

TWG INVESTMENTS (NO.4) LIMITED

Report and Financial Statements

31 December 2019

Registered No: SC197236



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Company information

Registered No: SC197236

Directors

Christopher Palmer

Graham Vanhegan

Company Secretary

Laura Howarth

Independent auditors

PricewaterhouseCoopers LLP

141 Bothwell Street

Glasgow

G2 7EQ

Bankers

HSBC Bank plc

8 Canada Square

London

E14 5HQ

Registered office

10th floor

1 West Regent Street

Glasgow

Scotland

G2 1RW

Country of incorporation

Scotland

Directors' report

The directors present their report and the audited financial statements of TWG Investments (No.4) Limited (Registered Number SC197236) ('the Company') for the year ended 31 December 2019.

The Company has taken advantage of the small companies exemption under section 414(3)(b) of the Companies Act 2006 not to prepare a strategic report.

Results

The Company made a profit after tax amounting to £12,419,000 (2018: £7,194,000).

Dividends

There were £1,053,150,000 dividends declared in the year (2018: £10,362,000).

Principal activities and review of the business

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

During the year the Company was involved in a Group-wide restructuring and as a result there were a number of changes to its funding structure, it sold its investment in its main subsidiary, TWG Overseas Finance S.à.r.l. and performed a capital reduction. Details of changes to investments, loans, preference shares and capital are included in the Notes to the Accounts. There was no trading in the prior 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 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. Hedge accounting is used when certain criteria are met as explained in note 2.

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.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the Company had net current liabilities at 31 December 2019. 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 including the impact

of COVID-19 on the Group. In addition the directors have reviewed current liabilities and those falling due within the next 12 months, which are almost exclusively with Group companies. As a result, a formal letter of support has been received from The Weir Group PLC indicating it will continue to fund the Company, should it become necessary, to enable the Company to continue in operational existence, for a period of at least 12 months from the date of approval of these financial statements. Thus the directors continue to adopt the going concern basis in preparing the financial statements.

Events since the balance sheet date

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. At this stage, the impact on our business and results has not been significant. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible.

Future developments

There are no significant plans to alter the business of the company in the future.

Directors

The directors of the company during the year and up to the date of this report were:

Christopher Palmer

Graham Vanhegan

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 2019 and up to the date of approval of the financial statements in respect of the Company's directors and officers. The directors and officers liability insurance is considered to be a qualifying third party indemnity as detailed in s.234 of the Companies Act 2006.

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 30 April 2019 and have indicated their willingness to continue in office.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable UK law and regulations.

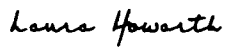
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 *Reduced Disclosure 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 year.

In preparing the 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, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

By order of the Board



Laura Howarth
Company Secretary

11 December 2020

Independent auditors' report to the members of TWG Investments (No.4) Limited

Report on the audit of the financial statements

Opinion

In our opinion, TWG Investments (No.4) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 balance sheet as at 31 December 2019; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies

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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

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 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4-5, 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. 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

11 December 2020

TWG Investments (No.4) Limited

Income statement
for the year ended 31 December 2019

	Notes	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Revenue	3	-	-
Operating profit (loss)	1	592	(1,434)
Income from shares in group undertakings		5,678	10,988
Finance costs	5	(45,610)	(17,618)
Finance income	6	51,661	17,020
Profit (loss) on ordinary activities before tax		12,321	8,956
Tax on profit (loss) on ordinary activities	7	98	(1,762)
Profit (loss) for the financial year		12,419	7,194

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.

TWG Investments (No.4) Limited

Balance sheet
as at 31 December 2019

	Notes	2019 £000	2018 £000
ASSETS			
Non-current assets			
Investments	8	-	165,918
Trade & other receivables	9	1,073,672	-
Total non-current assets		1,073,672	165,918
Current assets			
Trade & other receivables	9	4,241	465,224
Total current assets		4,241	465,224
Total assets		1,077,913	631,142
LIABILITIES			
Current liabilities			
Financial liabilities	10	(142)	(1,019)
Trade & other payables	11	(37,001)	(3,136)
Total current liabilities		(37,143)	(4,155)
Non-current liabilities			
Financial liabilities	10	(1,031,912)	(488,057)
Total non-current liabilities		(1,031,912)	(488,057)
Total liabilities		(1,069,055)	(492,212)
NET ASSETS		8,858	138,930
Capital & reserves			
Called up share capital	12	-	94,757
Retained earnings		8,858	44,173
TOTAL EQUITY		8,858	138,930

The notes numbered 1 to 16 are an integral part of these financial statements.

The financial statements on pages 9 to 24 were authorised for issue by the Board of Directors on 11 December 2020 and signed on its behalf by

Chris Palmer

Christopher Palmer
 Director
 11 December 2020

TWG Investments (No.4) Limited

Statement of changes in equity
for the year ended 31 December 2019

	Called up share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 31 December 2017	94,757	-	47,341	142,098
Profit (loss) for the financial year	-	-	7,194	7,194
Dividends	-	-	(10,362)	(10,362)
At 31 December 2018	94,757	-	44,173	138,930
Profit (loss) for the financial year	-	-	12,419	12,419
Issue of share capital	106,376	800,424	-	906,800
Capital contribution	-	-	3,859	3,859
Reduction of share capital	(201,133)	-	201,133	-
Reduction of share premium	-	(800,424)	800,424	-
Dividends	-	-	(1,053,150)	(1,053,150)
At 31 December 2019	-	-	8,858	8,858

Notes to the financial statements

for the year ended 31 December 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of TWG Investments (No.4) Limited for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 11 December 2020 and the balance sheet was signed on the Board's behalf by Christopher Palmer.

TWG Investments (No.4) Limited is a private limited company, limited by shares, registered in Scotland.

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 publicly 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 2019 ('2019'), the comparative information is provided for the year ended 31 December 2018 ('2018'). 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. An assessment of the going concern basis is included within the Directors' Report.

The accounting policies are consistent with those of the previous period, with the exception of the following new standard which applies for the first time in 2019.

IFRS 16 'Leases'

The Company adopted IFRS 16 'Leases' on 1 January 2019. The standard has resulted in any current operating leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The Company has applied the modified retrospective transition method, and consequently comparative information is not restated.

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 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), 10(f) 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 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).
- Paragraphs 52 and 58 of IFRS 16 'Leases'.

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.

Significant accounting policies

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.

Financial assets & liabilities

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

- short-term borrowings
- loans and fixed rate notes
- trade receivables
- trade payables

A financial asset is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Trade receivables

Trade receivables, which are generally of a short term nature, are recognised 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 9.

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

TWG Investments (No.4) Limited

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.

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.

TWG Investments (No.4) Limited

3. Revenues & expenses

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

	2019 £000	2018 £000
A reconciliation of revenue to operating profit (loss) is as follows		
Administrative expenses	592	(1,434)
Operating profit (loss)	592	(1,434)
	2019 £000	2018 £000
Operating profit (loss) is stated after charging		
Exchange (gains) losses	(592)	1,434

Audit fees of £4,000 (2018: £1,068) for the Company are borne by the ultimate parent company.

4. Staff costs & directors' remuneration

No management charges were paid to The Weir Group PLC during the year (2018: £nil) in connection with the services of the directors. No remuneration was paid to any director during the year (2018: £nil) in respect of their services to the Company. There were no employees during the year (2018: none).

5. Finance costs

	2019 £000	2018 £000
Interest payable to group undertakings	45,610	17,618
	45,610	17,618

6. Finance income

	2019 £000	2018 £000
Interest receivable from group undertakings	51,661	17,020
	51,661	17,020

TWG Investments (No.4) Limited

7. Taxation**Tax charged in the income statement**

	2019 £000	2018 £000
The tax charge (credit) is made up as follows		
Current income tax		
UK corporation tax	-	1,094
Adjustments in respect of previous years	(98)	668
Total current income tax	(98)	1,762

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% (2018: 19.00%). The actual tax charge for the current year is set out in the following reconciliation.

	2019 £000	2018 £000
Result from continuing operations before income tax	12,321	8,956
Tax calculated at UK standard rate of corporation tax of 19.00% (2018: 19.00%)	2,341	1,702
Effect of		
Expenses not deductible for tax purposes	821	272
Dividends on preference shares included in finance costs	7,119	1,092
Non-taxable dividend income	(1,079)	(2,088)
Group relief for no consideration	(9,202)	(978)
Tax overprovided in previous periods	(98)	668
CFC apportionment	-	1,094
Tax expense (income) in the income statement	(98)	1,762

Factors that may affect future tax charges

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the corporation tax rate will be held at 19%.

TWG Investments (No.4) Limited

8. Investments

	£000
Cost	
At 31 December 2018	165,918
Additions	165,918
Disposals	(331,836)
At 31 December 2019	
Net book value at 31 December 2018	165,918
Net book value at 31 December 2019	

The Company's subsidiary undertaking is listed in an Appendix.

During the year, the Company acquired a further 50% of shares in TWG Overseas Finance S.à.r.l. such that the subsidiary became wholly owned. Subsequently, the Company disposed of its investment in TWG Overseas Finance S.à.r.l.. No profit or loss was made on the disposal.

Dividends of £5,678,000 were received from subsidiaries in the year (2018: £10,988,000).

TWG Investments (No.4) Limited

9. Trade and other receivables

	2019 £000	2018 £000
Amounts receivable from group undertakings	4,241	465,224
	4,241	465,224
	2019 £000	2018 £000
Amounts falling due after more than one year are		
Amounts receivable from group undertakings	1,073,672	-
	1,073,672	-

In the prior year, amounts receivable from group undertakings included 66,571,231 5.8% cumulative redeemable preference shares held in TWG Overseas Finance S.à.r.l. which were acquired on 21 October 2014. Each preference share had a nominal value of US\$1. The preference shares were redeemable at the option of the holder until 21 October 2021 and thereafter at the option of the Company or the holder of the preference shares. A further 40,000,000 5.8% cumulative redeemable preference shares held in TWG Overseas Finance S.à.r.l. were acquired on 11 July 2018. Each preference share had a nominal value of US\$1. The preference shares were redeemable at the option of the holder until 10 July 2021 and thereafter at the option of the Company or the holder of the preference shares. Amounts receivable from group undertakings also included a \$123,500,000 loan with an interest rate of 5.4% to be repaid on 31 July 2021. During 2019, all preference shares were redeemed. Amounts receivable from group undertakings include a \$600,000,000 (£452,386,338) loan with an interest rate of 6.6% to be repaid on 11 July 2025, a \$200,000,000 (£150,795,446) loan with an interest rate of 7.1% to be repaid on 11 July 2026, a \$123,500,000 (£93,116,188) loan with an interest rate of 5.4% to be repaid on 21 July 2021, a \$445,124,975 (£335,614,096) loan with an interest rate of 5.775% to be repaid on 31 July 2021. The Company is a member of a Group UK cash pool arrangement, with cash balances held at The Weir Group PLC. Included in amounts receivable from group undertakings is a loan of £4,241,034 which bears interest at GBP LIBOR plus a premium of 0.65% and is repayable on demand.

Impairment of trade & other receivables

Amounts owed by subsidiaries and other group undertakings relate to management recharges in respect of support services provided. 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.

The amounts owed by subsidiaries and other group undertakings do not carry an interest charge, and it is the Company's expectation that materially all the amounts owed by subsidiaries are fully recoverable over time. Expected credit losses at 31 December 2019 are therefore immaterial, and there has been no material change to the expected loss allowance during the year.

Over the term of the loans, the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. The majority of the Company's loans are repayable on demand by the Company. In calculating the expected credit loss allowance of repayable on demand loans, the Company considers the financial position and internal forecasts of each

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subsidiary and their ability to repay on request, or over time. For those loans repayable on maturity, expected credit losses are calculated using market-implied probabilities of default and loss-given-default estimations.

The Company considers the probability of default upon initial recognition of an asset and subsequently whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The primary indicators considered are actual or expected significant adverse changes in business and financial conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.

Independent of the primary indicators above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is considered to occur when the counterparty fails to make contractual payments within 90 days of when they fall due. A write off is considered to be required when there is no reasonable expectation of recovery, or when a debtor fails to make contractual payments greater than 120 days past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the income statement.

10. Financial liabilities

	2019 £000	2018 £000
Amounts due are repayable as follows		
Current		
- loans from group undertakings	142	1,019
Non-current		
More than two years but not more than five years		
- preference shares	-	488,057
More than five years		
- preference shares	1,031,912	-
	1,032,054	489,076
Less current instalments due on		
- loans from group undertakings	142	1,019
	1,031,912	488,057

In the prior year, there were 262,074,844 5.4% cumulative redeemable preference shares in issue of which, 155,503,613 were issued on 30 July 2014, 66,571,231 were issued on 21 October 2014 and 40,000,000 were issued on 11 July 2018. The preference shares were redeemable at the option of the holder until 31 July 2021, 21 October 2021 and 10 July 2021 respectively and thereafter at the option of the Company or the holder of the preference shares. Each preference share had a nominal value of US\$1. During May 2019, the Company converted 138,574,844 preference shares into ordinary shares and issued a further 100 preference shares. All preference shares have a nominal value of US\$1, a 5.4% coupon and are redeemable at the option of the holder until 10 July 2021.

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11. Trade and other payables

	2019 £000	2018 £000
Amounts owed to group undertaking	36,260	2,297
Tax payable	741	839
	37,001	3,136

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

12. Share capital

Allotted, called up and fully paid	2019 £000	2018 £000
201,133,076 ordinary shares of £0.000000004971833 each (2018: 94,757,876 ordinary shares of £1.00 each)	-	94,757
	-	94,757

During the year, the Company underwent a capital reorganisation by converting 138,574,844 of its preference shares into ordinary shares. The Company also issued 100 ordinary shares, each with a nominal value of £1.00, for a total consideration of £524.1m. Thereafter, the Company performed a capital reduction by cancelling paid-up capital to the extent of £0.999999995027167 on each issued ordinary share and reducing the nominal value of each ordinary share from £1.00 to £0.000000004971833. The share premium account was also cancelled in its entirety.

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13. 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 (2018: £5.0million). At the year end, the net amount drawn under the facility was £nil (2018: £nil).

14. 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.

15. Ultimate group undertaking

The immediate parent undertaking is TWG Investments (No.11) Limited.

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 1RW16. Events after the balance sheet date

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. At this stage, the impact on our business and results has not been significant. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible.

Appendix**Subsidiary undertakings**

The subsidiary undertaking of the Company as at 31 December 2019 is noted below.

Legal name	Country of incorporation	Registered address	Class of shares	Percentage of shares held	Ownership
Weir SPM do Brasil Comércio, Locação e Instalação de Bombas e Equipamentos Geradores de Pressão Ltda.	Brazil	Rua Internacional s/n, Granja dos Cavaleiros, CEP 27933-420, Brazil	Nominal	0.00006%	Direct