	Indirect
Novatech, LLC	USA	Units	100%	Indirect
Seaboard Canada Ltd	Canada	Common	100%	Indirect
Seaboard Holdings, Inc	USA	Common	100%	Indirect

Weir Group (Overseas Holdings) Limited

Seaboard International Holding Company (Hong Kong) Limited	Hong Kong	Ordinary	100%	Indirect
Seaboard International Inc.	USA	Common	100%	Indirect
Seaboard Real Estate, LLC	USA	Units	100%	Indirect
Slurry Holdings Limited	Malta	Ordinary	100%	Direct
Specialised Petroleum Manufacturing Limited	Scotland	Ordinary	100%	Indirect
SPM Flow Control de México, S. de R.L. de C.V.	Mexico	Common	100%	Indirect
SPM Flow Control Ltd.	Canada	A, B,C ,D Common	100%	Indirect
SPM Flow Control, Inc.	USA	Common	100%	Indirect
SPM UK Limited	Cayman Islands	Ordinary	100%	Indirect
The Weir Group International S.A.	Switzerland	Bearer	100%	Direct
Trio Engineered Products, Inc.	USA	Common	100%	Indirect
TWG Canada Holdings Limited	Scotland	Ordinary	100%	Indirect
TWG Cayman Limited	Cayman Islands	Ordinary	100%	Indirect
TWG Finance, Inc.	USA	Common	100%	Indirect
TWG Investments (No.6) Limited	Scotland	Ordinary	100%	Indirect
TWG Investments (No.8) Limited	Scotland	Ordinary	100%	Indirect
TWG South America Holdings Limited	Scotland	Preference	100%	Indirect
TWG UK Holdings Limited	Scotland	Ordinary	100%	Indirect
TWG US Forex Limited	Scotland	Ordinary	100%	Indirect
TWG US Holdings LLC	USA	Units	100%	Indirect
Weir Arabian Metals Company Limited	Saudi Arabia	N/A	49%	Direct
Weir Canada, Inc.	Canada	Common Preference	100%	Indirect
Weir Canadian Investments, Inc.	Canada	Common	100%	Indirect
Weir Floway, Inc.	USA	Common	100%	Indirect
Weir Group African IP Limited	Scotland	Ordinary	100%	Direct
Weir Group Inc.	USA	Common Preference	100%	Direct
Weir Group Trading (Shanghai) Co., Ltd.	China	N/A	100%	Direct
Weir HBF (Pty) Ltd	Republic of South Africa	Ordinary	67%	Indirect
Weir Investments Three Limited	Scotland	Ordinary	100%	Indirect
Weir Minerals Africa (Proprietary) Limited	Republic of South Africa	Ordinary	67%	Direct
Weir Minerals Botswana (Pty) Limited	Botswana	Ordinary	100%	Indirect
Weir Minerals Central Africa Limited	Republic of Zambia	Ordinary	100%	Indirect
Weir Minerals Central Africa SPRL	Democratic Republic of Congo	Ordinary	50%	Direct
Weir Minerals Central Africa SPRL	Democratic Republic of Congo	Ordinary	35%	Indirect
Weir Minerals China Co., Limited	China	N/A	100%	Direct
Weir Minerals East Africa Limited	Tanzania	Ordinary	50%	Direct
Weir Minerals East Africa Limited	Tanzania	Ordinary	35%	Indirect
Weir Minerals Mozambique Ltd	Mozambique	Ordinary	64%	Indirect
Weir Minerals North Africa SARL	Morocco	Ordinary	100%	Indirect
Weir Minerals Pump & Mining Solutions Namibia (Pty) Ltd	Namibia	Ordinary	100%	Indirect
Weir Minerals West Africa Limited	Ghana	Ordinary	100%	Indirect
Weir Power & Industrial Singapore Private Limited	Republic of Singapore	Ordinary	100%	Indirect
Weir Slurry Group Inc.	USA	Common Preferred	100%	Indirect
Weir Solutions FZE	United Arab Emirates	Ordinary	100%	Indirect
Weir Solutions LLC	Oman	Common	100%	Indirect

Weir Group (Overseas Holdings) Limited

Weir SPM Singapore Pte Limited	Republic of Singapore	Ordinary	100%	Direct
Weir US Holdings Inc	USA	Common	100%	Indirect
Weir USA Holdings, LLC	USA	Units	100%	Indirect
Weir Valves & Controls (Suzhou) Co., Ltd.	China	N/A	100%	Direct
Weir Valves & Controls USA Inc.	USA	Common Preferred	100%	Indirect
Weir YES Africa (Pty) Ltd	Republic of South Africa	Ordinary	67%	Indirect
WHW Group, Inc.	USA	Common	100%	Indirect
Wesco LLC	United Arab Emirates	Ordinary	49%	Direct

11. Trade and other receivables

	2015 £000	2014 £000
Amounts receivable from group undertakings	20	20
Tax receivable	1,702	2,650
Other receivables	9	9
	1,731	2,679

Loans due from fellow subsidiary undertakings include eight interest bearing loans held with Weir Minerals China, totalling \$8,100,000, at the annualised 12 month London Interbank Offered Rate ("LIBOR") plus a margin of 0.7%. All of these loans and associated interest have been fully provided for.

12. Financial liabilities

	2015 £000	2014 £000
Amounts due are repayable as follows		
Current		
- bank overdrafts	16,182	17,386
- loans from group undertakings	105,796	158,992
	121,978	176,378

Loans from group undertakings are unsecured and include:

£50,000,000 repayable on 15 April 2016, bearing interest at 3 month EUR LIBOR plus 0.65% per annum.

£55,796,000 repayable on 15 April 2016, bearing interest at 3 month EUR LIBOR plus 0.65% per annum.

13. Trade and other payables

	2015 £000	2014 £000
Amounts owed to group undertaking	403	4,013
Accruals & deferred income	103	271
	506	4,284

Amounts owed to group companies are unsecured, interest free and repayable on demand.

14. Derivatives

	2015 £000	2014 £000
Current assets		
Forward foreign currency contracts	-	1,384
	-	1,384
Current liabilities		
Forward foreign currency contracts	(960)	(112)
	(960)	(112)

The figures in the above table are inclusive of derivative financial instruments where the counterparty is a subsidiary of The Weir Group PLC.

15. Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
12,804,274 ordinary shares of £1.00 each	12,804	12,804
	12,804	12,804

16. Contingent liabilities

The Company has given a guarantee in relation to the overdraft and loan facilities extended to The Weir Group PLC and certain subsidiary companies. The net funds of the other companies party to these facilities at 1 January 2016 amounted to £17,843,000 (2014: £15,490,000).

17. Related party disclosures

The Company has taken advantage of the exemption under paragraph 33.7 of FRS 102 not to disclose transactions with fellow wholly owned subsidiaries.

18. Ultimate group undertaking

The immediate parent undertaking is TWG Investments (No.7) Limited.

The ultimate parent undertaking is The Weir Group PLC. The Company is included within these group accounts which are available to the public and may be obtained from The Weir Group PLC, 1 West Regent Street, Glasgow, G2 1RW.

19. Events after the end of the reporting period

On 24 February 2016, The Weir Group PLC ('the Group') announced its intention to sell its non-core renewable assets within the Flow Control division: principally Ynfinity Engineering Services SL and American Hydro Corporation.

The Group disposed of Ynfinity Engineering Services (31 May 2016), American Hydro Corporation and the trade and assets of the Montreal business of Weir Canada Inc. (30 June 2016) for a combined consideration of £38.6m.

There were no disposals of core businesses during the prior period.

20. Changes in accounting policies

For all periods up to and including the year ended 2 January 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 1 January 2016, are the first the Company has prepared in accordance with FRS 102.

Accordingly, the Company has prepared individual financial statements which comply with FRS 102 applicable for periods beginning on or after 4 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing the financial statements, the Company has started from an opening balance sheet as at 4 January 2014, the Company's date of transition to FRS 102, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 102.

As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 4 January 2014 prepared under extant UK GAAP and its previously published UK GAAP financial statements for the year ended 2 January 2015.

The following were the primary changes in accounting policies arising from the transition to FRS 102:

Foreign exchange gains and losses

Under FRS 102 there has been a reclassification of exchange gains and losses on the retranslation of foreign equity investments, foreign currency derivatives and contingent consideration from reserves to the Income statement. These exchange gains and losses were previously recognised in reserves in accordance with SSAP20 and net to nil.

Deferred tax

Under previous UK GAAP, deferred tax assets in respect of tax losses carried forward were presented net of deferred tax liabilities for intangible assets. These have now been disclosed separately.

Reconciliation of equity

At 4 January 2014

	UK GAAP £000	FRS 102 adjustments £000	FRS 102 £000
ASSETS			
Non-current assets			
Intangible assets	42,960	-	42,960
Investments	221,528	-	221,528
Deferred tax asset	-	217	217
Total non-current assets	264,488	217	264,705
Current assets			
Trade & other receivables	1,471	-	1,471
Derivative financial instruments	1,384	-	1,384
Total current assets	2,855	-	2,855
Total assets	267,343	217	267,560
LIABILITIES			
Current liabilities			
Financial liabilities	(170,997)	-	(170,997)
Trade and other payables	(4,066)	-	(4,066)
Derivative financial instruments	(220)	-	(220)
Total current liabilities	(175,283)	-	(175,283)
Non-current liabilities			
Deferred tax liabilities	(34)	(217)	(251)
Total non-current liabilities	(34)	(217)	(251)
Total liabilities	(175,317)	(217)	(175,534)
NET ASSETS	92,026	-	92,026
Capital & reserves			
Share capital	12,804	-	12,804
Retained earnings	79,222	-	79,222
TOTAL EQUITY	92,026	-	92,026

Reconciliation of equity

At 3 January 2015

	UK GAAP £000	FRS 102 adjustments £000	FRS 102 £000
ASSETS			
Non-current assets			
Intangible assets	40,102	(48)	40,054
Investments	224,118	-	224,118
Deferred tax asset	-	217	217
Total non-current assets	264,220	169	264,389
Current assets			
Trade & other receivables	2,679	-	2,679
Derivative financial instruments	1,384	-	1,384
Total current assets	4,063	-	4,063
Total assets	268,283	169	268,452
LIABILITIES			
Current liabilities			
Financial liabilities	(176,378)	-	(176,378)
Trade and other payables	(4,284)	-	(4,284)
Derivative financial instruments	(112)	-	(112)
Total current liabilities	(180,774)	-	(180,774)
Non-current liabilities			
Deferred tax liabilities	(28)	(217)	(245)
Total non-current liabilities	(28)	(217)	(245)
Total liabilities	(180,802)	(217)	(181,019)
NET ASSETS	87,481	(48)	87,433
Capital & reserves			
Share capital	12,804	-	12,804
Retained earnings	74,677	(48)	74,629
TOTAL EQUITY	87,481	(48)	87,433