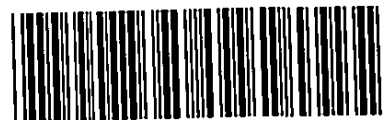


Company Registration No 2058784 (England and Wales)

**CUMMINS POWER GENERATION (UK) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

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# CUMMINS POWER GENERATION (UK) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	L L Satterthwaite R Eyres J M Perkins J M Day
<b>Secretary</b>	J Berenzweig
<b>Company number</b>	2058784
<b>Registered office</b>	49 - 51 Gresham Road Staines Middlesex TW18 2BD
<b>Auditors</b>	Rawlinsons Ruthlyn House 90 Lincoln Road Peterborough PE1 2SP
<b>Business address</b>	Unit 1, Reynolds Industrial Park Stevern Way Fengate Peterborough PE1 5EL

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# CUMMINS POWER GENERATION (UK) LIMITED

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Notes to the financial statements	9 - 21

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# **CUMMINS POWER GENERATION (UK) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2009**

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The directors present their report and financial statements for the year ended 31 December 2009

#### **Principal activities and review of the business**

The principal activity of the company continued to be that of the sale of AC generating sets into Marine, commercial vehicle and portable sectors

In 2009 overall revenue was £8.9m which was a 25% drop over the previous year. This was due to the overall economic and market conditions and was primarily in the marine sector.

Marine revenue in 2009 was down by just over 30% compared with 2008. Due to picking up new sales accounts during this period, this was better than the general market situation which was estimated at a 40-45% drop over 2008 sales. The recreational boat sector, below a boat length of 60ft, was the worse affected by the recession and by the situation at the banks and financial institutions in terms of lending money. This trend will continue through 2010 in some countries, but forecasts are indicating a small growth in countries such as the UK, France and Turkey compared to 2009.

The commercial mobile business grew in 2009 by over 30% as this market was less affected by the economic conditions. Also new accounts continue to be gained within the UK with our new product line offerings.

The portable business line showed a good increase of over 40% compared to 2008 despite some one off warranty credits that were issued. Growth was due to establishing new channels to market in Pakistan, Senegal, Russia and Algeria. Sales into Dubai remained flat due to the economic conditions in the Dubai emirate.

#### **Principal risks and uncertainties**

The company faces a range of risks and uncertainties as part of its day to day operations. The most significant risk factors we have identified relate to

- Fluctuations in the US dollar or movements in interest rates,
- Pension scheme funding requirements,
- Changes in our main operating market, the Marine boat market,
- Changes in key staff

The company's principal financial instruments comprise stock, trade debtors and trade creditors. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### **Position of the company at the year end**

The balance sheet of the financial statements shows that the company's financial position at the year end is, in both net assets and cash terms, fairly consistent with the prior year.

The main difference is in relation to lower stock this year, which is a result of

- (a) a low number of shipments out of the warehouse in November and December 2008, and,
- (b) a large order book in January 2009.

Details of debtors are shown in note 7 and details of creditors are shown in note 8.

# CUMMINS POWER GENERATION (UK) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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### Key performance indicators

	% change	2009	2008
<b>Sales per geographical location</b>			
Europe	32%	4,663,137	6,913,321
UK	11%	3,111,069	3,515,216
Middle East	26%	1,139,060	1,538,584
Africa	50%	79,360	158,381
<b>Operating profit</b>		<b>4%</b>	<b>8%</b>

### Results and dividends

The results for the year are set out on page 6

The directors do not recommend payment of an ordinary dividend

### Future developments

The directors consider that 2010 will be another year of difficult market conditions. The forecast is for modest overall growth in our traditional business sectors. New product introductions towards the end of 2010 will enable the company to grow the business into new regions outside of the UK market.

### Directors

The following directors have held office since 1 January 2009

L L Satterthwaite

R Eyres

J M Perkins

J M Day

### Auditors

In accordance with the company's articles, a resolution proposing that Rawlinsons be reappointed as auditors of the company will be put at a General Meeting.



# CUMMINS POWER GENERATION (UK) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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### Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



J. M. Day

Director

14-06-2010



# **CUMMINS POWER GENERATION (UK) LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

### **FOR THE YEAR ENDED 31 DECEMBER 2009**

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We have audited the financial statements of Cummins Power Generation (UK) Limited for the year ended 31 December 2009 set out on pages 6 to 21. 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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 2009 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.

# **CUMMINS POWER GENERATION (UK) LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2009***

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### **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

**Graham Jones BA (Hons), FCA, (Senior Statutory Auditor)**  
**for and on behalf of**

**Rawlinsons**  
**Chartered Accountants**  
**Statutory Auditors**

Ruthlyn House  
90 Lincoln Road  
Peterborough  
PE1 2SP

# CUMMINS POWER GENERATION (UK) LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	2009 £	2008 £
Turnover	2	8,992,626	12,125,502
Raw materials and consumables		(7,771,296)	(10,657,436)
Staff costs		(324,434)	(304,472)
Depreciation on fixed assets		(10,959)	(3,720)
Other operating charges		(755,325)	(204,629)
Operating profit	3	130,612	955,245
Other finance (costs)/income		(1,000)	15,000
Profit on ordinary activities before taxation		129,612	970,245
Tax on profit on ordinary activities	4	229,730	(275,930)
Profit for the year	12	359,342	694,315

The profit and loss account has been prepared on the basis that all operations are continuing operations

# CUMMINS POWER GENERATION (UK) LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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	Notes	2009 £	2008 £
Profit for the financial year		359,342	694,315
Actuarial loss on pension scheme		(42,000)	(158,000)
Movement on deferred tax relating to pension asset		8,960	40,080
Prior year adjustment	12	-	(205,575)
Total gains and losses recognised since last financial statements		<u>326,302</u>	<u>370,820</u>

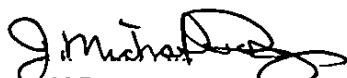
# CUMMINS POWER GENERATION (UK) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
<b>Fixed assets</b>					
Tangible assets	5		66,121		54,728
<b>Current assets</b>					
Stocks	6	1,925,267		4,883,033	
Debtors	7	1,581,603		2,630,184	
Cash at bank and in hand		5,319		16,372	
		<u>3,512,189</u>		<u>7,529,589</u>	
<b>Creditors amounts falling due within one year</b>	8	<u>(738,025)</u>		<u>(5,097,644)</u>	
<b>Net current assets</b>			<u>2,774,164</u>		<u>2,431,945</u>
<b>Total assets less current liabilities</b>			<u>2,840,285</u>		<u>2,486,673</u>
<b>Provisions for liabilities</b>	9		<u>(13,200)</u>		<u>(8,930)</u>
<b>Net assets excluding retirement benefit obligation</b>			<u>2,827,085</u>		<u>2,477,743</u>
<b>Retirement benefit obligations</b>	10		<u>(102,960)</u>		<u>(79,920)</u>
			<u><u>2,724,125</u></u>		<u><u>2,397,823</u></u>
<b>Capital and reserves</b>					
Called up share capital	11	260,418		260,418	
Profit and loss account	12	2,463,707		2,137,405	
<b>Shareholders' funds</b>	13	<u><u>2,724,125</u></u>		<u><u>2,397,823</u></u>	

Approved by the Board and authorised for issue on 14-06-2010

  
J M Day  
Director

# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### **1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Improvements to land and buildings leasehold	Over the length of the lease
Plant and machinery	20% per annum on cost
Computer equipment	20% and 33% per annum on cost
Fixtures, fittings and equipment	15% and 20% per annum on cost

#### **1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### **1.6 Stock**

Stock is valued at the lower of cost and net realisable value

#### **1.7 Pensions**

Defined contribution scheme payments are charged to the profit and loss account in the year they are payable. Contributions and the asset values of the Defined benefit scheme are accounted for in accordance with FRS 17 (Please see note 10)

#### **1.8 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

#### **1.9 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 2 Turnover

#### Geographical market

	Turnover 2009 £	2008 £
UK	3,111,069	3,515,216
Europe	4,663,137	6,913,321
Rest of the world	1,218,420	1,696,965
	<u>8,992,626</u>	<u>12,125,502</u>

### 3 Operating profit

	2009 £	2008 £
Operating profit is stated after charging		
Depreciation of tangible assets	10,959	3,720
Loss on foreign exchange transactions	337,918	-
Operating lease rentals		
- Plant and machinery	21,995	23,592
- Other assets	55,000	44,623
Auditors' remuneration (including expenses and benefits in kind)	14,000	8,200
and after crediting		
Profit on foreign exchange transactions	-	(275,313)

# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

4	Taxation	2009 £	2008 £
	<b>Domestic current year tax</b>		
	U K corporation tax	33,000	267,000
	Adjustment for prior years	(267,000)	-
	<b>Current tax charge</b>	<b>(234,000)</b>	<b>267,000</b>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	4,270	8,930
		<u>(229,730)</u>	<u>275,930</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>129,612</u>	<u>970,245</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28 00% (2008 - 28 00%)	<u>36,291</u>	<u>271,669</u>
	<b>Effects of</b>		
	Non deductible expenses	676	2,393
	Depreciation add back	3,068	1,041
	Capital allowances	(7,057)	(13,031)
	Adjustments to previous periods	(267,000)	-
	Other tax adjustments	22	4,928
		<u>(270,291)</u>	<u>(4,669)</u>
	<b>Current tax charge</b>	<b>(234,000)</b>	<b>267,000</b>



# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

### 5 Tangible fixed assets

	Improvements to land and buildings leasehold	Plant and machinery	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2009	30,932	14,419	13,163	9,024	67,538
Additions	22,352	-	-	-	22,352
At 31 December 2009	53,284	14,419	13,163	9,024	89,890
<b>Depreciation</b>					
At 1 January 2009	459	1,967	7,664	2,720	12,810
Charge for the year	4,679	1,941	2,884	1,455	10,959
At 31 December 2009	5,138	3,908	10,548	4,175	23,769
<b>Net book value</b>					
At 31 December 2009	48,146	10,511	2,615	4,849	66,121
At 31 December 2008	30,473	12,452	5,499	6,304	54,728

### 6 Stocks

	2009 £	2008 £
Finished goods and goods for resale	1,925,267	4,883,033

### 7 Debtors

	2009 £	2008 £
Trade debtors	1,002,489	1,349,690
Amounts owed by group undertakings	268,085	913,101
Other debtors	281,857	354,390
Prepayments and accrued income	29,172	13,003
	1,581,603	2,630,184

# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

8	Creditors: amounts falling due within one year	2009 £	2008 £
	Trade creditors	33,516	18,085
	Amounts owed to group undertakings	329,181	4,432,507
	Corporation tax	33,000	267,000
	Other creditors	244,139	338,507
	Accruals and deferred income	98,189	41,545
		<u>738,025</u>	<u>5,097,644</u>

9	Provisions for liabilities	Deferred tax liability £
	Balance at 1 January 2009	8,930
	Profit and loss account	4,270
	Balance at 31 December 2009	<u>13,200</u>

Deferred taxation provided in the financial statements is as follows

	Fully provided 2009 £	2008 £
Accelerated capital allowances	<u>13,200</u>	<u>8,930</u>

# **CUMMINS POWER GENERATION (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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### **10 Pension costs**

The company is a participating company of a Group pension scheme called the Cummins UK Pension Plan ("the Plan"). The Plan was set up following the merger of a number of separate company schemes in 1999. The Plan includes defined benefit and defined contribution members employed by the subsidiaries of Cummins Limited (formerly Cummins UK Limited) and other UK related companies. The assets of the Plan have been merged into a combined portfolio and are held separately in an independently administered fund.

#### **10.1 Defined contribution members**

The pension cost charge represents contributions payable by the company to the fund and amounted to £16,053 (2008 £9,923). This includes payments made under the SMART pension scheme introduced by the company in April 2006, totalling £6,701 (2008 £4,196). SMART pensions provides an opportunity for members to increase their take home pay and reduce national insurance contributions for the company.

#### **10.2 Defined benefit members**

The company operates a final salary defined benefit scheme for employees, which is contracted out of the state scheme and with assets held in a separate trustee-administered fund. Under an informal practice, certain pensions within the Plan are subject to discretionary increases on top of those provided as a plan entitlement, and these increases are allowed for within the calculation of the scheme liabilities in these accounts under FRS17.

The approach of accounting under FRS17 on a defined benefit basis was first adopted in these accounts as at 31 December 2008. In previous accounts, disclosures were prepared on a multi-employer defined benefit basis, due to the difficulty in attributing liabilities and costs to different participating companies.

For the purposes of allocating liabilities and costs to the company more detailed calculations based on individual liability assessments are now performed, and assets are divided on a pragmatic basis. It should be stressed that the plan is not operated on a sectionalised basis and these divisions are, therefore, purely notional for reporting purposes under FRS17.

The assets and costs relating to defined contribution benefits within the plan are not included within the disclosures and are accounted for separately.

# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 10.2 Defined benefit members (continued)

The most recent actuarial valuation of the Plan for funding purposes was carried out as at 1 January 2009 by an independent professionally qualified actuary using the projected unit method, with a new rate of contributions subsequently coming into force from 2010

The value of the assets at the valuation date represented 79% of the value of members' accrued benefits, after allowing for projected future increases in pensionable remuneration in respect of members in service. In order to eliminate the shortfall, Cummins UK Holdings Ltd have agreed that overall contributions of £40 million a year will be paid into the plan by all the employers collectively from 1 January 2010 until 31 December 2015. This is inclusive of contributions in respect of future benefit accrual and to meet the costs of Pension Protection Fund levies, but exclusive of the contributions in respect of SMART pensions payable by the employers on behalf of members. In addition, participating employers meet the cost of life assurance premiums directly. As a result no shortfall contributions were paid in the year to 31 December 2009. Over the year to 31 December 2010, it is expected that the company will contribute around £75,000 to the plan.

During the year to 31 December 2009 the company paid contributions at an average rate of around 18.9% of pensionable pay to the plan, plus member contributions (at an average rate of around 7.7% pa of pensionable pay) for those employees participating in SMART pensions (an arrangement whereby the company pays what would have been the member's contribution in lieu of a corresponding reduction in pay). These contribution rates were based on the actuarial valuation carried out as at 1 January 2006.

The current rates, are subject to review following completion of the plan's next actuarial valuation, which is due to be carried out as at 1 January 2012.

Pension costs in these accounts are recognised in accordance with FRS17, taking into account the amendment to the standard published in December 2006, as set out below.

The financial assumptions used to calculate scheme liabilities under FRS 17 are as follows:

	2009	2008	2007
	%	%	%
RPI inflation	3.50	3.25	3.40
Rate of increase in salaries	4.40	4.25	4.40
Rate of increase in pensions payment increasing with RPI			
- subject to a 5% maximum each year	3.25	3.00	3.10
- subject to a 2.5% maximum each year	2.50	2.40	2.40
Increases to deferred pensions subject to statutory revaluation	3.50	3.25	3.40
Discount rate	5.80	6.20	5.80
Expected return on assets	7.25	7.25	7.25

# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 10.2 Defined benefit members (continued)

Post-retirement mortality rates adopted for the year ending 31 December 2009 are based 2/3rds on the PA92 tables, projected to 2006 using the base level of improvement from the '92' series and 1/3rd on the SAPS S1PA tables, with a 105% multiplier (reducing life expectancy) projected from 2003 to 2009 using 'medium cohort' improvements with a minimum annual rate of improvement of 1% together with the same allowance for future improvements after 2009

This implies a future life expectancy at age 65 for current pensioners of around 20 years (males) (2008 19) and 23 years (females) (2008 22) with a one year age deduction for future improvements. This implies a future life expectancy at age 65 for members currently aged 45 of around 21 years (males) (2008 20) and 24 years (females) (2008 23) with a two year age deduction for future improvements

The assets in the scheme are as follows:

	Current target %	2009 %	2008 %	2007 %
Equities	55.00	58.50	54.10	59.60
Bonds	40.00	38.20	41.30	38.30
Property	5.00	3.30	4.40	1.90
Other assets	-	-	0.20	0.20
<b>Total fair value of assets (£000)</b>		<b>571,016</b>	<b>511,434</b>	<b>618,346</b>
<b>Cummins Power Generation (UK) Limited's allocation</b>		<b>890</b>	<b>719</b>	<b>853</b>

The overall expected rate of return has been derived by looking at the assets held at the balance sheet date and considering expected returns for each of the main asset classes. The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by yields available), and the views of investment organisations. The plan does not hold any direct financial instruments relating to the company or property occupied by it.

#### Components of defined benefit cost

##### Analysis of the amount charged to operating profit:

	2009 £	2008 £
Current Service Cost	18,000	27,000
Gain on curtailments	(10,000)	-
<b>Total Operating Charge</b>	<b>8,000</b>	<b>27,000</b>

# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 10.2 Defined benefit members (continued)

##### Analysis of the amount credited to other finance income

	2009 £	2008 £
Expected return on pension scheme assets	(56,000)	(63,000)
Interest on pension scheme liabilities	57,000	48,000
Net Return	1,000	(15,000)
<b>Total profit and loss charge before deduction for tax</b>	<b>9,000</b>	<b>12,000</b>

##### Analysis of amount recognised in the statement of total recognised gains and losses:

	2009 £	2008 £
Experience gains and losses arising on scheme liabilities	(41,000)	10,000
Changes in assumptions underlying the present value of the scheme liabilities	236,000	(49,000)
Gains and losses on assets	(153,000)	197,000
Actual gain recognised in the statement of total recognised gains and losses before adjustment for tax	42,000	158,000

##### History of assets, liabilities, surplus/(deficit) and experience adjustments

	2009 £	2008 £
Plan liabilities	(1,033,000)	(830,000)
Plan assets	890,000	719,000
Deficit	(143,000)	(111,000)
Experience increase/(reduction) to assets	153,000	(197,000)
Experience increase/(reduction) to liabilities	195,000	(39,000)

##### Cumulative actuarial (gain)/loss recognised in the statement of total recognised gains and losses

	2009 £	2008 £
Cumulative amount at start of year	158,000	(1,000)
Cumulative amount at end of year	200,000	157,000

# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 10 2 Defined benefit members (continued)

##### Reconciliation of movement in plan assets and liabilities

	2009 £	2008 £
<b>Liabilities</b>		
At beginning of year	830,000	823,000
Service cost	18,000	27,000
Interest cost	57,000	48,000
Contributions paid by the employees	1,000	1,000
Curtailment cost	(10,000)	-
Benefits paid	(58,000)	(30,000)
Gain recognised in statement of total recognised gains and losses	195,000	(39,000)
At end of year	<u>1,033,000</u>	<u>830,000</u>

	2009 £	2008 £
<b>Assets</b>		
At beginning of year	719,000	853,000
Expected return on plan assets	56,000	63,000
Contributions paid by the company	19,000	29,000
Contributions paid by the employees	1,000	1,000
Benefits paid	(58,000)	(30,000)
Loss recognised in statement of total recognised gains and losses	153,000	(197,000)
At end of year	<u>890,000</u>	<u>719,000</u>

##### Reconciliation to the balance sheet

	2009 £	2008 £
Plan liabilities	(1,033,000)	(830,000)
Plan assets	890,000	719,000
(Deficit)/surplus	(143,000)	(111,000)
Related deferred tax liability	40,040	31,080
Net pension (liability)/asset	<u>(102,960)</u>	<u>(79,920)</u>

# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

<b>11</b>	<b>Share capital</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	260,516 Ordinary shares of £1 each	260,516	260,516
	<b>Allotted, called up and fully paid</b>		
	260,418 Ordinary shares of £1 each	260,418	260,418
<b>12</b>	<b>Statement of movements on profit and loss account</b>		<b>Profit and loss account</b>
			<b>£</b>
	Balance at 1 January 2009		2,137,405
	Profit for the year		359,342
	Actuarial gains or losses on pension scheme assets		(42,000)
	Movement on deferred tax relating to pension asset		8,960
	Balance at 31 December 2009		2,463,707
<b>13</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Profit for the financial year	359,342	694,315
	Other recognised gains and losses	(42,000)	(158,000)
	Movement on deferred tax relating to pension asset	8,960	40,080
	Net addition to shareholders' funds	326,302	576,395
	Opening shareholders' funds	2,397,823	1,821,428
	Closing shareholders' funds	2,724,125	2,397,823



# CUMMINS POWER GENERATION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 14 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Operating leases which expire				
Within one year	-	-	1,826	3,309
Between two and five years	-	-	16,345	14,205
In over five years	55,000	55,000	-	-
	<u>55,000</u>	<u>55,000</u>	<u>18,171</u>	<u>17,514</u>

#### 15 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was

	2009 Number	2008 Number
Management	4	4
Administration	2	2
Production and sales	6	6
	<u>12</u>	<u>12</u>

##### Employment costs

	2009 £	2008 £
Wages and salaries	271,077	244,603
Social security costs	25,531	23,011
Other pension costs	27,826	36,858
	<u>324,434</u>	<u>304,472</u>

#### 16 Control

The company is a wholly-owned subsidiary of Cummins Power Generation Inc, whose ultimate parent company is Cummins Inc. Both companies are incorporated in the United States of America.

# **CUMMINS POWER GENERATION (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2009***

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### **17 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that all group companies which are party to the transactions are wholly owned by a member of that group