

Company Registration No. 03573433 (England and Wales)

**FLOWERVE INTERNATIONAL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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# FLOWERVE INTERNATIONAL LIMITED

## COMPANY INFORMATION

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**Directors**

M Edwards  
S Gelin  
W Meeke

**Secretary**

M Edwards

**Registered office**

One St Peter's Square  
Manchester  
M2 3DE

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
The Portland Building  
25 High Street  
Crawley  
West Sussex  
RH10 1BG

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**Solicitors**

Addleshaw Goddard LLP  
One St Peter's Square  
Manchester  
M2 3DE

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# FLowsERVE INTERNATIONAL LIMITED

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# FLOWSERVE INTERNATIONAL LIMITED

## STRATEGIC REPORT

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The directors present their strategic report for the company for the financial year ended 31 December 2015.

### Principal activities

The company acted as a holding company throughout the financial year. The directors do not expect any change in the principal activity during the next financial year although they will continue to consider opportunities as they arise.

### Business review

The loss of £5,587,000 for the financial year is set out in the Statement of comprehensive income on page 9 (2014: loss: £5,195,000). The loss arises purely from interest payable on the company's outstanding group loans which have financed the company's investments in subsidiaries.

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In July 2015, Flowserve International Limited acquired the share capital of Sterling Fluid Systems (UK Group) Limited and Sterling Fluid Services Limited from SIHI Group BV as part of a group reorganisation, through an associated loan with SIHI Group BV.

On 14 July 2016, SIHI Group BV assigned the above loan to Flowserve France SAS, the company's immediate parent. Flowserve France Holding SAS then extinguished the loan via a capital contribution in the company.

The directors are satisfied that formal support from Flowserve Corporation has been received, which supports the directors' assessment that the company is a going concern.

### Principal risks and uncertainties

Risks are evaluated at both a global divisional and Flowserve Corporation board level and appropriate processes are put in place to monitor and mitigate them. The policies set by the board of directors are implemented by Flowserve UK's finance department. As Flowserve International Limited exists as a holding company for Flowserve GB Limited the company's directors consider the principal risks of Flowserve GB Limited also affect the company. These risks relate to lower levels of market activity, supply chain capabilities and wider global economic conditions. For further details refer to the financial statements of Flowserve GB Limited which can be obtained from One St Peter's Square, Manchester, M2 3DE.

### Key performance indicators (KPIs)

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board and signed on its behalf.



**M Edwards**  
Director

Date 30.3.17

# FLOWSERVE INTERNATIONAL LIMITED

## DIRECTORS' REPORT

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The directors present their report and the audited financial statements of the company for the financial year ended 31 December 2015.

### Dividends

No dividends were proposed for the year (2014: £Nil).

### Directors

The directors who held office during the financial year and up to the date of signing of the financial statements are given below:

S Gelin  
W Meeke  
M Edwards (appointed 23 March 2016)  
K A Meehan (resigned 5 May 2016)

### Directors' responsibilities statement

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 year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

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.

# FLOWSERVE INTERNATIONAL LIMITED

## DIRECTORS' REPORT

### Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

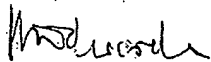
### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

### Post balance sheet event

On 14 July 2016, SIHI Group BV assigned the above loan to Flowserve France SAS, the company's immediate parent. Flowserve France Holding SAS then extinguished the loan via a capital contribution in the company.

This report was approved by the board and signed on its behalf.



M Edwards  
Director

Date 30.3.17

# **FLOWSERVE INTERNATIONAL LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLOWSERVE INTERNATIONAL LIMITED**

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### **Report on the financial statements**

#### **Our qualified opinion**

In our opinion, except for the failure to produce consolidated financial statements described in the Basis for our qualified opinion paragraph below, Flowserve International Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for our qualified opinion**

As explained in note 1.8 to the financial statements, the company is not entitled to the exemption from the requirement to produce consolidated financial statements under section 401 of the Companies Act 2006, as it has not met all of the necessary conditions. Consequently, the company should have produced consolidated financial statements for the parent company and its subsidiary undertakings.

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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, 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.

We have no exceptions to report arising from this responsibility.

# FLOWSERVE INTERNATIONAL LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLOWSERVE INTERNATIONAL LIMITED

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

#### What an audit of financial statements involves

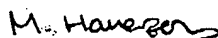
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.



Matthew Haverson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick  
30 March 2017



# FLowsERVE INTERNATIONAL LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Administrative expenses		(262)	-
Operating loss/result	3	(262)	-
Interest payable and similar charges	6	(5,325)	(5,195)
Loss on ordinary activities before taxation		(5,587)	(5,195)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year		(5,587)	(5,195)
Other comprehensive income		-	-
Total comprehensive loss		(5,587)	(5,195)

All results derive from continuing operations.

The notes on pages 12 to 18 form part of these financial statements.

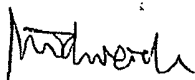
**FLOWERVE INTERNATIONAL LIMITED**

Registered Number: 03573433

**BALANCE SHEET****AS AT 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Investments	8	122,471	116,245
		<u>122,471</u>	<u>116,245</u>
<hr/>			
<b>Creditors: amounts falling due within one year:</b>	9	(54,035)	(42,221)
		<u>(54,035)</u>	<u>(42,221)</u>
<b>Net current liabilities</b>		(54,035)	(42,221)
<b>Total assets less current liabilities</b>		<u>68,436</u>	<u>74,024</u>
<hr/>			
<b>Creditors: amounts falling due after more than one year</b>	10	(59,373)	(59,373)
		<u>(59,373)</u>	<u>(59,373)</u>
<b>Net assets</b>		<u>9,063</u>	<u>14,651</u>
<hr/>			
<b>Capital and reserves</b>			
Called up share capital	12	34,919	34,919
Share premium account		25,835	25,835
Other reserves		13,512	13,512
Profit and loss account		<u>(65,203)</u>	<u>(59,615)</u>
<b>Total shareholders' funds</b>		<u>9,063</u>	<u>14,651</u>

The financial statements on pages 12 to 18 were approved by the Board of Directors on xxx xxx and signed on its behalf by:



**M Edwards**  
Director

Date: 30.3.17

# **FLOWERVE INTERNATIONAL LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total shareholders funds £000
Balance at 1 January 2014	34,919	25,835	13,512	(54,420)	19,846
Loss for the financial year	-	-	-	(5,195)	(5,195)
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	(5,195)	(5,195)
<b>Balance at 31 December 2014</b>	<b>34,919</b>	<b>25,835</b>	<b>13,512</b>	<b>(59,615)</b>	<b>14,651</b>
Loss for the financial year	-	-	-	(5,587)	(5,587)
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	(5,587)	(5,587)
<b>Balance at 31 December 2015</b>	<b>34,919</b>	<b>25,835</b>	<b>13,512</b>	<b>(65,203)</b>	<b>9,063</b>

### **Called up share capital**

The balance classified as share capital includes the total net proceeds on issue of the company's equity shares, comprising £1 ordinary shares.

### **Share premium account**

The balance held in the share premium account relates to the premium received on each of the £1 ordinary shares issued.

### **Other reserves**

The balance held within other reserves relates to capital contributions received.

### **Profit and loss account**

The profit and loss reserve represents accumulated comprehensive losses in the current and prior periods.

The notes on pages 12 to 18 form part of these financial statements.

# FLowsERVE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

### 1 Accounting policies

#### 1.1 Basis of preparation

Flowserve International Limited ("the company") is a limited company incorporated and domiciled in England. The financial statements are prepared in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

There are no material amendments on the transition to FRS 101.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment'
- the requirements of IFRS 7, 'Financial Instruments: Disclosures'
- the requirements of paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
- the requirements of Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment'; (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- the requirements of IAS 7, 'Statement of cash flows'
- the requirements of paragraphs 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 requirements of paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

# **FLOWSERVE INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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### **1 Accounting policies (continued)**

#### **1.2 Going concern**

The company's parent has confirmed that it will financially support the entity for a period of at least twelve months following the issuance of these financial statements.

#### **1.3 Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and all other differences are taken to the Statement of comprehensive income. Differences arising on retranslation of long term loans are recognised in interest payable and similar charges. All other differences arising on retranslation are recognised in administrative expenses.

#### **1.4 Current and deferred taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates relevant for the financial year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

#### **1.5 Fixed asset investments**

Fixed asset investments are stated at cost less provision for impairment. Cost represents the aggregate fair value of consideration paid for shares or otherwise to acquire capital of subsidiary companies. Fixed asset investments are reviewed for impairment when circumstances indicate that they may be impaired.

#### **1.6 Dividends**

Dividend income from fixed asset investments is recognised on receipt. Dividends declared by the company are recognised as a distribution when paid.

# FLOWERVE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

### 1 Accounting policies (continued)

#### 1.7 Financial liabilities

Obligations for loans and borrowings are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

#### 1.8 Consolidated financial statements

The financial statements contain information about Flowserve International Limited as an individual company and do not contain consolidated financial information as the parent of a group. As a consequence of filing this Annual report and financial statements later than the deadline specified in the Companies Act 2006 the company is no longer entitled to take advantage of the exemption under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The directors have chosen not to prepare consolidated financial statements on the basis that the company and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent company, Flowserve Corporation, a company incorporated in United States of America (see note 13).

### 2 Judgements and key sources of estimation uncertainty

The critical accounting estimates and judgements made by the company regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial year are:

#### Impairment

Management assesses the need for an impairment fixed asset investments whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that may trigger an impairment review include the following: significant underperformance relative to historical or projected future operating results; changes in the manner of the use of the acquired assets or the strategy for the overall business; and significant negative industry or economic trends, taking into account market knowledge, professional judgment and historical transactional comparable.

#### Assumptions relating to tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

### 3 Operating (loss)/result

The auditors' remuneration of £10,000 (2014: £10,000) is borne by a fellow group undertaking.

There were no other services provided by the auditors (2014: £Nil).

# **FLOWSERVE INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

### **4 Employees**

No persons were employed by the company during the financial year (2014: none).

### **5 Directors' remuneration**

The directors did not receive any emoluments for their services during the financial year (2014: £Nil) and had contracts of employment with other companies within the Flowserve Group.

### **6 Interest payable and similar charges**

	2015 £000	2014 £000
On loans from group undertakings	5,201	5,195
On other loans	124	-
	<u>5,325</u>	<u>5,195</u>

### **7 Tax on loss on ordinary activities**

There is no tax charge for the current or prior year.

#### **Factors affecting the tax charge for the financial year**

The tax assessed for the financial year is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £000	2014 £000
Loss on ordinary activities before tax	(5,587)	(5,195)
Tax at the UK corporation tax rate of 20.25% (2014: 21.5%)	(1,131)	(1,117)
Tax effect of expenses that are not deductible in determining taxable profit	-	291
Tax effect of unrelieved tax losses carried forward	865	212
Group relief not paid for	<u>266</u>	<u>614</u>
<b>Tax expense for the year</b>	<u>-</u>	<u>-</u>

Unutilised tax losses arising in the financial year have not been recognised in these financial statements. Any subsequent utilisation of these losses will reduce the tax charge recorded in future financial statements. A deferred tax asset has not been recognised in respect of these

# **FLOWSERVE INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2015**

losses as the company has made losses in recent years and it is uncertain that suitable taxable profits will arise in the future.

#### **7 Tax on loss on ordinary activities (continued)**

##### **Factors that may affect future tax charges**

The standard rate of Corporation Tax in the UK reduced from 21% to 20% with effect from 1 April 2015.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 25 October 2015. The relevant deferred tax balances have been calculated based on these rates. A further reduction to 17% (effective from 1 April 2020) was substantively enacted after the balance sheet, on 6 September 2016.

#### **8 Investments**

	2015 £000	2014 £000
<b>Investments in subsidiary undertakings</b>		
Cost and net book amount at 1 January	116,245	116,245
Additions in the year	6,226	-
Cost and net book amount at 31 December	<u>122,471</u>	<u>116,245</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

At the year end, the company had an interest in the following undertakings:

	Shareholding	Activity	Country of incorporation
Flowserve GB Limited	100% Ordinary share capital	Pump manufacturer	UK
Sterling Fluid Systems (UK Group) Limited	100% Ordinary share capital	Pump manufacturer	UK
Sterling Fluid Services Limited	100% Ordinary share capital	Pump manufacturer	UK
Sterling Fluid Systems (UK) Limited	100% Ordinary share capital indirectly held	Pump manufacturer	UK

In July 2015, Flowserve International Limited acquired the share capital of Sterling Fluid Systems (UK Group) Limited and Sterling Fluid Services Limited from SIHI Group BV as part of a group reorganisation. Sterling Fluid Systems (UK) Limited is owned by Sterling Fluid Systems (UK Group) Limited.

#### **9 Creditors: amounts falling due within one year**

	2015 £000	2014 £000
Amounts owed to group undertakings	54,035	42,221
	<u>54,035</u>	<u>42,221</u>



# **FLOWSERVE INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

### **9 Creditors: amounts falling due within one year (continued)**

£47,420,000 (2014: £42,221,000) of amounts owed to group undertakings are payable to Flowserve GB Limited. These balances are unsecured, attract no interest and have no fixed date of repayment.

£6,353,000 (2014: nil) is due to SIHI Group BV as per loan agreement for the acquisition of the investment in Sterling Fluid Systems (UK Group) Limited and Sterling Fluid Services Limited. The loan is due on 30 June 2016 and has a fixed interest rate of 4%. The balance of £6,353,000 as of 31 December 2015 includes an amount of interest payable of £125,000 (2014: nil).

### **10 Creditors: amounts falling due after more than one year**

	2015 £000	2014 £000
Loan notes	<u>59,373</u>	<u>59,373</u>

Loan notes comprise loan principal of £59,373,045 (2014: £59,373,045) listed on the Cayman Islands Stock Exchange. The debt issued was wholly purchased by Flowserve EMA V C.V. Interest accrues on this balance at a fixed rate of 8.63%. The loan is due for repayment on 31 December 2017. All borrowings are denominated in Sterling.

The fair value of debt is not considered to be materially different to the book value recorded in the table above for both financial years.

The loan notes are due for repayment as follows:

	2015 £000	2014 £000
<b>Loan notes, amounts repayable:</b>		
Within one year		
In more than one year but less than five years	<u>59,373</u>	<u>59,373</u>

### **11 Deferred tax**

There are no recognised deferred tax assets or liabilities. The unrecognised deferred tax assets are as follows:

	2015 £000	2014 £000
Tax losses	<u>(7,754)</u>	<u>(7,307)</u>

The company has losses arising of £40,808,605 (2014: £36,537,000) that are available indefinitely for offset against future taxable profits of the company. These assets have not

# FLowsERVE INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2015

been recognised as, in the directors' view, it is not probable that sufficient, suitable profits will arise to utilise the losses.

#### 12 Called up share capital

	2015 £000	2014 £000
<b>Allotted, called up and fully paid</b>		
34,919,216 (2014: 34,919,216) ordinary shares of £1 each	<b>34,919</b>	<b>34,919</b>

#### 13 Ultimate parent undertaking and controlling party

The company's immediate parent company at 31 December 2015 was Flowserve France Holding SAS, a company incorporated in France.

The company's ultimate parent undertaking and controlling party, for which group financial statements are prepared including the results of the company, at 31 December 2015 was Flowserve Corporation, a company incorporated in the United States of America. The ultimate parent is both the largest and smallest company to consolidate the results.

Copies of the group financial statements may be obtained from:

Flowserve Corporation  
5215 N O'Conner Boulevard  
Suite 2300, Irving, Texas  
USA

#### 14 Transition to FRS 101

There are no changes in accounting policies and in loss for the financial year ended 31 December 2014 and in total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS101.

#### 15 Post balance sheet event

On 14 July 2016, SIHI Group BV assigned their loan to Flowserve France SAS, the company's immediate parent. Flowserve France Holding SAS then extinguished the loan via a capital contribution in the company.