Company Registration No. 2028784

GRUNDFOS EUROPUMP LIMITED

Report and Financial Statements

31 December 2010

REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Cooper
M Benini

SECRETARY

C Ellis (Appointed 12th January 2010)
J Matthews (Resigned 12th January 2010)

REGISTERED OFFICE

Grundfos House
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

BTO
45/51 Hanover Street
Edinburgh
EH2 2PJ

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Birmingham

DIRECTORS' REPORT (Continued)

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

ACTIVITIES

The principal activities of the company are the after-sales service to a wide range of industrial, commercial and domestic pumps, including risk management through the sale of preventative maintenance contracts and general remedial work

Through the newly introduced Pump Audit Tool, we are able to offer energy audits on customer premises, providing them with an in depth analysis of the pumps they have on site and recommendations and a pay back period for replacement pumps

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

There have not been any significant changes in the company's principal activities in the year under review The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year

As shown in the company's profit and loss account on page 6, the company's turnover has decreased by 10 7% over the prior year continuing operations and profit before tax for 2010 is £155,000 (2009 £123,000 losses)

Despite the economic climate Grundfos Europump Ltd seen strong growth in the HVAC sector, which accounts for 57% of the company's turnover This area of the business has experienced an 8 5% growth in turnover to £2 34 million (2009 £2 16 million) The decline in external sales from 2009 primarily comes from our decision to exit the contracts market at the end of 2008 In 2009 contracts revenue had accounted for £887,000

Through improved profits Grundfos Europump Ltd was able to reinstate salaries back to the levels they were in June 2009, and remove the recruitment freeze The first position to fill was a salesman for the fire division

The main focus for 2011 is to grow our fire business, working closely alongside our parent company Grundfos Pumps Ltd we will set up a new business unit combining both company's results, with the view to strengthen our position in this market

PRINCIPAL RISKS AND UNCERTAINTIES

Service and repair work is far more profitable than contract work, which means that we are open to the threat from competitors undercutting our hourly rate to win the work We also need to consider that other manufacturers will not offer the same level of delivery lead times we enjoy from our parent company, Grundfos Pumps Limited which could leave us uncompetitive in the third party repair market

Our biggest asset is our people and the skills they have We have started on a journey to increase the skills level of all our engineers, in doing so we leave ourselves open to the risk of some migrating to other positions both internally and externally to further their career

Through an increase focus in debt collection by formalising procedures and tightening controls resulted in an improvement in the length of time customers take to pay, falling from 2 8 months in 2009 to 2 5 months in 2010

In order to improve working capital greater emphasis has been made on reducing the stock we hold in both the warehouse and in the engineer's vehicles, this is reflected in the stock value which has fallen from £175,000 to £98,000

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 £376,000 at 31 December 2010 (31 December 2009 £531,000) however this is after preference shares of £865,000 which are repayable after more than one year due to Grundfos Pumps Limited who confirmed there ongoing support of the company for a period of not less than 12 months from the ate of these financial statements 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 (Continued)

EMPLOYEES

Due to the uncertainty of the economic climate recruitment was placed on hold the total headcount remains at 60

DIVIDENDS AND TRANSFERS FROM RESERVES

The directors do not recommend the payment of a dividend (2009 £nil) A profit of £155,000 (2009 £123,000 loss) has been transferred to reserves

DIRECTORS AND THEIR INTERESTS

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

AUDITORS

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 auditors are 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 auditors are 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 EUROPUMP LIMITED

We have audited the financial statements of Grundfos Europump Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18 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

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 2010 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
Birmingham, UK

24 March 2011

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
TURNOVER	1, 2	6,206	6,946
Cost of sales		(4,326)	(5,330)
Gross profit		1,880	1,616
Administrative expenses		(1,716)	(1,718)
OPERATING PROFIT/(LOSS)		164	(102)
Interest payable and similar charges	4	(9)	(21)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	155	(123)
Tax on profit/(loss) on ordinary activities	6	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14	155	(123)

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

BALANCE SHEET
31 December 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
FIXED ASSETS					
Intangible assets	7		18		26
Tangible assets	8		11		32
			29		58
CURRENT ASSETS					
Stocks	9	99		175	
Debtors	10	1,214		1,314	
Cash at bank and in hand		11		132	
		1,324		1,621	
CREDITORS amounts falling due within one year	11	(864)		(1,345)	
NET CURRENT ASSETS			460		276
TOTAL ASSETS LESS CURRENT LIABILITIES			489		334
CREDITORS· amounts falling due after more than one year	12		(865)		(865)
NET LIABILITIES			(376)		(531)
CAPITAL AND RESERVES					
Called up share capital	13		2,310		2,310
Profit and loss account	14		(2,686)		(2,841)
TOTAL SHAREHOLDERS' DEFICIT	14		(376)		(531)

The financial statements of Grundfos Europump Limited, registered number 2028784, were approved and authorised for issue by the Board of Directors on 23 March 2011

Signed on behalf of the Board of Directors

D Cooper

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

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 £376,000 at 31 December 2010 (31 December 2009 £531,000) however this is after preference shares of £865,000 which are repayable after more than one year due to Grundfos Pumps Limited who confirmed there ongoing support of the company for a period of not less than 12 months from the ate of these financial statements 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 or valuation, 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

Long term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received and progress payments on account Excess progress payments are included in creditors as payments on account Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock

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 ACCOUNTS (continued)
Year ended 31 December 2010

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

Profit is recognised on long-term contracts if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses Turnover is calculated as the proportion of the total contract value which costs incurred to date bear to total expected costs for that contract

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 ACCOUNTS (continued)
Year ended 31 December 2010

2. ANALYSIS OF TURNOVER

Turnover is wholly attributable to the company's principal activity

An analysis by geographical location is set out below

	2010 £'000	2009 £'000
Geographical analysis of turnover by location:		
United Kingdom	6,193	6,928
Rest of the World	13	18
	6,206	6,946

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010 £'000	2009 £'000
Directors' emoluments:		
Emoluments and fees	-	-
	No	No.
The number of directors who were members of a defined contribution pension scheme	-	-

No directors' emoluments, other than the fees noted above, 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 Europump Limited (formerly Europump Services Limited)

	2010 £'000	2009 £'000
Employee costs during the year		
Wages and salaries	1,831	2,034
Social security costs	186	226
Pension costs	79	94
	2,096	2,354
	No.	No
Average number of persons employed		
Production	45	57
Administration	14	16
	59	73

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Interest on bank loans, overdrafts and other loans repayable within five years	9	21

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2010

5 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before taxation is after charging		
Rentals under operating leases		
Plant & machinery	286	324
Other	57	62
Depreciation and other amounts written off tangible and intangible fixed assets		
Own assets	31	45
Fees payable to the company's auditors for the audit of the company's financial statements	13	16
Fees payable to the company's auditors for tax services	2	2
Redundancy costs	2	8

6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities

	2010 £'000	2009 £'000
Current tax		
United Kingdom corporation tax at 28% (2009 – 28%) based on profit/(loss) for the year	-	-

ii) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2009 higher) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before tax	155	(123)
Tax at 28 0% (2009 – 28%) thereon	43	(34)
Effect of		
Expenses not deductible for tax purposes	11	13
Depreciation in excess of capital allowances	(1)	2
Utilisation of tax losses	(45)	-
Movement in short term timing differences	(8)	11
Group relief for which no payment received	-	8
	-	-

iii) At 31 December 2010 the company has losses of £776,000 (2009 £963,000) 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 £246,000 (2009 £327,000)

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2010

7. INTANGIBLE ASSETS

	Software licences £'000
Cost	
At 1 January 2010	35
Additions	-
At 31 December 2010	35
Amortisation	
At 1 January 2010	9
Charge for the year	8
At 31 December 2010	17
Net book value	
At 31 December 2010	18
At 31 December 2009	26

8. TANGIBLE FIXED ASSETS

	Short leasehold properties £'000	Plant and machinery £'000	Office equipment and furniture £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 January 2010	72	16	70	42	200
Additions	-	-	1	-	1
Disposals	-	(1)	(34)	(22)	(57)
At 31 December 2010	72	15	37	20	144
Depreciation					
At 1 January 2010	59	12	62	35	168
Charge for the year	7	4	5	7	23
Disposals	-	(1)	(35)	(22)	(58)
At 31 December 2010	66	15	32	20	133
Net book value					
At 31 December 2010	6	-	5	-	11
At 31 December 2009	13	4	8	7	32

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2010

9. STOCKS

	2010 £'000	2009 £'000
Work in progress	-	-
Finished goods and goods for resale	99	175
	99	175

10. DEBTORS

	2010 £'000	2009 £'000
Trade debtors	1,119	1,119
Amounts recoverable on contracts	4	22
Amounts owed by group undertakings	1	58
Prepayments and accrued income	90	115
	1,214	1,314

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Bank overdraft	223	-
Payments received on account	3	26
Trade creditors	255	275
Amounts owed to group undertakings	81	69
Short-term loan from group undertakings	-	680
Taxation and social security costs	142	123
Accruals and deferred income	160	172
	864	1,345

The bank overdraft is secured by a fixed and floating charge over the business and assets of the company

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2010

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

	2010 £'000	2009 £'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 2010 and 31 December 2009 As at 31 December 2010 and 31 December 2009, 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

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

13 SHARE CAPITAL

	2010 No.	2010 £'000	2009 No.	2009 £'000
Authorised				
Ordinary shares of £1	2,600,000	2,600	2,600,000	2,600
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

14 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 2010 £'000	Total Shareholders' deficit 2009 £'000
At 1 January	2,310	(2,841)	(531)	(408)
Profit/(loss) attributable to members of the company	-	155	155	(123)
At 31 December	2,310	(2,686)	(376)	(531)

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2010

15. OPERATING LEASE COMMITMENTS

At 31 December 2010 the company was committed to making the following payments during the next year in respect of operating leases

	Land & buildings 2010 £'000	Other 2010 £'000	Land & buildings 2009 £'000	Other 2009 £'000
Leases which expire				
Within one year	-	161	-	18
Within one to two years	-	55	-	148
Within two to five years	-	4	-	103
	-	220	-	269

16. 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 & 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 2008 using the projected unit method

At the last actuarial valuation date the market value of the assets in the scheme was approximately £29,915,000 however this valuation was sufficient to cover 57% 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 & Death Benefit Scheme pension cost for the year was £43,000, (2009 £45,000)

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 2010, under FRS 17 valuation rules there was a deficit of £11,648,000, (2009 £13,505,000) in the scheme During the year the total group pension costs included an additional top up contribution of £2,800,000, (2009 £2,800,000)

In 2010 the company had also contributed to two defined contribution schemes and accordingly the cost of providing these pensions is charged to the profit and loss account as payments are made During the year these pension costs were £36,000 (2009 £49,000) The amounts due to these schemes at the year end were £5,000 (2009 £6,000)

Pension fund assets are held independently of the company

Disclosures in relation to the Grundfos Pumps Limited and its subsidiary companies Retirement & Death Benefit Scheme are as follows

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

	31 December 2010	31 December 2009
Rate of increase in salaries	4 00%	4 20%
Rate of increase in pensions in payment	3 20%	3 40%
Discount rate	5 40%	5 70%
Inflation assumption	3 50%	3 70%

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2010

16 PENSION COMMITMENTS (continued)

Mortality assumptions are based on the standard actuarial tables (PCMA00 and PCFA00) 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 2010	Value at 31 December 2010 £'000	Long term rate of return expected at 31 December 2009	Value at 31 December 2009 £'000
Equities	6 40%	20,377	6 90%	15,885
Bonds	4 70%	25,719	5 10%	23,154
Index linked gilts	6 40%	185	6 90%	175
Cash	4 00%	616	4 40%	703
Total market value of assets		46,897		39,917
Present value of scheme liabilities		(58,545)		(53,422)
Deficit in the scheme		(11,648)		(13,505)
Related deferred tax asset		3,145		3,781
Net pension liability		(8,503)		(9,724)

Amounts that would be recognised in the balance sheet

	2010 £'000	2009 £'000
Present value of funded obligations	(58,545)	(53,422)
Fair value of plan assets	46,897	39,917
Deficit in scheme at end of the year	(11,648)	(13,505)

Amounts that would be recognised in profit or loss

	2010 £'000	2009 £'000
Current service cost	1,297	681
Interest on obligation	3,023	2,493
Expected return on plan assets	(2,414)	(1,777)
Gains on curtailments and settlements	-	(45)
	1,906	1,352
Actual return loss/(gain) on plan assets	3,644	5,452

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2010

16. PENSION COMMITMENTS (continued)

Changes in the present value of defined benefit obligation

	2010 £'000	2009 £'000
Opening defined benefit obligation	53,422	39,991
Service cost, net of employee contributions	1,297	681
Interest cost	3,023	2,493
Contributions by plan participants	247	496
Actuarial gain	1,165	11,873
Benefits paid	(789)	(2,067)
Curtailments	-	(45)
Closing defined benefit obligation	58,545	53,422

Changes in the fair value of plan assets during the year

	2010 £'000	2009 £'000
Opening fair value of plan assets	39,917	32,282
Expected return on plan assets	2,414	1,777
Actuarial gain/(loss)	1,230	3,675
Contributions by employer	3,698	3,754
Contributions by plan participants	427	496
Benefits paid (for 2009 including expenses)	(789)	(2,067)
Closing fair value of plan assets	46,897	39,917

Amounts for the current and previous four periods

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Defined benefit obligation	(58,545)	(53,422)	(39,991)	(42,656)	(39,964)
Plan assets	46,897	39,917	32,282	31,017	24,816
Deficit in the scheme	(11,648)	(13,505)	(7,709)	(11,639)	(15,148)
Experience gains/(losses) on plan liabilities	51	1,256	(104)	(1,838)	(28)
Experience gains/(losses) on plan assets	1,230	3,675	(5,028)	357	892

17. RELATED PARTY TRANSACTIONS

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 entities or investees of the group qualifying as related parties

18. 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