Weir Group African IP Limited

Report and Financial Statements

3 January 2014

Registered No: SC333781

Directors' report

The directors present their annual report together with the audited financial statements of Weir Group African IP Limited ("the Company") (Registered Number SC333781) for the 53 weeks ended 3 January 2014.

Results and dividends

The profit for the period after taxation amounted to $6,006,000 (2012: $6,929,000). No dividend was paid in the period (2012: $3,768,000).

Principal activities

The Company is principally engaged in the acquisition and retention of intellectual property rights in other companies.

Financial risk management objectives and policies

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

Foreign currency risk

The Company forms part of the Group's net investment hedge structure. As a result, the Company enters into forward foreign currency contracts which seek to minimise the Group's exposure to exchange rate fluctuations.

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 or payables.

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 cash at bank which is subject to variable rates of interest. Interest rate risk is regularly monitored and is not considered to be material.

Board of directors

The directors who were in office during the period and up to the date of this report were:

K A Ruddock
M Kelly
J A Stanton

Directors' report (continued)

Going concern

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.

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 ultimate holding Company maintained directors and officers liability insurance throughout 2013 in respect of the Company's directors and officers.

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 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.

Annual general meeting

There was no annual general meeting held in the year, as permitted by the Companies Act 2006.

Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006. Ernst & Young LLP have indicated their willingness to continue in office.

By order of the board

C J Stead
Secretary
2 June 2014

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing 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 Auditor's report to the members of Weir Group African IP Limited

We have audited the financial statements of Weir Group African IP 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 13. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Financial Statements 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 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 53 weeks 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's report to the members of Weir Group African IP 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
- the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report; or
- we have not received all the information and explanations we require for our audit.

J Nisbet

James Nisbet (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
2 June 2014

Profit and loss account

for the 53 weeks ended 3 January 2014

	Notes	**2013 $000**	2012 $000
Revenue		**7,017**	8,359
Administrative income	*3*	**32**	450
Profit on ordinary activities before tax		**7,049**	8,809
Tax on profit on ordinary activities	*4*	**(1,043)**	(1,880)
Profit for the period	*9*	**6,006**	6,929

The Company's profit for the period and the prior period were earned from continuing operations.

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

There are no material differences between the profit on ordinary activities before tax and the retained profit for the period stated above and their historical cost equivalents.

Balance sheet

at 3 January 2014

	Notes	2013 $000	2012 $000
Fixed assets			
Intangible assets	5	**82,995**	82,995
Current assets			
Debtors	6	**4,438**	3,051
Cash at bank		**16,657**	12,365
		21,095	15,416
Creditors: amounts falling due within one year	7	**(4,712)**	(5,039)
Net current assets		**16,383**	10,377
Net assets		**99,378**	93,372
Capital and reserves			
Called up share capital	8	**82,995**	82,995
Profit and loss account	9	**16,383**	10,377
Shareholders' funds	10	**99,378**	93,372

The financial statements of Weir Group African IP Limited were approved by the directors and were signed on their behalf by:

J A Stanton
Director

2 June 2014

Notes to the financial statements

for the 53 weeks ended 3 January 2014

1. Accounting policies

Basis of preparation

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

The financial statements have been prepared for the 53 weeks ended 3 January 2014 ('2013'), the comparative information is for the 52 weeks ended 28 December 2012 '(2012'). The financial statements have been presented in US dollars and all values have been present in thousands ($'000) except where otherwise indicated.

Functional currency

The financial statements are presented in US dollars which is the Company's functional and presentational currency based on the currency of the primary economic environment in which the Company operates.

Cash flow statement

The Company has taken advantage of the provisions of FRS1 (revised) which exempts companies which are part of a group which has published a consolidated cash flow statement from preparing a cash flow statement. Accordingly, no cash flow statement for the Company has been presented.

Foreign currencies

Transactions in foreign currencies are converted at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates ruling at the balance sheet date. Differences on exchange are dealt with through the profit and loss account as they arise.

Revenue recognition

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. An intangible resource acquired in a business combination is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights, is expected to generate future economic benefits and its fair value can be measured reliably. An intangible asset with an indefinite life is not amortised but is tested at least annually for impairment and carried at cost less any recognised impairment losses.

Notes to the financial statements (continued)

for the 53 weeks ended 3 January 2014

2. Directors and employees

The Company had no employees during the period (2012: none).

No directors received any emoluments during the period in respect of services to the Company (2012: £nil).

3. Administrative income

	2013	2012
	$000	$000
Exchange gains	44	460
Administrative expenses	(12)	(10)
	32	450

4. Tax on profit on ordinary activities

	2013	2012
	$000	$000
Current taxation		
Based on the results for the period:		
UK corporation tax:		
- Current year tax charge	(858)	(1,345)
- Prior year tax charge	-	(24)
	(858)	(1,369)
Deferred tax charge	(185)	(511)
Total tax charge	(1,043)	(1,880)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23.25% (2012: 24.5%). The actual tax charge for the period is below (2012: below) the standard rate for the reasons set out in the following reconciliation.

	2013	2012
	$000	$000
Profit on ordinary activities before tax	7,049	8,809
Tax on profit on ordinary activities at standard rate of 23.25% (2012: 24.5%)	(1,639)	(2,158)
Factors affecting charge for the period		
Adjustment to prior years	-	(24)
Exchange gains not subject to tax	12	-
Tax writing down allowances	769	813
Total current tax	(858)	(1,369)

Notes to the financial statements (continued)

for the 53 weeks ended 3 January 2014

4. Tax on profit on ordinary activities (continued)

Factors affecting 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, the current year deferred tax charge has been provided on UK temporary differences at 20% (2012: 23%).

5. Intangible assets

	Intangible Assets $000
Cost and net book value	
At 29 December 2012 and 3 January 2014	82,995

The intangible asset is the brand name of Weir Warman and was recognised at fair value at the date of acquisition. The brand name has been assigned an indefinite useful life and as such is not amortised. Weir Warman has a long history in the minerals and mining markets and is considered to be a market leader. The carrying value of the brand name is tested annually for impairment.

6. Debtors

	2013 $000	2012 $000
Amounts due from fellow subsidiary undertakings	**4,438**	3,051

Amounts due from fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

7. Creditors: amounts falling due within one year

	2013 $000	2012 $000
Deferred tax payable	**3,855**	3,670
Corporation tax	**857**	1,369
	4,712	5,039

8. Share capital

	2013 $000	2012 $000
Allotted, called-up and fully paid:		
82,995,000 Ordinary shares of $1 each	**82,995**	82,995
2 Ordinary shares of £1	**-**	-
	82,995	82,995

Notes to the financial statements (continued)

for the 53 weeks ended 3 January 2014

9. Profit and loss account

	2013	2012
	$000	$000
At the beginning of the period	**10,377**	7,216
Profit for the period	**6,006**	6,929
Dividend paid	**-**	(3,768)
At the end of the period	**16,383**	10,377

10. Reconciliation of movements in shareholders' funds

	2013	2012
	$000	$000
Opening shareholders' funds	**93,372**	90,211
Profit for the period	**6,006**	6,929
Dividend paid	**-**	(3,768)
Closing shareholders' funds	**99,378**	93,372

11. Transactions with 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 transactions with related parties that are non wholly owned by The Weir Group PLC group in the current or previous financial year.

12. Contingent liabilities

During the period, 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 3 January 2014 amounted to £11,877,000 (2012: net funds £125,000).

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, 20 Waterloo Street, Glasgow, G2 6DB.