Company Registration No. 2028784

GRUNDFOS SERVICE LIMITED

Report and Financial Statements

31 December 2012

GRUNDFOS SERVICE LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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GRUNDFOS SERVICE LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Cooper
M Benini
A Davies

SECRETARY

C Ellis (Resigned 22nd February 2012, Re-appointed 15th September 2012)
T Hill (Appointed 22nd February 2012, Resigned 15th September 2012)

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 Registered Auditor
Nottingham, UK

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

ACTIVITIES

The principle activities of Grundfos Service Limited (formerly Grundfos Europump 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

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

2012 was a challenging but positive year for Grundfos Service Limited

As shown in the company's Profit and Loss account detailed on page 6, the company's turnover has increased on prior year by 5% (external sales by 6 3%), to £7,322k (£5,282k external sales) The company also showed a return to modest profitability, showing a profit of £22k for 2012 (2011 £115k loss) 2012 saw a new General Manager assume responsibility of the company and from 2nd January 2013, the name of the company changed from Grundfos Europump Limited to Grundfos Service Limited

During 2012, the company saw significant growth within the HVAC (Heating, Ventilation and Air Conditioning) business, as a result of increased partnership with a number of Facilities Management companies across the UK With 16% growth on prior year, HVAC sales accounted for 51% of external sales during 2012, at £2,973k (£4,068k combined sales) The Fire business represented 35% of external sales during 2012, at £1,994k (£2,112k combined sales) During 2012, the Fire business saw a modest 1% growth in external revenue on prior year Workshop sales accounted for 11% of external sales during 2012 at £652k (£739k combined sales) The Workshop business saw 13% increase in turnover on prior year and is mainly attributed to an increased sale of service exchange units Though the company has seen reduced sales in the Project business, Grundfos Service Limited will continue to work closely with Grundfos Pumps Limited in order to support the future installations and refurbishment activities across the UK water utility companies

The main focus areas for 2013 are the further development of the HVAC, Fire and Workshop businesses During 2012, the company recruited two Energy Sales Engineers to grow HVAC sales, strengthen our position and ultimately drive growth within the company Additionally, growth within the Fire and Workshop businesses is anticipated through new agreements and revised service offerings

The directors are not aware, at the date of this report, of any other 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 2012 and in to 2013, the company has committed to 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, through the increase resource during 2012, the company has been able to reduce the average time taken for customers to pay from 72 3 days (2011) to 70 8 days (2012) Physical stock was maintained under control reducing from £61k (2011) to £59k (2012)

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 The company had net liabilities of £469k at 31 December 2012 (2011 £491k) however this is after preference shares of £865k which are repayable after more than one year due to Grundfos Pumps Limited who confirmed their ongoing support of the company for a period of not less than 12 months from June 2013 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

DIRECTORS' REPORT

EMPLOYEES

Due to continued growth, the headcount of the company (as at the end of year) stands at 69 (2011 68) with further growth already planned in for 2013

DIVIDENDS AND TRANSFERS FROM RESERVES

The directors do not recommend the payment of a dividend (2011 £nil) A profit of £22k (2011 loss £115k) has been transferred to reserves

DIRECTORS

The directors, who served during the year, including appointments and resignations, are included on page 1 The present membership of the Board is set out below

D Cooper
M Benini
A Davies

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 was passed at the Annual General Meeting

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

D Cooper

Director

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 (formerly Grundfos Europump Limited) for the year ended 31 December 2012 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 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 2012 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 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, or

David Hall, FCA

David Hall FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Nottingham, UK

15 August 2013

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2012

	Note	2012 £'000	2011 £'000
TURNOVER	1, 2	7,322	6,943
Cost of sales		(5,282)	(5,185)
Gross profit		2,040	1,758
Administrative expenses		(2,006)	(1,862)
OPERATING PROFIT / (LOSS)		34	(104)
Interest payable and similar charges	4	(12)	(11)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	22	(115)
Tax on profit/(loss) on ordinary activities	6	-	-
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	15	22	(115)

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
31 December 2012

	Note	£'000	2012 £'000	£'000	2011 £'000
FIXED ASSETS					
Intangible assets	7		112		12
Tangible assets	8		-		2
			112		14
CURRENT ASSETS					
Stocks	9	47		61	
Debtors	10	1,461		1,610	
Cash at bank and in hand		-		7	
		1,508		1,678	
CREDITORS. amounts falling due within one year	11	(1,172)		(1,240)	
NET CURRENT ASSETS			336		438
TOTAL ASSETS LESS CURRENT LIABILITIES			448		452
CREDITORS: amounts falling due after more than one year	12		(865)		(865)
PROVISIONS FOR LIABILITIES	13		(52)		(78)
NET LIABILITIES			(469)		(491)
CAPITAL AND RESERVES					
Called up share capital	14		2,310		2,310
Profit and loss account	15		(2,779)		(2,801)
TOTAL SHAREHOLDERS' DEFICIT	15		(469)		(491)

The financial statements of Grundfos Service Limited, registered number 2028784, were approved and authorised for issue by the Board of Directors on 5 July 2013

Signed on behalf of the Board of Directors

D Cooper

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2012

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 directors' 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 liabilities of £469k at 31 December 2012 (31 December 2011 £491k) however this is after preference shares of £865k which are repayable after more than one year due to Grundfos Pumps Limited who confirmed their ongoing support of the company for a period of 12 months from June 2013 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

Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets to write off the cost less the estimated residual value by equal instalments over their estimated useful economic lives as follows

Leasehold land and buildings	Life of lease
Plant and machinery	10% - 33%
Office equipment, Fixtures and fittings	10% - 33%

Stocks and work in progress

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 In the case of manufactured products, cost includes all direct expenditure and production overheads based on a normal level of activity Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition Provision is made where necessary for obsolete, slow moving and defective stocks

Work in progress is stated at cost Full provision is made for all known and expected losses as soon as they are foreseen

Intangible assets – software licences

Software licences are included at cost and depreciated in equal annual instalments over the period of the licence, which is their estimated useful economic life Provision is made for any impairment

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

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

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 controlled 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 accounts

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

2. ANALYSIS OF TURNOVER

Turnover is wholly attributable to the company's principal activity

An analysis by geographical location is set out below

	2012 £'000	2011 £'000
Geographical analysis of turnover by location:		
United Kingdom	7,317	6,931
Rest of the World	5	12
	7,322	6,943

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2012 £'000	2011 £'000
Directors' emoluments:		
Emoluments and fees	-	-

	No.	No.
The number of directors who were members of a defined contribution pension scheme	-	-

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

	2012 £'000	2011 £'000
Employee costs during the year:		
Wages and salaries	1,891	2,133
Social security costs	256	231
Pension costs	110	98
	2,257	2,462

	No.	No.
Average number of persons employed		
Production	42	45
Administration	25	22
	67	67

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
Interest on bank loans, overdrafts and other loans repayable within five years	12	11

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

5. PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012 £'000	2011 £'000
Profit/(loss) on ordinary activities before taxation is after charging		
Rentals under operating leases		
Plant & machinery	347	292
Other	21	12
Depreciation and other amounts written off tangible and intangible fixed assets		
Own assets	7	15
Fees payable to the company's auditor for the audit of the company's financial statements	14	14
Fees payable to the company's auditor for tax services	2	2

6. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities

	2012 £'000	2011 £'000
Current tax		
United Kingdom corporation tax at 24 5% (2011 26 5%) based on profit/(loss) for the year	-	-

ii) Factors affecting the tax charge for the year

The tax assessed for the year is £0 (2011 £0) resulting from applying the standard rate of corporation tax in the UK of 24 5% (2011 26 5%) The differences are explained below

	2012 £'000	2011 £'000
Profit/(loss) on ordinary activities before tax	22	(115)
Tax at 24 5% (2009 – 26 5%) thereon	5	(30)
Effect of:		
Expenses not deductible for tax purposes	3	52
Depreciation in excess of capital allowances	(2)	(4)
Utilisation of tax losses	(2)	(17)
Movement in short term timing differences	(5)	(10)
	-	-

iii) At 31 December 2012 the company has losses of £772k (2011 £734k) available to set against future profits from the company's trade A deferred tax asset has not been recognised in respect of timing differences relating to these tax losses, accelerated capital allowances and short term timing differences as there is insufficient evidence that the asset will be fully recovered The amount of the asset not recognised is £213k (2011 £226k)

A change in the corporation tax rate from 26% to 24% was enacted in the year to be effective from 1 April 2012 A provision for taxation has been made at 24 5%

A further reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013 was substantively enacted on 3 July 2012

The government has also indicated that it intends to enact future reductions in the main rate of 1% each year down to 21% by 1 April 2014

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

7. INTANGIBLE ASSETS

	Software licence £'000
Cost at 1 January 2012	35
Additions	105
At 31st December 2012	140
Amortisation	
At 1 January 2012	23
Charge for the year	5
At 31 December 2012	28
Net book value	
At 31 December 2012	112
At 31 December 2011	12

8. TANGIBLE FIXED ASSETS

	Short leasehold properties £'000	Plant and machinery £'000	Office equipment and furniture £'000	Total £'000
Cost				
At 1 January and 31 December 2012	72	15	33	121
Depreciation				
At 1 January 2012	72	15	31	119
Charge for the year	-	-	2	2
At 31 December 2012	72	15	33	121
Net book value				
At 31 December 2012	-	-	-	-
At 31 December 2011	-	-	2	2

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

9. STOCKS

	2012 £'000	2011 £'000
Work in progress	-	3
Finished goods and goods for resale	47	58
	47	61

10. DEBTORS

	2012 £'000	2011 £'000
Trade debtors	1,306	1,304
Other debtors	3	31
Amounts owed by group undertakings	139	34
Prepayments and accrued income	13	241
	1,461	1,610

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Bank overdraft	302	449
Trade creditors	260	424
Amounts owed to group undertakings	152	96
Accruals and deferred income	458	113
	1,172	1,240

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

	2012 £'000	2011 £'000
8% cumulative preference shares of £1	865	865

The company has authorised 900,000 non-equity cumulative preference shares of £1 each as at 31 December 2012 and 31 December 2011 As at 31 December 2012 and 31 December 2011, 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 (continued)
Year ended 31 December 2012

13. PROVISIONS FOR LIABILITIES

	2012 £'000	2011 £'000
Jubilee Provision	52	78

	£'000
Balance at 1 January 2012	78
Utilised	(5)
Credit to profit and loss account	(21)
Balance at 31 December 2012	52

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. SHARE CAPITAL

	2012 No.	2012 £'000	2011 No.	2011 £'000
Called up, allotted and fully paid				
Ordinary shares of £1	2,310,000	2,310	2,310,000	2,310

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 2012 £'000	Total Shareholders' deficit 2011 £'000
At 1 January	2,310	(2,801)	(491)	(376)
Profit/(Loss)/ for the year		22	22	(115)
At 31 December	2,310	(2,779)	(469)	(491)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

16 OPERATING LEASE COMMITMENTS

At 31 December 2012 the company was committed to making the following payments during the next year in respect of operating leases

	Other 2012 £'000	Other 2011 £'000
Leases which expire		
Within one year	15	99
Within one to two years	14	35
Within two to five years	217	163
	245	298

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 £51,669k 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 2012, under FRS 17 valuation rules there was a deficit of £6,287k (2011 £5,976k) in the scheme During the year the total group pension costs included an additional top up contribution of £2,800k (2011 £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 £110k (2011 £98k) The amounts due to any scheme at the year-end are £10k (2011 £7k)

Pension fund assets are held independently of the company

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

	2012	2011
Rate of increase in salaries	2 5%	2 5%
Rate of increase in pensions in payment	2 7%	2 7%
Discount rate	4 7%	4 6%
Inflation assumption	2 7%	2 7%

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

17 PENSION COMMITMENTS (continued)

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

	Long term rate of return expected at 31 December 2012	Value at 31 December 2012 £'000	Long term rate of return expected at 31 December 2011	Value at 31 December 2011 £'000
Equities	5 20%	25,880	6 00%	23,523
Bonds	4 40%	33,949	3 70%	28,456
Cash	2 70%	241	2 80%	134
Total market value of assets		60,070		52,113
Present value of scheme liabilities		(66,357)		(58,089)
Deficit in the scheme		(6,287)		(5,976)
Related deferred tax asset		1,446		1,494
Net pension liability		(4,841)		(4,482)

Amounts that would be recognised in the balance sheet

	2012 £'000	2011 £'000
Present value of funded obligations	(66,357)	(58,089)
Fair value of plan assets	60,070	52,113
Deficit in scheme at end of the year	(6,287)	(5,976)

Amounts that would be recognised in the profit and loss

	2012 £'000	2011 £'000
Current service cost	730	843
Interest on obligation	2,653	3,136
Expected return on plan assets	(2,543)	(2,632)
Past service cost	-	(3,775)
	840	(2,428)
Actual return on plan assets	4,732	2,084

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

17 PENSION COMMITMENTS (continued)

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

Total actuarial (loss) / gain recognised	(3,134)	(471)

Changes in the present value of defined benefit obligation

	2012 £'000	2011 £'000
Opening defined benefit obligation	58,089	58,545
Service cost, net of employee contributions	730	843
Interest cost	2,653	3,136
Contributions by plan participants	409	372
Actuarial loss/(gain)	5,323	(77)
Benefits paid	(847)	(955)
Past Service Costs	-	(3,775)
Closing defined benefit obligation	66,357	58,089

Changes in the fair value of plan assets during the year

	2012 £'000	2011 £'000
Opening fair value of plan assets	52,113	46,897
Expected return on plan assets	2,543	2,632
Actuarial loss/(gain)	2,189	(548)
Contributions by employer	3,663	3,715
Contributions by plan participants	409	372
Benefits paid	(847)	(955)
Closing fair value of plan assets	60,070	52,113

Amounts for the current and previous four periods

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined benefit obligation	(66,357)	(58,089)	(58,545)	(53,422)	(39,991)
Plan assets	60,070	52,113	46,897	39,917	32,282
Deficit in the scheme	(6,287)	(5,976)	(11,648)	(13,505)	(7,709)
Experience losses/(gains) on plan liabilities	(3,241)	1,014	51	1,256	(104)
Experience losses/(gains) on plan assets	2,189	(548)	1,230	3,675	(5,028)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

18 RELATED PARTY DISCLOSURES

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

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