

**REGISTERED NUMBER: 3503896**

**Report of the Directors and  
Financial Statements for the Year Ended 30 June 2011  
for  
Parker Hannifin Manufacturing  
(UK) Limited  
(formerly Parker Hannifin (UK) Limited)**

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**Parker Hannifin Manufacturing  
(UK) Limited (Registered number: 3503896)**

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for the Year Ended 30 June 2011**

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**Parker Hannifin Manufacturing  
(UK) Limited**

**Company Information  
for the Year Ended 30 June 2011**

<b>DIRECTORS:</b>	NR Parsons GM Ellinor S D Fryer P B Vos J D O'Reilly
<b>SECRETARY:</b>	J D O'Reilly
<b>REGISTERED OFFICE:</b>	Parker House 55 Maylands Avenue Hemel Hempstead Hertfordshire HP2 4SJ
<b>REGISTERED NUMBER:</b>	3503896
<b>AUDITOR:</b>	Deloitte LLP Chartered Accountants and Statutory Auditor St Albans, United Kingdom
<b>SOLICITORS:</b>	Eversheds LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES

**Parker Hannifin Manufacturing  
(UK) Limited (Registered number: 3503896)**

**Report of the Directors  
for the Year Ended 30 June 2011**

The directors present their annual report and the audited financial statements of the company for the year ended 30 June 2011

**PRINCIPAL ACTIVITY**

The principal activity of the company is the manufacture and sale of filters

**REVIEW OF BUSINESS**

The company has made a profit after tax for the year of £476,000 (2010 profit of £1,146,000) The directors expect present levels of activity to be maintained and that the company will be profitable in the foreseeable future On 1 July 2011, the company changed its name to Parker Hannifin Manufacturing (UK) Limited

The directors consider that it is appropriate to prepare the financial statements on a going concern basis as its ultimate parent undertaking, Parker Hannifin Corporation, has committed to provide financial support in order for the Company to meet its financial obligations as they fall due, for a period of at least twelve months from the date of signing the financial statements

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the year (2010 £Nil)

**RESEARCH AND DEVELOPMENT**

The company has continued to invest in research and development programmes and infrastructure to support and expand its range of products The company's research and development expenditure for the year ended 30 June 2011 amounted to £1,508,000 (2010 £1,059,000)

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2010 to the date of this report

NR Parsons  
GM Ellnor  
S D Fryer  
P B Vos

Other changes in directors holding office are as follows

I Molyneux – resigned 30 November 2010  
J D O'Reilly - appointed 6 January 2011

**COMPANY'S POLICY ON PAYMENT OF SUPPLIERS**

The company's policy in relation to the payment of its suppliers is to settle its terms of payment with each supplier when agreeing the terms of each business transaction The supplier is made aware of the terms, which are detailed in the company's purchase orders It is company practice to abide by the agreed terms of payment The company's average creditor payment period at 30 June 2011 was 66 days (2010 69 days)

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the company are considered to relate to the expansion or contraction of the manufacturing economy, industry competition and employee retention The company believes there is a high correlation between interest rates and industrial manufacturing activity Increases in interest rates could have a negative impact on industrial production, thereby lowering future orders

**KEY PERFORMANCE INDICATORS ("KPI'S")**

The directors manage the company's operations on a divisional basis For this reason, the company's directors believe that analysis using key indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company The development, performance and position of the motion control systems sector is discussed in the Group annual report of the ultimate parent undertaking, Parker Hannifin Corporation, which does not form part of this report

**Report of the Directors  
for the Year Ended 30 June 2011**

**EMPLOYEE POLICIES**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through internal communication, briefing groups and the distribution of the annual report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

The directors confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware. The directors also confirm they have each taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Parker Hannifin Manufacturing  
(UK) Limited (Registered number: 3503896)**

**Report of the Directors  
for the Year Ended 30 June 2011**

**AUDITOR**

The auditor, Deloitte LLP, has indicated its willingness to continue in office and a resolution that it be reappointed will be proposed at the annual general meeting

**BY ORDER OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'GM Ellnor', is written over the printed name.

GM Ellnor - Director

Date **20 DECEMBER 2011**

**Independent Auditor's Report to the Members of  
Parker Hannifin Manufacturing (UK) Limited**

We have audited the financial statements of Parker Hannifin Manufacturing (UK) Limited for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Craig Wisdom ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
St Albans, United Kingdom

Date 21 December 2011

**Parker Hannifin Manufacturing  
(UK) Limited (Registered number: 3503896)**

**Profit and Loss Account  
for the Year Ended 30 June 2011**

	Notes	2011 £'000	2010 £'000
<b>TURNOVER</b>	2	48,003	41,165
Cost of sales		<u>(36,760)</u>	<u>(31,378)</u>
<b>GROSS PROFIT</b>		11,243	9,787
Distribution costs		(3,147)	(2,616)
Administrative expenses		<u>(6,992)</u>	<u>(5,663)</u>
		1,104	1,508
Other operating income		<u>370</u>	<u>209</u>
<b>OPERATING PROFIT</b>	4	1,474	1,717
Interest receivable and similar income		<u>1</u>	<u>1</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,475	1,718
Tax on profit on ordinary activities	6	<u>(999)</u>	<u>(572)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b> 16,19		<u><u>476</u></u>	<u><u>1,146</u></u>

**CONTINUING OPERATIONS**

All of the above amounts relate to continuing activities

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes on pages 8 to 15 form part of these financial statements



**Parker Hannifin Manufacturing  
(UK) Limited (Registered number: 3503896)**

**Balance Sheet  
30 June 2011**

	Notes	2011 £'000	2010 £'000
<b>FIXED ASSETS</b>			
Intangible assets	7	5,156	5,906
Tangible assets	8	5,453	5,575
Investments	9	<u>6,444</u>	<u>6,444</u>
		<u>17,053</u>	<u>17,925</u>
<b>CURRENT ASSETS</b>			
Stocks	10	549	622
Debtors	11	<u>27,386</u>	<u>26,082</u>
		27,935	26,704
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>(7,353)</u>	<u>(7,470)</u>
<b>NET CURRENT ASSETS</b>		<u>20,582</u>	<u>19,234</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>37,635</u>	<u>37,159</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	36,400	36,400
Capital contribution reserve	16	10,067	10,067
Profit and loss account	16	<u>(8,832)</u>	<u>(9,308)</u>
<b>SHAREHOLDERS' FUNDS</b>	19	<u>37,635</u>	<u>37,159</u>

The financial statements were approved by the Board of Directors on ~~20 DECEMBER~~ **20 DECEMBER 2011** and were signed on its behalf by

  
GM Ellinor - Director

The notes on pages 8 to 15 form part of these financial statements

**Parker Hannifin Manufacturing  
(UK) Limited (Registered number: 3503896)**

**Notes to the Financial Statements  
for the Year Ended 30 June 2011**

**1 ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Comparatives have been reclassified in order to better disclose comparable information year on year, as follows:

	<b>2010 £'000s</b>
<b>Profit and loss account</b>	
Decrease in administrative expenses	2,407
Increase in distribution costs	(2,616)
Increase in other operating income	<u>209</u>
Increase/(decrease) in profit for the financial year	<u>-</u>
 <b>Balance Sheet</b>	
Increase in current debtors	<u>3,316</u>
Increase in creditors falling due within one year	<u>(3,316)</u>
Increase/(decrease) in net assets	<u>-</u>

**Cash flow statement**

The company is a wholly owned subsidiary of Parker Hannifin Corporation and is included in their consolidated financial statements, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

**Turnover**

Turnover, which excludes value added tax, comprises UK sales at invoiced value and export sales on a free on board basis.

**Goodwill**

Goodwill pertaining to the businesses acquired, being the excess of the fair value of the purchase price over the fair value of net assets acquired, is accumulated and amortised over the directors' estimate of the life of the goodwill, not exceeding 20 years.

A full year's amortisation is charged in the year of acquisition.

**Tangible fixed assets**

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous year are:

Freehold buildings	2% - 5%
Plant and equipment	10% - 20%

Freehold land is not depreciated.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2011**

**1 ACCOUNTING POLICIES - continued**

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and in the case of manufactured products, includes all direct expenditure and production overheads, based on the normal level of activity incurred in bringing the stocks to their current state and location. Net realisable value is the amount at which it is expected items of stock can be disposed of in the normal course of business after allowing for all further costs to completion and all directly related costs to be incurred in marketing, selling and distribution.

Work in progress is product in various stages of completion throughout the manufacturing process including all raw material, components issued for processing, labour costs and overheads through the last production process. Finished goods are items on which all manufacturing operations, including final test, have been completed or was purchased complete and are available for sale.

Provision is made for slow moving, obsolete and defective stock.

**Taxation**

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

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax is not provided on unremitted earnings where there is no binding commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Research and development**

Costs associated with research and development are expensed in the profit and loss account in the period in which they arise.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at contracted rates and results are translated at the exchange rate ruling at the date of the transaction. In both instances, foreign exchange differences are taken to the profit and loss account in the period in which they arise.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2011**

**1 ACCOUNTING POLICIES - continued**

**Pensions**

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Operating leases**

Annual rentals in relation to operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

**Investments**

Investments are stated at cost plus all other associated costs, less any provision for impairment.

**Going concern**

The company has net assets of £37,635,000 (2010 £37,159,000). The Directors consider that it is appropriate to prepare the financial statements on a going concern basis as its ultimate parent undertaking, Parker Hannifin Corporation, has committed to provide financial support in order for the Company to meet its financial obligations as they fall due, for a period of at least twelve months from the date of signing the financial statements.

**Note of historical cost profits and losses**

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

**2 TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below.

	2011	2010
	£'000	£'000
United Kingdom	332	952
Rest of Europe	45,010	39,047
Rest of World	<u>2,661</u>	<u>1,166</u>
	<u>48,003</u>	<u>41,165</u>

The majority of the company's net assets are based within the United Kingdom.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2011**

**3 STAFF COSTS**

	2011	2010
	£'000	£'000
Wages and salaries	7,243	7,274
Social security costs	737	665
Other pension costs	<u>972</u>	<u>625</u>
	<u>8,952</u>	<u>8,564</u>

The average monthly number of employees during the year was as follows

	2011	2010
Production	98	100
Administration	<u>119</u>	<u>118</u>
	<u>217</u>	<u>218</u>

During the year the Company introduced the "SMARTpension" arrangement. The gross salary of employees who opt in to the arrangement is reduced by the amount of their pension contribution, and this is added to the contributions made by the company. Therefore the pension costs disclosed include these contributions.

**4 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2011	2010
	£'000	£'000
Hire of plant and machinery	-	20
Other operating leases	101	89
Depreciation - owned assets	693	780
(Profit)/Loss on disposal of fixed assets	(1)	57
Goodwill amortisation	750	750
Foreign exchange differences	(239)	222
Government grant income	(370)	(209)
Research and development costs	<u>1,508</u>	<u>1,059</u>

	2011	2010
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

Audit fees amounting to £37,500 (2010: £37,500) were borne by Parker Hannifin Manufacturing Limited, a fellow group undertaking, and have not been recharged.

**5 DIRECTORS' EMOLUMENTS**

The directors who held office during the year received no remuneration (2010: £Nil) for their services to the company. There are no retirement benefits (2010: £Nil) accruing for any of the directors in respect of their services to the company.

Two directors (2010: five) hold share options in the ultimate parent undertaking, Parker Hannifin Corporation. None of the directors (2010: nil) exercised options during the year.

**Parker Hannifin Manufacturing  
(UK) Limited (Registered number: 3503896)**

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2011**

**6 TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	2011 £'000	2010 £'000
Current tax		
UK corporation tax	726	987
Prior year overprovision	<u>(7)</u>	<u>-</u>
Total current tax	719	987
Deferred tax	<u>280</u>	<u>(415)</u>
Tax on profit on ordinary activities	<u>999</u>	<u>572</u>

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	<u>1,475</u>	<u>1,718</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27.500% (2010 - 28%)	406	481
Effects of		
Expenses not deductible for tax purposes	205	210
Capital allowances less than/(in excess of) depreciation and other timing	(3)	216
Transfer pricing adjustment - imputed interest	242	169
Enhanced research and development deductions	(124)	(89)
Prior year overprovision	<u>(7)</u>	<u>-</u>
Current tax charge	<u>719</u>	<u>987</u>

**7 INTANGIBLE FIXED ASSETS**

	Goodwill £'000
<b>COST</b>	
At 1 July 2010 and 30 June 2011	<u>15,001</u>
<b>AMORTISATION</b>	
At 1 July 2010	9,095
Amortisation for year	<u>750</u>
At 30 June 2011	<u>9,845</u>
<b>NET BOOK VALUE</b>	
At 30 June 2011	<u>5,156</u>
At 30 June 2010	<u>5,906</u>

**Parker Hannifin Manufacturing  
(UK) Limited (Registered number: 3503896)**

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2011**

**8 TANGIBLE FIXED ASSETS**

	Freehold land and buildings £'000	Plant and equipment £'000	Totals £'000
<b>COST</b>			
At 1 July 2010	4,536	5,389	9,925
Additions	12	577	589
Disposals	-	(148)	(148)
At 30 June 2011	<u>4,548</u>	<u>5,818</u>	<u>10,366</u>
<b>DEPRECIATION</b>			
At 1 July 2010	938	3,412	4,350
Charge for year	165	528	693
Eliminated on disposal	-	(130)	(130)
At 30 June 2011	<u>1,103</u>	<u>3,810</u>	<u>4,913</u>
<b>NET BOOK VALUE</b>			
At 30 June 2011	<u>3,445</u>	<u>2,008</u>	<u>5,453</u>
At 30 June 2010	<u>3,598</u>	<u>1,977</u>	<u>5,575</u>

Included in cost of land and buildings is freehold land of £700,000 (2010 - £700,000) which is not depreciated.

**9 FIXED ASSET INVESTMENTS**

	Other investments £'000
<b>COST</b>	
At 1 July 2010 and 30 June 2011	<u>10,067</u>
<b>PROVISIONS</b>	
At 1 July 2010 and 30 June 2011	<u>3,623</u>
<b>NET BOOK VALUE</b>	
At 30 June 2011	<u>6,444</u>
At 30 June 2010	<u>6,444</u>

At 30 June 2011, the company held shares in the allotted share capital of the following

	Country of registration and operation	Percentage held	Nature of business
Kuroda Precision Industries Limited	Japan	33.4%	Active

The directors consider that although the company maintains a 33.4% interest in the share capital of Kuroda Precision Industries Limited, it does not maintain any influence over its operating and financial policies. Therefore the directors consider it appropriate to account for this holding as a trade investment. The market value of the investment is £14,516,000 (2010: £12,593,000).

**Parker Hannifin Manufacturing  
(UK) Limited (Registered number: 3503896)**

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2011**

**10 STOCKS**

	2011 £'000	2010 £'000
Raw materials	452	497
Work-in-progress	4	11
Finished goods	<u>93</u>	<u>114</u>
	<u>549</u>	<u>622</u>

**11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £'000	2010 £'000
Trade debtors	8,109	8,455
Amounts owed by group undertakings	17,348	15,965
Other debtors	1,732	1,181
Deferred tax asset	180	460
Prepayments and accrued income	<u>17</u>	<u>21</u>
	<u>27,386</u>	<u>26,082</u>

Included within amounts owed by group undertakings is a loan amounting to £413,000 (2010 £413,000) on which interest is charged at a rate of 0.35% (2010 0.30%) per annum. This loan is unsecured and is repayable on 24 March 2012. The remaining amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

**12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £'000	2010 £'000
Trade creditors	1,711	1,320
Amounts owed to group undertakings	5,033	5,594
Accruals and deferred income	<u>609</u>	<u>556</u>
	<u>7,353</u>	<u>7,470</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

**13 OPERATING LEASE COMMITMENTS**

At 30 June 2011, the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other operating leases	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Expiring Between one and five years	<u>15</u>	<u>18</u>	<u>86</u>	<u>94</u>



**Parker Hannifin Manufacturing  
(UK) Limited (Registered number: 3503896)**

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2011**

**14 DEFERRED TAX**

	£'000
Balance at 1 July 2010	(460)
Accelerated capital allowances	35
Adjustment to prior years	238
Effect of tax rate change	<u>7</u>
Balance at 30 June 2011	<u>(180)</u>

**15 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value £1	2011 £'000	2010 £'000
36,400,000	Ordinary		<u>36,400</u>	<u>36,400</u>

**16 RESERVES**

	Profit and loss account £'000	Capital contribution reserve £'000	Totals £'000
At 1 July 2010	(9,308)	10,067	759
Profit for the year	<u>476</u>		<u>476</u>
At 30 June 2011	<u>(8,832)</u>	<u>10,067</u>	<u>1,235</u>

**17 ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Parker Hannifin Industries Limited, a company incorporated in the United Kingdom

The ultimate parent undertaking and controlling party is Parker Hannifin Corporation, a company incorporated in the state of Ohio, USA. Parker Hannifin Corporation is the parent undertaking of the largest and smallest group to consolidate the company's financial statements and copies of its consolidated financial statements can be obtained from the Company Secretary, Parker Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio, 44124-4141, USA

**18 RELATED PARTY DISCLOSURES**

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Parker Hannifin Corporation group

**19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2011 £'000	2010 £'000
Profit for the financial year	<u>476</u>	<u>1,146</u>
<b>Net addition to shareholders' funds</b>	<b>476</b>	<b>1,146</b>
Opening shareholders' funds	<u>37,159</u>	<u>36,013</u>
<b>Closing shareholders' funds</b>	<b><u>37,635</u></b>	<b><u>37,159</u></b>