

Cummins Ltd.

Annual report and financial statements

For the year ended 31 December 2024

Cummins Ltd.

Annual report and financial statements

Year ended 31 December 2024

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	15
Independent auditors' report to the members of Cummins Ltd.	25
Statement of comprehensive income	28
Statement of financial position	29
Statement of changes in equity	30
Notes to the financial statements	31

Cummins Ltd.

Officers and professional advisers

The board of directors

B V Daley
A De Verdier
A Holthouse
D J Mcmenamin
J Moorhouse
A Robson

Company secretary

A Holthouse (appointed on 15 July 2024)
P Fertleman (resigned on 15 July 2024)

Registered office

3rd Floor
10 Eastbourne Terrace
Paddington
London
W2 6LG

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

The directors present their Strategic Report for the financial year ended 31 December 2024.

Definitions

As used in this annual report, "Cummins" refers to Cummins Inc. and its subsidiary undertakings, the "Company" refers to Cummins Ltd., and the "directors" and the "board" refer to the directors and the board of the Company.

Business review and principal activities

The principal activity of the Company during the year was the design, manufacture, distribution and service of diesel and natural gas engines and powertrain-related component products, including filtration, aftertreatment and turbochargers.

Turnover decreased due to reduced demand across the Company's key market segments which was the main driver of the reduced profitability. In addition the Company received dividends from subsidiaries of £7,791,000 (2023: £135,657,000). The increase in net assets was driven by the current year profit with the main balance sheet impact being the increase in positive cash balances and reduction of bank overdrafts.

Turnover for the year was £2,665,199,000 (2023: £2,760,622,000) and the profit before taxation was £312,493,000 (2023: £467,052,000). The net assets at 31 December 2024 were £1,406,388,000 (2023: £1,122,979,000).

Competitive strengths

The directors believe the following competitive strengths are instrumental to the Company's success:

1. Leading brand

The Company's product portfolio includes products and services primarily marketed under the "Cummins" brand, which holds a leading position in the market.

The Company's Engine segment manufactures and markets a broad range of diesel and natural gas-powered engines under the Cummins brand name for the heavy and medium-duty truck, bus, recreational vehicle (RV), light-duty automotive, agricultural, construction, mining, marine, oil and gas, rail and government equipment markets. The Company offers a wide variety of engine products. In addition, it provides a full range of new and remanufactured parts and engines, and associated services, through the extensive Cummins distribution network.

The Company's Components segment designs, manufactures and supplies products which complement the Engine and Power Systems segment including components such as aftertreatment systems, turbochargers, fuel systems, valvetrain technologies, automated transmissions and electronics. Its Turbocharger product portfolio includes products and services branded under the 'Holset' name, which holds a leading position in the European automotive market and has a strong market presence in many other regions around the world. The Company's Emission Solutions products include custom engineering systems and integrated controls, oxidation catalysts, particulate filters, selective catalytic reduction systems and engineered components, including dosers. These products and systems are designed and developed to meet increasingly stringent emission and fuel economy standards.

The Company's Power Systems segment develops and manufactures power generation products, ranging from standby/emergency systems to multi-megawatt utility peaking facilities to sophisticated cogeneration applications.

The Company's Distribution's segment encompasses the sales and support of a wide range of products and services, including power generation systems, high-horsepower engines, heavy-duty and medium-duty engines designed for on- and off-highway use, application engineering services, custom-designed assemblies, retail and wholesale aftermarket parts and inshop and field-based repair services. Our familiarity with a wide range of market applications allows us to tailor sales, service and support to meet customer-specific needs.

These segments share technology, customers, strategic partners, brand recognition and our distribution network in order to compete more efficiently and effectively in their respective markets. In each of our operating segments, we compete worldwide with a number of other manufacturers and distributors that produce and sell similar products. Our products primarily compete on the basis of performance, price, total cost of ownership, fuel economy, emissions compliance, speed of delivery, quality and customer support.

2. Customers and partners

To maintain technology leadership and a global presence in a cost-effective manner, the Company has established strategic alliances with a number of its leading customers. These partnerships provide the Company with knowledge and understanding of its customers' technology and business needs and enables the Company to develop products and services which better meet customer requirements at lower costs.

3. Global presence

The Company takes advantage of the strong global presence of Cummins, including its worldwide distribution system, manufacturing and engineering facilities around the world and a network of global supply sources. This has enabled the Company to take advantage of growth opportunities in international markets. The Company has also developed a global network of high-quality, low-cost supply sources to support its manufacturing base.

Competitive strengths (continued)

4. Leading technology

The Company has an established reputation for delivering high-quality, technologically advanced products. The Company is a leader in developing technologies to reduce diesel engine emissions, a key concern of its customers and regulators around the world. The Company is continually developing products to help its customers meet or exceed emissions and noise regulations whilst improving fuel economy.

Strategy

Five key principles which drive the business strategy of the Company are as follows:

1. Being a low-cost producer in as many of its markets as possible

In many of the Company's markets, product or system cost is a critical performance parameter for its customers. To achieve cost leadership, the Company will continue to leverage its innovative technology, economies of scale, global presence and customer partnerships. The Company has focused on reducing costs and lowering its breakeven point to maintain a competitive advantage and to deliver quality products to its customers.

2. Expanding into related markets

The Company will continue to focus growth initiatives in related businesses where it can use its existing investments in products or technology, leading brand name or market presence to establish a competitive advantage. Furthermore, the Company will target related markets that offer higher rates of growth, attractive returns and more stable cash flows through product and end market diversity.

3. Creating greater shareholder value

Return on invested capital is a primary measure of the Company's ultimate parent, Cummins Inc. The Company aims to maximise shareholder value through continual improvement processes, differentiating the business from the competition and delivering outstanding levels of current performance whilst building a legacy for the future.

4. Leveraging complementary businesses

Strong synergies and relationships exist between the operating segments of Cummins, in areas such as shared technology, common channels and distribution, shared customers and partners, corporate brand and image. The Company takes the full benefit of these synergies and relationships in order to expand its business and improve its performance.

5. Creating the right environment for success

Creating the right environment for success means creating an inclusive learning environment while reinforcing a performance ethic that attracts, develops and retains high quality talent. The Company measures its success through skill and competency assessment, leadership development outcomes and participation in tailored individual development and training programs.

Principal risks and uncertainties

The largest group in which the results of the Company are consolidated is Cummins, which is the ultimate controlling party. From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Cummins. Some of the principal risks and uncertainties, which may affect future business results, are discussed below:

1. The Company's business is affected by the cyclical nature of the markets it serves

The Company's financial performance depends, in large part, on varying conditions in the markets and geographies that it serves. Demand in these markets and geographies fluctuates in response to overall economic conditions and is particularly sensitive to changes in interest rate levels. Economic downturns in the markets served by the Company generally result in reductions in sales and pricing of the Company's products, which could reduce future earnings and cash flow.

2. The Company's products are subject to substantial government regulation

The Company's products are subject to extensive statutory and regulatory requirements governing emissions and noise, including standards imposed by regulatory agencies around the world. In some cases, the Company may be required to develop new products to comply with new regulations, particularly those relating to air emissions. The Company has made, and will be required to continue to make, significant capital and research expenditures to comply with these regulatory standards. Unpredictability in the adoption, implementation and enforcement of increasingly stringent and fragmented emissions standards by multiple jurisdictions around the world could have a material adverse impact on operations, results and financial performance.

3. The Company's business is impacted by international, national and regional trade laws, regulations, and policies

Changes in laws regulations and government policies on foreign trade and investment can affect the demand for our products and services and cause customers to shift preferences towards products manufactured in other countries or regions, or prevent the Company from being able to sell products in certain countries. Embargoes, sanctions, export controls and more restrictive trade policies, such as tariffs, imposed by governments can restrict and adversely impact product sales, production costs, customer demand, and relationships with customers and suppliers.

Principal risks and uncertainties (continued)

4. The Company's manufacturing operations are dependent upon third-party suppliers

The Company obtains materials and manufactured components from third-party suppliers. A significant number of the Company's suppliers are the sole source for a particular supply item, although the majority of these materials and components can be obtained from other suppliers. Any delay in suppliers' abilities to provide the Company with necessary materials and components may affect the Company's manufacturing capabilities, or may require the Company to seek alternative supply sources.

5. The Company's operations are subject to extensive environmental laws and regulations

The Company's plants and operations are subject to increasingly stringent environmental laws, including laws and regulations governing emissions to air, discharges to water and the generation, handling, storage, transportation, treatment and disposal of waste materials. The Company believes that it is in compliance in all material respects with these environmental laws and regulations, but the Company can not ensure that it will not be adversely impacted by costs of complying with new environmental laws and regulations.

6. Environmental, Social and Governance (ESG) standard and expectations

In recent years, there has been an increased focus from stakeholders on ESG matters, including Green House Gases (GHG) emissions and climate-related risks, renewable energy, water stewardship, waste management, diversity, equity and inclusion, responsible sourcing and supply chain, human rights and social responsibility. Given Cummins' commitment to certain ESG principles, it actively manages these issues and have established and publicly announced certain goals, commitments and targets which may refine, or even expand further, in the future. These goals, commitments and targets reflect Cummins' current plans and aspirations and are not guarantees that it will be able to achieve them. Evolving stakeholder expectations and Cummins' efforts to manage these issues, report on them and accomplish its goals present numerous operational, regulatory, reputational (including Greenwashing), financial, legal and other risks, any of which could have a material adverse impact, including on the Company's reputation. Any failure, or perceived failure, to meet evolving stakeholder expectations and industry standards or achieve ESG goals, commitments and targets could have a material adverse effect on the Company's business, results of operations and financial condition.

7. Supply chain disruptions

The Company is experiencing supply chain disruptions and related challenges throughout its supply chain. The Company single sources a number of parts and raw materials critical to its business operations. Any delay in suppliers' deliveries may adversely affect the Company's operations at multiple manufacturing locations, forcing the Company to seek alternative supply sources to avoid serious disruptions. Delays may be caused by factors affecting the Company's suppliers (including, but not limited to, raw material availability, capacity constraints, port congestion, labour disputes or unrest, shortages of labour, economic downturns, availability of credit, impaired financial condition, sanctions/tariffs, pandemic restrictions, energy inflation/availability, suppliers' allocations to other purchasers, weather emergencies, natural disasters, acts of government or acts of war or terrorism). The effects of climate change, including extreme weather events, long-term changes in temperature levels and water availability may exacerbate these risks. Any extended delay in receiving critical supplies could impair the Company's ability to deliver products to its customers and have a material adverse effect on the Company's results of operations, financial condition and cash flows. In addition, the current economic environment has resulted, and may continue to result, in price volatility and increased levels of inflation of many of the Company's raw material, transportation and other costs. In particular, increased levels of inflation, rising interest rates and concerns regarding a potential economic recession may result in increased operating costs and/or decreased levels of profitability. Further, the labour market for skilled manufacturing remains tight, and the labour costs have increased as a result. Material, transportation, labour and other cost inflation has impacted and could continue to impact the Company's results of operations, financial condition and cash flows.

8. The Company relies on key personnel as a critical part of its human capital resources

The Company depends on the skills, institutional knowledge, working relationships, and continued services and contributions of key personnel as a critical part of its human capital resources. In addition, the Company's ability to achieve its operating and strategic goals depends on its ability to identify, hire, train and retain qualified individuals. The Company competes with other companies both within and outside of the Company's industry for talented personnel and it may lose key personnel or fail to attract, train and retain other talented personnel. Any such loss or failure could have material adverse effects on the Company's results of operations, financial condition and cash flows. In particular, the Company's continued success will depend in part on the Company's ability to retain the talents and dedication of key employees. If key employees terminate their employment, the Company's business activities may be adversely affected and the Company's management team's attention may be diverted. In addition, the Company may not be able to locate suitable replacements for any key employees who leave.

Principal risks and uncertainties (*continued*)

9. The Company faces significant competition in the regions it serves

The markets in which the Company operates are highly competitive. It competes worldwide with a number of other manufacturers and distributors that produce and sell similar products, primarily with diesel engines and related diesel products; however, new technologies continue to be developed for gasoline, natural gas, electrification and other technologies and the Company will continue to face new competition from these expanding technologies. The Company's products primarily compete on the basis of performance, price, total cost of ownership, fuel economy, emissions compliance, speed of delivery, quality and customer support. The Company also face competitors in some emerging regions who have established local practices and long standing relationships with participants in these markets. There can be no assurance that the Company's products will be able to compete successfully with the products of other companies and in other markets.

Key performance indicators

The group operations of Cummins are managed on a segmental basis across the globe. For this reason, the directors believe that analysis of the Company using key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the business.

Section 172 Companies Act 2006 ("s172") statement

The board complied in all material respects with its s172 duties, which require the board to have regard to the matters set out in section 172(1)(a) to (f). Various measures were in place, throughout the 2024 financial year to ensure that this happened. Please refer to the Engagement with Employees, Engagement with Stakeholders and Corporate Governance statements (the "Statements") contained within the Directors' Report for details. This engagement ensured that the board's actions and decisions would promote the long-term success of the Company for the benefit of its direct and ultimate shareholders. In addition, it demonstrates how regard was had to the matters listed in s172, namely:

- (a) The likely consequences of any decision in the long term;
- (b) The interests of the Company's employees;
- (c) The need to foster the Company's business relationships with suppliers, customers and others;
- (d) The impact of the Company's operations on the community and the environment;
- (e) The desirability of the Company maintaining a reputation for high standards and conduct; and
- (f) The need to act fairly as between members of the Company.

Various examples of action being taken with regard to the s172 matters are set out in the statements and elsewhere in this report. The board also highlight the following three additional significant matters, arising during 2024, to support this s172 statement:

(i) Environmental, Social and Governance (ESG) - The directors are ultimately responsible for assessing and managing climate-related risks and opportunities for the Company. The board meets regularly including shorter dedicated sessions on specific topics which often cover Health, Safety and Environmental updates, including updates on ESG regulations, risks and opportunities. In addition, on an annual basis the board reviews all existing and new risks to assess the key risks for the Company for the coming year. The members of the board also sit on other senior management groups. These groups meet regularly to discuss in detail business-critical matters of the Cummins' companies in the UK and EU, including the Company and how these are being managed, and will cover climate-related risks and opportunities and the Cummins climate-related strategies and goals.

(ii) Risk Register - The Company implements a risk monitoring and review process whereby the Regional Risk Manager reports to the board at least twice a year on any key risks identified and detailing how those risks are being monitored. During 2024, changes to the key risks, included (i) addition of Acquired Locations Fire Protection Risk, (ii) deletion of Iron & Steel - Origin Conformity Risk; and (iii) deletion of Energy Security Supply risk.

(iii) Health, Safety and Environmental (HSE) - The directors meet regularly to review and discuss the HSE matters related to the Company. During 2024 HSE was a standing agenda item at the two extended board meetings and was also covered with UK board representatives present during more frequent business regional leadership update meetings. Also, a director of the Company leads the annual two day HSE review of all U.K. facilities/sites of the Company in conjunction with the HSE leader of the region, the outcome of which is presented to the board for awareness and necessary actions.

Non-financial and sustainability information statement

In accordance with section 414CB of the Companies Act 2006 (the 'Act'), the Board provides, within this Statement, the climate-related financial disclosures for the Company which has Cummins Inc. ('Cummins') as its ultimate parent company ('Cummins Group').

Non-financial and sustainability information statement (*continued*)

(a) The Company's governance arrangements in relation to assessing and managing climate-related risks and opportunities

The Company

Company Board of Directors:

The Company's Board of Directors are ultimately responsible for assessing and managing climate-related risks and opportunities for the Company. The Board meets for 2 comprehensive meetings along with shorter but more frequent dedicated sessions on specific topics which often cover Health, Safety and Environmental updates, including updates on ESG regulations, risks and opportunities.

On an annual basis the Board reviews all existing and new risks to assess the Company's key risks for the coming year. The top risks are agreed by the Board and then tracked throughout the following year on a bi-annual basis as part of the regular risk register Board update. Each risk identified is allocated an owner, who is accountable for updating the Board on the risk and the actions being taken to manage it. ESG risk was assessed by the Board as one of the key risks for the Company in 2024 and was tracked as part of this process. The top Company risks are reported up to Cummins Enterprise Risks Management to be aggregated with the risks from all other global regions for assessment as part of the Cummins global annual enterprise risk assessment.

Senior Management Groups:

The members of the Board also sit on other senior management groups and sub-committees. These groups are comprised of senior management across all key business units and regions. These groups meet regularly to discuss in detail business critical matters of the Cummins' companies in the UK and EU, including the Company and how these are being managed, and will cover climate related risks and opportunities and the Cummins climate-related strategies and goals.

Cummins Group

The Company forms part of a global group of companies owned by Cummins. Cummins has governance structures in place to assess and manage climate-related risks and opportunities that affect the Cummins Group, including the UK. This global governance structure works together with the Company's to provide a framework for identifying, assessing, and managing climate-related risks and opportunities of the Company and the Cummins Group.

Cummins Board of Directors Oversight:

Global standardized climate-related strategies, policies and targets are set by Cummins that Cummins requires its wholly owned subsidiaries and management controlled joint ventures to comply with. Oversight of climate-related risks and opportunities across the Cummins Group is the responsibility of the Cummins Board of Directors (Cummins Board).

The Cummins Board and its committees regularly review environmental, social and governance (ESG) strategy, including risks, challenges, and progress. The Safety, Environment and Technology (SET) committee provides overall guidance and insight on major environmental sustainability initiatives such as Cummins' environmental sustainability strategy, as well as environmental management at the Cummins Group's facilities and operations.

Cummins Leadership Responsibilities:

The Chair and CEO at Cummins has direct responsibility for climate-related issues in strategy, operations (manufacturing and supply chain), planning, budget, technology and innovation. The centralized Technical and Environmental Systems organization, reporting to the Chief Technical Officer (CTO), contains the Environmental Sustainability Program office for sustainability plans and reviews with a focus on technology and innovation. The CTO oversees advancements in research and technology, enterprise technology portfolio management and the overall responsibility for the Cummins Group's environmental sustainability strategy.

Action Committee for Environmental Sustainability (ACES):

Cummins' Action Committee for Environmental Sustainability (ACES), formed in 2012, integrates climate action into Cummins' overall business strategy. The executive sponsor and the head of this group both report up to the Chief Technical Officer. The group is the voice and catalyst for environmental action beyond compliance in the Cummins Group and provides tools and resources for employees to go further and faster in reaching Cummins' environmental goals. The group meets monthly and reports progress to the CTO through its executive sponsor. ACES directs the development and implementation of the environmental sustainability strategy and reports out on progress in meeting goals. The corporate ACES team has a global focus, including among its stakeholders every business segment and key functions. It meets annually with the Chair and CEO. The individual stakeholders and goal owner areas of ACES ensure that all aspects of the environment and relevant areas of the business are included, and data is collected and reported that informs decision-making and goal setting. Additional executive sponsor meetings align functional and business leaders across the organization and prioritize actions required for goal progress.

Non-financial and sustainability information statement (continued)

(a) The Company's governance arrangements in relation to assessing and managing climate-related risks and opportunities (continued)

Cummins Executive Risk Council:

Cummins has an Executive Risk Council comprised of the Executive Vice President and President - Operations, Vice President - Chief Financial Officer, Vice President - Chief Legal Officer and Corporate Secretary, Vice President - Corporate Strategy and Vice President - Chief Administrative Officer. The council meets regularly to review and update Cummins' material enterprise-related risks and mitigation plans. As climate-related risks affect all aspects of the business, the enterprise risks incorporate, where relevant, climate-related aspects, with a separate stand alone enterprise risk on climate change. The Executive Risk Council (ERC) provides direction on risk assessments and mitigation plans, approves all risk escalation or de-escalation, and identifies new and emerging risks. Ownership of the most significant enterprise risks are assigned to members of Cummins' leadership team. The ERC reviews all the risks annually and regularly completes detailed review of top tier risks. After each annual review, the enterprise risks are presented to the Cummins Board of Directors with the Cummins' leadership team in attendance. The final enterprise risks are then shared with each region, including the UK and Cummins senior leadership.

Cummins ESG Strategy Team:

The ESG Strategy Team is led by the Executive Director of Global Risk. This team is responsible for leading Cummins Group's double materiality assessment to identify ESG impacts, risks and opportunities; co-ordinates Cummins' global approach to ESG, to provide support to the Cummins businesses in the achievement of their ESG-related business strategies such as their environmental sustainability strategy and ensures compliance with the Cummins Group's obligations under the growing number of ESG reporting and compliance regulations globally.

The ESG Strategy Team leads a cross-functional ESG working group, primarily comprised of various functional and regional representatives, including representatives from the UK. Cummins also has an ESG management review group (MRG) which includes senior leaders who help break down barriers and provide guidance to the ESG Strategy Team that can be put into action by the ESG Working Group.

(b) How the Company identifies, assesses and manages climate-related risks & opportunities

Cummins Board and the senior management team oversee the Cummins Group's top risks, while the Enterprise Risk Management program gives the Cummins Board and senior management a framework to help them understand, identify, assess, manage and monitor risks so Cummins can meet the Cummins Group's strategic objectives. The Cummins Board is ultimately responsible for assessing and managing climate-related risks and opportunities. Managing risk effectively is on the agenda at every regular board meeting, and the Cummins Board reviews the entire Enterprise Risk Management program and the results of our latest enterprise risk assessment each year. As climate-related risks affect all aspects and regions of the business, the enterprise risks incorporate, where relevant, climate-related aspects, with a separate stand-alone enterprise risk on climate change. The Cummins Group has a mature enterprise risk management program that identifies, categorizes and analyzes the relative severity and likelihood of the various types of material enterprise-related risks to which the Cummins Group is or may be subject.

The governance structures related to climate-related risks are discussed in more detail in section (a) above.

The Corporate HSE team manages Cummins' global ISO 14001 certificate covering all large sites across the globe, including the large UK sites. Under the ISO 14001 standards Cummins and each site must conduct a risks and opportunities assessment, including climate-related risks affecting the site, and an environmental aspects and impacts assessment, assessing the severity of activities and services on the local, regional and global environment. The Cummins global certificate is externally audited annually by Standard Global Services (SGS), and individual sites are internally audited every 2 years, and audited by SGS at least every 5 years.

As well as Company and Cummins governance and risk management structures that regularly assess and identify climate-related risks, Cummins has performed several specific global climate-related assessments that assess climate-related risks across all its group companies, including the Company.

Cummins Environmental Sustainability team conducted a hot spot environmental assessment and the resulting data informs the Cummins Group's strategy and planning. The assessment concluded that 99% of Cummins' global GHG footprint comes from the products in their use phase. Cummins identified an opportunity to address these emissions by setting a science-based target to reduce lifetime emissions from newly sold products in their use phase timed to 2030 as part of its product decarbonization strategy. Cummins' environmental sustainability strategy prioritizes actions to address Cummins' biggest environmental opportunities from the materials it buys to the emissions of its products. It provides a coordinated approach across the Cummins Group to address Cummins' environmental footprint beyond regulation and compliance requirements.

Cummins regularly uses external stakeholder engagement, including frequent collaborations with partners, suppliers, government agencies and customers, to identify risks from increasing regulations, changing customer preferences, new disruptive technology, and public policy support for low-carbon products.

Non-financial and sustainability information statement (*continued*)

(b) How the Company identifies, assesses and manages climate-related risks & opportunities (*continued*)

Cummins uses a materiality assessment to help determine the most important issues facing the Cummins Group. The double materiality assessment is led by the ESG Strategy team reporting to the Executive Director of Global Risk and is reviewed and approved by Cummins' Executive Risk Council. Given the evolution of sustainability focused materiality assessments and the various regulations and standards expected to drive changes in how companies conduct those, in 2023 Cummins completed its first double materiality assessment considering two dimensions - the Cummins Group's impact, positive or negative, on people and the environment, as well as material impacts on the Cummins Group. Stakeholder engagement included subject matter expert groups across the Cummins Group including the UK (including but not limited to enterprise risk management, product planning, technical and environmental systems, health, safety and environment management, environmental sustainability, facilities management, supply chain), executive leadership, employees and suppliers, as well as customers and community groups.

Cummins launched a Climate Change & Resiliency working group to understand how climate change might impact the risks within its operations. Weather events have increased in frequency and severity, which pose potentially different threats. Utilizing climate analytics, Cummins identifies and integrates climate risks into its business resiliency plans and sustainability goals. The project looks at various aspects of risk, including wind, flood, drought, wildfire, etc. Cummins is focused on a variety of aspects, including business continuity, reporting, financial resilience and sustainability reporting. Some details of this work are included below. Cummins created a risk scoring matrix to prioritize the most at-risk sites across the globe with a detailed watershed assessment conducted for the most at-risk facilities. Facility data and conditions are reviewed annually and may alter the priority sites from year to year. These assessments help Cummins better understand and evaluate water-sourcing risks, alternatives, and overall watershed conditions across the Cummins Group. In addition to continued water conservation measures and technologies, additional response measures may include the deployment of additional water storage and low- or no-water use processes such as air-cooled chiller systems where warranted, and upgrades to wastewater treatment systems to allow for 100% reuse for non-potable purposes.

Cummins also conducted a risk assessment for natural catastrophe risk, this being the physical environmental conditions that may cause damage to assets and lead to lost profit and disruption to operations. During 2024 Cummins partnered with external consultants to assess 500 locations around the world, including sites owned by the Company, against seven climate perils: flood, wind, heat, hail, drought, wildfire and precipitation. The risk impacts were assessed in 5 year increments up to the year 2100 and the top 10 sites at risk were identified for each peril. The findings of the assessment were fed back to Cummins and working groups were formed for each peril to identify mitigation interventions and to build climate resilience plans. In addition, for any new-build projects or assessments, natural catastrophe exposure data is incorporated into the project plan at 'P0' initial stage, as part of Cummins' New Business Startup process.

Finally, Cummins has established a Holistic Emergency Management (HEM) program which requires all sites globally to prepare and maintain a business continuity plan (BCP). Site leadership from all sites are required to rank the site risks - highest to lowest. These risks are reported to Cummins' Regional Security Advisor and Global Integrated Services (GIS) function for review. For each risk, appropriate mitigation strategies and actions are required to be set out in a BCP plan and resourced accordingly. Those plans include policies, processes, training, and equipment. The Security Team within GIS consults with site leaders on the development of those plans and then tests those plans at least once every three years.

(c) Integration into Company's risk management process

As noted in section (a) above, the identification, assessment and management of climate-related risks have been embedded within Cummins' existing global risk framework and environmental strategy and monitoring processes. This follows through into the subsidiaries processes and at the Company level, climate-related risks are tracked through regular HSE and risk register updates to the Company's board and to senior management groups.

The global ESG strategy team co-ordinates efforts across all regions and to ensure compliance and consistency across all subsidiaries, including the Company, with respect to ESG more broadly. Further details of this team are set out in Section (a) above.

(d) A description of the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed

As noted in section (b) above, risks and opportunities are assessed at a Cummins group level. Cummins has identified several risks and opportunities but the ones set out in this section are the ones that impact the Company and the Company's subsidiaries.

TIME-PERIOD DEFINITIONS:

Short-term (one to three years): For Cummins, three years or sooner is a short time horizon, especially for product development. Acquisitions would be included in this timeframe.

Medium-term (three to 10 years): Most of Cummins planning falls into this time horizon, as engine platforms or specific product launches are not short-term.

Long-term (10 to 30 years): Cummins environmental sustainability strategy would fall into this category. It contains science-based goals for 2030 and aspirations timed to 2050.

Non-financial and sustainability information statement (*continued*)

(d) A description of the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed (*continued*)

CLIMATE-RELATED RISKS

TRANSITION RISKS:

i) Technology

Risk type and primary climate-related risk driver: Technology. Transitioning to lower emissions technology

Primary potential negative financial impact: The development of new technologies may materially reduce the demand for current products and services

- Time-horizon: Medium to long-term
- Likelihood: More likely than not

Description: Cummins is investing in new products and technologies, including electrified powertrains, hydrogen production and fuel cells, for planned introduction into certain new and existing markets. Given the early stages of development of some of these new products and technologies, there can be no guarantee of the future market acceptance and investment returns with respect to Cummins' planned products, which will face competition from an array of other technologies and manufacturers. The ongoing energy transition away from fossil fuels and the increased adoption of electrified powertrains in some market segments could result in lower demand for current diesel or natural gas engines and components and, over time, reduce the demand for related parts and service revenues from diesel or natural gas powertrains. Furthermore, it is possible that Cummins may not be successful in developing segment-leading electrified or alternate fuel powertrains and some of Cummins' existing customers could choose to develop their own, or source from other manufacturers, and any of these factors could have a material adverse impact on Cummins Group's results of operations, financial condition and cash flows.

While the Company nor its subsidiaries are part of the group of companies developing these zero-carbon and near zero-carbon technologies, the Company and its subsidiaries do form part of the Cummins Group. The mitigation of technology risk by Cummins benefits the Cummins Group by making it more resilient to climate-related risk. The Company, therefore, will benefit indirectly from the increased resilience of the group.

ii) Emerging regulations

Risk type and primary climate-related risk driver: Emerging regulation. Mandates on and regulation of existing products and services.

Primary potential negative financial impact: Cummins products are subject to extensive statutory and regulatory requirements that can significantly increase Cummins' costs and, along with increased scrutiny from regulatory agencies and unpredictability in the adoption, implementation and enforcement of increasingly stringent and fragmented emission standards by multiple jurisdictions around the world, could have a material adverse impact on Cummins' results of operations, financial condition and cash flows.

- Time horizon: Medium-term
- Likelihood: About as likely as not

Description: Cummins engines are subject to extensive statutory and regulatory requirements governing emissions and noise, including standards imposed by the UK, EU, USA and other regulatory agencies around the world. Regulatory agencies are making certification and compliance with emissions and noise standards more stringent and subjecting diesel engine products to an increasing level of scrutiny. In addition, failure to comply with the terms and conditions of the Agreement in Principle with the United States EPA, California Air Resources Board, Department Of Justice and the California Attorney General's Office will subject Cummins to stipulated penalties. The discovery of noncompliance issues could have a material adverse impact on Cummins' results of operations, financial condition and cash flows.

Developing engines and components to meet more stringent and changing regulatory requirements, with different implementation timelines and emission requirements, makes developing engines efficiently for multiple markets complicated and could result in substantial additional costs that may be difficult to recover in certain markets. While Cummins has met previous deadlines, its ability to comply with existing and future regulatory standards will be essential for the Cummins Group to maintain its competitive position in the engine applications and industries the Cummins Group serves. The successful development and introduction of new and enhanced products in order to comply with new regulatory requirements are subject to other risks, such as delays in product development, cost over-runs and unanticipated technical and manufacturing difficulties.

In addition to these risks, the nature and timing of government implementation and enforcement of increasingly stringent emission standards in Cummins Group's worldwide markets are unpredictable and subject to change. Any delays in implementation or enforcement could result in a loss of Cummins Group's competitive advantage and could have a material adverse impact on its results of operations, financial condition and cash flows.

Non-financial and sustainability information statement (continued)

(d) A description of the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed (continued)

CLIMATE-RELATED RISKS (continued)

TRANSITION RISKS (continued)

iii) Effects of Climate Change

Risk type and primary climate-related risk driver: Climate change and effects of climate change.

Primary potential negative financial impact: Cummins may be adversely impacted by the effects of climate change and may incur increased costs and experience other impacts due to new or more stringent climate change regulations, accords, mitigation efforts, GHG regulations or other legislation designed to address climate change.

- Time-horizon: Medium to long-term
- Likelihood: More likely than not

Description: The scientific consensus indicates that emissions of GHG continue to alter the composition of Earth's atmosphere in ways that are affecting, and are expected to continue to affect, the global climate. The potential impacts of climate change on Cummins Groups' customers, product offerings, operations, facilities and suppliers are accelerating and uncertain, as they will be particular to local and customer-specific circumstances. These potential impacts may include, among other items, physical long-term changes in freshwater availability and the frequency and severity of weather events as well as customer product changes either through preference or regulation.

Concerns regarding climate change may lead to additional international, national, regional and local legislative and regulatory responses, accords and mitigation efforts. Various stakeholders, including legislators and regulators, shareholders and non-governmental organizations, are continuing to look for ways to reduce GHG emissions, and consumers are increasingly demanding products and services resulting in lower GHG emissions. The Cummins Group could face risks to its brand reputation, investor confidence and market share due to an inability to innovate and develop new products that decrease GHG emissions. Increased input costs, such as fuel, utility, transportation and compliance-related costs could increase Cummins Group's operating costs and negatively impact customer operations and demand for its products. As the impact of any additional future climate related legislative or regulatory requirements on Cummins global businesses and products is dependent on the timing, scope and design of the mandates or standards, Cummins is currently unable to predict its potential impact which could have a material adverse effect on Cummins Group's results of operations, financial condition and cash flows.

Climate change may exacerbate the frequency and intensity of natural disasters and adverse weather conditions, which may cause disruptions to Cummins Group's operations, including disrupting manufacturing, distribution and its supply chain.

CLIMATE-RELATED OPPORTUNITIES

i) Low emissions products

Opportunity type and primary climate-related opportunity driver: Products and services, development and/or expansion of low emission goods and services.

Primary potential financial impact: Increased revenues resulting from increased demand for products and services.

- Time-horizon: Medium-term for electrolyzer and fuel agnostic products; longer-term for fuel cells
- Likelihood: More likely than not

Description: Cummins product decarbonization strategy, Destination Zero, is focused on developing and advancing lower emission internal combustion and zero emission technologies, including battery electric, hydrogen fuel cell, and green hydrogen electrolyzer technologies. Development of zero-carbon technologies is managed by a specific group of companies within the Cummins Group and has been branded "Acclera by Cummins".

Cummins' fuel agnostic engine platform, the first of its kind, will use engine blocks and core components that share common architectures and will be optimized for different low-carbon fuel types, allowing customers to choose a low-carbon fuel that meets the needs of their business, while maintaining the familiarity of an internal combustion engine. This new design approach will be applied across the B, L and X-Series engine portfolios, which will be available for diesel, natural gas and hydrogen.

Cummins is also developing and deploying PEM electrolyzers for the advancement of green hydrogen and is seeing significant momentum in the market as a result of the Inflation Reduction Act of 2022 in North America. Cummins anticipates the demand for its electrolyzers will continue to increase as utility companies move from grey to green hydrogen and will also be suited to supply hydrogen for transport.

Non-financial and sustainability information statement (continued)

(d) A description of the principal climate-related risks and opportunities arising in connection with the Company's operations, and the time periods by reference to which those risks and opportunities are assessed (continued)

CLIMATE-RELATED OPPORTUNITIES (continued)

i) Low emissions products (continued)

Cummins is also actively developing, testing, and deploying battery electric and hydrogen fuel cell technologies, which it believes will be the zero carbon solutions for the industries and applications it serves. Cummins sees battery electric as an ideal zero emission solution for return to base, short-run routes that do not require large torque, such as medium-duty delivery vehicles and transit buses. Cummins expects hydrogen fuel cell solutions to become an increasingly viable option for other applications requiring higher power needs, such as mining and long-haul heavy-duty trucking applications. For both battery electric and hydrogen fuel cell technologies, Cummins will provide the entire electrified powertrain, as well as some of the most critical components that impact performance, quality, and power to the system to deliver the most value to Cummins customers. Cummins anticipates that eventually an increase in battery electric and hydrogen fuel cell products will result in decreased demand for its diesel products, as discussed in the risk section.

While the Company nor its subsidiaries are part of the group of companies developing these zero and near zero technologies, the Company and its subsidiaries do form part of the Cummins Group. Developing and expanding into low emission goods and services by Cummins benefits the Cummins Group by making it more resilient to climate-related risks. The Company, therefore, will benefit indirectly from this increased resilience of the group.

Cummins Destination Zero initiative is not limited to newly emerging technologies alone. Continuous development and investment is made in the products produced by the Cummins group to reduce tailpipe emissions through focus on advanced diesel and natural gas technologies. These products are clean, cost effective and available years ahead of other emerging technologies. These initiatives are an important part in reaching the Cummins Group goal of achieving a 25% reduction in emissions from newly sold products by 2030. These initiatives are an important part in reaching the Cummins Group goal of achieving a 25% reduction in emissions from newly sold products by 2030.

(e) A description of the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy

CLIMATE-RELATED RISKS

Transition Risk - Technology

Description: Cummins faces the risk of technology substitution within a medium to long-term time horizon. This risk is driven by factors such as emerging regulations, infrastructure readiness, shifting consumer preferences, and lower ownership costs. Cummins is actively developing zero and near-zero emission technologies, including electrified powertrains, hydrogen fuel cells, and electrolyzers through a specific group of subsidiaries. However, uncertainties exist in market acceptance and investment returns for these early-stage products.

Financial Impact: Potential for decreased revenues due to potential lower demand for current diesel or natural gas engines and components.

Transition Risk - Emerging Regulation

Description: Cummins encounters risks associated with developing new technology to meet evolving emissions regulations within a medium-term time horizon. This includes potential additional costs. The Cummins Group's ability to comply with existing and future regulatory standards is crucial for maintaining competitiveness in engine markets. Compliance efforts are subject to risks such as delays in product development, cost overruns, and technical difficulties.

Financial Impact: Potential for decreased revenues due to reduced demand for products and services.

CLIMATE-RELATED OPPORTUNITIES

Product Development - Decarbonization Strategy:

Description: Cummins leverages its Destination Zero strategy to develop and advance lower emission internal combustion and zero-emission technologies. This includes battery electric, hydrogen fuel cell, and green hydrogen electrolyzer technologies. Cummins' fuel-agnostic engine platform allows customers to choose low-carbon fuels, offering flexibility while meeting sustainability goals. The design approach extends across engine portfolios, covering diesel, natural gas, and hydrogen. Cummins is actively growing its hydrogen capabilities, focusing on fuel cell technologies to power various applications within a medium-term time horizon. This includes transit buses, semi-trucks, delivery trucks, and passenger trains. Scaling up hydrogen technologies aims to deliver competitive low-carbon solutions across multiple applications by 2030. Cummins anticipates increased demand for electrolyzers, particularly as utility companies shift to green hydrogen production.

Non-financial and sustainability information statement (*continued*)

(e) A description of the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy (*continued*);

CLIMATE-RELATED OPPORTUNITIES (*continued*)

Product Development - Decarbonization Strategy (*continued*)

As Cummins' Destination Zero strategy is enterprise wide, it is an important part of our goal to achieve a 25% reduction in emissions from newly sold products by 2030. This goal is supported through continuous development of advanced diesel and natural gas technologies currently produced and supported by the Company.

Financial Impact: Potential for increased revenues resulting from growing demand for low-emission products.

(f) An analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios

Business Areas Influenced by Climate-Related Risks and Opportunities:

Cummins is in the process of conducting an updated scenario analysis to be completed in 2025 which will inform its future disclosures.

In the past, Cummins completed scenario analyses using various methods. One scenario that Cummins used through this planning exercise was a climate-related scenario in which countries around the world take aggressive and globally orchestrated steps to decarbonize their economies. Cummins used a climate-related scenario to understand the extreme limits and major drivers of action within this scenario out to 2035; anything less extreme was compared to a baseline assumption of how this scenario might play out.

Cummins supports the framework of the Paris Agreement and believes it gives the world a flexible framework to address climate change while providing a smooth transition for business:

- It strengthens competitiveness in global markets.
- It benefits UK manufacturing as the country modernizes to new, more efficient technologies.
- It supports investment by setting clear goals which enable long-term planning.
- It expands global and domestic markets for clean, energy-efficient technologies, which will generate jobs and economic growth.
- It encourages market-based solutions and innovation to achieve emissions reductions at lower costs.

Cummins developed and had validated two science-based targets for new products and facilities that meet the threshold to limit global warming to 1.5 °C. To keep that analysis relevant, Cummins must continually monitor and respond accordingly to changes against key indicators. Cummins does not view scenario planning as a one-time activity. Rather, it must be used as a tool on an ongoing basis to account for real world changes that occur to inform the potential futures that are yet to come.

Results from the climate-related scenario analysis also significantly contributed to the formulation of Cummins' overarching environmental sustainability strategy, established in 2019, and the subsequent product decarbonization strategy, Destination Zero, introduced in 2022. Cummins has taken tangible steps to advance a no-carbon green hydrogen economy, announcing investments in electrolyzer facilities globally and collaborating with industry leaders to develop fuel cell solutions.

As for climate risk in Cummins Group facilities, Cummins consulted with an external climate analysis expert using data from dozens of well-vetted climate models, coupled with machine learning, land use and elevation data, and models for hydrology, wildfires, and severe weather to explore trends in future climate scenarios.

Risk due to environmental perils was quantified in five-year increments from 2020 through 2100 for three carbon emissions scenarios.

As part of its commitment to sustainability, Cummins collaborates with major OEMs and end fleets, offering a range of solutions, including battery electric and natural gas technologies. Cummins' engagement in climate risk assessment involves consultation with external climate analysis experts, utilizing various models to understand potential impacts on Cummins Group locations due to climate change. The outcomes of this analysis will guide Cummins in formulating location-specific mitigation efforts, complementing the broader corporate objectives outlined in environmental sustainability strategy, including targets for reducing energy and water consumption.

Non-financial and sustainability information statement (*continued*)

(g) A description of the targets used by the Company to manage climate-related risks and to realize climate-related opportunities and of performance against those targets

Cummins is working to address climate change across all aspects of the company. Cummins' environmental sustainability strategy is an extension of Cummins' earliest sustainability work and reflects the company's mission to power a more prosperous world. It is integral to the business growth strategy and focuses on our long-term commitment to protect the planet for future generations.

The strategy includes nine goals timed to 2030 and the aspiration to reach carbon neutrality in its operations and products in use by 2050, focused on three priority areas:

- Using natural resources in the most sustainable way
- Creating better communities because we are there
- Doing our part to address air emissions and climate change in line with science

In 2024, Cummins initiated a planned midpoint review of our 2030 sustainability goals. This review reflected standard governance practices to ensure our metrics, scope and strategies remain aligned with evolving conditions and our long-term objectives. Cummins' commitment to progress remains steadfast, and we anticipate sharing any updates or adjustments to these goals in 2025.

Goals used by the Cummins Group to manage climate related risks and opportunities include the following:

Goal: Cummins aims to reduce absolute Scope 1 and 2 GHG emissions by 50%

Base Year: 2018

Target Year: 2030

Targeted reduction from base year: 50% reduction

Calculation Methodology: Greenhouse Gas Protocol (market-based)

Goal: Reduce scope 3, Category 11 absolute lifetime GHG emissions from newly sold products by 25%

Base Year: 2018

Target Year: 2030

Targeted reduction from base year: 25% reduction

Calculation Methodology: Greenhouse Gas Protocol

Goal: Reduce scope 3 absolute emissions from products in use by 55 Million Metric Tons

Base Year: 2014

Target Year: 2030

Targeted reduction from base year: 55M Metric Tons

Calculation Methodology: Greenhouse Gas Protocol

Goal: Reduce volatile organic compounds emissions from paint and coating operations by 50%

Base Year: 2018

Target Year: 2030

Targeted reduction from base year: 50% Reduction

Calculation Methodology: Ratio of emissions as calculated from previous fiscal year to 2018 baseline

Goal: Reduce absolute water consumption in facilities and operations by 30% by 2030

Base Year: 2018

Target Year: 2030

Targeted reduction from base year: 30%

Calculation Methodology: Ratio of Absolute Consumption vs. Baseline

Goal: Produce net water benefits exceeding its annual water use in all regions by 2030

Base Year: 2021

Target Year: 2030

Targeted reduction from base year: Water neutrality in all regions

Calculation Methodology: Absolute consumption vs. quantifiable efficiency improvements

Non-financial and sustainability information statement (*continued*)

(h) A description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realize climate-related opportunities and of the calculations on which those key performance indicators are based

Cummins establishes and tracks climate KPI's at the group level with input from regional leaders as necessary. As such, KPI's are reported at the group level and are reflective of climate related topics which are material to Cummins. For additional information, please see Cummins' most recent Sustainability Progress Report at: <https://www.cummins.com/sites/default/files/2024-07/2023-2024-Cummins-Sustainability-Progress-Report.pdf> for more information.

Below is a summary of the key performance indicators used to assess progress against targets used to manage climate-related risks and realize climate-related opportunities.

Goal: Cummins aims to reduce absolute Scope 1 and 2 GHG emissions by 50%

Progress: 322,929 metric tons CO₂e (30% reduction from 2018 to 2024)

Goal: Reduce scope 3, Category 11 absolute lifetime GHG emissions from newly sold products by 25%

Progress: 2024 newly sold products will have a lifetime impact of 1,067 MMT CO₂e

Goal: Reduce scope 3 absolute emissions from products in use by 55 Million Metric Tons

Targeted reduction from base year: 55M Metric Tons

Progress: 38 MMT CO₂e of cumulative emissions reduction as of 2024 from 2014 baseline

Goal: Reduce volatile organic compounds emissions from paint and coating operations by 50%

Targeted reduction from base year: 50% Reduction

Progress: 19% reduction as of 2024 from 2018 baseline

Goal: Reduce absolute water consumption in facilities and operations by 30% by 2030

Targeted reduction from base year: 30%

Progress: 12.58%

Goal: Produce net water benefits exceeding its annual water use in all regions by 2030

Targeted reduction from base year: Water neutrality in all regions

Progress: Four of seven regions (India, China, Latin America, Asia Pacific) are water neutral as of 2024

This report was approved by the board of directors on 25 June 2025 and signed on behalf of the board by:

A Robson

A Robson (Jun 25, 2025 13:49 GMT+1)

A Robson
Director

Registered office:
3rd Floor
10 Eastbourne Terrace
Paddington
W2 6LG

The directors present their Directors' Report and the audited financial statements of the Company for the year ended 31 December 2024.

Directors

The directors of the Company who served in office during the year and up to the date of signing the financial statements were:

P J Fertleman (resigned 15 July 2024)
A C Leitao (resigned 30 April 2024)
D J Mcmenamin
E Avdic (resigned 30 June 2024)
A Robson
B V Daley
A De Verdier (appointed 30 June 2024)
A Holthouse (appointed 15 July 2024)
J Moorhouse (appointed 15 July 2024)

Dividends paid and payable

No dividend were paid or declared during the year (2023: £nil).

Future developments

The Company's operating results in 2025 will depend on the global economic conditions and the impact of such conditions on the markets it serves. Forecasting remains a significant challenge as customers continue to focus on short horizons and the economic outlook remains unpredictable in some areas. The Company is also experiencing supply chain disruption caused by global shortages of raw materials used by suppliers during the production of components, a situation which is exacerbated by global freight capacity issues.

The Company continues to focus on cost reduction and optimising production to meet current demand. The directors are confident that the fundamentals of the Company's business give opportunities to explore long-term growth and profitability in the future. Future growth may arise from the development of new product ranges and new applications for existing products.

Financial risk management

The Company's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk and material price risk. The Company has in place a risk management programme that seeks to limit adverse effects on its financial performance. The policies set by the directors are implemented by the Company's management team.

Liquidity and cash flow risk is managed by the groups treasury function and mitigated by access to a group wide cash pool guaranteed by the ultimate parent alongside access to further revolving credit facilities if required.

There is little exposure to interest rate risk and the Company does not have any financial liabilities other than short term creditors and amounts owed to group undertakings.

The Company mitigates credit risk by the implementation of credit checks on potential customers before sales commence.

Foreign exchange risk

Financial assets are held in sterling, US dollar and euro denominated currencies and hence the Company has a foreign currency rate exposure. This exposure is hedged on a general basis through forward exchange contracts, which are managed by its ultimate parent company, Cummins.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where potential risk has been identified, advanced payment is required. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the management of the Company.

Material and commodity cost risk

The Company's businesses establish prices with its customers in accordance with contractual time frames; however, the timing of material and commodity market price increases may prevent the Company from passing these additional costs on to its customers through timely pricing actions. Additionally, higher material and commodity costs around the world may offset the Company's efforts to reduce its cost structure. While the Company customarily enter into financial transactions and contractual pricing adjustment provisions with its customers that attempt to address some of these risks (notably with respect to copper, platinum and palladium), there can be no assurance that commodity price fluctuations will not adversely affect the Company's results of operations and cash flows. In addition, while the use of commodity price hedging instruments and contractual pricing adjustments may provide the Company with some protection from adverse fluctuations in commodity prices, by utilizing these instruments the Company potentially foregoes any benefits that might result from favourable fluctuations in price. As a result, higher material and commodity costs, as well as hedging these commodity costs during periods of decreasing prices, could result in declining margins.

Directors' report (*continued*)

Year ended 31 December 2024

Supply chain disruption 2024

The Company's supply chain continued to be challenged during 2024. The Company was mainly able to redirect its operations to minimise the impacts of the Russia-Ukraine conflict. The current conflict between Israel-Palestine has had minimal direct impact on the Company's operations. However, the Company's supply chain has been negatively impacted by the Red Sea embargo, increasing the lead time for both inbound and outbound shipments and driving up costs. The major pricing impact seen on a large range of commodities and energy costs driven by Russia - Ukraine conflict is now reducing. However, certain partners in the supply chain continue to apply cost pressures which the Company is working to mitigate.

Research and development

The Company continues to invest in research and development activities in order to retain a competitive position in the market.

The Company's research and engineering programme is focused on product improvements, innovations and cost reductions for its customers. The Company uses its own research and development capabilities as well as leveraging business partnerships to develop cost-effective and environmentally sound power solutions. The Company's new products and manufacturing processes are designed to lead to a cleaner and healthier environment, and the Company complies with or surpasses all current emissions standards.

The Company benefits from the achievements of the Technical Centre of its parent company in the USA. Additionally, the Company has its own staff, who deal with the application, engineering and development of products for the European and international market. This staff group works closely with the Technical Centre to ensure a rapid interchange of information and ideas.

Branches outside the UK

The Company operates branches in Ireland, Poland, Netherlands and Turkey, which either provide after sales services to customers in those territories, remanufacturing services, or perform sales and distribution activities in those markets.

Employment of disabled persons

The Company values the different perspectives, experiences and abilities of its employees. The Company is a part of Cummins global disability inclusion initiative that aims to create an accessible, inclusive workplace where people with disabilities are enabled to fulfil their potential. Cummins is a member of Disability: In, a leading nonprofit resource for business disability inclusion worldwide, with a vision of an inclusive global economy where people with disabilities participate fully and meaningfully. The Company ensure that those living with a disability or long-term health condition are fully and fairly considered for the employment with the Company. Company's talent acquisition team makes necessary adjustments during the interview process for the applicants with disabilities. Workplace adjustments processes are in place for the employees who find themselves with a disability or long-term health condition during their continued employment with the Company. Workplace adjustments can be made at any point during the employment with the Company. The Company provides equal opportunities to all its employees through training, development and promotion. Diversity and Inclusion is one of the Cummins core values. Further information on Cummins values can be found under Corporate Governance Arrangements in this report.

Directors' indemnities

Cummins maintains director & officer liability insurance for the benefit of the Company and its directors.

Going concern

The directors consider that the going concern basis of accounting continues to be appropriate due to the support of the Company's ultimate parent Cummins Inc which has confirmed that it will enable the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of the signing of these financial statements.

Disclosure of information in the strategic report

Results for the year and principal risks are dealt with in the Strategic report.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Directors' report (continued)

Year ended 31 December 2024

Statement of directors' responsibilities in respect of the financial statements (continued)

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Engagement with employees

Across Cummins it is recognised that an engaged workforce tends to be happier, more energised, safer and more successful, whilst delivering better long-term business outcomes. The Company committed to embedding and sustaining this positive culture which has been important to the board for many years and is reflected in the Company's core values of Integrity, Diversity & Inclusion, Caring, Excellence and Teamwork. A summary of the action that has been taken by the Company during this financial year to introduce, maintain and develop such arrangements is set out below.

Cummins has a strong matrix structure and much of the Company's communication and engagement with employees takes place within this structure, as well as across the group globally. The Company has a robust approach to cascading corporate level information to ensure all employees across Europe are regularly kept up to date and informed, using a variety of different media to share news and updates, and also to seek feedback from employees. Employees are provided with, for example, quarterly results information, strategy and performance updates, key appointments and personnel changes, acquisitions and strategic partnerships. Members of the board are involved in many of the aspects of this information sharing process.

The Cummins business is composed of five business segments, with a number of functions in each region supporting all business segments. Every employee of the Company sits within a function and receives regular communication on business results from the global head of the business unit to which that function belongs, as well as receiving regular communication from the global head of their function. Hybrid employees also receive regular communications from their local site.

Throughout the year, business news, new corporate guidance and reminders of training are shared by email and by local managers in regular monthly presentations and discussions. In addition, presentations are converted into digital signage which is displayed on video screens throughout the shop-floor and office areas of major sites to ensure that, so far as possible, all employees of the Company are able to access the guidance and reminders. Live webinars and video presentations are also shared at different times throughout the year on specific topics. For example, leaders and employees took part in a live webinar event on International Day of the Girl.

The Company recognises that listening to employees is extremely valuable and following the launch of Cummins Cafes in 2022, a companywide employee engagement survey was launched in 2023 and subsequently communication and engagement plans were defined. Following this there have been a number of pulse survey providing updated information to the businesses. The quarterly regional townhall meetings continue virtually, where senior leaders update on business news in the Europe region. Time is always made to allow employees to ask questions and recordings are made available after the event.

Directors' report (continued)

Year ended 31 December 2024

Engagement with employees (continued)

During the COVID-19 pandemic, Cummins launched the "Move Europe" campaign to enhance mental and physical health. In the first event, Cummins employees in Europe collectively travelled over 70,000 km virtually in one month. The feedback was overwhelmingly positive, with 88% of participants reporting an improved mood. Due to its success, Cummins continued the campaign into 2024, organizing group walks and sessions across various European sites. An interactive Teams page was frequently used for sharing pictures and activities, fostering networking and a positive culture around the campaign.

The Company also held live webinar events to promote Women's health, where the Women's Empowerment Network presented on topics such as menopause. In October 2023 Cummins signed the Menopause Workplace Pledge supporting initiatives at Cummins including flexible working schedules, increased availability of temperature control devices and easy access to sanitary products.

The Company launched another cohort of Springboard last year. Springboard is a unique personal development programme designed and written for women with an approach that allows each participant to set out their own agenda according to their individual needs. The results will be tailored to each individual and will provide support on asserting themselves to gain promotion, further training or qualifications. The programme focusses on female populations who may be less likely to participate in conventional development programmes linked to career growth; due to the success, we are launching two more cohorts in 2025.

The Company continues to champion Science, Technology, Engineering and Maths (STEM) as a way to engage future employees. Cummins Darlington welcomed children from local primary and secondary schools to come together on the campus to and learn about Cummins and what we do.

Values Differences was launched last year focusing on ensuring employees use respectful, appropriate, and inclusive language regarding visible and invisible differences. It raises awareness of identities of individuals and multiple group identities and possible negative and positive association with each. It seeks to understand different perspectives, cultures, and lived experience and contributes to a work climate that celebrates, respects, values, and supports visible and invisible differences.

Cummins is proud to be an official military-friendly employer, dedicated to recruiting and retaining ex-military personnel and implementing policies to support our employees who currently serve or have family members who currently serve. Cummins employ veterans across every business unit, and we recognise their contribution to our progress, innovation and breakthroughs at Cummins. The Europe Veterans ERG was created to help enable the Military Status dimension of diversity across the region, it creates an environment that allows all employees to achieve their full potential, and we strive to make Cummins an employer of choice for veterans.

To listen to employees of the Company, and engage in two-way dialogue, a variety of channels are utilised including recognised trade unions, employee councils and more informal methods, such as skip-level meetings and surveys. During 2024 regular meetings were held, involving members of the board, with all employee representatives, including those from the Company, known as the Cummins Employee Engagement Forum ("CEEF"). The agenda covers updates from each site, including recent business performance and short-term forecasts, as well as health and safety updates (health and safety being a key value). Extraordinary meetings also take place with the CEEF should there be any specific organisation announcements.

The Company also engages employees through special interest groups, called Employee Resource Groups (ERGs). Each of these groups has a sponsor, who will be a senior leader in the region and often a board member. ERGs are voluntary, employee-led groups that serve as a resource by fostering a diverse, inclusive workplace aligned with the Company's mission, vision and values. ERG are open to all employees and provide opportunities for leadership training, cross-cultural learning and professional development. In the UK, ERGs have been formed for the following diversity dimensions: Disabilities, Gender, LGBTQ+, Veterans and Multi-cultural. Employees are also encouraged to reach out to senior leaders for ideas of new groups which may be formed.

In 2023 the Company was excited to announce Cummins Volunteer month, which took place in June. This was a time for colleagues to join together in demonstrating support and commitment to their P. Employees were able to come together in person and give back to their communities. All sites of the Company got involved, and employees were able to use four hours of volunteering time to support local causes and Company's community partners.

The Company continues to champion Science, Technology, Engineering and Maths (STEM) as a way to engage future employees. Cummins Darlington was the lead sponsor of STEMFest an interactive exhibition connecting 9 to 13-year-old school children with over 50 of the region's STEM companies committed to providing job opportunities now and in the future to support the next generation into the sector

To listen to employees of the Company, and engage in two-way dialogue, a variety of channels are utilised including recognised trade unions, employee councils and more informal methods, such as skip-level meetings and surveys. During 2023 regular meetings were held, involving members of the board, with all employee representatives, including those from the Company, known as the Cummins Employee Engagement Forum ("CEEF"). The agenda covers updates from each site, including recent business performance and short-term forecasts, as well as health and safety updates (health and safety being a key value). Extraordinary meetings also take place with the CEEF should there be any specific organisation announcements.

Engagement with employees (continued)

The Company also engages employees through special interest groups, called Employee Resource Groups (ERGs). Each of these groups has a sponsor, who will be a senior leader in the region and often a board member. ERGs are voluntary, employee-led groups that serve as a resource by fostering a diverse, inclusive workplace aligned with the Company's mission, vision and values. ERGs are open to all employees and provide opportunities for leadership training, cross-cultural learning and professional development. In the UK, ERGs have been formed for the following diversity dimensions: Disabilities, Gender, LGBTQ+, Veterans and Multi-cultural. Employees are also encouraged to reach out to senior leaders for ideas of new groups which may be formed.

The board takes a keen interest in employee matters. In 2024, the gender pay gap reporting in the UK was reviewed by senior leaders, including board members. The board considers that, whilst the results have been positive each year (the Company has a lower pay gap than the industry average), they recognise that more work is required. One area where the Company sees a disparity in the numbers of men and women is within the engineering function. A team sponsored by the board continues to work to specifically address different aspects of this topic. Work is also underway to facilitate a more representative workforce in the Company's hourly production workforce with an initiative aimed at encouraging female STEM apprentices. The Company has continued to expand its recruitment council scope with the intention of providing consistent oversight of the recruitment process for manager and director-level roles by ensuring a diverse slate of candidates for each role.

The Cummins key ethical principles require the Company to communicate honestly and with integrity, to create a culture where all employees take responsibility for good ethical behaviour and to embrace diverse perspectives and backgrounds and treat all people with dignity and respect. The Cummins 'Treatment of Each Other at Work' policy strictly prohibits discrimination and harassment and establishes clear reporting lines, with clear consequences where the policy is breached. The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability, sexual identity or orientation and offers appropriate training and career development on all dimensions of diversity to enable an equitable working place. Cummins recognises that it takes courage to be who you are, especially at work, and by making room for everyone to succeed and by responding with empathy, we win with the power of difference.

Another area of Company's focus on employee engagement is pensions. The Company prides itself on working closely with the trustee of the pension plan to ensure clear and effective communications with employees. A communication committee, which includes current employees and retirees meets monthly with the pension communication provider to identify the best approaches to employee communications and tools.

Engagement with stakeholders

Customers, employees and communities have depended on Cummins to do the right thing for over 100 years. The Company's strong ethical reputation and business success have been built on doing what is right and doing what we say we will do. That is why integrity is one of the Company's core values. The 2024 financial year saw continued activity with the Company's key stakeholders; the board were keen to ensure that everyone involved in the Company's success was involved in some way. Highlights are below.

Customers

The Company's customers and partners are highlighted at the beginning of this strategic report as being key to the Company's competitive strength and success. There are many varied interactions with the Company's customers at different levels and functions throughout the organization. The highly regulated nature of the Company's business requires that it complies with many standards such as VDA and IATF 16949, and this dictates many of the interactions with customers particularly about product development, product quality and safety standards. 2024 has seen the requirement to achieve TISAX Certification. TISAX is an international standard for cyber security of supply chains. Typically, the Cummins CEO or COO meets annually, and senior leaders meet a handful of times a year, with their opposite numbers at major customers to discuss longer term strategy and any major issues or opportunities. Meetings between technical teams and engineers take place more regularly, to discuss product requirements and other long to medium term needs. Members of the board will attend a number of these meetings throughout the year, depending upon the business unit and how each meeting may relate to and the board members' individual area of expertise.

Interactions between the Company's sales account managers and customers' purchasing leaders are very frequent. Customers often keep score cards of the Company's performance and rate that performance against a list of different criteria. Regular meetings are held to discuss any issues and to work together to agree how the Company may support its customer in resolving specific problems. Cummins is guided by strong sense of purpose, defined by a Mission setting out why the Company exists, a Vision setting out what we aim to achieve and Set Values setting out how we should go about achieving the Mission and Vision. Daily operations from the 10 practices set out in the Cummins Operating System (COS). The underlying philosophy and objective of the COS is to drive a systematic culture of continuous improvement.

During 2024, the Company maintained the number of face-to-face meetings and international trade shows. Customer interactions during the year have been focused on a combination of the Company's base ICE (internal combustion engine) technology, some of the bridge technologies such as Hydrogen and Hybridization. The focus on ZEV technology has reduced somewhat as the sunset of the ICE engine now appears to be considerably longer than was previously thought. The standards and introduction date for Euro 7 Emissions legislation is now clear. Business updates are regularly shared with / disseminated to all the Company's customers, for example if there has been a product change, or update to shipping terms. Recent examples include communication of Tariffs and other such trade conditions.

Directors' report (continued)

Year ended 31 December 2024

Engagement with stakeholders (continued)

Distributors

Distributors are a critical part of the Company's business model and the Company takes steps to ensure its distributors share Cummins' values, regardless of the nature or location of the distributor. Compliance training, and ethics and compliance initiatives and policies are made available to distributors to encourage distributors to adopt Cummins' ethical principles and values.

Communities

Cummins has a deeply rooted historical commitment to community problem solving. The Company focuses its engagement efforts on three priority areas critical to healthy communities: education, equity, and environment and creates impact by engaging in its communities, focusing on its priorities and identifying opportunities the Company has a unique ability to address using the knowledge and skills of its employees.

In 2024, more than 77% of the Company's employees participated in our Every Employee Every Community (EEEC) programme, which enables each employee to use at least four work hours to engage in their communities. The Company's employees contributed more than 21,500 hours volunteering to support their local communities in 2024, including assisting foodbanks, supporting inclusion for people with disabilities, engaging with education partners to promote Science, Technology, Engineering and Math (STEM) education, facilitating environmental projects, and more. In addition, the Company, working with the Cummins Foundation, provided 27 grants to local charities addressing the needs in the communities where the Company's employees live and work. Throughout 2024, the Company's employees and leaders engaged in large-scale community initiatives and strategic global programs, increasing the Company's overall impact in communities where our employees live and work.

Environment

The environment is a key arm of the Company's Corporate Responsibility strategy. Cummins supports the UN's Sustainable Development goals to "end poverty, protect the planet and ensure prosperity for all". Cummins is a proud signatory to the UN Global Compact and the Company wants to play its part in making the world a better place to live. Links to the Cummins global sustainability report can be found at (<https://www.cummins.com/company/global-impact/sustainability>) and to the Cummins environmental sustainability strategy to 2050, at (<https://www.cummins.com/company/sustainability/planet-2050>) which was formally launched in November 2019.

The Company regularly measures and reports on the goals set by the Cummins environmental sustainability strategy which includes (i) reducing greenhouse gases and air emissions; (ii) using natural resources in the most sustainable way possible; and (iii) helping communities address their major environmental challenges. Directors are regularly updated, briefed and trained on environmental regulation and regulatory practices by the dedicated team of professionals who manage the Company's environmental affairs on a day-to-day basis, as well as by external experts.

Independent certification of the Company's facilities is important to the directors. It demonstrates to all of the Company's stakeholders, internal and external, that the Company's environmental and energy management systems are robust and based on best practice. The Company had regular interactions with customers and other stakeholders during 2024 including with the Environment Agency and other regulators to share future strategic issues and practices learnt from others in industry.

The Cummins environmental sustainability strategy sets resource reduction targets which the Company aspires to achieve by 2030 and Cummins is targeting carbon neutrality by 2050. Good progress has been made towards those targets throughout the year despite a significant increase in output. During 2024 the Company has continued to increase its use of on-site solar plus taken steps to increase data quality across many of the smaller Distribution sites.

In addition, in 2024 the Company:

- generated 15,879 tonnes of waste, a decrease of 13.37% on 2023, of which 100% was recycled;
- used 101,576,215 kWh of energy, a decrease of 5.83% against the previous year;
- emitted 25,252 tCO₂e, a 5.83% decrease against the previous year; and
- used 95,153 m³ of water, a 5.42% decrease compared to the previous year.

Suppliers

Cummins holds suppliers to a higher standard than just compliance with local laws in the form of its Supplier Code of Conduct, which applies to all businesses that provide products or services to the Company, and its affiliates. The code helps the Company to ensure that it is doing business with other companies around the world that share the Cummins values and sustainable practices, and which treat their own stakeholders in a manner that is consistent with those values. All new suppliers receive a copy of the Supplier Code of Conduct and are encouraged to adopt it.

Directors' report (continued)

Year ended 31 December 2024

Engagement with stakeholders (continued)

Suppliers (continued)

During the 2024 financial year the Company invested significant time in the following:

- Supply Chain Finance - Increased the implementation of Supply Chain Financing ("SCF") opportunities for suppliers providing the selected suppliers with lower cost financing, faster invoice payment, increased liquidity and improved control of invoice payments.
- Supplier Diversity - As a Charter Member, Cummins sponsored an Innovation Challenge programme with Minority Supplier Development UK (MSDUK) to attract and provide opportunities to Ethnic Minority Business suppliers. Starting in 2017 there has been over 800 innovative ideas submitted by Innovation Challenge finalists after taking part in the competitions. In 2024, Cummins led the Innovation Pioneers Category with the event attracting over 200 applicants with four Category winners and the overall winner receiving £20,000 and a 1-year MSD (Minority Supplier Development) U.K. subscription.
- Supplier Development - This initiative expanded further with twenty-nine specific supplier focused improvement projects launched during the year addressing lead times, on time delivery and systemic improvements whilst also extending to include implementation of material cost reduction and supplier risk mitigation actions. Following the launch in fourth quarter of 2020 of a holistic supplier development project to comprehensively improve the capabilities of one key supplier in the region a further five key suppliers have now been identified for future projects of this content. Additionally an IQTM (Six Sigma) project was launched to identify suppliers suitable for the deployment of Cobots within their Cummins related manufacturing processes - project objective is to deliver improvements in safety, quality and cost within Cummins supply base.
- Supplier recognition - In the fourth quarter of 2024, a virtual supplier recognition event was planned to recognise outstanding supplier performance in the region. Supplier of The Year awards for both direct and indirect procurement were given to those suppliers who excelled in areas of safety, quality, delivery, diversity, innovation, new product development and customer support.

Government

Cummins is a strategic partner for the UK Government, a relationship that the Company values highly. Cummins has a strategic account manager within Westminster and has regular meetings to discuss its strategies and issues, and to understand upcoming policy from Government. Cummins maintains strong relationships with the local MPs for most of the Company's major sites and works with them on local and national issues as required. The Company is a member of various industry bodies in the UK and works with them to help the Government to understand industry perspectives on a number of topics including gender diversity, product regulation, trade and immigration. During the financial year 2024 Cummins took part in a number of meetings (including round tables with other industry representatives) with Government to discuss and consult trade, transport and energy policy.

Cummins UK pension plan

The Plan Trustee and the Company continue to have a strong and collaborative relationship with the regional Retirement Strategy Director, including attendance at Trustee meetings and providing updates to the Company. The next Plan triennial valuation is due as at 1 January 2027, the 1 January 2024 valuation having been discussed and agreed by the Trustee and Company during 2024.

Corporate Governance Arrangements

The Company's corporate governance model strives to ensure the implementation of the Cummins "Mission, Vision and Values", enhancing value for the Company's shareholders, employees, communities and other stakeholders. In short these are:

- Why We Exist: Our Mission
Making people's lives better by powering a more prosperous world.
- What We Want To Accomplish: Our Vision
Innovating for our customers to power their success.
- How We Will Do It: Our Values
 - Integrity - Doing what you say you will do and doing what is right.
 - Diversity & Inclusion - Valuing and including our differences in decision making is our competitive advantage.
 - Caring - Demonstrating awareness and consideration for the wellbeing of others.
 - Excellence - Always delivering superior results.
 - Teamwork - Collaborating across teams, functions, businesses and borders to deliver the best work.

For the 2024 financial year, the Company operated within its ultimate parent company's, Cummins Inc., "Cummins Code of Business Conduct" and "Cummins Corporate Governance Principles" (the 'Cummins Code'). Copies of each are available on the Cummins investor relations website at <https://investor.cummins.com/board-esg/governance/governance-documents>.

Engagement with stakeholders (*continued*)

Corporate governance arrangements (*continued*)

Cummins Inc. requires each member of its group to be committed to the Cummins standards and values, by passing down its principles, and requiring that those be upheld. The board are also familiar with and supportive of the Wates' Corporate Governance Principles for Large Private Companies (the 'Wates Principles'). The Wates Principles are similar in numerous respects to the Cummins Code and the directors are confident that the corporate governance adopted by the Company complied in all material respects, where relevant, with the Wates Principles.

Cummins firmly believes that a sustainable company is built on a foundation of good governance, integrity and the highest ethical standards at all levels. This is considered critical to the Company's long-term sustainable success. The Cummins ethics and governance initiatives are built around the 10 Statements of Ethical Principles, which are detailed in the "Cummins Code of Business Conduct". These principles are put into practice through a comprehensive compliance training program, targeting appropriate employee groups to promote good ethical behaviour and a healthy group wide culture.

The board has the legal responsibility for overseeing the affairs of the Company, exercised through the election and appointment of competent officers. The board relies on the integrity, expertise and competency of these officers in carrying out its oversight function. The board is responsible for having the processes and internal control systems in place to identify, evaluate, manage and mitigate risks. In discharging its fiduciary duties to act in the best interests of the Company, the board have and continue to consider, among other pertinent factors and as appropriate, the effect of its actions on shareholders, employees, suppliers, customers, communities, and the interests of society. More detail on the stakeholder engagement undertaken by the board and its compliance with s172 can be found in the Strategic Report.

The Company implements a risk monitoring and review process whereby the Regional Risk Manager reports to the board at least twice a year on any key risks identified and detailing how those risks are being monitored. During 2024, changes to the key risks, included (i) addition of Acquired Locations Fire Protection Risk, (ii) deletion of Iron & Steel - Origin Conformity Risk; and (iii) deletion of Energy Security Supply risk.

In 2024 the board comprised of six directors, as set out on page 15. The board continues to assess its membership to ensure that it has the right qualities, skills and experience to develop promote the Cummins Mission, Vision and Values, continue to build the Cummins culture and promote long term sustainable success.

In order to comply with the Corporate Governance Principles relating to board selection, the Company operates a board selection process which complies with guidelines issued by Cummins. These guidelines emphasise that an appropriate mix of skills and experience commensurate with the complexity of the business is to be considered. During 2024 the Company undertook a review of its board and decided to make certain changes to ensure that the board better reflects the operations of the Company.

As a wholly owned private limited company it is not felt appropriate or necessary to appoint independent directors to the board. This has been addressed at the parent company level. However, the board ensures that any conflicts of interest are identified and managed to ensure they perform their duties appropriately and in accordance with their fiduciary and legal duties. The Company adopts a specific conflicts of interest policy, which was implemented throughout 2024.

All directors are expected to continue to develop and educate themselves. Training during the 2024 financial year included updates on pension regulations that have an impact on the Company's pension scheme and updates on Environmental, Social and Governance (ESG) regulations, and a session on directors' role, duties and responsibilities. The Company ensures that each member of the board has a clear understanding of their accountability and responsibilities and that each director commits the requisite time and attention necessary to fulfil their obligations. All new board members receive a tailored induction on joining the board which includes the provision of a comprehensive Board Pack (with details of the business operations, key stakeholders and director's legal duties and responsibilities).

The board also has a number of processes in place to build positive relationships with all stakeholders, with a particular focus on the workforce / employees, customers, suppliers and the community. One of the Companies key ethical principles is to compete fairly and honestly, and this has no exceptions. The Company ensures the board remains accountable to this principle and, in particular, directors are regularly involved in key meetings with customers and suppliers. Further details regarding engagement with the Companies key stakeholders and employees during the 2024 financial year can be found in the Engagement with Employees and Engagement with Stakeholders sections.

Directors' report (continued)

Year ended 31 December 2024

U.K. energy use and the associated greenhouse gas emissions

For the purposes of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the Company is a large unquoted company and is required to report on its U.K. energy use and the associated greenhouse gas emissions that relate to: (i) activities for which it is responsible involving the combustion of gas, or consumption of fuel for the purposes of transport; and (ii) its purchase of electricity for its own use, including for the purposes of transport. This report relates to the 12-month period 1st January 2024 to 31st December 2024, representing the Company's financial year. The Company has adopted a robust environmental management system with all sites certified to ISO 14001. In addition, the three largest sites were ISO 50001 registered for the relevant period.

Energy Consumption

(a) The total annual quantity of energy consumed by the Company in the relevant period was 101,576,215 kWh (2023: 107,869,026 kWh) broken down as follows:

- Natural gas - 18,073,490 kWh (2023: 18,687,414 kWh, 2022: 26,033,078 kWh, 2021: 20,554,633 kWh);
- On-site diesel use for product testing - 45,095,880 kWh (2023: 49,698,863 kWh, 2022: 52,658,792 kWh, 2021: 56,921,466 kWh) (based on assumed consumption of 4,199,199 litres);
- Electricity (purchased) - 34,266,445 kWh (2023: 37,756,939 kWh, 2022: 41,674,965 kWh, 2021: 38,335,967 kWh);
- Electricity (Generated from solar & used on site) - 3,568,905 kWh (2023: 1,138,041 kWh, 2022: 746,147 kWh, 2021: 105,000 kWh);
- Electricity (exported back to the grid) - 4,818 kWh (2023: 13,370 kWh, 2022: 13,371, 2021: 0 kWh);
- Propane - 378,625 (2023: 364,705 kWh, 2022: 430,382 kWh, 2021: 389,582 kWh (based on assumed consumption of 53,353 litres);
- Transport fuels - 221,778 kWh (2023: 289,915 kWh, 2022: 284,179 kWh, 2021: 146,024 kWh) (based on assumed consumption of 18,625 litres).

(b) In relation to on-site diesel fuels, the Company purchases and consumes diesel for the testing of its products in testing bays as part of its research and development activities and as part of its quality control processes. Immaterial quantities of diesel are consumed by the Company's fork-lift trucks at its various properties. Note that the Company does not measure the amount of diesel consumed but instead has reported on the amount of fuel which has been delivered to its various sites during the relevant period - the Company considers that the amount of fuel delivered is effectively equivalent to the amount of fuel consumed.

(c) The Company has not accounted separately for the consumption of fuels for transport, for example business trips undertaken by employees. The overall Cummins group in the U.K. accounts for 270,461 kWh (based on the consumption of 22,713 litres). The Company considers that it is responsible for 82% of this consumption.

Carbon Dioxide Equivalent Emissions

The annual quantity of emissions in tonnes of carbon dioxide equivalent (CO₂e) resulting from the Company's total U.K. energy use from electricity, gas, transport fuels, propane, and kerosene consumption and emissions associated with refrigerant gases is 22,252 tCO₂e (2023: 24,256 tCO₂e) broken down as follows (figures in tCO₂e):

- Natural gas - 3,265.57 tCO₂e (2023: 3,376.47, 2022: 3,860.88, 2021: 4,095.75);
- On-site diesel use - 11,417.35 tCO₂e (2023: 12,582.53, 2022: 13,067.01, 2021: 13,862.73);
- Electricity (purchased) - 7,067.93 tCO₂e (2023: 7,787.86, 2022: 8,137.69, 2021: 7,771.60);
- Electricity (exported) - 3.70 tCO₂e (2023: 8.55, 2022: 11.99, 2021: 0);
- Propane - 80.35 tCO₂e (2023: 77.40, 2022: 83.09, 2021: 109.40);
- Transport emissions - 63.85 tCO₂e (2023: 68.61, 2022: 67.17, 2021: 35.24);
- Refrigerant gases - 359.11 tCO₂e (2023: 355.02, 2022: 350.40).

The Company emits 5.26 tCO₂e for full time equivalent employees a drop of 3.41% on the previous year (2023: 5.45, 2022: 5.69, 2021: 7.18).

On-Site Generation

During 2024, the Company generated 3,568,905 kWh from solar an increase of 213% on the previous year (2023: 1,138,041 kWh. The electricity is backed by Renewable Energy Guarantees of Origin. All electricity generated has been used within the Company.

During 2024, the Company captured 1,455,696 kWh of waste energy from their engine testing converting it to electricity for use on site. A small amount of electricity (4,818 kWh) waste was exported back to the national grid.

The amount of electricity exported has been multiplied by the grid average emissions factor, and the resulting emissions figure has been deducted from the Company's gross emissions figure.

Directors' report (*continued*)

Year ended 31 December 2024

Greenhouse Gas Emissions and Streamlined Energy and Carbon Reporting (SECR) statement (*continued*)

Energy Efficiency Measures

During 2024 the Company saw an expansion of operations with many of its facilities operating at increased capacity as customer demands for its products increased. To offset this increased demand for energy the company continued to improve its energy efficiency by implementing the following principle measures:

- The Daventry ground mounted solar (2.25 MWp) commissioned in 2023 has produced its first full year of solar electricity whilst phase 2 of the Huddersfield roof mounted solar has increased their installed capacity to approx. 3000 panels producing 1.03 MWp.

Across its other facilities the Company has continued to improve its energy efficiency by implementing the following principal measures:

- Continue its metering system upgrades.
- Expand its use of electric vehicles and provide additional EV charge points.
- Replacement of compressed air tooling with DC tooling.
- Replacement of pneumatic hoist with electric hoist.

The Company expects the above measures to result in energy savings of 1,762,345 kWh (2023: 3,942,482 kWh).

Methodology

In gathering the underlying data to support this report, the Company has adopted a robust methodology, including following the U.K. Government's Environmental Reporting Guidance and using the GHG Protocol Value Chain (Scope 3) Standard. In addition, the Company has used the Government's Conversion Factors for Company Reporting and the relevant emission factor database.

The Company has a dedicated team of environmental professionals who have accurately recorded energy use from across the Company's U.K. facilities monthly, collecting invoices from suppliers (diesel, propane) and meter data from suppliers (gas and electricity). This data is reported on a quarterly basis through the Company's Enablon system. Once submitted, the data is validated by the business unit.

Subsequent events

Refer note 34 for subsequent events.

This report was approved by the board of directors on 25 June 2025 and signed on behalf of the board by:

A Robson

A Robson (Jun 25, 2025 13:49 GMT+1)

A Robson
Director

Registered office
3rd Floor
10 Eastbourne Terrace
Paddington
W2 6LG

Independent auditors' report to the members of Cummins Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Cummins Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2024; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Cummins Ltd (continued)

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase profit, or through management bias in manipulation of accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and in house legal department, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Review of Board minutes;
- Challenging assumptions and judgement made by management in their significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Cummins Ltd (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
25 June 2025

Cummins Ltd.

Statement of comprehensive income

Year ended 31 December 2024

	Note	2024 £000	2023 £000
Turnover	5	2,665,199	2,760,622
Cost of sales		(2,222,144)	(2,175,781)
Gross profit		443,055	584,841
Distribution costs		(62,519)	(101,582)
Administrative expenses		(109,385)	(199,996)
Other operating income	6	44,667	54,410
Operating profit	7	315,818	337,673
Income from shares in group undertakings	11	7,791	135,657
Other interest receivable and similar income	12	18,720	7,458
Interest payable and similar expenses	13	(9,809)	(13,736)
Amount written off investments	14	(20,027)	-
Profit before taxation		312,493	467,052
Tax on profit	15	(14,337)	(57,533)
Profit for the financial year		298,156	409,519
Other comprehensive expense			
Fair value movements on cash flow hedging instruments		(9,764)	12,129
Remeasurement of the net defined benefit plan		(9,899)	(78,640)
Tax relating to components of other comprehensive expense		4,916	16,628
Other comprehensive expense for the year		(14,747)	(49,883)
Total comprehensive income for the year		283,409	359,636

All the activities of the Company are from continuing operations.

The accompanying notes on pages 31 to 50 form part of these financial statements.

Cummins Ltd.**Statement of financial position****As at 31 December 2024**

		2024	Restated
	Note	£000	2023
			£000
Fixed assets			
Intangible assets	16	92,459	86,964
Tangible assets	17	262,688	245,339
Investments	18	242,541	264,079
		597,688	596,382
Current assets			
Stocks	19	369,907	360,724
Debtors	20	682,477	623,110
Defined benefit pension plan asset	21	13,014	29,868
Cash at bank and in hand		600,624	313,815
		1,666,022	1,327,517
Creditors: amounts falling due within one year	22	(580,478)	(514,656)
Net current assets		1,085,544	812,861
Total assets less current liabilities		1,683,232	1,409,243
Creditors: amounts falling due after more than one year	23	(192,579)	(179,443)
Provisions for liabilities	24	(84,265)	(106,821)
Net assets		1,406,388	1,122,979
Capital and reserves			
Called up share capital	27	49,900	49,900
Capital contribution	28	118,918	118,918
Hedging reserve	28	(3,053)	4,270
Profit and loss account	28	1,240,623	949,891
Total shareholders' funds		1,406,388	1,122,979

Refer to note 23 for details of the restatement.

The accompanying notes on pages 31 to 50 form part of these financial statements.

The financial statements on pages 28 to 50 were approved and authorised for issue on 25 June 2025, and are signed on behalf of the board by:

A Robson

A Robson (Jun 25, 2025 13:49 GMT+1)

A Robson
Director

Company registration number: 00573951

Cummins Ltd.

Statement of changes in equity

Year ended 31 December 2024

	Note	Called up share capital £000	Capital contribution £000	Hedging reserve £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2023		49,900	118,918	(4,827)	599,352	763,343
Profit for the year		-	-	-	409,519	409,519
Other comprehensive expense for the year:						
Fair value movements on cash flow hedging instruments		-	-	12,129	-	12,129
Remeasurement of the net defined benefit plan	21	-	-	-	(78,640)	(78,640)
Tax relating to components of other comprehensive income	15	-	-	(3,032)	19,660	16,628
Total comprehensive income for the year		-	-	9,097	350,539	359,636
At 31 December 2023		49,900	118,918	4,270	949,891	1,122,979
Profit for the year		-	-	-	298,156	298,156
Other comprehensive expense for the year:						
Fair value movements on cash flow hedging instruments		-	-	(9,764)	-	(9,764)
Remeasurement of the net defined benefit plan	21	-	-	-	(9,899)	(9,899)
Tax relating to components of other comprehensive income	15	-	-	2,441	2,475	4,916
Total comprehensive income for the year		-	-	(7,323)	290,732	283,409
At 31 December 2024		49,900	118,918	(3,053)	1,240,623	1,406,388

The accompanying notes on pages 31 to 50 form part of these financial statements.

1. General information

Cummins Ltd. (the "Company") is a private company limited by shares which is incorporated, registered and domiciled in England, United Kingdom. The address of the registered office is given on page 1. The principal activity of the Company during the year was the manufacture, sale, distribution and servicing of diesel engines, components and parts thereof and related services.

2. Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention modified by revaluation of derivative financial assets and financial liabilities held at fair value through profit and loss. The financial statements are prepared in sterling, which is the functional currency of the Company and rounded to the nearest £000. The significant accounting policies consistently applied in the preparation of these financial statements are set out below.

Going concern

The directors consider that the going concern basis of accounting continues to be appropriate due to the support of the Company's ultimate parent Cummins Inc which has confirmed that it will enable the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of the signing of these financial statements.

Disclosure exemptions

The Company satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Cummins Inc. which can be obtained from the address in note 32. As such, advantage has been taken of the disclosure exemptions available under paragraph 1.12 of FRS 102 and no cash flow statement has been presented for the Company.

The Company has taken advantage of the exemption from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures of Cummins Inc.

The Company has taken advantage of the exemption from the Pillar Two Income Taxes disclosures, required under FRS 102, paragraph 29.2B, 29.12A, 29.26(g), 29.28 and 29.29 as the information is provided in the consolidated financial statement disclosures of Cummins Inc.

Consolidation

The Company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 401 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is not established under the law of an EEA State.

Amendments to FRS 102 not yet applied

The following amendments to FRS 102 have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements, unless otherwise indicated:

- Amendments to Section 7 Statement of Cash Flows (effective 1 January 2025). This introduces new disclosure requirements about supplier finance arrangements.
- Amendments to Section 20 Leases (effective 1 January 2026). This removes the distinction between operating and finance leases for lessees; with more leases recognised with an asset and liability on-balance sheet. Recognition exemptions permit short-term leases and leases of low-value assets to remain off-balance sheet.
- Amendments to Section 23 Revenue from Contracts with Customers (effective 1 January 2026). This introduces a single comprehensive five-step model for revenue recognition for all contracts with customers, based on identifying the distinct goods or services promised to the customer and the amount of consideration to which the entity will be entitled in exchange.

Notes to the financial statements (*continued*)

Year ended 31 December 2024

3. Accounting policies (*continued*)

Amendments to FRS 102 not yet applied (*continued*)

- Amendments to Section 2A Fair Value Measurement (effective 1 January 2026). This aligns definitions with latest international standards and provides additional guidance.
- Amendments to Section 26 Share-based Payment (effective 1 January 2026). This provides additional guidance aiding application of the principles in certain situations.
- Amendments to Section 29 Income Tax (effective 1 January 2026). This introduces guidance on accounting for uncertain tax positions
- Amendments to Section 34 Specialised Activities (effective 1 January 2026). This includes various improvements and clarifications to existing requirements and makes consequential changes to reflect other amendments.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Investment impairment

Annually, the Company considers if any of its investments in subsidiaries are subject to any impairment indicators. Determining whether there are any impairment indicators for the Company's investments in subsidiaries requires the directors to make judgments as to whether the net assets of the subsidiary support the carrying value of the investment and whether internal reporting suggests that the subsidiary is performing worse than expected, among other considerations. The directors believe that there have been no adverse changes in the performance of the subsidiaries and therefore there have been no impairment indicators.

Further details of investments in subsidiaries are contained in note 18 to the financial statements. The carrying amount of investments in subsidiaries at the balance sheet date was £242,541,000 (2023: £264,079,000) with impairment loss of £20,027,000 being recognised in 2024 (2023: £nil).

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation are determined using actuarial valuations which make assumptions about a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. These factors are estimated in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 21 for the disclosures relating to the defined benefit pension scheme.

Warranty provision

The warranty provision relates to the Company's support of its products against defect or failure. The provision is established at the time of the sale of the Company's products and is based on statistical estimates. The amount and timing of any warranty payments are uncertain. See note 24 for the carrying amount of the warranty provision.

Uncertain tax positions

The Company is frequently subject to tax audits and enquiries. These audits can involve complex issues, which may require an extended period of time to resolve. We accrue for the estimated additional tax which may result from tax authorities disputing uncertain tax positions based on the latest information available, however, the timing and amount of any payments are uncertain.

Notes to the financial statements (*continued*)

Year ended 31 December 2024

3. Accounting policies (*continued*)

Revenue recognition

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, value added tax and other sales related taxes.

Turnover is recognised on dispatch of goods or customer collection and on completion of service to the customer. In respect of export sales, turnover is recognised on estimated point of receipt or acceptance of goods by the customer.

Taxation

Current tax including corporation tax and overseas tax is provided on taxable profits at the current rate.

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.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of 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 an undiscounted basis.

Foreign currencies

Transactions that are denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or at the agreed contractual rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable recognised in profit or loss using the effective interest method.

Interest receivable and similar income includes interest receivable on funds invested. Interest income is recognised in the profit or loss as it accrues, using the effective interest method.

Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Software

Computer software is stated at cost less accumulated amortisation and provision for any impairment. Software is amortised over its estimated useful life.

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Intellectual property

Intellectual property relate to business acquired from Cummins Power Generation Limited in 2024, using a valuation based on Discounted Cash Flow Model.

3. Accounting policies (*continued*)

Intangible assets

Intangible assets relate to technology acquired from Cummins Turbo Technologies Limited in 2010, using a valuation based on a valuation in use calculation and to emissions solutions technology acquired by the Cummins group from an unconnected German company.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10% straight line
Intellectual property	-	10% straight line
Turbo technology	-	5% straight line
Emissions solutions patented technology	-	8.3% to 50% straight line
Computer software	-	33.3% straight line
Customer related intangibles	-	10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Tangible assets

Tangible fixed assets are stated at cost, less accumulated depreciation and provision for any impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Buildings	-	2.5% to 4% straight line
Plant and machinery	-	5% to 33.3% straight line

Investment and regional development grants are amortised over the useful lives of the related assets. The balance of unamortised grants is disclosed as deferred income. Maintenance and repairs are charged to the profit and loss account as incurred.

Freehold land is not depreciated.

Fixed asset investments

Investments in subsidiary and associated undertakings comprise the Company's investment in shares and are stated at cost less any provision for impairment. Dividends received and receivable are credited to the Company's statement of comprehensive income. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Notes to the financial statements (*continued*)

Year ended 31 December 2024

3. Accounting policies (*continued*)

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Company. At the acquisition date, the Company recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration ; plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on:

Raw materials - purchase cost on a first-in, first-out basis including transportation.

Work-in-progress and finished goods - cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and sale. Provision is made for obsolete, slow-moving or defective items where appropriate.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The warranty provision relates to the Company's support of its products against defect or failure. The provision is established at the time of sale of company products and is based on statistical estimates then available. The amount and timing of any warranty payments are uncertain, but payment is expected to occur within three years of the provision being established.

Financial instruments

The Company has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets include trade and other debtors, amounts owed by group undertakings and cash at bank and in hand, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and overdrafts and amounts owed to group undertakings are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements (*continued*)

Year ended 31 December 2024

3. Accounting policies (*continued*)

Share capital

Ordinary shares are classified as equity. The rights, preferences and restrictions relating to ordinary share capital are as follows:

Voting rights - shares rank equally for voting purposes. On a show of hands each member shall have one vote and on a poll each member shall have one vote per share held.

Dividend rights - each share ranks equally for any dividend declared.

Distribution rights on a winding up - each share ranks equally for any distribution made on a winding up.

Pension costs

The Company is a participating company of a group pension scheme called the Cummins UK pension plan. The pension plan has a defined contribution and defined benefit sections.

For the defined benefit section, the operating cost of providing pensions and other post retirement benefits, as calculated periodically by independent actuaries, is charged to the Company's operating profit and loss in the year that those benefits are earned by employees. A net interest expense, based on the net defined benefit liability, is recognised in the profit and loss account. Pension scheme assets are measured using fair value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The changes in value of the schemes' assets and liabilities are reported as gains or losses as they arise in other comprehensive income. The pension scheme's surpluses, to the extent they are considered recoverable, or deficits are recognised in full and presented in the balance sheet net of any related deferred tax.

For the defined contribution section, the contributions are charged to the statement of comprehensive income in the accounting year in which they arise.

Derivatives

The Company applies hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in the fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable or the hedging instrument is terminated.

Notes to the financial statements (*continued*)

Year ended 31 December 2024

4. Acquisitions of business

The acquisition had the following effect on the Company's assets.

	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:	
Tangible fixed assets	1,146
Intellectual Property	25,100
Net identifiable assets	26,246
Consideration paid in cash	29,700
Goodwill on acquisition	3,454

During the year, the Company acquired tangible assets and Intellectual Property from Cummins Power Generation Limited for a total consideration of £29.7m.

5. Turnover

Turnover arises from:

	2024 £000	2023 £000
Sale of goods	2,665,199	2,760,622

The turnover is attributable to the one principal activity of the Company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2024 £000	2023 £000
United Kingdom	261,432	285,927
Rest of Europe	815,962	931,873
North America	577,692	508,351
Central & South America	125,011	115,241
Asia	486,755	545,511
Africa / Middle East	185,242	175,973
Australia	38,557	46,817
Other	174,548	150,929
	2,665,199	2,760,622

Notes to the financial statements (*continued*)

Year ended 31 December 2024

6. Other operating income

	2024 £000	2023 £000
Royalty and commission income	33,858	36,940
Research and development	10,809	15,877
Miscellaneous other income	-	1,593
	<u>44,667</u>	<u>54,410</u>

7. Operating profit

Operating profit is stated after charging/(crediting):

	2024 £000	2023 £000
Amortisation of intangible assets	24,339	22,745
Depreciation of tangible assets	35,115	28,607
Loss/(gain) on disposal of tangible assets	796	458
Impairment of trade debtors	66	4,042
Net foreign exchange differences	(2,245)	29,259
Operating lease costs	17,076	11,031
Research and development	90,334	101,357
Cost of stock recognised as an expense	<u>1,711,449</u>	<u>1,711,103</u>

Amortisation of intangible assets of £1,473,000 (2023: £1,900,000) is included in cost of sales and £22,866,000 (2023: £20,845,000) is included in administrative expenses.

8. Auditors' remuneration

	2024 £000	2023 £000
Fees payable for the audit of the financial statements	<u>205</u>	<u>236</u>

9. Staff costs

The monthly average number of persons employed by the Company during the year, including the directors, amounted to:

	2024 No.	2023 No.
Production	2,869	2,884
Sales and distribution	407	390
Administration	805	894
Research and development	739	785
	<u>4,820</u>	<u>4,953</u>

Notes to the financial statements (*continued*)

Year ended 31 December 2024

9. Staff costs (continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	2024 £000	2023 £000
Wages and salaries	249,489	227,372
Social security costs	30,609	28,324
Other pension costs	26,845	25,207
	306,943	280,903

10. Directors' remuneration

6 (2023: 5) of the directors in office during the year were employees of the Company and 5 (2023: 4) was an employee of other group companies. The directors are remunerated for their services as employees and do not receive emoluments for their services as directors of the Company.

11. Income from shares in group undertakings

	2024 £000	2023 £000
Dividends from subsidiaries	7,791	135,657

12. Other interest receivable and similar income

	2024 £000	2023 £000
Interest income on bank deposits	16,946	2,648
Interest income on defined pension scheme	1,774	4,810
	18,720	7,458

13. Interest payable and similar expenses

	2024 £000	2023 £000
Intercompany interest expenses	9,517	9,819
Interest payable on borrowings	292	237
Interest expenses on bank overdrafts	-	3,680
	9,809	13,736

14. Amount written off investments

	2024 £000	2023 £000
Impairment on investments	20,027	-

Notes to the financial statements (*continued*)

Year ended 31 December 2024

15. Tax on profit

Major components of tax expense

	2024 £000	2023 £000
Current tax:		
UK current tax expense	28,368	52,185
Adjustments in respect of prior periods	(26,553)	(318)
Double taxation relief	(731)	(693)
Total UK current tax	1,084	51,174
Foreign current tax expense	2,818	2,033
Total current tax	3,902	53,207
Deferred tax:		
Origination and reversal of timing differences	8,331	6,447
Adjustments in respect of prior periods	2,104	(2,121)
Total deferred tax	10,435	4,326
Tax on profit	14,337	57,533

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £4,916,000 (2023: £16,628,000).

Reconciliation of tax expense

The tax assessed for the period is lower than (2023: lower) the standard rate of corporation tax in the UK of 25.0% (2023: 23.5%).

	2024 £000	2023 £000
Profit before taxation	312,493	467,052
Profit before taxation multiplied by rate of tax 25.0% (2023: 23.5%)	78,123	109,757
Fixed asset differences	6,600	641
Adjustments in respect of prior periods - current tax	(26,553)	(318)
Adjustments in respect of prior periods - deferred tax	2,104	(2,121)
Effect of expenses not deductible for tax purposes	5,174	2,434
Effect of income exempt from tax	(3,414)	(33,891)
Effect of different UK tax rates on some earnings	-	382
Group relief claimed	(10,529)	(4,316)
Patent box deduction	(26,419)	(15,902)
Overseas branch taxes on which no double tax relief or expense is claimed	1,696	1,339
R&D expenditure credits	522	(472)
Foreign tax credits	391	-
Reversal of uncertain tax provisions	(11,693)	-
Timing differences on transfer from CPG	(1,116)	-
Share scheme	(549)	-
Total tax on profit	14,337	57,533

Notes to the financial statements (*continued*)

Year ended 31 December 2024

15. Tax on profit (continued)

BEPS Pillar 2

The Cummins Inc group, into which the company consolidates, is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the United Kingdom, the jurisdiction in which the company is incorporated, and came into effect from 1 January 2024. The Group has assessed the availability of the transitional safe harbour rules for 2024 and it is expected that it will apply to all jurisdictions and therefore there is no current tax exposure for Pillar Two accrued in these statutory accounts for 2024. Furthermore, the group has assessed that should the safe harbour fail for the UK territory for any reason, there would be no current tax exposure material to these statutory accounts. The group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in amendments to FRS 102 Section 29 issued in July 2023.

16. Intangible assets

	Goodwill £000	Intellectual property £000	Turbo technology £000	Emission solutions technology £000	Computer software £000	Customer related intangibles £000	Total £000
Cost							
At 1 January 2024	-	-	81,430	47,766	20,628	167,731	317,555
Additions	3,454	25,100	-	-	1,280	-	29,834
At 31 December 2024	3,454	25,100	81,430	47,766	21,908	167,731	347,389
Accumulated amortisation							
At 1 January 2024	-	-	54,966	47,766	19,125	108,734	230,591
Charge for the year	345	2,510	4,071	-	639	16,774	24,339
At 31 December 2024	345	2,510	59,037	47,766	19,764	125,508	254,930
Carrying amount							
At 31 December 2024	3,109	22,590	22,393	-	2,144	42,223	92,459
At 31 December 2023	-	-	26,464	-	1,503	58,997	86,964

Notes to the financial statements (*continued*)

Year ended 31 December 2024

17. Tangible assets

	Land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2024	144,758	392,610	537,368
Additions	-	52,462	52,462
Disposals	(223)	(10,709)	(10,932)
Reclassifications	19,418	(18,690)	728
Transfers	-	238	238
At 31 December 2024	163,953	415,911	579,864
Accumulated depreciation			
At 1 January 2024	67,664	224,365	292,029
Charge for the year	6,107	29,008	35,115
Disposals	(189)	(9,785)	(9,974)
Reclassifications	-	6	6
At 31 December 2024	73,582	243,594	317,176
Carrying amount			
At 31 December 2024	90,371	172,317	262,688
At 31 December 2023	77,094	168,245	245,339

The tenure of land and buildings (net book value) was split between freehold £79,079,000 (2023: £67,154,000) and long leasehold £11,293,000 (2023: £9,940,000). Freehold land of £6,887,000 has not been depreciated (2023: £6,465,000).

Capital commitments

	2024 £000	2023 £000
Contracted for but not provided for in the financial statements	2,342	2,618

Notes to the financial statements (*continued*)

Year ended 31 December 2024

18. Investments

	Shares in group undertakings £000
Cost	
At 1 January 2024	264,079
Additions	476
Disposals	(1,987)
At 31 December 2024	262,568
Accumulated impairment	
At 1 January 2024	-
Impairment	20,027
At 31 December 2024	20,027
Carrying amount	
At 31 December 2024	242,541
At 31 December 2023	264,079

The following is a list of investments held by the Company:

	Registered office	Principal activity	Ordinary shares held (%)
Cummins Czech Republic s r o	Obchodni 110 Cestice okr Praha, Vychod, CZ 25170, Czech Republic	Distributor of Cummins products	100
Cummins West Balkans d o o	3 Sesta Industrijska Str. 22330 Nova Pazova Serbia	Distributor of Cummins products	100
Cummins Turbo Technologies Limited	St Andrews Road Huddersfield West Yorkshire, HD1 6RA	Manufacturer of turbochargers	100
Cummins Technologies India Private Limited	Cummins India Office Campus, Tower A Survey no. 21 Balewadi, Pune India, 411045	Manufacturer of turbos	*50
Cummins Emission Solutions Poland	ul. Stawowa 119 31-346 Krakow, Poland	Dormant	99
Jacobs (Suzhou) Vehicle Systems Co., Ltd	No. 19 Building Gangtian Industrial Zone No. 99 Gangtian Road Suzhou Industrial Park China	Manufacturer of engine breaking systems	100
Voltstorage GmbH	Gmunder Strasse 37 81379 Munich, Germany	Development and production of battery storage systems	24.988
Cummins Emission Solutions Netherlands B.V.	Keulsebaan 507 6045 GG Roermond, Netherlands	Development and production of emissions aftertreatment devices	100
Cummins Power Solutions India Private Limited	7th Floor Tower A, SrNo21 Balewadi Baner Gaon Pune, Maharashtra, IN 411 045	Manufacture & sale of diesel engines & related parts & components	100
Cummins Powertech India Private Limited	Cummins India Office Tower A, 7th Floor, SrNo21, Balewadi, Baner Gaon, Haveli, Pune, IN 411045	Manufacture & sale of diesel engines & related parts & components	*99.99

Notes to the financial statements (*continued*)

Year ended 31 December 2024

18. Investments (*continued*)

*Held Indirectly

All investments are in the ordinary shares of the above companies.

The directors believe that no impairment indicators have been identified in the current year for the material investments with the exception of Voltstorage which has been fully impaired.

19. Stocks

	2024 £000	2023 £000
Raw materials and consumables	166,496	160,761
Work in progress	22,901	19,737
Finished goods and goods for resale	121,810	112,960
Goods in transit	52,242	62,633
Consumables	6,458	4,633
	<u>369,907</u>	<u>360,724</u>

Stocks are stated after provisions for impairment of £20,883,000 (2023: £19,914,000). Impairment expenses are recorded in cost of sales.

20. Debtors

	2024 £000	2023 £000
Trade debtors	221,608	206,498
Amounts owed by group undertakings	408,828	380,216
Corporation tax	12,104	-
Other debtors	16,577	16,049
Prepayments and accrued income	12,307	16,360
VAT receivable	11,053	3,987
	<u>682,477</u>	<u>623,110</u>

Trade debtors are disclosed net of bad debt provisions of £13,052,000 (2023: £13,398,000).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

21. Pensions and other post retirement benefits**Defined contribution section**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £14,657,000 (2023: £13,644,000).

Defined benefit section

The Company participates in a final salary defined benefit scheme for employees, which, prior to 6 April 2016, was 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 Plan liabilities in these financial statements under FRS 102.

The assets and costs relating to defined contribution benefits within the Plan are not included within these FRS 102 disclosures and are accounted for separately.

Notes to the financial statements (*continued*)

Year ended 31 December 2024

21. Pensions and other post retirement benefits (*continued*)Defined benefit section (*continued*)

The latest actuarial valuation of the Plan for funding purposes was carried out as at 1 January 2024 by an independent professionally qualified actuary using the projected unit method, with a new rate of contributions subsequently coming into force from the beginning of 2022. The value of the assets at the valuation date represented 104% of the value of members' accrued benefits, after allowing for projected future increases in pensionable remuneration in respect of members in service.

On 25 July 2024, the government announced a plan to introduce legislation to allow schemes to retrospectively obtain written actuarial confirmation of these historic benefit changes meeting the necessary standards. The trustee investigated all of their actuarial certifications and confirmed that the valuation of the pension plan and no recovery plan was needed. The Company decided to pay the ongoing contributions monthly through payroll.

From 1 January 2022 to 31 December 2024 no future service regular Company contributions were being paid. From 1 January 2025 to 31 December 2029 the Company agreed to pay regular monthly contributions based on a percentage of members salaries set out in the latest Schedule of Contributions. For 2025 this is estimated to be £10.4m. The Company continues to pay member contributions (at an average rate of around 7.9% pa of pensionable pay) for those employees participating in SMART pensions (an arrangement whereby the Company pays what would have been the member contribution in lieu of a corresponding reduction in pay). The contribution rates were based on the actuarial valuation as at 1 January 2024.

Pension costs in these financial statements are recognised in accordance with FRS 102.

The Trustee of the Cummins UK Pension Plan entered into a 10-year deferred payment buy-in policy agreement with Legal & General Assurance Society ("LGAS") on 26 July 2012. The policy covers all pensioner and dependent members as at 31 December 2011 for pension payments due from 1 August 2022. A valuation of the policy was completed by LGAS as at 31 December 2019 and independently verified by the Plan's Actuary, Towers Watson. Further calculations have been completed by Towers Watson to provide a valuation consistent with that required under FRS 102 for these financial statements - the value of which is shown in this section.

Actuarial assumptions

The financial assumptions used to calculate Plan liabilities under FRS 102 are as follows:

	2024 %pa	2023 %pa
Price inflation (RPI)	3.25	3.25
Price inflation (CPI)	3.00	3.00
Increases on pensions increasing with RPI		
- subject to a maximum of 5% pa	3.10	3.10
- subject to a maximum of 3% pa	2.40	2.40
Increases on pensions increasing with CPI		
- subject to a maximum of 5%	2.95	2.95
- subject to a maximum of 3%	2.40	2.40
- subject to a maximum of 2.5%	2.10	2.10
Earnings increases	3.75	3.75
Discount rate	5.65	4.75

The mortality assumptions as at 31 December 2024 are based on the SAPS "S3" tables, with a 104%/109% adjustment for male/female buy-in pensioners, a 100%/99% adjustment for male/female non buy-in pensioners and an 103%/99% adjustment for male/female non-pensioners, projected from 2013 using CMI 2023 Core Projection improvements with a 1.25% per annum long term trend and an initial addition of 0.25%.

The mortality rates imply future life expectancies at age 65 in 2024 and 2023 of:

	2024			2023		
	Non buy-in pensioners	Buy-in pensioners	Non- pensioners	Non Buy-in pensioners	Buy-in pensioners	Non- pensioners
Males	21.7	21.4	22.3	21.7	21.4	22.3
Females	24.3	23.6	25.3	24.2	23.6	25.3

Notes to the financial statements (*continued*)

Year ended 31 December 2024

21. Pensions and other post retirement benefits (*continued*)

Plan assets

The total Plan assets for the purpose of the overall FRS 102 assessment are set out below:

	2024 %pa	2023 %pa
Equities	7.6	6.7
Bonds	54.8	58.7
Property	10.1	9.0
Cash and reinsurance	2.0	2.4
Buy-in policy	25.5	23.2
Fair value of assets (£000)	821,683	941,550

The statement of financial position net defined benefit obligations are as follows:

	Figures for overall plan		Figures for Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Present value of defined benefit obligation	(804,250)	(888,616)	(643,517)	(662,723)
Fair value of plan assets	821,683	941,550	651,983	689,224
	<u>17,433</u>	<u>52,934</u>	<u>8,466</u>	<u>26,501</u>
Deferred tax liabilities recognised	-	-	4,548	3,367
	<u>17,433</u>	<u>52,934</u>	<u>13,014</u>	<u>29,868</u>

Changes in the present value of the defined benefit obligations are as follows:

	Figures for overall plan £000	Figures for Company £000
At 1 January 2024	888,616	662,723
Current service cost	13,765	12,188
Interest expense	40,659	31,873
Benefits paid	(66,053)	(52,421)
Contributions by plan participants	69	69
Remeasurements:		
Actuarial gains and losses	(72,806)	(10,915)
At 31 December 2024	<u>804,250</u>	<u>643,517</u>

Notes to the financial statements (*continued*)

Year ended 31 December 2024

21. Pensions and other post retirement benefits (*continued*)

Changes in the fair value of plan assets are as follows:

	Figures for overall plan £000	Figures for Company £000
As at 1 January 2024	941,550	689,224
Interest income	43,233	33,647
Benefits paid	(66,053)	(52,357)
Contributions by plan participants	69	69
Contributions by employer	2,493	2,214
Remeasurements:		
Return on plan assets, excluding amount included in interest income	(99,609)	(20,814)
At 31 December 2024	821,683	651,983

The total costs for the year in relation to defined benefit plans are as follows:

	Figures for overall plan		Figures for Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Recognised in profit or loss:				
Current service cost	13,765	13,458	12,188	11,057
Net interest (expense)/income	(2,574)	(7,532)	(1,774)	(4,810)
	11,191	5,926	10,414	6,247
Recognised in other comprehensive income:				
Remeasurement of the liability:				
Actuarial gains and losses	(72,806)	4,239	(10,915)	8,342
Return on plan assets, excluding amounts included in net interest	99,609	99,926	20,814	70,298
	26,803	104,165	9,899	78,640

The return on plan assets are as follows:

	Figures for overall plan		Figures for Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Return on assets of benefit plan	(56,376)	(49,647)	12,833	(33,903)

Notes to the financial statements (*continued*)

Year ended 31 December 2024

22. Creditors: amounts falling due within one year

	2024	Restated
	£000	2023
		£000
Bank overdrafts	1	164
Trade creditors	154,336	121,671
Amounts owed to group undertakings	255,819	229,230
Corporation tax	-	35,050
Taxation and social security	6,714	6,825
Other creditors	7,328	3,090
Accruals and deferred income	156,280	118,626
	580,478	514,656

The bank overdraft arises on a cash pooling facility, is repayable on demand and interest is charged at bank base rate plus country risk premium. The bank overdraft is guaranteed by Cummins Inc.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Please see note 23 for the details of restatement to the Amounts owed to group undertakings.

23. Creditors: amounts falling due after more than one year

	2024	Restated
	£000	2023
		£000
Amounts owed to group undertakings	177,674	175,034
Accruals and deferred income	14,905	4,409
	192,579	179,443

Amounts owed to group undertakings includes interest bearing loans from Cummins Inc. On 8 April 2022, the Company received a loan of \$222,661,000 (£175,034,000) from Cummins Inc. The loan is interest bearing at 5.38% per annum and repayable within 5 years of the advancement date.

During the year, it was identified that the intercompany loan was recognised within amounts owed to group undertakings falling due within one year. According to the terms of the loan, this should be classified within creditors falling due more than one year. The prior year has been restated by £175,034k to reclassify the loan from creditors: amounts falling due within one year to creditors: amounts falling due after more than one year.

The restatement does not have an impact on the Company's total comprehensive income and net assets for the year ended 31 December 2023.

24. Provisions for liabilities

	Warranties	Deferred tax	Total
	£000	(note 25)	£000
		£000	
At 1 January 2024	93,487	13,334	106,821
Additions	31,091	6,701	37,792
Charge against provision	(27,805)	-	(27,805)
Unused amounts reversed	(878)	-	(878)
Transfer *	(31,665)	-	(31,665)
At 31 December 2024	64,230	20,035	84,265

Notes to the financial statements (*continued*)

Year ended 31 December 2024

24. Provisions for liabilities (*continued*)

*During the year, deferred revenue of £31.7m was transferred to accruals and deferred income within creditors amount falling due within one year, previously recognised in provisions for liabilities.

25. Deferred tax

The deferred tax included in the Statement of financial position is as follows:

	2024 £000	2023 £000
Included in provisions for liabilities (note 24)	<u>(20,035)</u>	<u>(13,334)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2024 £000	2023 £000
Deferred tax assets and liabilities:		
Accelerated capital allowances	<u>(20,035)</u>	<u>(13,334)</u>
	<u>(20,035)</u>	<u>(13,334)</u>

26. Financial instruments**Derivatives**

The Company enters into forward contracts to sell US Dollars and buy GBP to reduce the currency risk resulting from the US Dollar denominated sales occurring in the Company, these are treated as cash flow hedges. At 31 December 2024, the outstanding contracts all mature within 12 months of the year end. The Company is committed to sell US\$ 242m (2023: US\$ 321m) and receives a fixed sterling amount. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD.

The Company has no interest rate derivative financial instruments (2023: none).

Within other creditors are balances relating to financial liabilities measured at fair value through the profit and loss account - derivative financial instruments of £4,241,000 (2023: £5,689,000).

27. Called up share capital**Issued, called up and fully paid**

	2024 No.	2024 £	2023 No.	2023 £
Ordinary shares of £1 each	<u>49,900,000</u>	<u>49,900,000</u>	<u>49,900,000</u>	<u>49,900,000</u>

28. Reserves

Capital contribution - this reserve records the capital received from shareholders for which no shares were issued in return.

Hedging reserve - this reserve records fair value movements on cash flow hedging instruments.

Profit and loss account - this reserve records retained earnings and accumulated losses net of dividends and other adjustments.

Notes to the financial statements (*continued*)

Year ended 31 December 2024

29. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2024	2023
	£000	£000
Not later than 1 year	11,948	11,296
Later than 1 year and not later than 5 years	27,736	21,727
Later than 5 years	3,500	6,315
	43,184	39,338

30. Guarantees

The UK group's bankers have given a total guarantee amounting to £4,092,000 in favour of HM Revenue & Customs (2023: £6,712,000) of this £6,112,000 (2023: £6,112,000) relates to the Company.

There is also a rent guarantee in place of £256,000 (2023: £266,000) and a guarantee given against foreign taxes and duties of £1,053,000 (2023: £1,053,000).

The Company and its fellow UK group companies have entered into a composite cross guarantee with the group's bankers whereby the overdrafts of each company are secured by all of the companies in the group. The maximum aggregate group overdraft permitted under the arrangement is £66,388,000 (2023: £66,388,000).

31. Related party transactions

As a subsidiary of Cummins Inc., the Company has taken advantage of the exemption under paragraph 33.1A from the provisions of section 33 of FRS 102, "Related party disclosures" not to disclose transactions with other wholly owned members of the group headed by Cummins Inc. There were no other related party transactions in the year requiring disclosure (2023: none).

32. Controlling party

The Company's ultimate parent company and ultimate controlling party is Cummins Inc., incorporated in the state of Indiana USA. The smallest and largest group in which the results of the Company are consolidated is Cummins Inc., the consolidated financial statements of which are available to the public and may be obtained from the following address:

Executive Director - Investor and Public Relations
Cummins Inc.,
(Mail Code 60915)
Box 3005
Columbus
Indiana, 47202-3005
United States of America

The Company's immediate parent company is Cummins Generator Technologies Limited.

33. Commitments and contingencies

The Company has no other commitments or contingent liabilities at the reporting date other than the capital commitments disclosed in note 17.

34. Subsequent events

On 2 May 2025, the Company has paid the dividend of £623,000,000 to Cummins PGI Holdings LLC.

On 2 May 2025, the Company received the dividend of £44,000,000 from Cummins Turbo Technologies Limited.