

*Registered Number SC131809*

**SPECIALISED PETROLEUM MANUFACTURING  
LIMITED**

|                            |
|----------------------------|
| <b>Report and Accounts</b> |
| <b>3 January 2014</b>      |

MONDAY



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# Specialised Petroleum Manufacturing Limited

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## STRATEGIC REPORT

The directors present their strategic report together with directors' report and the audited financial statements of Specialised Petroleum Manufacturing Limited (Registered Number SC131809) ("the Company") for the 53 weeks ended 3 January 2014.

### PRINCIPAL ACTIVITIES

The Company's principal activity is the sale and rental of specialised flow control products to the oil and gas industry.

### BUSINESS REVIEW & FUTURE DEVELOPMENTS

Measured by revenue the Company had its most successful year in 2013, largely due to significant growth in service income in the domestic and Continental Europe markets. Looking forward, 2014 is expected to see similar revenues in both domestic and international markets.

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

|   | 2013   | 2012   |
|---|--------|--------|
|   | £000   | £000   |
| Turnover                                      | 25,471 | 24,706 |
| Operating profit (before exceptional items)   | 2,660  | 3,568  |
| Gain on exceptional items                     | -      | 1,084  |
| Profit on ordinary activities before taxation | 2,661  | 4,656  |
| Profit for the period                         | 2,036  | 3,753  |

|                             |    |    |
|-----------------------------|----|----|
| Average number of employees | 53 | 48 |
|-----------------------------|----|----|

### 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 holding company, The Weir Group PLC, operates controls as described in its Directors report to mitigate these risks.

#### Political risks

The Company and its customers operate around the world including Northern and Eastern Europe, Russia and North Africa. 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.

# Specialised Petroleum Manufacturing Limited

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## STRATEGIC REPORT (CONTINUED)

### **Employee issues**

Company performance depends on the skills and efforts of its employees and management team across all aspects of its business. The Company recognises that failing to attract new talent and retain existing expertise, knowledge and skills in design, operations and product areas could have a negative impact on its business.

### **Health & safety**

The Company operates long established working practices and controls to minimise damage and injury. The Company has developed quality and safety processes that are regularly audited.

### **Customer relationships and supply chain**

The Company benefits from close commercial relationships with a number of key customers and suppliers. The loss of any of these key customers or suppliers, 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.

## **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial instruments comprise of amounts due to and from its parent company and cash at bank. 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 those relating to foreign currency, commodity price, credit, liquidity and interest rate. These risks are managed in accordance with Board approved policies.

### **Foreign currency risk**

The Company buys and sells goods and services in currencies other than its functional currency. As a result, the Company's non sterling revenues, profits, assets, liabilities and cash flows can be affected by movements in exchange rates. The Company seeks to minimise its transaction exposure by maintaining a policy that forward foreign currency contracts are used to eliminate exposures on material committed transactions. It is company 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 is limited because funds are held within group arrangements and 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 and amounts due under completed contract work. 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. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An allowance for impairment is made where there is an identifiable loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

### **Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of inter group loans.

## Specialised Petroleum Manufacturing Limited

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### STRATEGIC REPORT (CONTINUED)

#### 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.

By order of the Board



C McGregor  
Director

30 June, 2014

# Specialised Petroleum Manufacturing Limited

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## DIRECTORS' REPORT

### DIVIDEND

The directors agree that no dividend is payable.

### 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 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, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk.

The Company has considerable financial resources together with long-term relationships 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 and it participates in the Group's centralised treasury arrangements and so shares banking facilities with its parent companies and fellow subsidiaries. As a consequence, the Company depends, in part, on the ability of the Group to continue as a going concern. The directors have considered the Company's funding relationship with The Weir Group PLC to date and have considered available relevant information relating to The Weir Group PLC's ability to continue as a going concern. In addition, the directors have no reason to believe that The Weir Group PLC will not continue to fund the Company, should it become necessary, to enable it to continue in operational existence.

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

### FUTURE DEVELOPMENTS

Future Developments affecting the business are discussed in the Business Review and Future Developments section of the Strategic Report.

### BOARD OF DIRECTORS

The directors who served during the period, were as follows:

R Gilbert (resigned 18 December, 2013)

A McDonald

C McGregor

J Zeller (appointed 18 December, 2013)

D Paradis (appointed 18 December, 2013)

### DIRECTORS' INDEMNITIES

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. These indemnities are uncapped in amount. The Company's holding company maintained directors and officers liability insurance throughout 2013 in respect of the Company's directors and officers.

### STATEMENT OF 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. Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Specialised Petroleum Manufacturing Limited

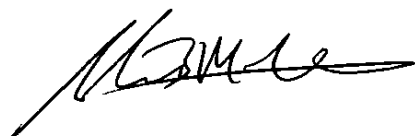
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### DIRECTORS' REPORT (CONTINUED)

#### AUDITORS

A resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'C McGregor', with a long horizontal flourish extending to the right.

C McGregor  
Director

30 June, 2014

## Specialised Petroleum Manufacturing Limited

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### 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 regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPECIALISED PETROLEUM MANUFACTURING LIMITED

We have audited the financial statements of Specialised Petroleum Manufacturing Limited for the 53 weeks ended 3 January 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 3 January 2014 and of its profit for the period 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.

### 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.

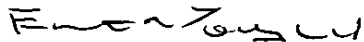


INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPECIALISED  
PETROLEUM MANUFACTURING LIMITED (CONTINUED)

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Ian McDowall (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor  
Glasgow  
1 July, 2014

## Specialised Petroleum Manufacturing Limited

### PROFIT AND LOSS ACCOUNT

For the 53 weeks ended 3 January 2014

Registered No SC313809

|   | <i>Notes</i> | <b>2013</b><br><b>£000</b> | <b>2012</b><br><b>£000</b> |
|---|--------------|----------------------------|----------------------------|
| <b>TURNOVER</b>   | <b>2</b>     | <b>25,471</b>              | <b>24,706</b>              |
| Cost of sales   |              | <u>(19,568)</u>            | <u>(18,298)</u>            |
| <b>GROSS PROFIT</b>   |              | <b>5,903</b>               | <b>6,408</b>               |
| Administrative expenses   |              | <u>(3,243)</u>             | <u>(2,840)</u>             |
| <b>OPERATING PROFIT</b>   | <b>3</b>     | <b>2,660</b>               | <b>3,568</b>               |
| Exceptional Items   | <b>4</b>     | <u>-</u>                   | <u>1,084</u>               |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST &amp; TAXATION</b> |              | <b>2,660</b>               | <b>4,652</b>               |
| Interest receivable   | <b>5</b>     | <u>1</u>                   | <u>4</u>                   |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>                     |              | <b>2,661</b>               | <b>4,656</b>               |
| Tax on profit on ordinary activities                                | <b>6</b>     | <u>(625)</u>               | <u>(903)</u>               |
| <b>PROFIT FOR THE PERIOD</b>  | <b>14</b>    | <b><u>2,036</u></b>        | <b><u>3,753</u></b>        |

All turnover and operating profit is derived from continuing activities.

There are no recognised gains or losses other than those reported above.

# Specialised Petroleum Manufacturing Limited

## BALANCE SHEET

as at 3 January 2014

|   | <i>Notes</i> | <b>2013<br/>£000</b> | <b>2012<br/>£000</b> |
|---|--------------|----------------------|----------------------|
| <b>FIXED ASSETS</b>   |              |                      |                      |
| Tangible assets   | 8            | 3,198                | 2,631                |
| <b>CURRENT ASSETS</b>   |              |                      |                      |
| Stocks  | 9            | 3,944                | 3,496                |
| Debtors   | 10           | 5,115                | 6,974                |
| Cash at bank and in hand  |              | <u>21,341</u>        | <u>19,789</u>        |
|   |              | <b>30,400</b>        | <b>30,259</b>        |
| <b>CREDITORS : amounts falling due within one year</b>          | 11           | <b>(6,801)</b>       | <b>(8,128)</b>       |
| <b>NET CURRENT ASSETS</b>                                       |              | <b>23,599</b>        | <b>22,131</b>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                    |              | <b>26,797</b>        | <b>24,762</b>        |
| <b>CREDITORS : amounts falling due after more than one year</b> | 12           | <b>-</b>             | <b>(1)</b>           |
| <b>NET ASSETS</b>   |              | <b>26,797</b>        | <b>24,761</b>        |
| <b>CAPITAL AND RESERVES</b>                                     |              |                      |                      |
| Called up share capital   | 13           | 1                    | 1                    |
| Profit and loss account   | 14           | <u>26,796</u>        | <u>24,760</u>        |
| <b>SHAREHOLDERS' FUNDS</b>                                      | 15           | <b>26,797</b>        | <b>24,761</b>        |



C McGregor  
Director

30 June, 2014

# Specialised Petroleum Manufacturing Limited

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## NOTES TO THE FINANCIAL STATEMENTS

for the 53 weeks ended 3 January 2014

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The financial statements of Specialised Petroleum Manufacturing Limited are prepared under the historical cost convention and were approved for issue by the board of directors on 30 June, 2014. The financial statements have been prepared for the 53 weeks ended 3 January 2014 ('2013'), while the comparative information is provided for the 52 weeks ended 28 December 2012 ('2012'). The financial statements have been presented in Sterling and all values have been presented in thousands (£'000) except where otherwise indicated.

#### *Cash flow*

The Company, being a subsidiary undertaking where 90% or more of its voting rights are controlled with the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

#### *Tangible fixed assets*

Depreciation is calculated to write off the cost of each tangible fixed asset over its estimated useful life by equal annual instalments, at the following rates:

|                        |                                       |
|------------------------|---------------------------------------|
| Motor vehicles         | 25%                                   |
| Fixture and fittings   | 8% to 25%                             |
| Rental assets          | 20%                                   |
| Leasehold Improvements | Over remaining minimum leasehold term |
| Plant and equipment    | 5% to 25%                             |

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost represents the purchase price. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal. Provision is made for all foreseeable losses and, in the cases of stocks, due allowance is made for obsolete and slow moving items.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction or if appropriate at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date or if appropriate at the forward contract rate. Differences on exchange are taken to profit and loss account.

#### *Leasing*

Assets obtained under finance leases are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

Assets leased out under operating leases are included in tangible assets and depreciated over their estimated useful lives. Rental income is recognised on a straight-line basis over the lease term.

# Specialised Petroleum Manufacturing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the 53 weeks ended 3 January 2014

### 1. ACCOUNTING POLICIES (continued)

#### *Deferred taxation*

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, joint ventures and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Retirement benefits*

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### *Related parties*

The Company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are wholly owned by The Weir Group PLC group. There have been no material transactions with related parties that are non wholly owned by The Weir Group PLC group in the current or previous financial year.

## Specialised Petroleum Manufacturing Limited

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the 53 weeks ended 3 January 2014

#### 2. TURNOVER AND PROFIT BEFORE TAXATION

Turnover represents the value of goods sold, rented and services provided in the period, excluding value added tax.

|                       | 2013<br>£000  | 2012<br>£000  |
|-----------------------|---------------|---------------|
| Sale of goods         | 18,462        | 19,079        |
| Provision of services | 418           | 242           |
| Rental Income         | 6,591         | 5,385         |
|                       | <u>25,471</u> | <u>24,706</u> |

A further analysis of turnover and profit before taxation as required by SSAP 25 by geographical market has not been disclosed. The directors are of the opinion that to disclose such information would be seriously prejudicial to the commercial interests of the Company.

#### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting) :

|   | 2013<br>£000 | 2012<br>£000 |
|---|--------------|--------------|
| Depreciation of owned assets (note 8)                     | 1,028        | 785          |
| Depreciation of assets held under finance leases (note 8) | 14           | 19           |
| Rental under operating leases                             |              |              |
| Hire of plant and machinery                               | 22           | 47           |
| Lease of buildings  | 236          | 217          |
| (Gain)/Loss on disposal of fixed assets                   | (75)         | 13           |
| Auditors' remuneration and expenses                       | <u>16</u>    | <u>17</u>    |

#### 4. EXCEPTIONAL ITEM

In 2012, the company realised an exceptional gain of £1,084,000 in respect of the disposals of freehold land and buildings during the year.

#### 5. INTEREST RECEIVABLE

|                           | 2013<br>£000 | 2012<br>£000 |
|---------------------------|--------------|--------------|
| Other interest receivable | <u>1</u>     | <u>4</u>     |
|                           | <u>1</u>     | <u>4</u>     |

## Specialised Petroleum Manufacturing Limited

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the 53 weeks ended 3 January 2014

#### 6. TAXATION

##### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| Current tax:                                   |              |              |
| UK corporation tax                             |              |              |
| For current year                               | 625          | 925          |
| Underprovided in previous years                | -            | 18           |
| Total current tax                              | 625          | 943          |
| Deferred tax:                                  |              |              |
| Origination and reversal of timing differences | 16           | (50)         |
| Impact of reduction in tax rate                | (16)         | 10           |
| Tax charge on profit on ordinary activities    | 625          | 903          |

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%). The differences are reconciled below.

##### (b) Factors affecting the current tax charge

|   | 2013<br>£000 | 2012<br>£000 |
|---|--------------|--------------|
| Profit before tax   | 2,661        | 4,656        |
| Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 23.25% (2012 – 24.5%) | 619          | 1,141        |
| Factors affecting the charge for the year   |              |              |
| Expenses not deductible for tax purposes  | 6            | 33           |
| Capital Gain  | -            | (271)        |
| Capital allowances less than depreciation   | -            | 42           |
| Origination and reversal of timing differences  | -            | (2)          |
| Total actual amount of current tax charge   | 625          | 943          |

##### (c) Factors that may affect future tax charges

A number of changes which reduce future UK corporation tax rates were announced in the UK Budget Statement of 20 March 2013. Following on from this, legislation was enacted on 2 July 2013 such that the main rate of UK corporation tax will be 21% from 1 April 2014 and 20% from 1 April 2015. Consequently, deferred tax has been provided on UK temporary differences at 20% (2013: 23%).

# Specialised Petroleum Manufacturing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the 53 weeks ended 3 January 2014

### 6. TAXATION (CONTINUED)

(d) Balance sheet - deferred tax

The deferred tax included in the balance sheet is as follows:

|                                | 2013<br>£000 | 2012<br>£000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | (115)        | (115)        |
| Other timing differences       | (7)          | (7)          |
| Deferred tax asset             | <u>(122)</u> | <u>(122)</u> |

### 7. DIRECTORS AND EMPLOYEES

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| <b>Directors' remuneration</b>             |              |              |
| Emoluments excluding pension contributions | <u>261</u>   | <u>212</u>   |
|  | <u>261</u>   | <u>212</u>   |

Company contributions to money purchase and similar pension

Schemes in respect of directors' services

|  |           |           |
|--|-----------|-----------|
|  | <u>11</u> | <u>10</u> |
|--|-----------|-----------|

|  | 2013<br>No | 2012<br>No |
|--|------------|------------|
| <b>The number of Directors' who:</b>   |            |            |
| Are members of a money purchase scheme | <u>1</u>   | <u>1</u>   |

|   | 2013<br>£000 | 2012<br>£000 |
|---|--------------|--------------|
| <b>Remuneration of the highest paid Director:</b> |              |              |

|                         |            |            |
|-------------------------|------------|------------|
| Aggregate of emoluments | <u>182</u> | <u>140</u> |
|                         | <u>182</u> | <u>140</u> |

|  | 2013<br>No | 2012<br>No |
|--|------------|------------|
|--|------------|------------|

**Average number of persons employed:**

|                |           |           |
|----------------|-----------|-----------|
| Sales          | 4         | 4         |
| Workshop       | 29        | 25        |
| Administration | <u>20</u> | <u>19</u> |
|                | <u>53</u> | <u>48</u> |

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| <b>Staff costs during the period (including directors)</b> |              |              |
| Wages and salaries   | 1,862        | 1,754        |
| Social security costs                                      | 193          | 211          |
| Other pension costs  | <u>53</u>    | <u>55</u>    |
|  | <u>2,108</u> | <u>2,020</u> |



## Specialised Petroleum Manufacturing Limited

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the 53 weeks ended 3 January 2014

#### 8. TANGIBLE ASSETS

|                          | Rental<br>Tools | Plant,<br>Equipment<br>and Fixtures | Motor<br>Vehicles | Leasehold<br>Improvements | Total        |
|--------------------------|-----------------|-------------------------------------|-------------------|---------------------------|--------------|
|                          | £000            | £000                                | £000              | £000                      | £000         |
| Cost or valuation:       |                 |                                     |                   |                           |              |
| As at 29 December 2012   | 5,908           | 393                                 | 18                | 452                       | 6,771        |
| Additions at costs       | 1,651           | 60                                  | -                 | 9                         | 1,720        |
| Disposals                | (256)           | (60)                                | -                 | -                         | (316)        |
| <b>At 3 January 2014</b> | <b>7,303</b>    | <b>393</b>                          | <b>18</b>         | <b>461</b>                | <b>8,175</b> |
| Aggregate depreciation:  |                 |                                     |                   |                           |              |
| As at 29 December 2012   | 3,782           | 254                                 | 18                | 86                        | 4,140        |
| Charge for period        | 905             | 50                                  | -                 | 87                        | 1,042        |
| Disposals                | (158)           | (47)                                | -                 | -                         | (205)        |
| <b>At 3 January 2014</b> | <b>4,529</b>    | <b>257</b>                          | <b>18</b>         | <b>173</b>                | <b>4,977</b> |
| Net book value:          |                 |                                     |                   |                           |              |
| <b>At 3 January 2014</b> | <b>2,774</b>    | <b>136</b>                          | <b>-</b>          | <b>288</b>                | <b>3,198</b> |
| At 29 December 2012      | 2,126           | 139                                 | -                 | 366                       | 2,631        |

The net book value for plant, equipment and fixtures at 3 January 2014 shown above includes £8,000 in relation to assets held under finance leases or hire purchase contracts (2012 - £22,000).

#### 9. STOCKS

|                | 2013<br>£000 | 2012<br>£000 |
|----------------|--------------|--------------|
| Finished goods | <u>3,944</u> | <u>3,496</u> |

# Specialised Petroleum Manufacturing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the 53 weeks ended 3 January 2014

### 10. DEBTORS

|   | 2013<br>£000 | 2012<br>£000 |
|---|--------------|--------------|
| Trade debtors                             | 4,366        | 4,408        |
| Amounts due from other group undertakings | 178          | 1,454        |
| Prepayments and accrued income            | 292          | 595          |
| Deferred tax                              | 122          | 122          |
| VAT                                       | 157          | 395          |
|   | <u>5,115</u> | <u>6,974</u> |

### 11. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| Trade creditors  | 157          | 82           |
| Other taxes and social security                              | 62           | 55           |
| Obligations under finance leases and hire purchase contracts | 1            | 4            |
| Accruals and deferred income                                 | 354          | 349          |
| Current Corporation tax                                      | 620          | 926          |
| Amounts owed to parent company                               | 5,607        | 6,712        |
|  | <u>6,801</u> | <u>8,128</u> |

### 12. CREDITORS AMOUNTS FALLING DUE GREATER THAN ONE YEAR

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| Obligations under finance leases and hire purchase contracts | -            | 1            |

Obligations held under finance leases and hire purchase contracts are secured over the related assets.

#### Finance Leases

| Future minimum payments under finance leases are as follows | 2013<br>£000 | 2012<br>£000 |
|---|--------------|--------------|
| within one year   | 1            | 4            |
| in more than one year but not more than five years          | -            | 1            |
| Total gross payments  | <u>1</u>     | <u>5</u>     |
| Less finance charges included above                         | -            | -            |
|   | <u>1</u>     | <u>5</u>     |

### 13. SHARE CAPITAL

|                                     | 2013<br>£000 | 2012<br>£000 |
|-------------------------------------|--------------|--------------|
| Allotted, called up and fully paid: |              |              |
| 1,000 Ordinary shares of £1 each    | <u>1</u>     | <u>1</u>     |

# Specialised Petroleum Manufacturing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the 53 weeks ended 3 January 2014

### 14 PROFIT AND LOSS ACCOUNT

|                                | 2013<br>£000  | 2012<br>£000  |
|--------------------------------|---------------|---------------|
| At the beginning of the period | 24,760        | 21,007        |
| Profit for the period          | <u>2,036</u>  | <u>3,753</u>  |
| At the end of the period       | <u>26,796</u> | <u>24,760</u> |

### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|                             | 2013<br>£000  | 2012<br>£000  |
|-----------------------------|---------------|---------------|
| Opening shareholders' funds | 24,761        | 21,008        |
| Profit for the period       | <u>2,036</u>  | <u>3,753</u>  |
| Closing shareholders' funds | <u>26,797</u> | <u>24,761</u> |

### 16 LEASING COMMITMENTS

As at 3 January 2014, the Company had annual commitments under non-cancellable operating leases for assets other than land and buildings expiring as follows:

|                            | Other<br>2013<br>£000 | Other<br>2012<br>£000 |
|----------------------------|-----------------------|-----------------------|
| within one year            | 4                     | 1                     |
| between two and five years | <u>20</u>             | <u>20</u>             |
|                            | <u>24</u>             | <u>21</u>             |

As at 3 January 2014, the Company had annual commitments under non-cancellable operating leases for land and buildings expiring as follows:

|                            | Land &<br>Buildings<br>2013<br>£000 | Land &<br>Buildings<br>2012<br>£000 |
|----------------------------|-------------------------------------|-------------------------------------|
| between two and five years | <u>240</u>                          | <u>240</u>                          |

### 17 CONTINGENT LIABILITIES

The Company has given a guarantee in relation to the overdraft and loan facilities to the Weir Group PLC and certain subsidiary companies. The net debt of other companies party to these facilities at 3 January 2014 amounted to £22,032,000. (2012 - £19,789,000).

### 18 PENSION SCHEMES

The Company operates two defined contribution pension schemes, the assets of which are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £53,000 for the year (2012 : £55,000). There were accrued contributions at 3 January 2014 of £9,000 (2012 : £9,000) and this is included in accruals and deferred income (note 11).

## Specialised Petroleum Manufacturing Limited

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the 53 weeks ended 3 January 2014

#### **19 RELATED PARTY DISCLOSURES**

The Company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are wholly owned by The Weir Group PLC group. There have been no material transactions with related parties that are not wholly owned by The Weir Group PLC group in the current or previous financial year.

#### **20 ULTIMATE PARENT COMPANY**

The directors report that The Weir Group PLC (registered in Scotland) is the Company's ultimate parent Company. This is the only parent undertaking for which group accounts are drawn up and of which the Company is a member. The address from which copies of these accounts are available to the public is :

The Weir Group PLC, 20 Waterloo Street, Glasgow, G2 6DB.

The directors further report that S.P.M. Flow Control Inc (registered in the United States of America) is the Company's immediate parent company. S.P.M. Flow Control Inc is also a member of The Weir Group PLC.