

TWG CANADA HOLDINGS LIMITED

Report and Financial Statements

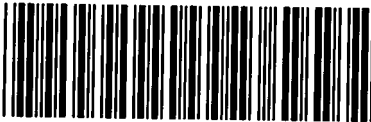
31 December 2020

Registered No: SC288837

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Company information

Registered No: SC288837

Directors

John Heasley

Christopher Palmer

Graham Vanhegan

Company Secretary

Gillian Kyle

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

Strategic report

The directors present their Strategic Report on TWG Canada Holdings Limited ('the Company') for the year ended 31 December 2020.

Principal activities

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

Business review

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

	2020	2019	
	£000	£000	Change
Profit (loss) before tax	8,868	10,211	-13%
Profit (loss) for the year	8,868	10,211	-13%
Shareholders' funds	414,160	405,292	2%

Profit for the year decreased by 13% due to a reduction in preference dividend income received as a result of a fall in GBP LIBOR rates. The activities of the Company are not expected to change in the future.

Director's statement under section 172 of the Companies Act 2006

The Directors have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the Company for the benefit of the Shareholders as a whole while having regard for all stakeholders. Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 24 and 25 of the 2020 Annual Report of The Weir Group PLC, which does not form part of this report.

Financial risk management objectives & policies

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.

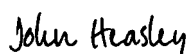
Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and inter-company trading accounts.

Interest rate risk

The Company's borrowings consist of inter group loans and these are at variable rates of interest. Based on current levels of net debt, interest rate risk is not considered to be material.

On behalf of the Board of Directors



John Heasley

Director

25 June 2021

Directors' report

The directors present their report and the financial statements of TWG Canada Holdings Limited (Registered Number SC288837) ('the Company') for the year ended 31 December 2020.

Dividends

No dividend was declared in the year (2019: £nil).

Principal activities and review of the business

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

Financial instruments

The Company's principal financial instruments are shown on the balance sheet. The principal financial risks to which the Company is exposed are outlined in the Strategic Report.

Going concern

The Company has a strong net current asset position with no liabilities and as such, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company is ultimately owned by The Weir Group PLC ('the Group') and it participates in the Group's centralised treasury arrangements and so shares banking facilities with its parent company 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, including the impact of Covid-19 on the Group. A formal letter of support has been received from The Weir Group PLC indicating that 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.

Future developments

Future developments affecting the business are discussed in the business review section of the Strategic Report.

Directors

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

John Heasley

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 2020 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 section 234 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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



Gillian Kyle

Company Secretary

25 June 2021

Income statement**for the year ended 31 December 2020**

	Notes	2020 £000	2019 £000
Operating profit (loss)		-	-
Finance costs	5	(3)	(4)
Finance income	6	8,871	10,215
Profit (loss) on ordinary activities before tax		8,868	10,211
Tax on profit (loss) on ordinary activities	7	-	-
Profit (loss) for the financial year		8,868	10,211

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 Canada Holdings Limited

Balance sheet
as at 31 December 2020

	Notes	2020 £000	2019 £000
ASSETS			
Non-current assets			
Investments	8	346,358	346,358
Total non-current assets		346,358	346,358
Current assets			
Trade & other receivables	9	68,105	59,234
Total current assets		68,105	59,234
Total assets		414,463	405,592
LIABILITIES			
Current liabilities			
Trade & other payables	10	(303)	(300)
Total current liabilities		(303)	(300)
Total liabilities		(303)	(300)
NET ASSETS		414,160	405,292
Capital & reserves			
Called up share capital	11	183,288	183,288
Retained earnings		230,872	222,004
TOTAL EQUITY		414,160	405,292

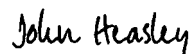
The notes numbered 1 to 14 are an integral part of these financial statements.

For the year ended 31 December 2020, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 ('the Act') relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 6 to 15 were authorised for issue by the Board of Directors on 25 June 2021 and signed on its behalf by



John Heasley

Director

25 June 2021

Statement of changes in equity
for the year ended 31 December 2020

	Called up share capital £000	Retained earnings £000	Total equity £000
At 31 December 2018	183,288	211,793	395,081
Profit (loss) for the financial year	-	10,211	10,211
At 31 December 2019	183,288	222,004	405,292
Profit (loss) for the financial year	-	8,868	8,868
At 31 December 2020	183,288	230,872	414,160

Notes to the financial statements

for the year ended 31 December 2020

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

The financial statements of TWG Canada Holdings Limited for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 25 June 2021 and the balance sheet was signed on the Board's behalf by John Heasley.

TWG Canada Holdings 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 directors have received a formal letter of support from The Weir Group PLC, the parent company, indicating it will continue to fund the Company, should it become necessary, to enable it to continue in operational existence, for a period of at least 12 months from the date of approval of the financial statements. The directors therefore 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.

The Company's financial statements are presented in Sterling and all values have been presented in thousands (£000) except where otherwise indicated.

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 2020 ('2020'), the comparative information is provided for the year ended 31 December 2019 ('2019'). The accounting policies are consistent with those of the previous period. The financial statements have been prepared on the going concern basis and the historic cost convention, and in accordance with the Companies Act 2006. An assessment of the going concern basis is included within the Directors' Report.

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

There are no areas in the preparation of these financial statements that require management to make significant judgements, estimates or assumptions.

Significant accounting policies

Investment income

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

Investments

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

Impairment of non-current assets

All non-current assets are tested for impairment whenever events or circumstances indicate that their carrying values might be impaired. Additionally, goodwill, intangible assets with an indefinite life and any capitalised development expenditure are subject to an annual impairment test.

An impairment loss is recognised to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's fair value less costs to sell and its value in use. An asset's value in use represents the present value of the future cash flows expected to be derived from the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is conducted for the cash generating unit to which it belongs. Similarly, the recoverable amount of goodwill is determined by reference to the discounted future cash flows of the cash generating units to which it is allocated.

Impairment losses are recognised in the income statement. Impairment losses recognised in previous periods for an asset other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The carrying amount of an asset shall not be increased above the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. Impairment losses recognised in respect of goodwill are not reversed.

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

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.

Taxation

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

Deferred tax is recognised on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base with the following exceptions:

- Deferred tax arising from the initial recognition of goodwill, or of an asset or liability in a transaction that is not a business combination, that, at the time of the transaction, affects neither accounting nor taxable profit or loss, is not recognised;
- Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future; and
- A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax liabilities represent tax payable in future years in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future years in respect of deductible temporary differences, the carry forward of unutilised tax losses and the carry forward of unused tax credits. Deferred tax is measured on an undiscounted basis using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax is recognised in the income statement except if it relates to an item recognised directly in equity, in which case it is recognised directly in equity.

Dividends

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

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

3. Revenues & expenses

Audit fees of £nil (2019: £4,000) 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 (2019: £nil) in connection with the services of the directors.

No remuneration was paid to any director during the year (2019: £nil) in respect of their services to the Company. There were no employees during the year (2019: none).

5. Finance costs

	2020 £000	2019 £000
Interest payable to group undertakings	3	4
	3	4

6. Finance income

	2020 £000	2019 £000
Preference share dividend income	8,871	10,215
	8,871	10,215

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

	2020 £000	2019 £000
The tax charge (credit) is made up as follows		
Current income tax		
UK corporation tax	-	-
Total income tax charge (credit) in the income statement	-	-

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 19.0% (2019: 19.0%). The actual tax charge for the current year is set out in the following reconciliation.

	2020 £000	2019 £000
Result from continuing operations before income tax	8,868	10,211
Tax calculated at UK standard rate of corporation tax of 19.0% (2019: 19.0%)	1,685	1,940
Effect of		
Non-taxable dividend income	(1,685)	(1,941)
Group relief for no consideration	-	1
Tax expense (income) in the income statement	-	-

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to reduce the rate to 19% from 1 April 2017 and 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%. Furthermore, an increase in the UK rate from 19% to 25% from April 2023 was substantively enacted as part of Finance Bill 2021 (on 25 May 2021).

8. Investments

Cost and net book value:	£000
At beginning and end of the year	346,358

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

Investments represent 587,048,546 (2019: 587,048,546) cumulative redeemable preference shares of TWG South America Holdings Limited. Each preference share has a nominal value of £0.59 (2019: £0.59). The preference shares are redeemable at the option of the Company or the issuer of the preference shares.

9. Trade & other receivables

	2020 £000	2019 £000
Amounts receivable from group undertakings	68,105	59,234
	68,105	59,234

Amounts receivable from group undertakings are unsecured and include preference dividends receivable from an investment in 587,048,546 cumulative redeemable preference shares which carry a fixed cumulative dividend at a rate of 6 month GBP LIBOR plus 2%.

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 2020 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 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. Trade & other payables

	2020 £000	2019 £000
Amounts owed to group undertaking	303	300
	303	300

Included in the amounts owed to group undertakings is £303,348 in relation to the group UK notional cash pool. Interest on this is charged at 3 month GBP LIBOR less a margin of 0.65%. All amounts owed to group undertakings are unsecured and repayable on demand.

11. Share capital

Allotted, called up and fully paid	2020 £000	2019 £000
374,057,113 (2019: 374,057,113) ordinary shares of £0.49 each	183,288	183,288
	183,288	183,288

12. Contingent liabilities

The Company is a member of a group UK notional cash pool arrangement and has jointly and severally given guarantee of a gross debit balance cap limit up to a maximum of £250.0 million. As part of this arrangement, there is no overdraft facility for the overall pool, however the Company is potentially liable to the extent of any cash balance on hand at any time. At 31 December 2020 the cash balance was £nil.

Until 16 December 2020, the Company was a member of a group zero balance UK cash pool arrangement where it had jointly and severally given guarantee of the net overdraft amount of the pool up to a maximum of £5.0 million. Under this arrangement, the net amount drawn under the facility at December 2019 was £nil.

13. 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.

14. Ultimate group undertaking

The immediate parent undertaking is Weir Canada, Inc..

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