REGISTERED NUMBER: 03503896

Parker Hannifin Manufacturing (UK) Limited

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 30 June 2021

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

Contents of the Financial Statements for the Year Ended 30 June 2021

Parker Hannifin Manufacturing (UK) Limited

Company Information for the Year Ended 30 June 2021

DIRECTORS:	G M Ellinor J A D Elsey J Griffith
SECRETARY:	G M Ellinor
REGISTERED OFFICE:	Parker House 55 Maylands Avenue Hemel Hempstead Hertfordshire HP2 4SJ
REGISTERED NUMBER:	03503896
AUDITOR:	Deloitte LLP Statutory Auditor St Albans United Kingdom St Albans, United Kingdom
SOLICITORS:	Eversheds LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES

Strategic Report
for the Year Ended 30 June 2021

The directors present their strategic report for the year ended 30 June 2021.

REVIEW OF BUSINESS

The company has made a profit after tax for the year of £9,979,000 (2020: loss of £576,000), mainly due to a gain in revaluation of the investment in Kuroda Precision Industries Limited of £8,648,000 before tax (2020: Loss of £472,000). Despite the continuing impact of Coronavirus (Covid-19) pandemic, turnover has slightly increased. The increase in administration expenditure is due to an increased level of restructuring costs in the current year. The current year saw the reversal of the previous years impairment in the value of intangible assets due to increase in forecasted future cashflows as a result of a change in the basis of the manufacturing services fee calculation from a return on capital employed basis to a cost-plus basis.

On 1 December 2021 the company sold its entire trade and assets, with the exception of its investment in Kuroda Precision Industries Limited, to Parker Hannifin Manufacturing Limited, a fellow group company, for a consideration of £37,103,677. The consideration being in the form of an intercompany loan. As the company has ceased to trade, the financial statements have been prepared on a basis other than going concern, no adjustments arose as a result of ceasing to apply the going concern basis.

The Directors have considered the impact of the Coronavirus (Covid-19) outbreak on the financial statements and their assessment of going concern at the date of signing of the financial statements, and have concluded that at present there is no impact to disclose.

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.

The other principal risk affecting the company is related to the valuation of the investment in Kuroda Precision Industries Limited, a Japanese entity.

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

Strategic Report for the Year Ended 30 June 2021

SECTION 172(1) STATEMENT

The Directors of the Company, in addition to their set of general duties, must act in accordance with a set of duties set out in section 172 of the Companies Act, summarised below.

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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 of business conduct, and
f. The need to act fairly as between members of the company.

The Directors fulfil their duties as follows:

The likely consequences of any decision in the long term

The Directors understand the business and the diverse sectors and challenging environments in which it operates. The strategies set by the Board are driven by the Win Strategy, Parker's business system which has been in existence since 2001.

The Win Strategy builds on the competitive differentiators of Parker, which include:

- The Win Strategy
- Decentralized Business Model
- Technology Breadth and Interconnectivity
- Engineered Products with Intellectual Property
- Long Product Life Cycles
- Global Distribution
- Low Capital Investment Needs

These strategies set the basis for decision-making and therefore seek to ensure that the long-term consequences of the decision-making are in line with Parker values.

The interests of the company's employees

The Directors believe that strong performance requires passionate team members who are immersed in their daily work and are empowered to improve their portion of the business. Performance management and talent development is key to ensuring that the business thrives through developing our employees and bringing through talent in the most efficient way. We share common values in every area such that the objectives of the business are achieved in the correct and expected manner. Environmental, health and safety measures are of paramount importance across the business. As such, detailed metrics, actions and enhancements to the manner in which we work and our surrounding working environment are constantly monitored and reviewed to ensure that all employees remain safe. The company's employees are engaged with on a regular basis by means of various surveys and various internal committees to ensure that employee interests are understood and are continually being addressed. Efforts are also made to communicate relevant information to employees on a timely basis.

The need to foster the company's business relationships with suppliers, customers and others

The business strives to provide a premier customer experience, driven by providing quality solutions to our customers on time. The business's supply chain is vital to achieving this objective through the maintenance of relationships with all suppliers. Customers and suppliers are engaged with through relevant, dedicated teams to ensure that needs are met and to maintain communication channels. Any relevant matters are raised and discussed at Board level with subsequent feedback to the business.

The impact of the company's operations on the community and the environment

The business implements initiatives which help to strengthen communities, conserve resources and make a positive environmental impact at the local level. While implementing sustainable business practices across the operations of a global organisation is a complex challenge, doing so also presents a meaningful opportunity to make a positive impact on the lives of team members, the environment and local communities.

The desirability of the company maintaining a reputation for high standards of business conduct
The business has a solid foundation of integrity, with a heritage which is based on a commitment to treat everyone fairly and with consideration. Our commitment to acting ethically is not just a core part of our heritage; we know that it is the right thing to do and is good for our business. The Company delivers its ethical standards through the identification of seven virtue ethics which not only deal with the rightness or wrongness of individual actions, but provide guidance for our behaviours, decisions and actions while conducting business.

The need to act fairly as between members of the company
The company has one member, being the immediate holding company, and the Directors take all actions to ensure that the affairs of the company are conducted in a manner to the benefit of that sole member. For example, as set out in the accounting policy notes, through the period the Company placed a number of its employees on furlough and accessed the Government's Coronavirus Job Retention Scheme ('CJRS'). In making the decision to access such a scheme, the Directors operate on the basis that decisions which benefit the Company automatically benefit the member. The member is officially communicated with as and when specifically required.

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, as set out in note 22.

AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS:

....
G M Ellinor - Director

Date: 24 June 2022

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

Report of the Directors for the Year Ended 30 June 2021

The directors present their annual report and the audited financial statements of the company for the year ended 30 June 2021.

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

DIVIDENDS
The directors do not recommend the payment of a dividend for the year (30 June 2020: £Nil).

RESEARCH AND DEVELOPMENT
The company has continued to invest in research and development programmes and infrastructure to support and expand its manufacturing range. The company's research and development expenditure for the year ended 30 June 2021 amounted to £1,341,000 (2020: £1,227,000).

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 July 2020 to the date of this report.

G M Ellinor
J A D Elsey
J Griffith

FINANCIAL INSTRUMENTS
The company does not employ the use of complex financial instruments, such as derivatives or hedging contracts.

GOING CONCERN
On 1 December 2021 the company sold its entire trade and assets, with the exception of its investment in Kuroda Precision Industries Limited, to Parker Hannifin Manufacturing Limited, a fellow group company, for a consideration of £37,103,677. The consideration being in the form of an intercompany loan.

As the company has ceased to trade, the financial statements have been prepared on a basis other than going concern.

FINANCIAL RISK MANAGEMENT
Financial risk is managed through internal control processes, and review of company and group financial information. Due to the nature of the company's operating model, the company's exposure to price risk, credit risk, liquidity risk and cash flow risk is limited.

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.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of each of the directors and the company secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law.

In respect of those liabilities for which directors may not be indemnified a directors' and officers' liability insurance policy was maintained by the Parker Hannifin Corporation group throughout the financial year.

STREAMLINED ENERGY AND CARBON REPORTING

Overview

Parker Hannifin is responsible for the safe and sustainable operation of manufacturing sites and corporate buildings. The key environmental risks identified include waste management and provision of utilities. The management recognise their responsibility to monitor and control the impact of these risks.

Parker Hannifin hold certification to ISO14001 for some of their UK sites and are actively working towards certification of all sites.

Emissions and Energy Consumption

The information below relates to Parker Hannifin UK locations covering the following legal entities:

- Parker Hannifin Manufacturing Limited
- Parker Hannifin Limited
- Parker Hannifin Manufacturing (UK) Limited

Global energy Scope 1 and 2 GHG emission data for period **01/07/2020 to 30/06/2021** **Tonnes CO2e**

Emmissions from	FY20-21 location-based	FY19-20 location-based	Variance location-based	FY20-21 marketbased	FY19-20 market-based	Variance market-based
Scope 1 (Fuel combustion in buildings)	2,912	2,719	7%	2,912	2,719	7%
Scope 2 (Fuel combustion in vehicles)	24	497	-95%	24	497	-95%
Scope 2 (Electricity)	5,502	6,165	-11%	5,502	6,165	-11%

Company's chosen intensity metric **tCO2e/Sales ($000s)**

	FY20-21 location-based	FY20-21 marketbased
Emissions reported per $m Sales	0.016	0.016

Global energy Scope 1 and 2 GHG emission data for period 01/07/2020 to 30/06/2021

Energy use (kWh)	FY20-21	FY19-20	Variance
Electricity	23,601,326	24,121,236	-2%
Natural Gas	15,839,370	14,787,821	7%
Transport Fuel	100,325	2,028,842	-95%

Methodology and Estimates
The methodology used to calculate total energy consumption and carbon emissions has been invoice data for the financial years stated. Where data was not available, estimates have been calculated using historical profiles.

Energy and fuel consumption has been converted to carbon (kgCO2e) using 2020 DEFRA published conversion factors. Fuel for Transportation has been converted using statistical data sets published by Department of Transport (www.gov.uk/government/statistical-data-sets/energy-and-environment-data-tables-env).

New DEFRA conversion tables are issued in June and cover January to December, due to our financial year covering two data sets, to maintain consistency this report has used the annual published factors covering the financial starting year i.e. July 2020.

Transport data in FY20-21 was reported as both mileage and costs which when converted into kWh provided an auditable conversion but did not account for driving habits. To remove the human aspect and report a single unit, mileage has been converted into litres of fuel using the DEFRA tables to calculate average miles per litre and this formula applied and costs converted into litres of fuel using the published tables from the DoT.

Due to these changes along with actual energy invoices replacing accrued consumptions, there has been a total emission decrease of 46 tCO2e in this report for FY19-20 compared to the emissions published last year.

We have selected the most appropriate intensity metric in line with the primary drivers of energy consumption, where possible. For this report we have selected Sales value in thousands of dollars ($000s) as the most appropriate to achieve a benchmark, which aligns with existing reporting metrics within the business.

Energy Efficiency Action Taken
Parker Hannifin recently announced Globally that to achieve carbon neutral operations by 2040, our long-term strategy includes actions to reduce energy consumption, investment in renewable energy and working closely with suppliers to further reduce energy use and emissions. The following targets were also announced: -
- Reduce absolute emissions directly from the company's operations and indirect emissions from purchased energy (scopes I and II) by 50% by 2030.
- Reduce other indirect absolute emissions related to materials sourcing, logistics and services (scope III) by 15% by 2030, and 25% by 2040.
- Achieve carbon neutral operations (scopes I and II) by 2040.

Although this is a Global target, each country within the Group will have individual targets which have yet to be decided but following ESOS the UK sites are working towards implementing opportunities identified to reduce our emissions.

Within the UK following both ESOS audits we have identified common issues across the group. Despite covid restrictions, we have been implementing the following opportunities: -
- Upgrading lighting to LED fittings with control
- Compressed air systems: - including compressor replacement, system management and air leak detection and repair
- Hot water pipe insulation
- Power Factor Correction upgrade
- Night storage heater replacement
- BMS timeclock upgrades for HVAC
- Installation of inverters to VSD

DISCLOSURE IN THE STRATEGIC REPORT
The Review of Business and the Principal Risks and Uncertainties are disclosed in the Strategic Report.

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

Report of the Directors
for the Year Ended 30 June 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 as auditor will be proposed at the annual general meeting.

AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS:

....
G M Ellinor - Director

Date: 24 June 2022

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

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Parker Hannifin Manufacturing (UK) Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the income statement;
- the statement of total comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Financial statements prepared other than on a going concern basis
We draw attention to Note 4 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information
The other information comprises the information included in the annual report , other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

Auditor's 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 auditor's 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.

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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and the relevant tax and pension legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including internal tax specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Risk of revenue being incorrectly recorded due to the potential miscalculation of income earned by the company for toller manufacturing. We recalculated the income recognized based on the company's contractual arrangements and agreements with counterparties.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report
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.

Ben Sheriff

Ben Sheriff FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom

Date: 24 June 2022

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

Income Statement
for the Year Ended 30 June 2021

	Notes	30.6.21 £'000	30.6.20 £'000
TURNOVER	5	**21,828**	21,631
Cost of sales		**(21,198)**	(20,935)
GROSS PROFIT		**630**	696
Administrative expenses		**(150)**	(74)
OPERATING PROFIT	8	**480**	622
Reversal of fixed asset impairment/(fixed asset impairment)	9	**1,036**	(1,036)
		1,516	(414)
Income from fixed asset investments	10	**58**	274
Interest receivable and similar income	11	**51**	102
		1,625	(38)
(Loss)/Gain on revaluation of assets		**8,648**	(472)
PROFIT/(LOSS) BEFORE TAXATION		**10,273**	(510)
Tax on profit/(loss)	12	**(294)**	(66)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**9,979**	(576)

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

Statement of total comprehensive Income for the Year Ended 30 June 2021

	Notes	30.6.21 £'000	30.6.20 £'000
PROFIT/(LOSS) FOR THE YEAR		**9,979**	(576)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**9,979**	(576)

The notes on pages 16 to 26 form part of these financial statements

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

Balance Sheet
30 June 2021

	Notes	30.6.21 £'000	30.6.20 £'000
FIXED ASSETS			
Tangible assets	14	**8,612**	7,276
Investments	15	**14,109**	5,461
		22,721	12,737
CURRENT ASSETS			
Debtors	16	**42,305**	40,829
CREDITORS			
Amounts falling due within one year	17	**(9,584)**	(8,103)
NET CURRENT ASSETS		**32,721**	32,726
TOTAL ASSETS LESS CURRENT LIABILITIES		**55,442**	45,463
CAPITAL AND RESERVES			
Called up share capital	20	**36,400**	36,400
Revaluation reserve	21	**9,061**	334
Capital contribution reserve	21	**10,067**	10,067
Profit and loss account	21	**(86)**	(1,338)
SHAREHOLDERS' FUNDS		**55,442**	45,463

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on ....24 June 2022.......... and were signed on its behalf by:

....
G M Ellinor - Director

The notes on pages 16 to 26 form part of these financial statements

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

Statement of Changes in Equity for the Year Ended 30 June 2021

	Called up share capital £'000	Profit and loss account £'000	Revaluation reserve £'000	Capital contribution reserve £'000	Total equity £'000
Balance at 1 July 2019	36,400	(1,163)	735	10,067	46,039
Changes in equity					
Total comprehensive loss	-	(576)	-	-	(576)
Transfer to revaluation reserve	-	401	(401)	-	-
Balance at 30 June 2020	36,400	(1,338)	334	10,067	45,463
Changes in equity					
Total comprehensive income	-	9,979	-	-	9,979
Transfer to revaluation reserve	-	(8,727)	8,727	-	-
Balance at 30 June 2021	36,400	(86)	9,061	10,067	55,442

The notes on pages 16 to 26 form part of these financial statements

1. GENERAL INFORMATION ON THE COMPANY

The principal activity of the company is, and will continue to be, to act as a manufacturer on behalf of Parker Hannifin EMEA Sarl, a fellow group company. The Company is a wholly owned subsidiary in the group of which Parker Hannifin Corporation is the ultimate parent.

2. STATUTORY INFORMATION

Parker Hannifin Manufacturing (UK) Limited is a private company, limited by shares, incorporated in the United Kingdom and registered in England and Wales. The company's registered number and registered office address can be found on the company information page.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

4. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of reduced disclosure exemptions.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

4. **ACCOUNTING POLICIES - continued**

Significant judgements and estimates
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements due the quantitative materiality of the items involved:

Estimates:

Recoverability of tangible assets:
During the year, the directors considered the recoverability of the Company's tangible assets , which are included in the statement of financial position at 30 June 2021 with a carrying amount of £8,612,000 (30 June 2020: £7,276,000). With the Coronarivus (COVID-19) outbreak being by it's nature an impairment indicator, a full impairment review of the tangible assets was performed. The review was based on a five year discounted cashflow into perpetuity, using a weighted average cost of capital of 10%. The previous year's impairment of £1,036,000 was reversed as a result, due to an increase in forecasted future cashflows.

Turnover
Turnover, which excludes value added tax, comprises manufacturer fees invoiced to Parker Hannifin EMEA Sarl, a fellow group company. The fee revenue is recognised in the period in which the related expenditure is incurred.

Tangible fixed assets
Tangible fixed assets are shown at cost less accumulated depreciation and impairment.

Depreciation is calculated to write down 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.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

4. **ACCOUNTING POLICIES - continued**

Research and development
Costs associated with research and development are expensed in the income statement 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
The Company's functional and presentation currency is the pound sterling.

Transactions in foreign currencies are recorded at the rate of exchange 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 on that date. Resulting differences on foreign exchange are charged or credited to the income statement and included within administrative expenses.

Pension
The Company participates in a group plan along with other group undertakings of the Parker Hannifin group operating in the UK. The plan is a defined benefit plan, however the Company accounts for the plan as a defined contribution plan as it satisfies the conditions set out in section 28.38 of FRS 102, and another group company who is the principal employer accounts for the plan as a defined benefit plan in its financial statements. Accordingly, contributions payable by the Company to the plan are charged to the income statement as they become payable in the year.

The Company contributes to a defined contribution pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

4. ACCOUNTING POLICIES - continued

Financial instruments
The Company has chosen to apply section 11 of FRS 102 in respect of financial instruments.
Basic financial assets, including trade debtors, amounts owed by group undertakings, cash and cash equivalents, and other debtors are initially recognised at transaction price, and subsequently at amortised cost using the effective interest method.

At the end of the reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment, and an impairment loss is recognised in the income statement if required.

Basic financial liabilities, including trade creditors, amounts owed to group undertakings, and accruals are recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

If a financial arrangement constitutes a financing transaction, such as an interest bearing long term loan, the transaction is initially measured at the present value of future receipts or payables discounted at a market rate of interest at inception of the arrangement. Subsequent to initial recognition the transaction is measured at amortised cost using the effective interest rate method.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other investments
Investments are stated at market value, being the year end closing bid price of shares. The investment are accounted for at fair value through the profit and loss account and valuation movements are then transferred to the revaluation reserve.

Operating leases
Annual rentals in relation to operating leases are charged to the income statement on a straight-line basis over the lease term

Going concern
On 1 December 2021 the company sold its entire trade and assets, with the exception of its investment in Kuroda Precision Industries Limited, to Parker Hannifin Manufacturing Limited, a fellow group company, for a consideration of £37,103,677. The consideration being in the form of an intercompany loan.

As the company has ceased to trade, the financial statements have been prepared on a basis other than going concern.

Interest income
Interest income is recognised using the effective interest rate method.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Employee benefits
Short term employee benefits, including salary and wages, annual bonus, holiday pay and other similar benefits are recognised as an expense in the period in which employee services are received.

Utilised Government cost support
Through the period, the Company placed a number of its employees on furlough and accessed the Government's Coronavirus Job Retention Scheme ('CJRS'). At the peak, 24 employees were furloughed across the Company and as at 30 June 2021, the Group had claimed £22,000 under the CJRS, the benefit of which is reflected in the income statement.

5. 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.

All turnover is from transactions with Parker Hannifin EMEA Sarl, a fellow group company based in Switzerland. A geographical analysis of turnover is therefore not required.

6. EMPLOYEES AND DIRECTORS

	30.6.21	30.6.20
	£'000	£'000
Wages and salaries	7,296	7,454
Social security costs	791	921
Other pension costs	1,067	1,119
	9,154	9,494

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

	30.6.21	30.6.20
Production	141	165
Administration	83	84
	224	249

Included within staff costs are termination payments of £103,000 (2020: £27,000).

7. DIRECTORS' EMOLUMENTS

	30.6.21	30.6.20
	£	£
Directors' remuneration	130,778	119,217
Directors' pension contributions to money purchase schemes	18,900	18,900

There is only one remunerated director, the total emoluments therefore represent those of the highest paid director.

Two directors (30 June 2020: three), exercised options during the year.

Share based payments for the UK directors are accounted for in Parker Hannifin Manufacturing Limited, therefore they have no impact on the Company.

8. OPERATING PROFIT

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

	30.6.21	30.6.20
	£'000	£'000
Depreciation - owned assets	1,099	1,115
Loss on disposal of fixed assets	46	47
Research and development costs	1,341	1,227
Hire of plant and machinery	47	74
(Gain)/Loss on exchange	(8)	5

8. OPERATING PROFIT - continued

Audit fees for the auditing of the financial statements amounting to £37,505 (30 June 2020: £37,235) were borne by Parker Hannifin Manufacturing Limited, a fellow group undertaking, and have not been recharged. No non-audit fees were charged in current or prior year.

9. OTHER GAINS AND LOSSES

	30.6.21	30.6.20
	£'000	£'000
Reversal of fixed asset impairment/(fixed asset impairment)	**1,036**	(1,036)

The directors have performed an impairment review of tangible fixed assets at 30 June 2021, using a weighted average cost of capital of 10%, and as a result and the previous year impairment charge of £1,036,000 has been reversed against plant and equipment due to increase in forecasted future cashflows.

10. INCOME FROM FIXED ASSET INVESTMENTS

	30.6.21	30.6.20
	£'000	£'000
Income from fixed asset investments	**58**	274

11. INTEREST RECEIVABLE AND SIMILAR INCOME

	30.6.21	30.6.20
	£'000	£'000
Interest receivable from Parker Hannifin affiliates	**51**	102

12. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	30.6.21	30.6.20
	£'000	£'000
Current tax:		
UK corporation tax	**151**	430
Adjustments to tax charge in respect of previous periods	**(22)**	(56)
Foreign withheld taxes	**9**	16
Total current tax	**138**	390
Deferred tax	**156**	(324)
Tax on profit/(loss)	**294**	66

12. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss

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

	30.6.21	30.6.20
	£'000	£'000
Profit/(loss) before tax	10,273	(510)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,952	(97)
Effects of:		
Expenses not deductible for tax purposes	36	40
Income not taxable for tax purposes	(1,733)	(52)
Adjustments to tax charge in respect of previous periods	(3)	(120)
Transfer pricing adjustment - imputed interest	33	269
Effect of change in tax rate	-	10
Foreign Withholding Tax	9	16
Total tax charge	294	66

Deferred tax movements

Deferred tax (asset)/liability	Accelerated capital allowances	Fair value adjustments	Total
	£'000	£'000	£'000
Balance at 1 July 2020	(255)	79	(176)
Current year movement - P&L debit/(credit)	217	(79)	138
Prior year adjustment- P&L debit/(credit)	18	0	18
Effect of change in tax rate	0	0	0
Balance at 30 June 2021	(20)	0	(20)

The deferred tax asset at 30 June 2021 has been calculated based on the rate of 19% (at 30 June 2020: 19%), which is the substantively enacted rate at the balance sheet date which the majority of timing differences are expected to reverse.

At the Budget 2021 on 3 March 2021, the Government announced that the Corporation Tax rate will increase to 25% for companies with profits above £250,000 with effect from 1 April 2023, as well as announcing a number of other changes to allowances and treatment of losses. As the majority of deferred tax balances are expected to reverse at the rate of 19%, no impact of the rate increase has been recognised.

13. PENSIONS

Parker Hannifin Manufacturing Limited, a fellow 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. Since 1 July 2011, a number of employees who are members of the Parker Plan transferred from Parker Hannifin Manufacturing Limited to Parker Hannifin 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. In addition, the accrued benefits of these transferring members were in respect of their employment with Parker Hannifin Manufacturing Limited.

The Company's accounting policy for this group plan is set out in Note 4. The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. The total surplus on the Parker Plan as at 30 June 2021 is £9,197,000 (2020: liability of £52,202,000). The relevant FRS 102 defined benefit scheme accounting disclosures for the Parker Plan as whole are reported within the financial statements for Parker Hannifin Manufacturing Limited.

14. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and equipment £'000	Totals £'000
COST			
At 1 July 2020	5,487	12,769	18,256
Additions	-	1,563	1,563
Disposals	(29)	(751)	(780)
At 30 June 2021	5,458	13,581	19,039
DEPRECIATION			
At 1 July 2020	2,560	8,420	10,980
Charge for year	186	913	1,099
Eliminated on disposal	(29)	(587)	(616)
Reversal of impairments	-	(1,036)	(1,036)
At 30 June 2021	2,717	7,710	10,427
NET BOOK VALUE			
At 30 June 2021	2,741	5,871	8,612
At 30 June 2020	2,927	4,349	7,276

Included in cost of land and buildings is freehold land of £700,000 (2020 - £700,000) which is not depreciated.

The directors have performed an impairment review of tangible fixed assets at 30 June 2021, using a weighted average cost of capital of 10%, and as a result and the previous year impairment charge of £1,036,000 has been reversed against plant and equipment due to increase in forecasted future cashflows.

15. FIXED ASSET INVESTMENTS

	Other investments £'000
COST OR VALUATION	
At 1 July 2020	5,461
Revaluations	8,648
At 30 June 2021	14,109
NET BOOK VALUE	
At 30 June 2021	14,109
At 30 June 2020	5,461

Cost or valuation at 30 June 2021 is represented by:

	Other investments £'000
Valuation in 2018	12,358
Valuation in 2019	(6,425)
Valuation in 2020	(472)
Valuation in 2021	8,648
	14,109

At 30 June 2021, 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	16.8%	Manufacture and sale of industrial tools

The directors consider that although the company maintains a 16.8% (2020: 16.8%) interest in the share capital of Kuroda Precision Industries Limited, the company 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 £14,109,000. (30 June 2020: £5,461,000), this led to a revaluation surplus in the year of £8,648,000. This investment is subject to the volatility of the Japanese market, and the value can therefore fluctuate significantly year on year.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.21 £'000	30.6.20 £'000
Trade debtors	30	63
Amounts owed by other group companies	41,651	39,947
VAT	440	473
Deferred tax asset	20	176
Prepayments and accrued income	164	170
	42,305	40,829

16. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Deferred tax asset

	30.6.21	30.6.20
	£'000	£'000
Accelerated capital allowances	20	255
Fair value Adjustments	-	(79)
	20	176

Included within the amounts owed by group undertakings is a loan amounting to £11,764,000 (2020: £11,764,000) on which interest is charged at 0.43380% (2020: 0.43388%). The loan is unsecured and repayable on 15 June 2022.

The remaining amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

17. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.6.21	30.6.20
	£'000	£'000
Trade creditors	3,377	2,273
Amounts owed to other group companies	5,936	5,607
Accruals and deferred income	271	223
	9,584	8,103

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

18. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	30.6.21	30.6.20
	£'000	£'000
Within one year	33	48
Between one and five years	21	62
	54	110

19. **DEFERRED TAX**

	£'000
Balance at 1 July 2020	(176)
Accelerated capital allowances	217
Adjustment to prior years	18
Revaluation	(79)
Balance at 30 June 2021	(20)

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**30.6.21 £'000**	30.6.20 £'000
36,400,000	Ordinary	£1	**36,400**	36,400

There are no rights, preferences or restrictions attached to ordinary shares.

21. RESERVES

Revaluation reserve
The reserve records the revaluation surplus on investments held.

Capital contribution reserve
This balance represents the value of assets contributed by the parent company.

Profit and loss account
This represents accumulated retained earnings.

22. 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.

23. POST BALANCE SHEET EVENTS

On 1 December 2021 the company sold its entire trade and assets, with the exception of its investment in Kuroda Precision Industries Limited, to Parker Hannifin Manufacturing Limited, a fellow group company, for a consideration of £37,103,677. The consideration being in the form of an intercompany loan.