

REGISTERED NUMBER: 03503896

**Parker Hannifin Manufacturing
(UK) Limited**

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 June 2014**

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**Parker Hannifin Manufacturing
(UK) Limited (Registered number: 03503896)**

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for the Year Ended 30 June 2014**

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**Parker Hannifin Manufacturing
(UK) Limited**

**Company Information
for the Year Ended 30 June 2014**

DIRECTORS:

G M Ellinor
J A D Elsey
S Annetts
D Turnbull
B Hurley
A Wilson

SECRETARY:

G M Ellinor

REGISTERED OFFICE:

Parker House
55 Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 4SJ
United Kingdom

REGISTERED NUMBER:

03503896

AUDITOR:

Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, United Kingdom

SOLICITORS:

Eversheds LLP
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

**Parker Hannifin Manufacturing
(UK) Limited (Registered number: 03503896)**

**Strategic Report
for the Year Ended 30 June 2014**

The directors present their strategic report for the year ended 30 June 2014.

REVIEW OF BUSINESS

The company has made a loss after tax for the year of £127,000 (2013: profit of £132,000).

The directors expect present levels of activity to be maintained and that the company will be profitable in the foreseeable future.

The company has net assets of £37,383,000 (2013: £37,510,000). 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.

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.

BY ORDER OF THE BOARD:



.....
G M Ellinor - Director

Date: 25 FEB. 2015

**Parker Hannifin Manufacturing
(UK) Limited (Registered number: 03503896)**

**Report of the Directors
for the Year Ended 30 June 2014**

The directors present their annual report and the audited financial statements of the company for the year ended 30 June 2014

PRINCIPAL ACTIVITY

The principal activity of the company was to act as a manufacturer on behalf of Parker Hannifin Europe Sarl, a fellow group company.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year (30 June 2013: £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 2014 amounted to £1,488,000 (2013: £1,286,000).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2013 to the date of this report.

G M Ellinor
J A D Elsey
S Annetts
D Turnbull
B Hurley

Other changes in directors holding office are as follows:

A Wilson was appointed as a director after 30 June 2014 but prior to the date of this report.

J D O'Reilly and CP Mason ceased to be directors after 30 June 2014 but prior to the date of this report.

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.

**Parker Hannifin Manufacturing
(UK) Limited (Registered number: 03503896)**

**Report of the Directors (continued)
for the Year Ended 30 June 2014**

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.

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:



.....
G M Ellinor - Director

Date: 25 FEB. 2015

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

We have audited the financial statements of Parker Hannifin Manufacturing UK Ltd for the year ended 30 June 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 Statement of Directors' Responsibilities, 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 strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its loss 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 my opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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: 4 March 2015

**Parker Hannifin Manufacturing
(UK) Limited (Registered number: 03503896)**

**Profit and Loss Account
for the Year Ended 30 June 2014**

	Notes	30.6.14 £'000	30.6.13 £'000
TURNOVER	2	20,085	18,327
Cost of sales		(18,937)	(17,173)
GROSS PROFIT		1,148	1,154
Administrative expenses		(753)	(762)
		395	392
Other operating income		31	85
OPERATING PROFIT	5	426	477
Income from fixed asset investments	6	57	143
Interest receivable and similar income		41	72
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		524	692
Tax on profit on ordinary activities	7	(651)	(560)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(127)	132

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 loss for the current year and the profit for the previous year.


The notes on pages 9 to 17 form part of these financial statements

**Parker Hannifin Manufacturing
(UK) Limited (Registered number: 03503896)**

**Balance Sheet
30 June 2014**

	Notes	30.6.14 £'000	30.6.13 £'000
FIXED ASSETS			
Intangible assets	9	2,906	3,656
Tangible assets	10	6,490	6,769
Investments	11	<u>6,444</u>	<u>6,444</u>
		<u>15,840</u>	<u>16,869</u>
CURRENT ASSETS			
Stocks	12	709	615
Debtors	13	<u>29,860</u>	<u>28,407</u>
		30,569	29,022
CREDITORS			
Amounts falling due within one year	14	<u>(9,026)</u>	<u>(8,381)</u>
NET CURRENT ASSETS		<u>21,543</u>	<u>20,641</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,383</u>	<u>37,510</u>
CAPITAL AND RESERVES			
Called up share capital	17	36,400	36,400
Capital contribution reserve	18	10,067	10,067
Profit and loss account	18	<u>(9,084)</u>	<u>(8,957)</u>
SHAREHOLDERS' FUNDS	21	<u>37,383</u>	<u>37,510</u>

The financial statements were approved and authorised for issue by the Board of Directors on 25 FEB. 2015 and were signed on its behalf by:


.....
G M Ellinor - Director

The notes on pages 9 to 17 form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 30 June 2014**

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.

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 manufacturer fees invoiced to Parker Hannifin Europe Sarl, a fellow group company. The fee revenue is recognised in the period in which the related expenditure is incurred.

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.

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.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2014**

1. ACCOUNTING POLICIES - continued

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. Government grant income received in relation to research and development expenditure is accounted for as other operating income in the period in which it is received.

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.

Pensions

In accordance with FRS 17, the company has taken the multi-employer exemption in relation to defined benefit scheme and 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.

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 £37,383,000 (2013: £37,510,000 and net current assets of £21,543,000 (2013: £20,641,000). After taxation, the company made a loss for the year of £127,000 (2013: profit of £126,000) - however, it made a profit before taxation of £524,000 and as a manufacturer on behalf of other group companies the directors expect that the company will remain profitable in the future. 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.

**Parker Hannifin Manufacturing
(UK) Limited (Registered number: 03503896)**

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2014**

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.
All turnover and profits and losses were derived from continuing activities. The majority of the company's net assets are based within the United Kingdom.
All turnover is from transactions with Parker Hannifin Europe Sarl, a fellow group company based in Switzerland. A geographical analysis of turnover is therefore not required.

3. STAFF COSTS

	30.6.14	30.6.13
	£'000	£'000
Wages and salaries	8,467	7,967
Social security costs	838	849
Other pension costs	<u>1,350</u>	<u>1,151</u>
	<u>10,655</u>	<u>9,967</u>

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

	30.6.14	30.6.13
Production	109	112
Administration	<u>123</u>	<u>124</u>
	<u>232</u>	<u>236</u>

4. DIRECTORS' EMOLUMENTS

	30.6.14	30.6.13
	£	£
Directors' remuneration	241,000	326,000
Directors' pension contributions to money purchase schemes	<u>27,463</u>	<u>42,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>-</u>	<u>1</u>
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Information regarding the highest paid director is as follows:

	30.6.14	30.6.13
	£	£
Emoluments	150,000	172,157
Pension contributions to money purchase schemes	<u>14,500</u>	<u>29,588</u>

Only one director was remunerated for services to the company in the year to 30 June 2014.

Four directors (30 June 2013: five), including the highest paid director, hold share options in the ultimate parent undertaking, Parker Hannifin Corporation. Two of the directors (30 June 2013: two), including the highest paid director, exercised options during the year.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2014**

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.6.14	30.6.13
	£'000	£'000
Other operating leases	13	23
Depreciation - owned assets	867	638
Profit on disposal of fixed assets	(21)	-
Goodwill amortisation	750	750
Foreign exchange differences	(10)	11
Government grant income	-	(85)
Research and development costs	<u>1,488</u>	<u>1,286</u>

Audit fees amounting to £43,500 (30 June 2013: £39,500) were borne by Parker Hannifin Manufacturing Limited, a fellow group undertaking, and have not been recharged.

6. INCOME FROM FIXED ASSET INVESTMENTS

	30.6.14	30.6.13
	£'000	£'000
Income from fixed asset investments	<u>57</u>	<u>143</u>

7. TAXATION

Analysis of the tax charge

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

	30.6.14	30.6.13
	£'000	£'000
Current tax:		
UK corporation tax	497	507
Adjustments to tax charge in respect of previous periods	96	238
Foreign withheld taxes	<u>84</u>	<u>9</u>
Total current tax	677	754
Deferred tax	<u>(26)</u>	<u>(194)</u>
Tax on profit on ordinary activities	<u>651</u>	<u>560</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2014**

7. TAXATION - continued

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:

	30.6.14	30.6.13
	£'000	£'000
Profit on ordinary activities before tax	<u>524</u>	<u>692</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.5% (2013 - 23.75%)	118	164
Effects of:		
Expenses not deductible for tax purposes	200	197
Income not taxable for tax purposes	(13)	(34)
Capital allowances in excess of depreciation	(54)	(48)
Adjustments to tax charge in respect of previous periods	96	(24)
Transfer pricing adjustment - imputed interest	263	286
Enhanced research and development deductions	(17)	(34)
Foreign withholding tax	84	9
Adjustment to prior years	<u>-</u>	<u>238</u>
Current tax charge	<u>677</u>	<u>754</u>

Factors that may affect future tax charges

The Finance Act 2013, which provides for a reduction in the main rate of corporation tax from 23% to 21% effective from 1 April 2014, and from 21% to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. This rate reduction has been reflected in the calculation of corporation tax for the year, and of deferred tax at the balance sheet date as appropriate.

8. PENSIONS

Parker Hannifin Manufacturing Limited, an associate group company, is the sponsoring employer to the defined benefit pension arrangement in the UK which is known as the Parker Hannifin Pension and Death Benefit Plan (the "Parker Plan"). On 30 June 2004, the Parker Plan was closed to new employees, however benefits continue to accrue for existing members. A number of employees who are members of the Parker Plan are employed by Parker Hannifin Manufacturing (UK) Limited. The number of employees in question represent a relatively low proportion of the total membership of the Parker Plan - once deferred members and pensioner numbers are taken into consideration. The assets and liabilities accruing to these members cannot be reliably estimated.

In accordance with FRS 17, the company has taken the multi-employer exemption in relation to defined benefit scheme and 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. The total net liability of the Parker Plan as at 30 June 2014 is £62,600,000. The relevant FRS17 accounting disclosures for the Parker Plan as whole are reported within the financial statements for Parker Hannifin Manufacturing Limited.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2014

9. INTANGIBLE FIXED ASSETS

	Goodwill £'000
COST	
At 1 July 2013	
and 30 June 2014	<u>15,001</u>
AMORTISATION	
At 1 July 2013	11,345
Amortisation for year	<u>750</u>
At 30 June 2014	<u>12,095</u>
NET BOOK VALUE	
At 30 June 2014	<u>2,906</u>
At 30 June 2013	<u>3,656</u>

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and equipment £'000	Totals £'000
COST			
At 1 July 2013	5,134	7,853	12,987
Additions	22	549	571
Disposals	-	(143)	(143)
Reclassification/transfer	-	17	17
At 30 June 2014	<u>5,156</u>	<u>8,276</u>	<u>13,432</u>
DEPRECIATION			
At 1 July 2013	1,919	4,299	6,218
Charge for year	147	720	867
Eliminated on disposal	-	(143)	(143)
At 30 June 2014	<u>2,066</u>	<u>4,876</u>	<u>6,942</u>
NET BOOK VALUE			
At 30 June 2014	<u>3,090</u>	<u>3,400</u>	<u>6,490</u>
At 30 June 2013	<u>3,215</u>	<u>3,554</u>	<u>6,769</u>

Included in cost of land and buildings is freehold land of £700,000 (2013 - £700,000) which is not depreciated.

**Parker Hannifin Manufacturing
(UK) Limited (Registered number: 03503896)**

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2014**

11. FIXED ASSET INVESTMENTS

	Other investments £'000
COST	
At 1 July 2013	
and 30 June 2014	<u>10,067</u>
PROVISIONS	
At 1 July 2013	
and 30 June 2014	<u>3,623</u>
NET BOOK VALUE	
At 30 June 2014	<u>6,444</u>
At 30 June 2013	<u>6,444</u>

At 30 June 2014, 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 £10,142,000 (30 June 2013: £10,413,000).

12. STOCKS

	30.6.14 £'000	30.6.13 £'000
Raw materials	633	489
Work-in-progress	15	26
Finished goods	<u>61</u>	<u>100</u>
	<u>709</u>	<u>615</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.14 £'000	30.6.13 £'000
Trade debtors	30	61
Amounts owed by group undertakings	29,712	27,826
Other debtors	-	395
Deferred tax asset	89	63
Prepayments and accrued income	<u>29</u>	<u>62</u>
	<u>29,860</u>	<u>28,407</u>

**Parker Hannifin Manufacturing
(UK) Limited (Registered number: 03503896)**

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2014**

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Included within amounts owed by group undertakings is a loan amounting to £5,110,000 (30 June 2013: £5,069,000) on which interest is charged at a rate of 0.8037% (30 June 2013: 0.8081%) per annum. This loan is unsecured and is repayable on 15 June 2016. The remaining amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.14	30.6.13
	£'000	£'000
Trade creditors	2,290	2,282
Amounts owed to group undertakings	5,227	4,820
Tax	1,124	531
Accruals and deferred income	385	748
	<u>9,026</u>	<u>8,381</u>

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

15. OPERATING LEASE COMMITMENTS

At 30 June 2014, the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other operating leases	
	30.6.14	30.6.13	30.6.14	30.6.13
	£'000	£'000	£'000	£'000
Expiring:				
Within one year	-	-	18	10
Between one and five years	-	-	86	86
In more than five years	13	23	-	-
	<u>13</u>	<u>23</u>	<u>104</u>	<u>96</u>

16. DEFERRED TAX

	£'000
Balance at 1 July 2013	(63)
Accelerated capital allowances	(26)
Adjustment to prior years	(6)
Effect of tax rate change	6
Balance at 30 June 2014	<u>(89)</u>

The entire deferred tax liability for the current and prior year relates to accelerated capital allowances.

**Parker Hannifin Manufacturing
(UK) Limited (Registered number: 03503896)**

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2014**

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.14 £'000	30.6.13 £'000
36,400,000	Ordinary	£1	<u>36,400</u>	<u>36,400</u>

18. RESERVES

	Profit and loss account £'000	Capital contribution reserve £'000	Totals £'000
At 1 July 2013	(8,957)	10,067	1,110
Deficit for the year	<u>(127)</u>	<u>-</u>	<u>(127)</u>
At 30 June 2014	<u>(9,084)</u>	<u>10,067</u>	<u>983</u>

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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.

20. 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.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.6.14 £'000	30.6.13 £'000
(Loss)/profit for the financial year	<u>(127)</u>	<u>132</u>
Net (reduction)/addition to shareholders' funds	(127)	132
Opening shareholders' funds	<u>37,510</u>	<u>37,378</u>
Closing shareholders' funds	<u>37,383</u>	<u>37,510</u>