WEIR GROUP IP LIMITED

Report and Financial Statements

1 January 2016

Registered No: SC267963

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COMPANIES HOUSE

Company information

Registered No: SC267963

Directors

Jon Stanton
Keith Cochrane
Pauline Lafferty
Christopher Morgan
Andrew Neilson

Company Secretary

Gillian Kyle

Auditors

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

Bankers

HSBC 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 IP Limited ('the Company') for the 52 week period ended 1 January 2016.

Principal activities

The Company is principally engaged in Group product branding as well as aiding and assisting the commercial activities of fellow subsidiaries through the provision of know-how, expertise and experience. Other activities include the purchasing and recharging of software licenses to fellow subsidiaries.

Business review

On 3 January 2015 the Company transitioned from previously extant UK GAAP to FRS 101 *Reduced Disclosure Framework* for both periods presented and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, The Weir Group PLC, was notified of and did not object to the use of the disclosure exemptions from EU-adopted IFRS, provided by FRS 101. Details of the recognition or measurement differences arising on the adoption of FRS 101 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 restated 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 company's key financial and other performance indicators during the period were as follows:

	2015	2014	
	£000	£000	Change
Revenue	23,345	29,416	-21%
Operating profit (loss) (before exceptional items)	8,676	14,756	-41%
Profit (loss) before tax (before exceptional items)	8,966	14,975	-40%
Profit (loss) for the period (before exceptional items)	7,917	11,755	-33%
Shareholders' funds	49,591	42,203	19%
Current assets as % of current liabilities	2%	2%	0 bps

Revenue decreased by 21% during the period. Revenue is exclusively royalty fees that are charged to group companies based on sales performance, which has been adversly affected by the challenging global economic climate.

Operating profit fell by 41%. This was driven by the fall in revenue as the company's cost base remained stable.

The increase of 19% in shareholders fund is due to retained earnings.

The activities of the Company are not expected to change in the 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

6th June 2016

Directors' report

The directors present their report and the audited financial statements of Weir Group IP Limited (Registered Number SC267963) ('the Company') for the 52 week period ended 1 January 2016.

Dividends
No dividend was 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's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review contained in the Strategic report, as is the financial position of the Company. In addition, the Strategic report includes the Company's objectives, policies and processes for managing its capital, financial instruments and its financial risk management objectives and policies.

The Company has considerable financial resources together with continuing contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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 companies 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
Keith Cochrane
Pauline Lafferty
Keith Ruddock (resigned 2 December 2015)
Gavin Nicol (resigned 24 December 2015)
Christopher Morgan (appointed 2 December 2015)
Andrew Neilson (appointed 24 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). 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 101, have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Gillian Kyle
Company Secretary

6th June 2016

Independent auditors' report
to the members of Weir Group IP Limited

We have audited the financial statements of Weir Group IP Limited for the 52 weeks ended 1 January 2016 which comprise the Income Statement, the 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 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'; 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 Glasgow, Statutory Auditor
Ernst & Young LLP
6th June 2016

Income statement
for the 52 weeks ended 1 January 2016

	Notes	2015 Before exceptional items & intangibles amortisation £000	2015 Exceptional items & intangibles amortisation (note 4) £000	2015 Total £000	2014 Before exceptional items & intangibles amortisation £000	2014 Exceptional items & intangibles amortisation (note 4) £000	2014 Total £000
Revenue	3	23,345	-	23,345	29,416	-	29,416
Operating profit (loss)		8,676	(529)	8,147	14,756	-	14,756
Finance costs	6	(45)	-	(45)	-	-	-
Finance income	7	335	-	335	219	-	219
Profit (loss) on ordinary activities before tax		8,966	(529)	8,437	14,975	-	14,975
Tax on profit (loss) on ordinary activities	8	(1,049)	-	(1,049)	(3,220)	-	(3,220)
Profit (loss) for the period		7,917	(529)	7,388	11,755	-	11,755

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			
Property, plant & equipment	9	542	840
Intangible assets	10	12,215	7,987
Deferred tax asset	8	53	-
Total non-current assets		12,810	8,827
Current assets			
Trade & other receivables	11	104,552	84,960
Derivative financial instruments	15	1	-
Cash & short-term deposits	12	10,177	-
Total current assets		114,730	84,960
Total assets		127,540	93,787
LIABILITIES			
Current liabilities			
Financial liabilities	13	(7,745)	-
Trade and other payables	14	(70,147)	(51,584)
Derivative financial instruments	15	(57)	-
Total current liabilities		(77,949)	(51,584)
Total liabilities		(77,949)	(51,584)
NET ASSETS		49,591	42,203
Capital & reserves			
Share capital	16	-	-
Retained earnings		49,591	42,203
TOTAL EQUITY		49,591	42,203

Approved by the Board of Directors

Jon Stanton

Director

6th June 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	-	30,448	30,448
Result for the period	-	11,755	11,755
At 2 January 2015	-	42,203	42,203
Result for the period	-	7,388	7,388
At 1 January 2016	-	49,591	49,591

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 101

The financial statements of Weir Group IP Limited for the 52 weeks ended 1 January 2016 were authorised for issue by the Board of Directors on 6th June 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 101 *Reduced Disclosure Framework* (FRS 101) and in accordance with applicable accounting standards.

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

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 101 for both periods presented. Transition reconciliations showing all material adjustments under IFRS 1 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 following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraphs 45(b) and 46-52 of IFRS 2 *Share-based Payment*, because the share based payment arrangement concerns the instruments of the Weir Group PLC;
- IFRS 7 *Financial Instruments: Disclosures*;
- paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- IAS 7 *Statement of Cash Flows*;
- paragraph 38 of IAS 1 *Presentation of financial statements* comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1; paragraph 73(e) of IAS 16 *Property, Plant & Equipment*; and paragraph 118(e) of IAS 38 *Intangible Assets;*
- paragraph 17 of IAS 24 *Related Party Disclosures*; and
- IAS 24 *Related Party Disclosures* disclosure of related party transactions with a fellow wholly owned subsidiary in IAS 24 *Related Party Disclosures*.

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.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the year. These estimates and assumptions are based on historical experience, information available at the time and other factors considered relevant.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the long term nature and complexity of existing contractual arrangements, differences arising between the actual results and the assumptions made or future changes to such assumptions could result in future adjustments to tax income and expense already recorded. Provisions are established based on reasonable estimates for possible consequences of audits by the tax authorities. Management judgement is required to determine the amount of such provisions, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Impairment

The company carries out impairment testing on any assets that show indications of impairment as well as annually for goodwill and other intangible assets with indefinite lives and so not subject to amortisation. This testing includes exercising management judgement about future cash flows and other events which are, by their nature, uncertain.

Significant accounting policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is shown net of sales taxes and discounts.

Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

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.

Fixed assets and depreciation

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment losses. Freehold land and assets under construction are not depreciated.

Depreciation of property, plant and equipment, other than freehold land and assets under construction, is provided on a straight line basis so as to charge the cost less residual value, based on prices prevailing at the balance sheet date, to the income statement over the expected useful life of the asset concerned, and is in the following ranges:

Plant & equipment	4 - 8 years

Other intangible assets
Other intangible assets are stated at cost less accumulated amortisation and any recognised impairment losses.

Intangible assets acquired separately are measured at cost on initial recognition. An intangible asset with a finite life is amortised on a straight-line basis so as to charge its cost to the income statement over its useful life. An intangible asset with an indefinite life is not amortised but is tested at least annually for impairment and carried at cost less any recognised impairment losses.

The expected useful lives of acquired intangible assets are as follows:

Purchased software	4 – 8 years
Intellectual property & trade marks	6 – 15 years

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. Additionally, intangible assets with an indefinite life and any capitalised development expenditure are subject to an annual impairment test.

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.

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.

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

bank overdrafts

cash and short-term deposits

trade receivables

trade payables

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.

Taxation
Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period.

Deferred tax is recognised on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base with the following exceptions:

Deferred tax arising from the initial recognition of an asset or liability in a transaction that is not a business combination, that, at the time of the transaction, affects neither accounting nor taxable profit or loss, is not recognised; and

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax liabilities represent tax payable in future periods in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future periods in respect of deductible temporary differences, the carry forward of unutilised tax losses and the carry forward of

unused tax credits. Deferred tax is measured on an undiscounted basis using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax is recognised in the income statement except if it relates to an item recognised directly in equity, in which case it is recognised directly in equity.

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		
Revenue	23,345	29,416
Administrative expenses	(14,928)	(14,660)
Operating profit (loss)	8,147	14,756

	2015 £000	2014 £000
Operating profit (loss) is stated after charging (crediting)		
Depreciation of assets (note 9)	205	479
Exchange (gains) losses	262	-

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		
Impairment of amounts receivable from group undertakings	529	-
	529	-

On 31 May 2016 the Company's parent disposed of a fellow subsidiary company, Ynfiniti Engineering Services SL. Receivable balances with this company have been impaired.

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	45	-
	45	-

7. Finance income

	2015 £000	2014 £000
Interest receivable from group undertakings	335	219
	335	219

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	1,420	2,787
Foreign tax	400	433
Adjustments in respect of previous years	(718)	-
Total current income tax	1,102	3,220
Total deferred tax	(53)	-
Total income tax charge (credit) in the income statement	1,049	3,220

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	8,437	14,975
Tax calculated at UK standard rate of corporation tax of 20.25% (2014: 21.5%)	1,708	3,220
Effect of		
Expenses not deductible for tax purposes	107	-
Tax overprovided in previous periods	(766)	-
Tax expense (income) in the income statement	1,049	3,220

Factors that may affect future tax charges

Finance Act (No 2) 2015 included legislation to reduce the rate of UK Corporation Tax to 19% on 1 April 2017 and to 18% on 1 April 2020. These changes reduce the tax rates expected to apply when temporary differences reverse and impact the deferred tax charge. The Chancellor announced in his budget on 16th March 2016, that there would be a further 1% reduction on the rate of corporation tax to 17% on 1 April 2020. This will have a negligible impact on the deferred tax provision.

The deferred tax included in the balance sheet is as follows

	2015 £000	2014 £000
Deferred income tax assets		
Accelerated capital allowances	53	-
Deferred income tax assets	53	-

9. Property, plant & equipment

	Plant & equipment £000	Total £000
Cost		
At 2 January 2015	1,319	1,319
Disposals	(93)	(93)
At 1 January 2016	1,226	1,226
Aggregate depreciation		
At 2 January 2015	479	479
Charge for period	205	205
At 1 January 2016	684	684
Net book value at 2 January 2015	840	840
Net book value at 1 January 2016	542	542

10. Intangible assets

	Software development £000	Total £000
Cost		
At 2 January 2015	9,915	9,915
Additions	6,857	6,857
Disposals	(140)	(140)
At 1 January 2016	16,632	16,632
Accumulated amortisation		
At 2 January 2015	1,928	1,928
Charge for the period	2,629	2,629
Disposals	(140)	(140)
At 1 January 2016	4,417	4,417
Net book value at 2 January 2015	7,987	7,987
Net book value at 1 January 2016	12,215	12,215

11. Trade and other receivables

	2015 £000	2014 £000
Amounts receivable from group undertakings	103,836	84,960
Other receivables	716	-
	104,552	84,960

All amounts are recoverable within one year.

12. Cash and short-term deposits

	2015 £000	2014 £000
Cash	10,177	-
	10,177	-

13. Financial liabilities

	2015 £000	2014 £000
Amounts due are repayable as follows		
Current		
- bank overdrafts	7,745	-
	7,745	-

14. Trade and other payables

	2015 £000	2014 £000
Amounts owed to group undertaking	68,165	49,756
Tax payable	487	1,828
Other payables	969	-
Accruals & deferred income	526	-
	70,147	51,584

15. Derivatives

	2015 £000	2014 £000
Current assets		
Forward foreign currency contracts	1	-
	1	-
Current liabilities		
Forward foreign currency contracts	(57)	-
	(57)	-

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

16. Share capital

Allotted, called up and fully paid	2015 £	2014 £
100 Ordinary shares of £1.00 each	100	100

17. 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 debt of the other companies party to these facilities at 1 January 2016 amounted to £771,000 (2014: £nil).

18. Related party disclosures

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

19. Ultimate group undertaking

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.

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 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 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 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. 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.

Under previously extant UK GAAP, derivative financial instruments were recorded within Trade & other receivables. Following the adoption of FRS 101 these have been disclosed separately in assets and liabilities under Derivative financial instruments. This restatement affected the Balance sheet at 4 January 2014, no restatement was required at 3 January 2015.

Reconciliation of equity

At 4 January 2014

	UK GAAP £000	FRS 101 adjustments £000	FRS 101 £000
ASSETS			
Non-current assets			
Intangible assets	2,536	-	2,536
Total non-current assets	2,536	-	2,536
Current assets			
Trade & other receivables	57,233	(155)	57,078
Derivative financial instruments	-	175	175
Total current assets	57,233	20	57,253
Total assets	59,769	20	59,789
LIABILITIES			
Current liabilities			
Trade and other payables	(29,321)		(29,321)
Derivative financial instruments	-	(20)	(20)
Total current liabilities	(29,321)	(20)	(29,341)
Total liabilities	(29,321)	(20)	(29,341)
NET ASSETS	30,448	-	30,448
Capital & reserves			
Retained earnings	30,448	-	30,448
TOTAL EQUITY	30,448	-	30,448

Reconciliation of equity

At 3 January 2015

	UK GAAP £000	FRS 101 adjustments £000	FRS 101 £000
ASSETS			
Non-current assets			
Property, plant & equipment	840	-	840
Intangible assets	7,987	-	7,987
Total non-current assets	8,827	-	8,827
Current assets			
Trade & other receivables	84,960	-	84,960
Total current assets	84,960	-	84,960
Total assets	93,787	-	93,787
LIABILITIES			
Current liabilities			
Trade and other payables	(51,584)	-	(51,584)
Total current liabilities	(51,584)	-	(51,584)
Total liabilities	(51,584)	-	(51,584)
NET ASSETS	42,203	-	42,203
Capital & reserves			
Retained earnings	42,203	-	42,203
TOTAL EQUITY	42,203	-	42,203