WEIR VALVES & CONTROLS UK LIMITED
Report and Financial Statements

31 December 2018

Registered No: 00869208

Company information

Registered No: 00869208

Directors

Robert Mitchell
Michael Mannion
Christopher J Riordan

Company Secretary

Gillian Kyle

Independent auditors

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Bankers

HSBC Bank Plc
62-76 Park Street
London
SE1 9DZ

Registered office

Britannia House
Huddersfield Road
Elland
Halifax
HX5 9JR

Country of incorporation

England and Wales

Strategic report

The directors present their Strategic report on Weir Valves & Controls UK Limited ('the Company') for the year ended 31 December 2018.

Principal activities

The principal activity of the Company continues to be the production of high and low pressure valves.

Business review

The Company engineers and manufactures a range of control and isolation valves plus aftermarket products. The key markets that are being serviced through this product range include conventional power, upstream / downstream oil and gas, petrochemical and nuclear. The Company has remained well placed within the market despite the prolonged depression in capital investment due to the flexibility within the product range and is developing technologies to enter new energy markets.

The Company's key financial and other performance indicators during the year were as follows:

		Restated (note 2)	
	2018	2017	
	£000	£000	Change
Revenue	45,308	42,091	8%
Operating profit (before exceptional items)	3,060	917	234%
Profit before tax (before exceptional items)	2,919	653	347%
Profit for the year (before exceptional items)	2,083	793	163%
Exceptional items	-	18	-100%
Profit for the year (after tax and exceptional items)	2,083	821	154%
Shareholders' funds	10,577	8,354	27%
Working capital as % of sales	23%	14%	900bps
Current assets as % of current liabilities	133%	115%	1,800bps
Average number of employees	166	167	0%

Turnover has increased by 8% from the prior year which is due to the delivery of nuclear power projects into UAE in 2018.

The Company made an operating profit of £3.1m before exceptional items which is an increase of £2.2m against the prior year profit (2017: profit of £0.9m). This increase in operating profit is a consequence of improved comparative margins being achieved in the year compared to the previous year, as a result of the mix of products delivered. However, the increase was partially offset by an exchange loss in the year resulting from the decline in Sterling due to the Brexit uncertainty.

Looking forward to 2019, opportunities exist to expand current service offerings such as valves, engineered parts and service engineering innovation across territories and sectors. There are no significant plans to alter the business of the company in the future.

Principal risks

Risk is inherent in our business activities and as a consequence of operating a sound risk management process the Company has identified the following principal risks and uncertainties, which it believes could have a materially adverse effect on its business, turnover, profit, assets, liquidity, resources and reputation. The nature of risk is such that no list can be comprehensive and it is possible that other risks may arise, or that risks not currently considered material may become so in the future. The Company's ultimate parent company, The Weir Group PLC ('the Group'), operates controls as described in its Strategic report to mitigate against these risks.

Political risks

The Company and its customers operate around the world including in the UK, Europe, South Korea, China, India, Far East, South Africa and North America. While benefiting from the opportunities in these regions, the Company and its customers are exposed to the political and business risks associated with international operations, such as sudden changes in regulation, expropriation of assets, imposition of trade barriers and limits on the export of currency.

Product liability claims

The Company faces an inherent business risk of exposure to product liability and warranty claims in the event that a failure of a product results in, or is alleged to result in, bodily injury, property damage and/or consequential loss. The Company's ultimate parent company maintains insurance coverage for product liability claims where possible. For warranty claims not covered by insurance, warranty costs may be incurred which the Company may not be able to recover.

Employee issues
Company performance depends on the skills and efforts of its employees and management team across all of its businesses. The Company recognises that failing to attract new talent and retain existing expertise, knowledge and skills in operations, products and infrastructure areas such as information technology could have a negative impact on its business.

Health & safety
The Company operates in a number of demanding environments and safe working practices are extremely important to protect everyone on the Company's premises with long established working practices and controls to minimise damage and injury.

During 2018, the Company achieved the milestone of 9 years without a lost time injury.

Customer relationships
The Company benefits from close commercial relationships with a number of key customers. The loss of any of these key customers, or a significant worsening in commercial terms, could impact on the Company's results. The Company devotes significant resources to supporting these relationships to ensure they continue to operate satisfactorily.

Supply chain risk
The Company subcontracts certain elements of the manufacturing process through supply chains external to the Company. Any failure of the supply chain would represent a risk to the Company's ability to meet customer requirements and achieve its financial goals. The Company's strategy is to simplify the external supply chain and forge deeper strategic relationships with fewer but stronger suppliers.

Business continuity and disaster recovery
The Company has a Business continuity and disaster recovery plan which is reviewed annually. Risk of disablement of the Company's business critical systems at a key location is mitigated by data back-up designed to ensure that information can be recovered rapidly and independently of any disabled location. In addition, I.T. disaster recovery plans are in place for each location in the event of disruption.

Financial risk management objectives & policies
The Company's principal financial instruments comprise cash, intercompany loans and financial instruments. The main purpose of these financial instruments is to manage the Company's funding and liquidity requirements. The Company has other financial instruments such as trade receivables and trade payables which arise directly from its operations. 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.

Commodity price risk
The Company's exposure to raw material price risk is generally diminished by restricting bid validity to periods within those quoted by suppliers and by material price escalation clauses.

Credit risk
The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are banks with high credit-ratings assigned by international credit-rating agencies. The Company's credit risk is primarily attributable to its trade receivables. The Company is exposed to risk over a large number of countries and customers and there is no significant concentration of risk. Where appropriate, the Company endeavours to minimise risk by the use of trade finance instruments such as letters of credit and insurance. Credit worthiness checks are also undertaken before entering into contracts with new customers and credit limits are set as appropriate. Due to long established relationships with the majority of customers, the Company does not consider there to be a significant credit quality issue. The amounts presented in the balance sheet are net of an allowance for expected credit losses, measured in accordance with the impairment requirements of IFRS 9.

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

R. Mitchell

Robert Mitchell
Director

18 June 2019

Directors' report

The directors present their report and the audited financial statements of Weir Valves & Controls UK Limited (Registered Number 00869208) ('the Company') for the year ended 31 December 2018.

Dividends

No dividend was declared in the year (2017: £nil).

Principal activities and review of the business

The Strategic report presents a summary of the Company's principal activities and future developments.

Research and development

Expenditure on research and development was directed to the expansion and efficiency improvements of existing product ranges alongside developing new technology and new product ranges.

Employee involvement

Within commercial confidence, information continues to be given to employees about the progress of the Company and on matters of concern to them as employees. Regular meetings are held to discuss matters affecting employees.

During the year the Company has continued arrangements whereby it periodically makes presentations to employees on the performance of the Company and its objectives in the context of both internal and external economic factors.

Foreign branches

The company operated a branch in Australia during the financial year.

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, until such time as it is ceases to be the majority shareholder of the Company.

As set out in note 24, subsequent to the year end, The Weir Group PLC agreed to sell the Flow Control Division, including the Company. This transaction is expected to complete in the coming weeks. The Company have a reasonable expectation that the new owners, First Reserve, will continue to support the company with similar arrangements.

As a result, 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 year and up to the date of this report were:
Michael Mannion
Christopher J Riordan
Ben Peacock (resigned 18 May 2018)
Jennifer Magowan (resigned 29 March 2019)
Steven Wallace (appointed 18 May 2018 and resigned 14 June 2019)
Robert Mitchell (appointed 25 March 2019)

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 2018 and up to the date of approval of the financial statements 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.

Independent auditors
PricewaterhouseCoopers LLP were appointed under section 485 of the Companies Act 2006 as the Company's auditors at the Annual General Meeting of the Group on 26 April 2018 and have indicated their willingness to continue in office.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report, the Directors' Report, and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

On behalf of the Board

R. Mitchell

Robert Mitchell

Director

18 June 2019

Independent auditors' report to the members of Weir Valves & Controls UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Weir Valves & Controls UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement, the balance sheet, the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

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 year ended 31 December 2018 is consistent with the financial statements and has 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 did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Hoskyns-Abrahall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
19 June 2019

Income statement
for the year ended 31 December 2018

		Year ended 31 December 2018			Restated (note 2) Year ended 31 December 2017		
	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
Revenue	3	45,308	-	45,308	42,091	-	42,091
Operating profit (loss)		3,060	-	3,060	917	22	939
Finance costs	6	(402)	-	(402)	(446)	-	(446)
Finance income	7	261	-	261	182	-	182
Profit before tax		2,919	-	2,919	653	22	675
Tax on profit	8	(836)	-	(836)	140	(4)	136
Profit for the financial year		2,083	-	2,083	793	18	811

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

The result reported above includes all income and expenses for the year and therefore no statement of comprehensive income has been presented.

Balance sheet
as at 31 December 2018

	Note	2018 £000	Restated (note 2) 2017 £000
ASSETS			
Non-current assets			
Property, plant & equipment	9	522	557
Intangible assets	10	2,020	2,650
Investments	11	140	-
Deferred tax asset	8	462	481
Derivative financial instruments	17	157	265
Total non-current assets		3,301	3,953
Current assets			
Inventories	12	7,443	8,302
Trade & other receivables	13	21,742	24,153
Derivative financial instruments	17	440	952
Cash & short-term deposits	14	38	2,240
Total current assets		29,663	35,647
Total assets		32,964	39,600
LIABILITIES			
Current liabilities			
Financial liabilities	15	(4,130)	(10,961)
Trade and other payables	16	(14,538)	(17,964)
Derivative financial instruments	17	(981)	(753)
Provisions	18	(2,725)	(1,417)
Total current liabilities		(22,374)	(31,095)
Non-current liabilities			
Derivative financial instruments	17	(13)	(151)
Total non-current liabilities		(13)	(151)
Total liabilities		(22,387)	(31,246)
NET ASSETS		10,577	8,354
Capital & reserves			
Called up share capital	20	35,647	35,647
Share premium		140	-
Retained earnings		(25,210)	(27,293)
TOTAL EQUITY		10,577	8,354

The notes numbered 1 to 24 are an integral part of these financial statements.

The financial statements on pages 9 to 30 were authorised for issue by the Board of Directors on 18 June 2019 and signed on its behalf by

R. Mitchell

Robert Mitchell

Director

18 June 2019

Statement of changes in equity
for the year ended 31 December 2018

	Called up share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 31 December 2016	35,647	-	(28,104)	7,543
Profit (loss) for the financial year	-	-	821	821
At 31 December 2017	35,647	-	(27,283)	8,364
IFRS 15 restatement (note 2)	-	-	(10)	(10)
Restated at 31 December 2017	35,647	-	(27,293)	8,354
Profit (loss) for the financial year	-	-	2,083	2,083
Issue of share capital	-	140	-	140
At 31 December 2018	35,647	140	(25,210)	10,577

Notes to the financial statements
for the year ended 31 December 2018

1. Authorisation of financial statements and statement of compliance with FRS 101
The financial statements of Weir Valves & Controls UK Limited for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 18 June 2019 and the balance sheet was signed on the Board's behalf by Robert Mitchell.

Weir Valves & Controls UK Limited is a private limited company registered in England and Wales.

The financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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 accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018 ('2018'), the comparative information is provided for the year ended 31 December 2017 ('2017'). The accounting policies are consistent with those of the previous period, with the exception of the following new standards which apply for the first time in 2018.

IFRS 9: Financial instruments
IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The impact of adopting IFRS 9 on the Company's retained earnings and individual financial statement line items as at 1 January 2018 was determined to be immaterial and as such no adjustments have been recorded and comparative figures have not been restated.

The considerations relevant to this assessment are outlined below.

(i) Classification and measurement
No changes were necessary to the classification or remeasurement of the Company's financial instruments, as disclosed in the subsequent notes to the accounts, with derivative instruments remaining as measured at fair value through the profit and loss (FVTPL), or subject to the accounting provisions for hedge relationships under IFRS 9 where designated in effective hedge accounting relationships, and all other financial instruments remaining classified as measured at amortised cost under IFRS 9.

(ii) Derivatives and hedging activities
Certain of the Company's forward foreign currency contracts, cross currency swaps and foreign currency debt in place as at 31 December 2017 qualified as cash flow hedges or net investment hedges under IFRS 9. The Company's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships continue to be treated as hedges.

(iii) Impairment of financial asset
The Company has three types of financial assets that are subject to IFRS 9's new expected credit loss model:

- Other short-term receivables from Group undertakings;
- Trade receivables; and
- Cash & cash equivalents.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables which uses a lifetime expected loss allowance.

This did not result in a material change to the loss allowance on 1 January 2018 for trade receivables, and as such no adjustment has been recorded and comparative figures have not been restated. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss was identified.

IFRS 15: Revenue from contracts with customers (including associated amendments)
The income statement for the year ended 31 December 2017 and the balance sheet at 31 December 2017 have been restated, as shown below, to reflect IFRS 15 restatements. The balance sheet at 31 December 2016 has also been restated for IFRS 15.

Prior period restatements

Restated income statement for the year ended 31 December 2017

	As previously reported £000	IFRS 15 restatement £000	As restated £000
Revenue	44,541	(2,450)	42,091
Operating profit (loss)	949	(10)	939
Finance costs	(446)	-	(446)
Finance income	182	-	182
Profit (loss) on ordinary activities before tax	685	(10)	675
Tax on profit (loss) on ordinary activities	136	-	136
Profit (loss) for the financial year	821	(10)	811

Restated balance sheet (extract) as at 31 December 2017

	As previously reported £000	IFRS 15 restatement £000	Restated 31 December 2017 £000
Current assets			
Inventories	7,106	1,196	8,302
Trade & other receivables	25,359	(1,206)	24,153
CAPITAL & RESERVES			
31 December 2017 restatement	8,364	(10)	8,354
Retained earnings	8,364	(10)	8,354

Statutory instruments & exemptions
The Company has adopted SI 2015/980 for presentational purposes in order to align with the financial statements of its ultimate parent company. The financial statements have been prepared on the going concern basis and the historic cost convention, as modified by the revaluation of land and buildings and derivative financial assets and liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101, and the company intends to take these exemptions in future years:

- 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*;
- IAS 24 *Related Party Disclosures* disclosure of related party transactions with a fellow wholly owned subsidiary in IAS 24 *Related Party Disclosure;*
- paragraph 10(d), 16, 38A, 38B, 38C, 38D, 111, 134-136 of IAS 1 *Presentation of financial statements*; and
- paragraph 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

The Company will adopt IFRS 16 on 1 January 2019. The standard will result in many current operating leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

There are no new standards or interpretations, in addition to the above, which are considered to have a material impact on the financial statements.

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
The level of current and deferred tax recognised in the financial statements is dependent on subjective judgements as to the interpretation of complex tax regulations and, in some cases, the outcome of decisions by tax authorities, together with the ability of the Company to utilise tax attributes within the limits imposed by the relevant tax legislation.

In all cases, provisions for open tax issues are based on management's interpretation of tax law as supported where appropriate by the Company's external advisors, and reflect the single best estimate of likely outcome for each liability. The Company believes it has made adequate provision for such matters.

Provisions
Provisions are recognised where the Company has an obligation, as a result of a past event, that can be measured reliably and where an outflow of economic benefits is considered probable. Management estimates are used to determine the amount of such provisions taking into account the commercial drivers which gave rise to them, the Company's previous experience of similar obligations and the progress of any associated legal proceedings. With regard to inventory provisioning, historical usage as well as anticipated future demand is considered. Where changes to these factors occur during the year, this may impact on the assumption integral to management's assessment of the provision and the overall valuation. Any changes are recognised in the income statement in the year.

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.

Research and development costs
All research expenditure is charged to the income statement in the year in which it is incurred.

Development expenditure is charged to the income statement in the year in which it is incurred unless it relates to the development of a new product or technology and it is incurred after the technical feasibility and commercial viability of the product has been proven, the development costs can be measured reliably, future economic benefits are probable and the company intends to and has sufficient resources to complete the development to use or sell the asset. Any such capitalised development expenditure is amortised on a straight-line basis so that it is charged to the income statement over the expected life of the resulting product.

Significant accounting policies

Revenue recognition
Revenue is the consideration received or receivable which reflects the amount expected to be received from customers, mainly the transaction price adjusted for variable consideration. Revenue will only be recognised when the fulfilment of performance obligations is achieved. Revenue is shown net of sales taxes and discounts.

Sale of goods
Revenue from the sale of goods is recognised in the income statement when the transfer of control has been demonstrated, usually on despatch of goods. No revenue is recognised where recovery of the consideration is not probable or there are significant uncertainties regarding associated costs, or the possible return of goods. Transfer of control can vary depending on the nature of the products sold and the individual terms of the contract of sale. Where the sale of product requires customer inspection, revenue is not recognised until the inspection has been completed and approved by the customer.

This policy is applicable to the sale of both original equipment and spare parts, whether sold individually, in bulk or as part of a cross-selling marketing strategy.

Provision of services
Revenue from the rendering of services is generally recognised on completion if the service is short-term in nature. Where this is not the case, revenue from services is recognised in proportion to the stage of completion of the performance obligations at the balance sheet date. The stage of completion is assessed by reference to the transfer of control over time which usually corresponds to the contractual agreement with each separate customer and the costs incurred on the contract to date in comparison with the total forecast costs of the contract. Revenue recognition commences only when the performance obligations within each service contract are completed.

Construction contracts
Construction contracts usually contain discrete elements separately transferring control to customers over the life of the contract. The stage of completion of a contract is determined either by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, or by reference to the completion of a physical proportion of the contract work. The basis used is dependent upon the nature of the underlying contract and takes into account the degree to which the physical proportion of the work is subject to formal customer acceptance procedures. Losses on contracts are recognised in the year when such losses become probable.

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 year 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.

Property, Plant and Equipment
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 - 20 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:

Product Development	up to 8 years
Purchased Software	up to 4 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, goodwill, 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. 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.

Inventories
Inventories are valued at the lower of cost and net realisable value, with due allowance for any obsolete or slow moving items. Cost represents the expenditure incurred in bringing inventories to their existing location and condition and comprises the cost of raw materials, direct labour costs and related production overheads. Raw materials cost is generally determined on a first in, first out basis. Net realisable value is the estimated selling price less costs to complete and sell.

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
- intercompany treasury accounts

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 at original invoice amount where the consideration is unconditional. If they contain significant financing components, trade receivables are instead recognised at fair value. The Company holds trade receivables to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details of the Company's impairment policies and calculation of the loss allowance are provided in note 13.

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 are recognised in the income statement, except where hedge accounting is used, provided the conditions specified by IFRS 9 are met. Hedge accounting is applied in respect of hedge relationships where it is both permissible under IFRS 9 and practical to do so. When hedge accounting is used, the relevant hedging relationships are classified as fair value hedges, cash flow hedges or net investment hedges, as appropriate.

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. When the hedged asset or liability 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 through other comprehensive income is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss that was reported in equity is immediately reclassified to the income statement in the period.

Derivatives embedded in non-derivative host contracts which are not already measured at fair value through profit or loss, 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.

Share based payments
Equity settled share-based incentives are provided to certain employees of the company under a share reward plan ('SRP'), formerly a long-term incentive plan ('LTIP') operated by its ultimate parent company, The Weir Group PLC, as a consequence of occasional one-off conditional awards made to senior executives. The company recognises an expense in respect of shares awarded under the plan. This expense, which is based on the fair value of the awards, is recognised in the profit and loss account.

The fair value of the awards is determined at the date of grant and is not subsequently re-measured unless the conditions on which the award was granted are modified. The fair value at the date of the grant is calculated using appropriate option pricing models and the cost is recognised on a straight-line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to failure to satisfy service conditions or non-market performance conditions.

Leases
Leases which transfer to the Company substantially all of the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are included within property, plant and equipment, initially measured at their fair value or, if lower, the present value of the minimum lease payments and a corresponding liability is recognised within obligations under finance leases. Subsequently, the assets are depreciated on a basis consistent with similar owned assets or the lease term if shorter. At the inception of the lease, the lease rentals are apportioned between an interest element and a capital element so as to produce a constant periodic rate of interest on the outstanding liability. Subsequently, the interest element is recognised as a charge to the income statement while the capital element is applied to reduce the outstanding liability.

Operating lease rentals and any incentives receivable are recognised in the income statement on a straight-line basis over the term of the lease.

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

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 goodwill, or 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;
- Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future; 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 years in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future years 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.

Dividends
Dividend income is recognised when the right to receive payment is established.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

3. Revenues & expenses

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

	2018 £000	Restated (note 2) 2017 £000
A reconciliation of revenue to operating profit (loss) is as follows		
Revenue	45,308	42,091
Cost of sales	(32,609)	(32,403)
Gross profit	12,699	9,688
Other operating income	40	34
Selling & distribution costs	(4,376)	(4,294)
Administrative expenses	(5,303)	(4,489)
Operating profit (loss)	3,060	939

	2018 £000	Restated (note 2) 2017 £000
Timing of revenue recognition		
At a point in time	45,308	42,091
Over time	-	-
	45,308	42,091

	2018 £000	2017 £000
Operating profit (loss) is stated after charging / (crediting)		
Research & development costs	978	944
Depreciation of assets (note 9)	148	176
Amortisation of intangible fixed assets	649	620
Loss (gain) on disposal of fixed assets	3	1
Amounts provided for (released) in respect of provisions (note 18)	1,308	84
Exchange losses / (gains)	982	(290)
Cost of inventories recognised as an expense (included in cost of sales)	22,144	25,957
Including: write down of stocks to net realisable value	504	327
Audit fees payable to the Company's auditors	38	39
Operating lease payments	641	603

4. Exceptional items

	2018 £000	2017 £000
Recognised in arriving at operating profit from continuing operations		
Reorganisation costs	-	22
	-	22

No exceptional items have been incurred during 2018 (2017: credit of £22,000).

5. Staff costs & directors' remuneration

	2018 £000	2017 £000
Employee benefits expense		
Wages and salaries	6,768	7,055
Social security costs	714	723
Other pension costs	452	464
	7,934	8,242

Included in other pension costs are £Nil (2017: £Nil) in respect of defined benefit schemes and £452,000 (2017: £464,000) in respect of the defined contribution scheme. The Company is a member of The Weir Group Pension & Retirement Savings Scheme which is a defined benefit multi-employer plan operated by The Weir Group PLC which closed during 2015. The assets and liabilities of the scheme are held on the balance sheet of the ultimate parent entity.

	2018 Number	2017 Number
Employee numbers		
The average number of people employed by the company (including directors) is as follows		
Direct	33	34
Indirect	133	133
	166	167

	2018 £000	2017 £000
Directors' remuneration		
Aggregate emoluments of directors in respect of qualifying services	546	630
Aggregate Company contributions to defined contribution pension plans	32	32
Aggregate payments in respect of long term incentive plans	15	17

	2018 Number	2017 Number
Number of directors accruing benefits under		
Defined contribution schemes	3	3
Number of directors who received shares in respect of qualifying services	3	3

	2018 £000	2017 £000
In respect of the highest paid director		
Aggregate remuneration	278	328
Accrued pension contributions in the year	16	16
Share options exercised during the year	10	18
	304	362

Three directors were remunerated by Weir Valves & Controls UK Limited during the year.

Share based payments

Under the Group's Share Reward Plan, the types of awards which may be granted to employees include Restricted Shares, and formerly under the LTIP 2014 Rules, this included both Restricted Share Awards and Performance Shares.

The grant date fair value of the restricted share awards is calculated as the share price at the date of grant less an adjustment for loss of reinvestment return on the dividend equivalent. There are no performance conditions attached to these awards. The fair value of occasional one-off conditional awards at grant date is also estimated on this basis.

The grant date fair value of the performance share awards subject to the EPS and ROCE performance targets is calculated in the same way as the restricted share awards except that a discount of 11% is applied to reflect the holding period which applies to these awards. The EPS and ROCE performance targets are 'non market' vesting conditions for the purpose of IFRS 2 and so their effect is not allowed for in the grant date fair values.

An amount of £140,531 has been charged (2017: £153,515) to the Income Statement in respect of the number of awards which are expected to be made at the end of the vesting period.

The valuation of performance share awards subject to the TSR-related performance targets is performed using a Monte Carlo simulation model. The following table gives the assumptions made during the year ended 31 December 2017 in the calculation of the fair value of awards subject to the TSR-related performance targets made in that year. No performance shares were issued in 2018.

	2018	2017
Weighted average expected volatility (%)	n/a	37.00
Weighted average expected life (years)	n/a	3.00
Weighted average risk free rate (%)	n/a	0.30
Weighted average share price (£)	n/a	18.58
Weighted average fair value (£)	n/a	8.17

The expected life of the awards is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome. Market related performance conditions have been taken into account in the calculation of fair values.

Full details of the Group's equity settled share based payments are provided in the Annual Report of The Weir Group PLC, a copy of which can be obtained from the address given in note 23.

6. Finance costs

	2018 £000	2017 £000
Interest payable to group undertakings	402	446
	402	446

7. Finance income

	2018 £000	2017 £000
Interest receivable on financial assets	-	2
Interest receivable from group undertakings	261	180
	261	182

8. Tax on profit

Tax charged in the income statement

	2018 £000	2017 £000
The tax charge (credit) is made up as follows		
Current income tax		
UK corporation tax	378	(415)
Foreign tax	224	-
Adjustments in respect of previous years	215	(129)
Total current income tax	817	(544)
Deferred income tax		
Origination & reversal of temporary differences	(8)	555
Adjustment in respect of previous periods	27	(147)
Total deferred tax	19	408
Total income tax charge (credit) in the income statement	836	(136)

Factors affecting the tax charge for the year

The standard rate of tax for the year based on the UK standard rate of corporation tax is 19.00% (2017: 19.25%). The actual tax charge for the current year is set out in the following reconciliation.

	2018 £000	2017 £000
Profit from continuing operations before tax	2,919	675
Tax calculated at UK standard rate of corporation tax of 19.00% (2017: 19.25%)	555	132
Effect of		
Expenses not deductible for tax purposes	4	26
Research and development	(23)	-
Effect of higher taxes on overseas earnings	82	-
Tax overprovided in previous periods	242	(276)
Change in tax laws and rate	(24)	(18)
Tax expense (income) in the income statement	836	(136)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

The deferred tax included in the balance sheet is as follows

	2018 £000	2017 £000
Deferred income tax assets		
Decelerated depreciation for tax purposes	191	292
Offset against liabilities	271	189
Deferred income tax assets	462	481

9. Property, plant & equipment

	Plant & equipment £000	Total £000
Cost		
At 1 January 2018	6,000	6,000
Additions	117	117
Disposals	(10)	(10)
At 31 December 2018	6,107	6,107
Aggregate depreciation		
At 1 January 2018	5,443	5,443
Charge for year	148	148
Disposals	(6)	(6)
At 31 December 2018	5,585	5,585
Net book value at 31 December 2017	557	557
Net book value at 31 December 2018	522	522

There are no outstanding capital commitments at the end of the financial year.

There are no assets held under finance leases at the end of the financial year (2017: Nil)

10. Intangible assets

	Purchased software £000	Product development £000	Total £000
Cost			
At 1 January 2018	170	4,340	4,510
Additions	19	-	19
At 31 December 2018	189	4,340	4,529
Accumulated amortisation			
At 1 January 2018	127	1,733	1,860
Charge for the year	16	633	649
At 31 December 2018	143	2,366	2,509
Net book value at 31 December 2017	43	2,607	2,650
Net book value at 31 December 2018	46	1,974	2,020

11. Investments

	£000
Cost	
Additions	140
At 31 December 2018	140
Impairment	
At beginning and end of the year	-
Net book value at 31 December 2018	140

The subsidiary undertakings of the Company are listed in an Appendix.

During the year, the Company acquired Hopkinsons Limited for a consideration of £100, Blakeborough Valves Limited for a consideration of £100, and The Batley Valve Company Limited for a consideration of £140,000.

Dividends of £Nil (2017: £Nil) were received from subsidiaries in the year.

12. Inventories

	2018 £000	Restated (note 2) 2017 £000
Raw materials	2,949	5,597
Work in progress	4,340	2,535
Finished goods	154	170
	7,443	8,302

Inventories are stated after impairment of £2,184,000 (2017: £1,680,000).

13. Trade and other receivables

	2018 £000	(Restated note 2) 2017 £000
Trade receivables	7,013	11,508
Contract assets	1,585	1,984
Amounts receivable from group undertakings	12,078	8,595
Tax receivable	-	887
Other receivables	667	885
Prepayments	399	294
	21,742	24,153

The Company has recognised the following assets in relation to contracts with customers.

	2018 £000	(Restated note 2) 2017 £000
Accrued income	1,585	1,984
	1,585	1,984

Trade receivables are stated after provisions for impairment of £189,000 (2017: £160,000).

All amounts are recoverable within one year.

Amounts receivable from group undertakings include a loan receivable balance from the ultimate parent company. The loan is interest bearing, unsecured and repayable on demand.

Other receivables relate to VAT repayments due to the Company from HMRC.

Impairment of trade & other receivables

Amounts owed by subsidiaries and other group undertakings relate to management recharges in respect of support services provided and intercompany trade. Intercompany balances are typically managed on a Group basis, and the Company's credit risk management practices reflect this. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all such receivables.

For the amounts owed by subsidiaries and other group undertakings, it is the Company's expectation that materially all the amounts owed by subsidiaries are fully recoverable over time. Expected credit losses at both 1 January 2018 and 31 December 2018 are therefore immaterial, and there has been no material change to the expected loss allowance during the year.

The company has two types of financial asset being trade receivables for sales of products and services, and contract assets.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Due to the way in which these contracts are managed, expected credit loss is included within the loss allowance for trade receivables.

For short-term trade receivables, historical loss rates are deemed an appropriate basis for the estimate of expected future losses. These are then adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written-off when there is no reasonable expectation of recovery.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The gross carrying amount of trade receivables, for which the loss allowance is measured at an amount equal to the lifetime expected credit losses under the simplified method, is analysed below:

Ageing of gross carrying amount of trade receivables by days past due

	2018 £000	2017 £000
Not past due	6,087	10,279
Up to 3 months past due	844	991
Between 3 & 6 months past due	51	167
More than 6 months past due	31	71
	7,013	11,508

Reconciliation of opening to closing loss allowance for trade receivables

	2018 £000	2017 £000
Balance at the beginning of the year	160	80
Impairment losses recognised on receivables	29	107
Amounts written off as uncollectable	-	(27)
Balance at the end of the year	189	160

14. Cash and short-term deposits

	2018 £000	2017 £000
Cash	38	2,240
	38	2,240

15. Financial liabilities

	2018 £000	2017 £000
Amounts due are repayable as follows		
Current		
- loans from group undertakings	4,130	10,961
	4,130	10,961

Amounts owed to Group undertakings include a loan repayable to the ultimate parent company. This loan is interest bearing, unsecured and repayable on demand.

16. Trade and other payables

	2018 £000	2017 £000
Trade payables	5,323	5,353
Contract liabilities	1,561	2,219
Amounts owed to group undertaking	3,722	6,994
Tax payable	419	-
Accruals	3,513	3,398
	14,538	17,964

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

The Group has recognised the following liabilities in relation to contracts with customers.

	2018 £000	2017 £000
Payments received on account	1,030	1,033
Advance milestones billed	531	1,186
	1,561	2,219

17. Derivatives

	2018 £000	2017 £000
Non-current assets		
Forward foreign currency contracts	157	265
	157	265
Current assets		
Forward foreign currency contracts	440	952
	440	952
Current liabilities		
Forward foreign currency contracts	(981)	(753)
	(981)	(753)
Non-current liabilities		
Forward foreign currency contracts	(13)	(151)
	(13)	(151)

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

18. Provisions

	Warranties	Liquidated damages	Total
	£000	£000	£000
At 1 January 2018	670	747	1,417
Additions	647	1,058	1,705
Released - unutilised	-	(134)	(134)
Utilised	(162)	(101)	(263)
At 31 December 2018	1,155	1,570	2,725
Current	1,155	1,570	2,725
	1,155	1,570	2,725

Provisions include an estimate of future warranty claims and contract penalty claims on products sold / services provided.

19. Commitments & legal claims

Operating lease commitments

	2018	2017
	£000	£000
Less than one year	634	602
After one year but no more than five years	2,551	2,449
More than five years	673	1,302
	3,858	4,353

20. Share capital

Allotted, called up and fully paid	2018 £000	2017 £000
35,647,300 (2017: 35,647,000) ordinary shares of £1.00 each	35,647	35,647
	35,647	35,647

During the year, there were 300 additional shares issued, each with a nominal value of £1.00. Of these shares, 200 were issued at par and the remaining 100 were issued at £1,400 each. The premium has been allocated to a share premium account.

21. Contingent liabilities

The Company is a member of a group UK cash pool arrangement and has jointly and severally given guarantee of the net overdraft amount of the pool up to a maximum of £5.0million (2017: £5.0million). At the year end, the net amount drawn under the facility was £nil (2017: £nil).

22. 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.

23. Ultimate group undertaking

The immediate parent undertaking is The Weir Group PLC.

The ultimate parent undertaking and controlling party is The Weir Group PLC. The Company is only consolidated into these group financial statements which are available to the public and may be obtained from The Weir Group PLC, 1 West Regent Street, Glasgow, G2 1RW.

24. Events after the balance sheet date

On 25 February 2019, The Weir Group PLC announced that it had entered into an agreement to sell its Flow Control division to First Reserve for an enterprise value of £275m. The Company is part of the Flow Control division within The Weir Group PLC. At the time of the announcement, the completion of the acquisition was subject to conditions being met, including regulatory and other approvals, with completion expected in Q2 2019. After the sale, the Company will be part of the new Group structure established by First Reserve.

Appendix

Subsidiary undertakings

The subsidiary undertaking of the Company as at 31 December 2018 is noted below.

Legal name	Country of incorporation	Registered address	Class of shares	Percentage of shares held	Ownership
Autotork Controls Limited	England and Wales	Britannia House Huddersfield Road Elland West Yorkshire HX5 9JR	Ordinary	100%	Direct
The Batley Valve Company Limited	England and Wales	Britannia House Huddersfield Road Elland West Yorkshire HX5 9JR	Ordinary	100%	Direct
Blakeborough Limited	Scotland	10th floor 1 West Regent Street Glasgow Scotland G2 1RW	Ordinary	100%	Direct
Hopkinsons Limited	Scotland	10th floor 1 West Regent Street Glasgow Scotland G2 1RW	Ordinary	100%	Direct