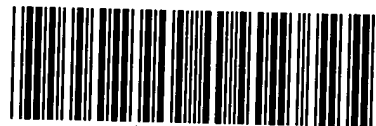


GRUNDFOS SERVICE LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2014

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GRUNDFOS SERVICE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Strategic report	3
Directors' responsibilities statement	5
Independent auditor's report	6
Profit and loss account	7
Balance sheet	8
Notes to the accounts	9

GRUNDFOS SERVICE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Davies
M G Johansen
C Ellis

COMPANY SECRETARY

C Ellis

REGISTERED OFFICE

Grovebury Road
Leighton Buzzard
Bedfordshire
LU7 4TL

BANKERS

Danske Bank
75 King William Street
London
EC4N 7DT

SOLICITORS

Tollers
Medina House
334 Silbury Boulevard
Milton Keynes
MK9 2AE

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, UK

GRUNDFOS SERVICE LIMITED

DIRECTORS' REPORT

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2014.

DIVIDENDS AND TRANSFERS FROM RESERVES

The directors do not recommend the payment of a dividend (2013: £nil). A profit of £252k (2013 profit: £92k) has been transferred to reserves.

DIRECTORS

The directors, who served during the year and subsequently are as follows;

A Davies

M G Johansen

C Ellis (appointed 09/05/2014)

AUDITOR

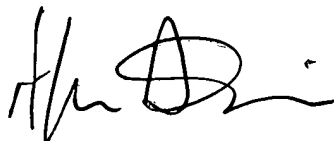
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



A Davies

Director

5 June 2015

GRUNDFOS SERVICE LIMITED

STRATEGIC REPORT

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

ACTIVITIES

The principal activities of Grundfos Service Limited are after-sales service support to a wide range of Industrial, Commercial, Fire and Domestic pumps, including risk management through the sales of preventative maintenance agreements, general field based remedial repairs, workshop repairs, remote monitoring, and the up-selling from older fixed speed pumps to more energy efficient inverter driven pumps.

BUSINESS REVIEW

There have not been any significant changes in the company's principal activities in the year under review.

2014 was a challenging but positive year for Grundfos Service Limited, as shown in the company's Profit and Loss account detailed on page 7, the company's turnover has increased on prior year by 3% (external sales by 7%), to £7,794k (£6,526k external sales). The company also showed a significant increase in profit of £252k for 2014 (2013: £92k profit).

During 2014, the company saw negligible growth within the HVAC (Heating, Ventilation and Air Conditioning) business across the UK. HVAC sales accounted for 49% of external sales during 2014, at £3,191k. The Fire business represented 29% of external sales during 2014, at £2,259k. During 2014, the Fire business saw a 20% growth in external revenue on prior year. Workshop sales accounted for 14% of external sales during 2014 at £922k. The Workshop business saw 6% increase in turnover on prior year and is mainly attributed to a further increase in the sale of service exchange units. In 2013, Energy Sales totalled £114k and represented 2% of turnover, and this increased to £155k and 2% of turnover in 2014 respectively. Grundfos Service Limited will continue to work closely with Grundfos Pumps Limited in order to support the future installations and refurbishment activities across all areas of the wider Grundfos business.

The main focus areas for 2015 are the further development of all four business units, with a focus on the HVAC and Energy Sales business units. During 2015, the company aims to strengthen its position in all areas and ultimately drive growth within the company.

During Q4 2014, Grundfos Service Limited introduced a new bespoke service management system. It is envisaged that the investment in the new system will allow the company to expand and develop in the future.

The directors are not aware, at the date of this report, of any likely changes in the company's activities in the next year.

PRINCIPAL RISKS AND UNCERTAINTIES

As a service organisation, the company's greatest asset is its staff. During 2014 and in to 2015, the company has committed to further enhance the skill levels of its employees through both internal and external training. Though some risk does exist through staff potentially using the up-skilling as an opportunity to progress both internally and externally, the overall increase of skill and knowledge levels should be to the benefit of the company.

Despite the difficult economic environment, the company has been able to reduce the average time taken for customers to pay from 63 days (2013) to 61 days (end of 2014). Physical stock remains fairly minimal at £83k in 2014 (2013: £60k).

LIQUIDITY AND GOING CONCERN

The company's activities are described above. The directors believe the company is structured to successfully manage and control the business risks it faces as an integral part of the broader Grundfos group, despite the current economic uncertainty. The company manages liquidity needs through a combination of cash balances and access to group wide UK overdraft facilities which are guaranteed by the ultimate parent company.

GRUNDFOS SERVICE LIMITED

STRATEGIC REPORT

The company had net current assets of £546k at 31 December 2014 (2013: £364k) before preference shares of £865k which are repayable after more than one year due to Grundfos Pumps Limited, who have confirmed their ongoing support of the company for a period of not less than 12 months from the date of signing these accounts. Net liabilities improved to £125k at 31 December 2014 (2013: £377k) On this basis the directors have a reasonable expectation that the company can continue in operational existence for the foreseeable future and they can therefore continue to adopt the going concern basis in preparing the annual report and accounts.

EMPLOYEES

The company is committed to staff retention and development and we have internal training courses designed to provide employees with the skills necessary for their role and future development. These courses are rolled out locally, with both internal and external trainers and supported with further training in Denmark via the Poul Due Jensen Academy. The company's benefit scheme is continually reviewed to ensure employees are rewarded and recognised during their employment.

FUTURE PROSPECTS

The strong market position of the Grundfos Group in the UK, allied to the expanding capabilities of Grundfos companies overseas, provides a sound base for continuing to expand Grundfos Service Limited which is the service company for the UK.

Approved by the Board of Directors
and signed on behalf of the Board



A Davies

Director

5 June 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 GRUNDFOS SERVICE LIMITED

We have audited the financial statements of Grundfos Service Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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, 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 annual report 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 misstatements or 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 31 December 2014 and of its profit for the year 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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
- we have not received all the information and explanations we require for our audit.



William Smith MA FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, UK

5 June 2015

GRUNDFOS SERVICE LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
TURNOVER	1, 2	7,794	7,566
Cost of sales		(5,630)	(5,512)
Gross profit		2,164	2,054
Administrative expenses		(1,972)	(1,950)
OPERATING PROFIT		192	104
Interest payable and similar charges	4	(10)	(12)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	182	92
Tax on profit on ordinary activities	6	70	-
PROFIT FOR THE FINANCIAL YEAR	15	252	92

All activities are derived from continuing operations.

There are no recognised gains or losses for the current or prior financial year other than as stated in the profit and loss account. Accordingly, a separate Statement of Total Recognised Gains and Losses has not been presented.

GRUNDFOS SERVICE LIMITED

BALANCE SHEET

As at 31 December 2014

	Note	£'000	2014 £'000	2013 £'000
FIXED ASSETS				
Intangible assets	7		272	204
Tangible assets	8		17	-
			<u>289</u>	<u>204</u>
CURRENT ASSETS				
Stocks	9	73		50
Debtors	10	1,817		1,452
Cash at bank and in hand		-		-
		<u>1,890</u>		<u>1,502</u>
CREDITORS: amounts falling due within one year	11	<u>(1,344)</u>		<u>(1,138)</u>
NET CURRENT ASSETS			<u>546</u>	<u>364</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			835	568
CREDITORS: amounts falling due after more than one year	12		(865)	(865)
PROVISIONS FOR LIABILITIES	13		<u>(95)</u>	<u>(80)</u>
NET LIABILITIES			<u>(125)</u>	<u>(377)</u>
CAPITAL AND RESERVES				
Called-up share capital	14		2,310	2,310
Profit and loss account	15		<u>(2,435)</u>	<u>(2,687)</u>
TOTAL SHAREHOLDERS' DEFICIT	15		<u>(125)</u>	<u>(377)</u>

The financial statements of Grundfos Service Limited (registered number 02028784) were approved and authorised for issue by the Board of Directors on 5 June 2015

Signed on behalf of the Board of Directors



A Davies

Director

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the company are described below and have been applied consistently in both the current and the prior year.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules.

Liquidity and going concern

The company's activities are described in the strategic report. The directors believe the company is structured to successfully manage and control the business risks it faces as an integral part of the broader Grundfos group, despite the current economic uncertainty. The company manages liquidity needs through a combination of cash balances and access to group-wide UK overdraft facilities which are guaranteed by the ultimate parent company. The company had net current assets of £546k at 31 December 2014 (2013: £364k) before preference shares of £865k which are repayable after more than one year due to Grundfos Pumps Limited, who have confirmed their ongoing support of the company for a period of not less than 12 months from the date of signing these accounts. Net liabilities improved to £125k at 31 December 2014 (2013: £377k). On this basis the directors have a reasonable expectation that the company can continue in operational existence for the foreseeable future and they can therefore continue to adopt the going concern basis in preparing the annual report and financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on the historical cost of all tangible fixed assets at rates calculated to write off the cost less estimated residual value by equal instalments over their estimated useful economic life.

Plant and machinery – 3 years

Intangible assets –software development costs

Software development costs are included at cost and depreciated in equal annual instalments over the period of their estimated useful economic life.

Software development – 8 years

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs. Provision is made where necessary for obsolete, slow moving and defective stocks.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover represents the amounts (excluding value added tax) receivable for goods and services provided to customers from the company's principal activity. Turnover is recognised at the point of delivery of goods or provision of services. Revenue from service contracts is recognised over the life of the contract in accordance with its terms.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised) to produce a cash flow statement since it is a wholly-owned subsidiary of a parent company which produces group accounts incorporating a consolidated cash flow statement.

Taxation

Current tax, including United Kingdom corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pension costs

The company contributes to the Grundfos Pumps Limited and its Subsidiary Companies Retirement and Death Benefit Scheme, a defined benefit multi-employer pension scheme, the assets of which are held in a separate trustee administered fund. The company is unable to identify its share of the underlying assets of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Contributions to the scheme are charged to the profit and loss account or capitalised as appropriate.

The company also contributes to three defined contribution pension schemes which are independent of the company's finances. Contributions are fixed by the fund managers and are charged against profits in the period they are made. The pension charge for the year is shown in note 3 to the financial statements.

GRUNDFOS SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2014

2. ANALYSIS OF TURNOVER

Turnover is wholly attributable to the company's principal activity.

An analysis by geographical location is set out below.

	2014 £'000	2013 £'000
Geographical analysis of turnover by location:		
United Kingdom	7,768	7,553
Rest of the World	26	13
	<u>7,794</u>	<u>7,566</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No directors' emoluments have been paid during the year (as the directors have been remunerated by other group companies). The directors consider that it is not practical to split out the remuneration relating to Grundfos Service Limited.

	2014 £'000	2013 £'000
Employee costs during the year:		
Wages and salaries	1,985	1,949
Social security costs	283	275
Pension costs	185	152
	<u>2,453</u>	<u>2,376</u>

	No.	No.
Average number of persons employed		
Production	41	40
Administration	25	26
	<u>66</u>	<u>66</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest on bank loans, overdrafts and other loans repayable within five years	10	12
	<u>10</u>	<u>12</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£'000	£'000
Profit on ordinary activities before taxation is after charging:		
Rentals under operating leases		
Vehicles	303	296
Other	33	32
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned assets	6	7
Fees payable to the company's auditor for the audit of the company's financial statements	14	15
Fees payable to the company's auditor for tax services	4	2
	<hr/> <hr/>	<hr/> <hr/>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

i) Analysis of tax credit on ordinary activities

	2014	2013
	£'000	£'000
Current tax		
United Kingdom corporation tax at 21.5% (2013: 23.3%) based on profit for the year	-	-
	<hr/>	<hr/>
Total Current Tax	-	-
 Adjustment in respect of prior periods		
Increase in estimate of recoverable deferred tax asset	(70)	-
	<hr/>	<hr/>
Total Deferred Tax	(70)	-
	<hr/> <hr/>	<hr/> <hr/>
Tax credit on profit on ordinary activities	(70)	-

GRUNDFOS SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2014

ii) Factors affecting the tax credit for the year

The tax credit assessed for the year is £70k (2013: £nil) resulting from applying the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	182	92
Tax at 21.49% (2013: 23.25%) thereon	39	21
Effects of:		
Expenses not deductible for tax purposes	2	3
Profit on disposal of Fixed Assets	(1)	
Capital allowances in excess of depreciation	(3)	(2)
Utilisation of tax losses	(42)	(30)
Movement in short term timing differences	4	9
Recognition of deferred tax asset	(70)	-
	<u>(70)</u>	<u>-</u>

- iii) At 31 December 2014 the company has losses of £441k (2013: £647k) available to set against future profits from the company's trade. A deferred tax asset of £70k has been recognised in respect of £350k (2013: £nil) of these losses. No deferred tax asset has been recognised in respect of the remainder of the losses of £91k (2013: £647k), being accelerated capital allowances and short term timing differences as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £58k (2013: £165k).

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of UK corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Accordingly, deferred tax balances have been valued to the lower rate of 20% in these accounts.

GRUNDFOS SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2014

7. INTANGIBLE ASSETS

	Software licences £'000
Cost	
At 1 January 2014	239
Additions	74
	<hr/>
At 31 December 2014	313
	<hr/>
Amortisation	
At 1 January 2014	35
Charge for the year	6
	<hr/>
At 31 December 2014	41
	<hr/>
Net book value	
At 31 December 2014	272
	<hr/>
At 31 December 2013	204
	<hr/>

8. TANGIBLE FIXED ASSETS

	Short leasehold properties £'000	Plant and machinery £'000	Office equipment and furniture £'000	Total £'000
Cost				
At 1 January 2014	-	9	29	38
Additions	-	17	-	17
Disposals	-	(9)	-	(9)
	<hr/>	<hr/>	<hr/>	<hr/>
At December 2014	-	17	29	38
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2014	-	(9)	(29)	(38)
Disposals	-	9	-	9
Charge for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At December 2014	-	-	(29)	(29)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2014	-	17	-	17
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

9. STOCKS

	2014 £'000	2013 £'000
Finished goods and goods for resale	73	50
	<hr/>	<hr/>
	73	50
	<hr/>	<hr/>

There is no material difference between the balance sheet value of stocks and their replacement cost.

GRUNDFOS SERVICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2014

10. DEBTORS

Amounts falling due within one year:	2014 £'000	2013 £'000
Trade debtors	1,412	1,271
Other debtors	129	2
Deferred tax asset (see note 6)	70	-
Amounts owed by group undertakings	138	148
Prepayments and accrued income	68	31
	<u>1,817</u>	<u>1,452</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Bank overdraft	40	55
Trade creditors	148	207
Amounts owed to group undertakings	641	213
Other taxation and social security	145	218
Accruals and deferred income	370	445
	<u>1,344</u>	<u>1,138</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £'000	2013 £'000
8% cumulative preference shares of £1	<u>865</u>	<u>865</u>

The company has authorised 900,000 non-equity cumulative preference shares of £1 each as at 31 December 2014 and 31 December 2013. As at 31 December 2014 and 31 December 2013, 865,000 were called up, allotted and fully paid.

The 8% cumulative preference shares of £1 each entitle the holder to receive a cumulative preferential dividend of 8% on the paid up capital. The holders of the 8% cumulative preference shares have waived their right to all dividends in the current year.

The preference shares are redeemable at the option of the company between 1 January 2000 and 31 December 2020. On redemption they shall be paid the amount paid up plus any arrears of fixed cumulative dividend.

On winding up, priority would be given to the preference shares in paying the paid up amount of the shares and any arrears of dividends.

The preference shares hold no voting rights unless the fixed dividend has been outstanding for more than six months or the directors are meeting to consider the winding up of, or reduction in capital of, the company. In either of these events, the preference shares give the shareholder one vote for each share held.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

13. PROVISIONS FOR LIABILITIES

	2014 £'000	2013 £'000
Jubilee Provision	95	80
	<u>95</u>	<u>80</u>
		£'000
i) Balance at 1 January 2014		80
Utilised		(2)
Charge to profit and loss account		17
		<u>95</u>
Balance at 31 December 2014		<u>95</u>

The Jubilee provision is recognised in respect of long service bonuses offered to employees. It is expected that the provision will continue to accrue and be utilised once employees reach the relevant milestone.

14. CALLED-UP SHARE CAPITAL

	2014 No.	2014 £'000	2013 No.	2013 £'000
Called-up, allotted and fully paid				
Ordinary shares of £1	2,310,000	2,310	2,310,000	2,310
	<u>2,310,000</u>	<u>2,310</u>	<u>2,310,000</u>	<u>2,310</u>

The ordinary shares give the shareholder one vote for each share held and are entitled to an equal share of profits which the company chooses to distribute, or are distributed on winding up, after the rights of the 8% cumulative preference shares have been satisfied.

15. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT AND STATEMENT OF MOVEMENT ON RESERVES

	Called-up share capital £'000	Profit and loss account £'000	Total Shareholders' deficit 2014 £'000	Total Shareholders' deficit 2013 £'000
At 1 January	2,310	(2,687)	(377)	(469)
Profit for the year	-	252	252	92
	<u>2,310</u>	<u>(2,435)</u>	<u>(125)</u>	<u>(377)</u>
At 31 December	<u>2,310</u>	<u>(2,435)</u>	<u>(125)</u>	<u>(377)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

16. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company was committed to making the following payments during the next year in respect of operating leases:

	Other 2014 £'000	Other 2013 £'000
Leases which expire:		
Within one year	108	3
Within one to two years	116	150
Within two to five years	101	133
	<u>325</u>	<u>286</u>

17. PENSION COMMITMENTS

The pension cost figures used in these accounts comply with Financial Reporting Standard No. 17 "Retirement Benefits" (revised).

The Grundfos group operates the Grundfos Pumps Limited and its subsidiary companies Retirement and Death Benefit Scheme, a defined benefit pension scheme. The assets of the scheme are held in separate trustee administered funds. The scheme is subject to triennial valuation by independent actuaries, the latest completed valuation being carried out as at 1 November 2011 using the projected unit method.

At the last actuarial valuation date the market value of the assets in the scheme was approximately £51,699k however this valuation was sufficient to cover 81% of the liabilities which had accrued to members, after allowing for the expected future increases in earnings. As a result of the Actuarial Valuation the trustees and the company have agreed a schedule of contributions and recovery plan aimed at removing the deficit by 2017.

The Retirement and Death Benefit Scheme is a multi-employer scheme and the contributions made are affected by a surplus or deficit in the scheme. However, as the company cannot identify its share of the underlying assets and liabilities and in accordance with paragraph 9(b) of FRS 17, the company will account for the scheme as a defined contribution scheme.

At 31 December 2014, under FRS 17 valuation rules there was a deficit of £17,566k (2013: £6,486k) in the scheme. During the year the total group pension costs included an additional top up contribution of £2,800k (2013: £2,800k).

The company also contributes to a defined contribution scheme and accordingly the cost of providing pensions is charged to the profit and loss account as payments are made. The pension cost in the company for the year is £185k (2013: £152k). The amounts due to any scheme at the year-end are £2k (2013: £14k).

Pension fund assets are held independently of the company.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

17. PENSION COMMITMENTS (continued)

The financial assumptions used to calculate the assets of the scheme under FRS 17 are set out below:

	2014	2013
Rate of increase in salaries	2.5%	2.5%
Rate of increase in pensions in payment	3.0%	3.3%
Discount rate	3.5%	4.6%
Inflation assumption	3.2%	3.5%

Mortality assumptions are based on the standard actuarial tables (SINMA and SINFA) projected using medium cohort improvement factors in line with year of birth.

The assets in the Scheme and the expected rate of return were:

	Long term rate of return expected at 31 December 2014	Value at 31 December 2014 £'000	Long term rate of return expected at 31 December 2013	Value at 31 December 2013 £'000
Equities	5.4%	38,156	6.60%	32,907
Bonds	2.6%	42,003	3.75%	35,483
Cash	2.4%	109	3.60%	341
Total market value of assets		80,268		68,731
Present value of scheme liabilities		(97,834)		(75,217)
Deficit in the scheme		(17,566)		(6,486)
Related deferred tax asset		3,513		1,297
Net pension liability		(14,053)		(5,189)

Amounts that would be recognised in the balance sheet

	2014 £'000	2013 £'000
Present value of funded obligations	(97,834)	(75,217)
Fair value of plan assets	80,268	68,731
Deficit in scheme at end of the year	(17,566)	(6,486)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

17. PENSION COMMITMENTS (continued)

Amounts that would be recognised in profit or loss

	2014	2013
	£'000	£'000
Current service cost	902	791
Interest on obligation	3,419	3,084
Expected return on plan assets	(3,573)	(2,883)
	<u>748</u>	<u>992</u>

Amounts that would be recognised in statement
of total recognised gains and losses

	2014	2013
	£'000	£'000
Total actuarial loss	(14,382)	(2,838)
Actual return on plan assets	8,885	6,134
	<u>8,885</u>	<u>6,134</u>

Changes in the present value of defined benefit obligation

	2014	2013
	£'000	£'000
Opening defined benefit obligation	75,217	66,357
Service cost, net of employee contributions	902	791
Interest cost	3,419	3,084
Contributions by plan participants	378	419
Actuarial loss	19,694	6,089
Benefits paid	(1,776)	(1,523)
	<u>97,834</u>	<u>75,217</u>

Changes in the fair value of plan assets during the year

	2014	2013
	£'000	£'000
Opening fair value of plan assets	68,731	60,070
Expected return on plan assets	3,573	2,883
Actuarial gain	5,312	3,251
Contributions by employer	4,050	3,631
Contributions by plan participants	378	419
Benefits paid	(1,776)	(1,523)
	<u>80,268</u>	<u>68,731</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

17. PENSION COMMITMENTS (continued)

Amounts for the current and previous four periods

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Defined benefit obligation	(97,834)	(75,217)	(66,357)	(58,089)	(58,545)
Plan assets	80,268	68,731	60,070	52,113	46,897
Deficit in the scheme	<u>(17,566)</u>	<u>(6,486)</u>	<u>(6,287)</u>	<u>(5,976)</u>	<u>(11,648)</u>
Experience losses/(gains) on plan liabilities	(179)	(712)	(3,241)	1,014	51
Experience losses/(gains) on plan assets	<u>5,312</u>	<u>3,251</u>	<u>2,189</u>	<u>(548)</u>	<u>1,230</u>

18. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 "Related Party Disclosures" which allows it not to disclose transactions with wholly-owned group companies or investees of the group qualifying as related parties.

During the year, the company made sales and purchased goods, in the ordinary course of business to and from the following group companies who fall outside of this exemption as follows:

	Sales	Purchases	Amounts owing to the company at 31 December 2014 £'000	Amounts owed by the company at 31 December 2014 £'000
	£'000	£'000	£'000	£'000
Grundfos Pumps Limited	2,447	1,378	222	134
Grundfos Manufacturing Limited	0	427	31	0
Grundfos (Ireland) Limited	7	42	3	2

19. ULTIMATE HOLDING COMPANY

The company is a subsidiary of Grundfos Pumps Limited, a company registered in England and Wales. The ultimate parent company is Poul Due Jensen's Foundation established in Denmark.

The parent undertaking of the only group which includes the company and for which group accounts are prepared is Poul Due Jensen's Foundation established in Denmark. A copy of the group accounts is available at Poul Due Jensen's Foundation, Bjerringbro, Denmark.