

# **TWG Investments (No. 2) Limited**

## **Report and Financial Statements**

28 December 2007

Registered No 154356 (Scotland)

WEDNESDAY



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## Directors' report

The directors present their report and financial statements for the 52 weeks ended 28 December 2007

### Principal activities

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

### Results and dividends

The profit for the year after taxation amounted to £1,280,768 (2006 £1,137,425)

A dividend of £3,808,958 was paid during the year (2006 Nil)

### Financial risk management objectives and policies

An explanation of the Company's financial risk management objectives and policies is set out in note 12 to the financial statements

### Board of directors

The directors during the period were

L I McCall

F McCaw

### 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

On behalf of the board



F McCaw  
Secretary

1 October 2008

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 TWG Investments (No.2) Limited

We have audited the company's financial statements for the 52 weeks ended 28 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition, we report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 December 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Glasgow

2/10/08 [] 2008

**Profit and loss account**  
for the 52 weeks ended 28 December 2007

	Notes	2007 £	2006 £
Bank interest receivable		18,707	1,188
Interest receivable from ultimate parent company		1,812,390	1,623,705
<b><i>Profit on ordinary activities before tax</i></b>		<b>1,831,097</b>	<b>1,624,893</b>
Tax on profit on ordinary activities	3	(550,329)	(487,468)
<b><i>Profit on ordinary activities after tax being profit for the financial year</i></b>	8	<b>1,280,768</b>	<b>1,137,425</b>

There were no recognised gains or losses other than the profits reported above

**Balance sheet**  
**at 28 December 2007**

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Investments	4	30,237,782	30,237,782
<b>Current assets</b>			
Debtors	5	565,541	4,035,612
Cash at bank		884,180	161,038
		1,449,721	4,196,650
<b>Creditors</b> amounts falling due within one year	6	(1,001,043)	(1,219,782)
<b>Net current assets</b>		448,678	2,976,868
<b>Total assets less current liabilities</b>		30,686,460	33,214,650
<b>Capital and reserves</b>			
Called up share capital	7	25,824,757	25,824,757
Profit and loss account	8	4,861,703	7,389,893
<b>Shareholders' funds</b>	9	30,686,460	33,214,650



L I McCall  
Director  
1 October 2008

## Notes to the financial statements at 28 December 2007

### 1. Accounting policies

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

#### *Investments*

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

#### *Investment income*

Investment income is included at the amount of cash received or receivable plus withholding tax

### 2. Directors and employees

The company had no employees during the period (2006 None)

No directors received any emoluments during the period in respect of services to the company (2006 Nil)

### 3. Taxation

	2007	2006
	£	£
<i>Current taxation</i>		
UK Corporation tax	549,329	487,468
Adjustment to prior years	1,000	
Total current tax being tax on profit on ordinary activities	550,329	487,468

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2006 30%) The actual tax charge is above (2006 in line with) the standard rate for the reasons set out in the following reconciliation

	2007	2006
	£	£
Profit on ordinary activities before tax	1,831,097	1,624,893
Tax on profit on ordinary activities at standard rate	549,329	487,468
<i>Factors affecting charge for the period</i>		
Adjustment to prior years	1,000	
Total current tax	550,329	487,468

### 4. Fixed asset investments

	<i>Loans to ultimate parent company</i>
	£
At 29 December 2006 and 28 December 2007	30,237,782

## Notes to the financial statements at 28 December 2007

### 5. Debtors

	2007	2006
	£	£
Amounts owed by parent company	564,181	4,035,612
Bank interest receivable	1,360	
	<u>565,541</u>	<u>4,035,612</u>

### 6. Creditors: amounts falling due within one year

	2007	2006
	£	£
Due to parent undertaking	674,004	674,004
Due to fellow subsidiary undertakings	8,036	8,036
Accruals		1,098
Corporation tax payable	319,003	536,644
	<u>1,001,043</u>	<u>1,219,782</u>

### 7. Share capital

	2007	2006
	£	£
Authorised share capital		
Ordinary shares of £1 each	<u>30,000,000</u>	<u>30,000,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>25,824,757</u>	<u>25,824,757</u>

### 8. Profit and loss account

	2007	2006
	£	£
At 29 December 2006	7,389,893	6,252,468
Profit for the financial year	1,280,768	1,137,425
Dividend paid	(3,808,958)	
	<u>4,861,703</u>	<u>7,389,893</u>
At 28 December 2007		



## Notes to the financial statements at 28 December 2007

### 9. Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Opening shareholders' funds	33,214,650	32,077,225
Profit for the financial year	1,280,768	1,137,425
Dividend paid	(3,808,958)	
Closing shareholders' funds	30,686,460	33,214,650

### 10. Transactions with related parties

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are a part of The Weir Group PLC group

### 11. Contingent liabilities

During the year, the company has given a guarantee in relation to the overdraft facilities extended to The Weir Group PLC and certain subsidiary companies. The net debt of the other companies party to these facilities at 28 December 2007 amounted to £281,000

### 12. Financial risk management objectives & policies

The Company's principal financial instruments comprise inter group loans, amounts due to and from group companies and cash at bank. The principal financial risks to which the Company is exposed are those relating to credit, liquidity and interest rate. These risks are managed in accordance with Board approved policies

#### *Credit risk*

The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies. There is no credit risk associated with the company's inter group receivables

#### *Liquidity risk*

The Company obtains funding for its operations via the Group's bank facilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans

#### *Interest rate risk*

The Company has inter group loans receivable and cash at bank which are subject to variable rates of interest. Interest rate risk is regularly monitored and is not considered to be material

### 13. Ultimate parent company

The directors consider that The Weir Group PLC (registered in Scotland) is the company's ultimate parent company and ultimate controlling party. This is the only parent undertaking for which group financial statements are drawn up and of which the company is a member. The address from which copies of these group financial statements are available to the public is: The Weir Group PLC, Clydesdale Bank Exchange, 20 Waterloo Street, Glasgow, G2 6DB