WEIR GROUP IP LIMITED
Report and Financial Statements

31 December 2022

Registered No: SC267963

Company information

Registered No: SC267963

Directors

Garry Fingland
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
G2 1RW

Country of incorporation

Scotland

Weir Group IP Limited

Registration number: SC267963

Strategic report

The Directors present their Strategic report on Weir Group IP Limited ('the Company') for the year ended 31 December 2022.

Principal activities

The Company is principally engaged in product branding for the immediate parent company, The Weir Group PLC ('the Group'), as well as aiding and assisting the commercial activities of fellow subsidiaries through the provision of know-how, expertise and experience. Other activities include the purchasing and recharging of software licences to fellow subsidiaries.

Business review

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

	2022	2021	
	£000	£000	Change
Revenue	70,270	55,816	26%
Operating profit (loss) (before adjusting items)	45,446	32,840	38%
Profit (loss) before tax (before adjusting items)	45,688	32,494	41%
Profit (loss) for the year (before adjusting items)	38,311	25,128	52%
Profit (loss) for the year (after tax and adjusting items)	37,719	20,337	85%
Shareholders' funds	40,792	63,073	(35)%

Revenue was up on the prior year driven by the increase in the external revenues of Group companies on which the royalty fee is charged.

Operating profit before adjusting items has increased by 38%, predominantly driven by the revenues increasing to a greater extent than administrative expenses of the Company, which is most notably the result of the reduction in depreciation as assets have become fully written down.

Profit for the year after tax and adjusting items has increased by 85% mainly due to the significant decrease in amortisation which is driven by assets becoming fully written down in the year.

Shareholders' funds have reduced by 35% due to dividends paid of £60,000,000, partially offset by the current year profit of £37,719,000.

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 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 27 to 29 of the 2022 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.

Foreign exchange risk

As a result of the Company's business activities, from time to time, it may be 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. Where this risk exists, 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. 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.

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Company is also exposed to credit risk on inter-group receivable balances. The credit risk on inter-group receivables is limited because the ultimate parent company, The Weir Group PLC, has indicated it will continue to provide financial support to its subsidiaries.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts 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
22 June 2023

Directors' report

The directors present their report and the financial statements of Weir Group IP Limited (Registered Number: SC267963) ('the Company') for the year ended 31 December 2022.

Dividends

There were dividends of £60,000,000 declared in the year (2021: £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 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. In addition, the directors have no reason to believe that The Weir Group PLC will not continue to fund the Company, should it become necessary, to enable it to continue in operational existence.

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

Future developments

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

Directors

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

Garry Fingland

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 2022 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, 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;
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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.

By order of the Board

Gillian Kyle
Company Secretary
22 June 2023

Income statement
for the year ended 31 December 2022

		Year ended 31 December 2022			Year ended 31 December 2021		
		Adjusted results	Adjusting items (note 4)	Statutory results	Adjusted results	Adjusting items (note 4)	Statutory results
	Notes	£000	£000	£000	£000	£000	£000
Revenue	3	70,270	-	70,270	55,816	-	55,816
Operating profit (loss)		45,446	(731)	44,715	32,840	(5,915)	26,925
Finance costs	6	(135)	-	(135)	(375)	-	(375)
Finance income	7	377	-	377	29	-	29
Profit (loss) on ordinary activities before tax		45,688	(731)	44,957	32,494	(5,915)	26,579
Tax on profit (loss) on ordinary activities	8	(7,377)	139	(7,238)	(7,366)	1,124	(6,242)
Profit (loss) for the financial year		38,311	(592)	37,719	25,128	(4,791)	20,337

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.

Weir Group IP Limited

Registration number: SC267963

Balance sheet
as at 31 December 2022

	Notes	2022 £000	2021 £000
ASSETS			
Non-current assets			
Property, plant & equipment	9	**78**	92
Intangible assets	10	**1,301**	2,953
Deferred tax asset	8	**797**	974
Total non-current assets		**2,176**	4,019
Current assets			
Trade & other receivables	11	**49,699**	80,410
Derivative financial instruments	14	**221**	418
Cash & short-term deposits	12	**16,174**	1,598
Total current assets		**66,094**	82,426
Total assets		**68,270**	86,445
LIABILITIES			
Current liabilities			
Trade & other payables	13	**(27,395)**	(22,767)
Derivative financial instruments	14	**(35)**	(7)
Total current liabilities		**(27,430)**	(22,774)
Non-current liabilities			
Deferred tax liabilities	8	**(48)**	(598)
Total non-current liabilities		**(48)**	(598)
Total liabilities		**(27,478)**	(23,372)
NET ASSETS		**40,792**	63,073
Capital & reserves			
Called up share capital	15	**-**	-
Retained earnings		**40,792**	63,073
TOTAL EQUITY		**40,792**	63,073

The notes numbered 1 to 18 are an integral part of these financial statements.

For the year ended 31 December 2022, 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 years 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 5 to 20 were authorised for issue by the Board of Directors on 22 June 2023 and signed on its behalf by

John Heasley

John Heasley
Director
22 June 2023

Statement of changes in equity
for the year ended 31 December 2022

	Called up share capital £000	Retained earnings £000	Total equity £000
At 31 December 2020	-	42,736	42,736
Profit (loss) for the financial year	-	20,337	20,337
At 31 December 2021	-	63,073	63,073
Profit (loss) for the financial year	-	37,719	37,719
Dividends	-	(60,000)	(60,000)
At 31 December 2022	-	40,792	40,792

Notes to the financial statements
for the year ended 31 December 2022

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

The financial statements of Weir Group IP Limited for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 9 June 2023 and the balance sheet was signed on the Board's behalf by John Heasley.

Weir Group IP 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 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 2022 ('2022'), the comparative information is provided for the year ended 31 December 2021 ('2021'). 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), 16, 38A, 38B, 38C, 38D, 111, 134-136 of IAS 1 'Presentation of financial statements';
- 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); and
- 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

Revenue recognition
Revenue is the consideration received or receivable which reflects the amount expected to be received from customers, mainly the transaction price adjusted for variable consideration. Revenue will only be recognised when the fulfilment of performance obligations is achieved. Revenue is shown net of sales taxes and discounts.

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

Adjusting items

In order to provide the users of the Company Financial Statements with a more relevant presentation of the Company's underlying performance, statutory results for each year has been analysed between:

i) adjusted results; and

ii) the effect of adjusting items.

The principal adjusting items are summarised below. These specific items are presented on the face of the income statement, along with the related adjusting items taxation, to provide greater clarity and a better understanding of the impact of these items on the Company's financial performance. In doing so, it also facilitates greater comparison of the Company's underlying results with prior years and assessment of trends in financial performance. This split is consistent with how business as usual is measured internally.

i) Intangibles amortisation

Intangibles amortisation is expensed in line with the other intangible assets policy, with separate disclosure provided to allow visibility of the impact of both:

a) intangible assets recognised via acquisition, which primarily relate to items which would not normally be capitalised unless identified as part of an acquisition opening balance sheet. The ongoing costs associated with these assets are expensed; and

b) ongoing multi-year investment activities, which currently include the Group's IT transformation strategy and digitisation strategy.

During the year, amortisation of £884,000 (2021: £1,150,000) is included within adjusted operating profit in relation to assets which are no longer part of ongoing multi-year investment activities.

ii) Exceptional items

Exceptional items are items of income and expense which, because of the nature, size and/or infrequency of the events giving rise to them, merit separate presentation. Exceptional items may include, but are not restricted to: the cost of significant business restructuring; significant impairments of intangible or tangible assets; adjustments to the fair value of acquisition-related items such as contingent consideration and inventory; acquisitions and other items deemed exceptional due to their significance, size or nature.

Further analysis of the items included in the column 'Adjusting items' in the income statement is provided in note 4.

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.

Property, Plant and Equipment

Property, plant & equipment comprises owned assets and right-of-use assets that do not meet the definition of investment property.

Owned assets

Owned property, plant & equipment is stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation of property, plant & equipment is provided on a straight-line basis so as to charge the cost less residual value, to the income statement over the expected useful life of the asset concerned, and is in the following ranges:

Owned plant & equipment	4-8 years

Intangible assets

Software

Software assets can be purchased, acquired or internally generated. Software that is not an integral part of related hardware is recognised as an intangible asset.

Software is recognised at cost less accumulated amortisation. Amortisation is spread over the estimated useful life of the software which can range from 4 to 8 years.

Software as a Service (SaaS) arrangements provide the Company with the right to access cloud based software applications over a contractual period. The software remains the intellectual property of the developer and as a result the Company does not recognise an intangible asset in relation to subscription fees and costs incurred to customise or configure the software. The related costs are recognised in the income statement when the service is received.

Costs incurred to enhance or develop an existing intangible asset or develop new software code which meet the definition and recognition criteria of an intangible asset are capitalised as intangible software assets. Amortisation is recognised over the expected useful life of the software.

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.

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.

Financial assets & liabilities

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

- cash & short-term deposits;
- inter-group loans;
- inter-group trading accounts; and
- other 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 11.

Cash at bank and in hand

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

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 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.

3. Revenues & expenses

The following disclosures are given in relation to total continuing operations.

	Year ended 31 December 2022			Year ended 31 December 2021		
	Adjusted results	Adjusting items (note 4)	Statutory results	Adjusted results	Adjusting items (note 4)	Statutory results
	£000	£000	£000	£000	£000	£000
A reconciliation of revenue to operating profit (loss)						
Revenue	**70,270**	-	**70,270**	55,816	-	55,816
Administrative expenses	**(24,824)**	(731)	**(25,555)**	(22,976)	(5,915)	(28,891)
Operating profit (loss)	**45,446**	(731)	**44,715**	32,840	(5,915)	26,925

	2022	2021
	£000	£000
Revenue by activity is as follows:		
Royalty and commission fees charged to group companies	**70,270**	55,816

	2022	2021
	£000	£000
Revenue by geography is as follows:		
UK	**70,270**	55,816

	2022	2021
	£000	£000
Timing of revenue recognition		
At a point in time	**70,270**	55,816
	70,270	55,816

	Year ended 31 December 2022			Year ended 31 December 2021		
	Adjusted results	Adjusting items (note 4)	Statutory results	Adjusted results	Adjusting items (note 4)	Statutory results
	£000	£000	£000	£000	£000	£000
Operating profit (loss) is stated after charging						
Depreciation of assets (note 9)	**51**	-	**51**	1,347	-	1,347
Amortisation of intangible assets (note 10)	**884**	731	**1,615**	1,150	5,915	7,065
Exchange (gains) losses	**122**	-	**122**	438	-	438

4. Adjusting items

	2022 £000	2021 £000
Recognised in arriving at operating profit (loss) from continuing operations:		
Intangibles amortisation (note 10)	731	5,915
	731	5,915

Intangibles amortization

Intangibles amortisation of £731,000 (2021: £5,915,000) relates to acquisition assets and ongoing multi-year investment activities as outlined in the accounting policy in note 2.

5. Staff costs & directors' remuneration

No management charges were paid to The Weir Group PLC during the year (2021: £nil) in connection with the services of the directors. No remuneration was paid to any director during the year (2021: £nil) in respect of their services to the Company. There were no employees during the year (2021: none).

6. Finance costs

	2022 £000	2021 £000
Interest payable on other loans (including the debt component of preference shares)	135	365
Interest payable to group undertakings	-	10
	135	375

7. Finance income

	2022 £000	2021 £000
Interest receivable from group undertakings	377	29
	377	29

8. Taxation

Tax charged in the income statement

	2022 £000	2021 £000
The tax charge (credit) is made up as follows		
Current income tax		
UK corporation tax	**3,158**	2,036
Foreign tax	**5,330**	3,377
Adjustments in respect of previous years	**(877)**	1,214
Total current income tax	**7,611**	6,627
Deferred income tax		
Origination & reversal of temporary differences	**22**	(426)
Impact of change in tax rate	**(29)**	(57)
Adjustment in respect of previous periods	**(366)**	98
Total deferred tax	**(373)**	(385)
Total income tax charge (credit) in the income statement	**7,238**	6,242

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% (2021: 19.0%). The actual tax charge for the current year is set out in the following reconciliation.

	2022 £000	2021 £000
Result from continuing operations before income tax	**44,957**	26,579
Tax calculated at UK standard rate of corporation tax of 19.0% (2021: 19.0%)	**8,542**	5,050
Effect of:		
Non-taxable income	**(32)**	(63)
Tax underprovided in previous periods	**(1,243)**	1,312
Change in tax laws and rate	**(29)**	(57)
Tax expense (income) in the income statement	**7,238**	6,242

Factors that may affect future tax charges

An increase in the UK rate from 19% to 25% from April 2023 was substantively enacted as part of the Finance Bill 2021 (on 25 May 2021). As a result, at 31 December 2022, deferred tax balances have been calculated at 25%.

The deferred tax included in the balance sheet is as follows

	2022 £000	2021 £000
Deferred income tax assets		
Accelerated capital allowances	**688**	974
Other timing differences	**109**	-
Deferred income tax assets	**797**	974
Deferred income tax liabilities		
Intangible assets	**(48)**	(598)
Deferred income tax liabilities	**(48)**	(598)

9. Property, plant & equipment

Property, plant & equipment comprises owned and right-of-use assets that do not meet the definition of investment property.

	Owned plant & equipment £000	Total £000
Cost		
At 31 December 2021	**6,813**	**6,813**
Reclassifications from intangible assets (note 10)	**94**	**94**
At 31 December 2022	**6,907**	**6,907**
Aggregate depreciation		
At 31 December 2021	**6,721**	**6,721**
Charge for year	**51**	**51**
Reclassifications from intangible assets (note 10)	**57**	**57**
At 31 December 2022	**6,829**	**6,829**
Net book value at 31 December 2021	92	92
Net book value at 31 December 2022	**78**	**78**

10. Intangible assets

	Software development £000	Total £000
Cost		
At 31 December 2021	**37,131**	**37,131**
Reclassifications to property, plant & equipment (note 9)	**(94)**	**(94)**
At 31 December 2022	**37,037**	**37,037**
Accumulated amortisation		
At 31 December 2021	**34,178**	**34,178**
Charge for the year	**1,615**	**1,615**
Reclassifications to property, plant & equipment (note 9)	**(57)**	**(57)**
At 31 December 2022	**35,736**	**35,736**
Net book value at 31 December 2021	2,953	2,953
Net book value at 31 December 2022	**1,301**	**1,301**

11. Trade & other receivables

	2022 £000	2021 £000
Amounts receivable from group undertakings	**49,699**	80,410
	49,699	80,410

Amounts owed by group undertakings include the following loan:

Receivable	Currency	Interest terms	2022 £000	2021 £000
On demand	GBP	1 month SONIA plus 0.05%	**13,611**	42,400

Included within amounts receivable from group undertakings is £13,611,000 (2021: £42,400,000) in relation to the Group cash pool management. Until April 2021, interest was charged on the principal at 3 month GBP LIBOR less a margin of 0.125% Following the interest rate benchmark reform, the rate was updated to SONIA plus 0.05%. These amounts are unsecured and repayable on demand. All other amounts are interest free and recoverable within one year.

Impairment of trade & other receivables

Amounts owed by subsidiaries and other group undertakings relate to recharges in respect of product branding and commercial activities. 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 group undertakings do not carry an interest charge, and it is the Company's expectation that materially all the amounts owed by group undertakings are fully recoverable over time. Expected credit losses at 31 December 2022 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.

12. Cash & short-term deposits

	2022 £000	2021 £000
Cash	**16,174**	1,598
	16,174	1,598

13. Trade & other payables

	2022 £000	2021 £000
Amounts owed to group undertakings	**24,158**	20,362
Tax payable	**3,152**	2,219
Other payables	**69**	166
Accruals & deferred income	**16**	20
	27,395	22,767

All amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

14. Derivative financial instruments

	2022 £000	2021 £000
Current assets		
Forward foreign currency contracts	**221**	418
	221	418
Current liabilities		
Forward foreign currency contracts	**(35)**	(7)
	(35)	(7)

The figures in the above table are inclusive of derivative financial instruments where the counterparty is The Weir Group PLC.

15. Share capital

Allotted, called up and fully paid	2022 £	2021 £
100 (2021: 100) ordinary shares of £1.00 each	**100**	100
	100	100

16. 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 2022 the cash balance was £16,174,000 (2021: £1,598,000).

17. 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.

18. Ultimate group undertaking

The immediate parent undertaking is The Weir Group PLC.

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.