

REGISTERED NUMBER: 00425892

Parker Hannifin (GB) Limited
Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 June 2014

Parker Hannifin (GB) Limited (Registered number: 00425892)

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for the Year Ended 30 June 2014**

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Parker Hannifin (GB) Limited

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

DIRECTORS: G M Ellinor
J A D Elsey

SECRETARY: G M Ellinor

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

REGISTERED NUMBER: 00425892

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 (GB) Limited (Registered number: 00425892)

**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 for the year of £58,944,000 (2013: loss of £2,741,000). The significant loss is a result of an impairment in the value of investments following a financing restructure in the sub-group headed by the company.

The financial statements have been prepared on a going concern basis. The company had net assets of £105,086,000 (2013: £164,030,000), Parker Hannifin Corporation has undertaken to provide the funds necessary for the company to continue as a going concern for a minimum of twelve months from the date of approval of the financial statements.

No key performance indicators are disclosed for this company as they are managed at the Group level and are disclosed in the consolidated financial statements of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors do not consider there to be any significant risks or uncertainties as all transactions and balances are group related.

BY ORDER OF THE BOARD:



.....
G M Ellinor - Director

Date: 25 FEB. 2015

Parker Hannifin (GB) Limited (Registered number: 00425892)

**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 is, and will continue to be, that of lessor of commercial land and buildings.

DIVIDENDS

The directors do not recommend the payment of a dividend (30 June 2013: £Nil).

DIRECTORS

G M Ellinor has held office during the whole of the period from 1 July 2013 to the date of this report.

Other changes in directors holding office are as follows:

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

J D O'Reilly ceased to be a director after 30 June 2014 but prior to the date of this 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 as directors' and officers' liability insurance policy was maintained by the Parker Hannifin Corporation group throughout the financial year.

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 (GB) Limited (Registered number: 00425892)

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

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 (GB) Limited

We have audited the financial statements of Parker Hannifin (GB) Limited for the year ended 30 June 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. 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, I read all the financial and non-financial information in the Strategic Report and the Report of the Directors 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my 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 our opinion 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

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 (GB) Limited (Registered number: 00425892)

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

	Notes	30.6.14 £'000	30.6.13 £'000
TURNOVER	2	61	60
Cost of sales		<u>(61)</u>	<u>(61)</u>
GROSS LOSS		-	(1)
Administrative expenses		<u>(60)</u>	<u>(69)</u>
OPERATING LOSS	4	(60)	(70)
Interest receivable and similar income	5	<u>186</u>	<u>204</u>
		126	134
Amounts written off investments	6	<u>(56,168)</u>	<u>-</u>
		(56,042)	134
Interest payable and similar charges	7	<u>(3,706)</u>	<u>(3,559)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(59,748)	(3,425)
Tax on loss on ordinary activities	8	<u>804</u>	<u>684</u>
LOSS FOR THE FINANCIAL YEAR		<u>(58,944)</u>	<u>(2,741)</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 losses for the current year or previous year.

The notes on pages 8 to 14 form part of these financial statements

Parker Hannifin (GB) Limited (Registered number: 00425892)

**Balance Sheet
30 June 2014**

	Notes	30.6.14 £'000	30.6.13 £'000
FIXED ASSETS			
Tangible assets	9	1,087	1,147
Investments	10	<u>223,321</u>	<u>204,488</u>
		<u>224,408</u>	<u>205,635</u>
CURRENT ASSETS			
Debtors	11	119,725	19,834
CREDITORS			
Amounts falling due within one year	12	<u>(780)</u>	<u>(19,421)</u>
NET CURRENT ASSETS		<u>118,945</u>	<u>413</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		343,353	206,048
CREDITORS			
Amounts falling due after more than one year	13	<u>(238,267)</u>	<u>(42,018)</u>
NET ASSETS		<u>105,086</u>	<u>164,030</u>
CAPITAL AND RESERVES			
Called up share capital	15	232,595	232,595
Share premium	16	8,412	8,412
Capital reserve	16	608	608
Other reserves	16	11,941	11,941
Profit and loss account	16	<u>(148,470)</u>	<u>(89,526)</u>
SHAREHOLDERS' FUNDS	19	<u>105,086</u>	<u>164,030</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 8 to 14 form part of these financial statements

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

1. ACCOUNTING POLICIES

Basis of preparation

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.

Preparation of consolidated financial statements

The financial statements contain information about Parker Hannifin (GB) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, Parker Hannifin Corporation, a company incorporated in the state of Ohio, USA.

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 rental income receivable on land and buildings on a straight-line basis over the term of the lease.

Tangible fixed assets

Tangible fixed assets are shown at cost or valuation 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%
Leasehold land and buildings	2% or over the term of the lease, whichever is shorter

Freehold land is not depreciated.

Taxation

Current 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.

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

1. ACCOUNTING POLICIES - continued

Going concern

The company has net assets of £105,086,000 (2013: £164,030,000). and net current assets of £118,945,000 (2013: £413,000). After taxation, the company made a loss for the year of £58,944,000 (2013: loss of £2,741,000) making a loss before taxation of £59,748,000 (2013: £3,425,000). 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.

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 shown at cost plus all other associated costs, less any provisions for impairment.

2. TURNOVER

The directors regard the operations of the company as comprising a single activity. All turnover losses comprise of rental income receivable on land and buildings on a straight-line basis over the term of the lease.

All net assets are based within the United Kingdom.

3. STAFF COSTS

The directors who held office during the year received no remuneration (30 June 2013: £Nil) for their services to the company. There are no retirement benefits (30 June 2013: £Nil) accruing for any of the directors in respect of their services to the company.

Two directors (30 June 2013: four) hold share options in the ultimate parent undertaking, Parker Hannifin Corporation. None of the directors (30 June 2013: None) exercised share options during the year.

The company had no employees during the year ended 30 June 2014 or the previous financial year.

4. OPERATING LOSS

The operating loss is stated after charging:

	30.6.14	30.6.13
	£'000	£'000
Depreciation - owned assets	60	69
Operating lease rentals - other	61	61
	30.6.14	30.6.13
	£	£
Directors' remuneration	-	-

Audit fees amounting to £8,800 (30 June 2013: £8,000) were borne by Parker Hannifin Manufacturing Limited, a subsidiary undertaking, and have not been recharged.

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

5.	INTEREST RECEIVABLE AND SIMILAR INCOME	30.6.14	30.6.13
		£'000	£'000
	On amounts owed by group undertakings	<u>186</u>	<u>204</u>
6.	AMOUNTS WRITTEN OFF INVESTMENTS	30.6.14	30.6.13
		£'000	£'000
	Impairment of investment in subsidiaries	<u>56,168</u>	<u>-</u>
7.	INTEREST PAYABLE AND SIMILAR CHARGES	30.6.14	30.6.13
		£'000	£'000
	On amounts owed to group undertakings	<u>3,706</u>	<u>3,559</u>
8.	TAXATION		
	Analysis of the tax credit		
	The tax credit on the loss on ordinary activities for the year was as follows:		
		30.6.14	30.6.13
		£'000	£'000
	Current tax:		
	UK corporation tax	(804)	(810)
	Prior year tax adjustment	<u>-</u>	<u>104</u>
	Total current tax	(804)	(706)
	Deferred tax	<u>-</u>	<u>22</u>
	Tax on loss on ordinary activities	<u>(804)</u>	<u>(684)</u>
	Factors affecting the tax credit		
	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
	Loss on ordinary activities before tax	<u>(59,747)</u>	<u>(3,425)</u>
	Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.5% (2013 - 23.75%)	(13,443)	(813)
	Effects of:		
	Expenses not deductible for tax purposes	12,651	16
	Imputed interest	(12)	(13)
	Adjustment to prior years	<u>-</u>	<u>104</u>
	Current tax credit	<u>(804)</u>	<u>(706)</u>

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

8. TAXATION - continued

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.

9. TANGIBLE FIXED ASSETS

	Long leasehold £'000
COST	
At 1 July 2013 and 30 June 2014	<u>3,092</u>
DEPRECIATION	
At 1 July 2013	1,945
Charge for year	<u>60</u>
At 30 June 2014	<u>2,005</u>
NET BOOK VALUE	
At 30 June 2014	<u>1,087</u>
At 30 June 2013	<u>1,147</u>

Tangible fixed assets are leased to other group companies under operating leases.

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 July 2013	216,218
Additions	<u>75,000</u>
At 30 June 2014	<u>291,218</u>
PROVISIONS	
At 1 July 2013	11,730
Provision for year	<u>56,167</u>
At 30 June 2014	<u>67,897</u>
NET BOOK VALUE	
At 30 June 2014	<u>223,321</u>
At 30 June 2013	<u>204,488</u>

Parker Hannifin (GB) Limited (Registered number: 00425892)

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

10. FIXED ASSET INVESTMENTS - continued

In the current year on 25th June 2014 a Eurobond restructure took place in which a capital contribution of £75,000,000 was made to Parker Hannifin Manufacturing Limited, a directly held subsidiary of this entity. The settlement of the Eurobond caused the directors to reappraise the date at which non trading balances would be settled for the purposes of the discounted cash flow analysis. In light of these circumstances the Directors considered the carrying value of investments as compared to the value of the discounted cash flows expected to flow from the relevant subsidiary undertakings, using a weighted average cost of capital of 10%. There is an impairment provision in the current year of £56,167,000 (30 June 2013: £nil). The cashflows were considered for a period of one year from the end of the current financial year, a short term growth rate of 3% and then a perpetual growth rate of 2.2% was applied.

At 30 June 2014, the company held shares in the allotted share capital of the following companies:

	Country of registration and operation	Percentage held	Nature of business
* Indirectly held			
Parker Hannifin Manufacturing Limited	England	100%	Manufacturing and distribution
* Parker Hannifin Pension Trustees Limited	England	100%	Dormant
* Commercial Intertech Limited	England	100%	Dormant
* SSD Drives Limited	England	100%	Dormant
* Kenmore UK Limited	England	100%	Dormant
* Virginia KMP Limited	England	100%	Dormant
* Tecknit Europe Limited	England	100%	Dormant
* domnick hunter Group Limited	England	100%	Intermediate holding company
* domnick hunter Limited	England	100%	Dormant
* domnick hunter Fabrication Limited	England	100%	Dormant
* domnick hunter Trustees Limited	England	100%	Dormant
* domnick hunter Investments Limited	Scotland	100%	Intermediate holding company
* Tanlea Engineering Limited	England	100%	Dormant
KV Limited	England	100%	Dormant

11. DEBTORS

	30.6.14	30.6.13
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>20,824</u>	<u>19,834</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>98,901</u>	<u>-</u>
Aggregate amounts	<u>119,725</u>	<u>19,834</u>

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

11. DEBTORS - continued

Included within amounts owed by group undertakings is a loan amounting to £13,132,000 (30 June 2013: £13,027,000) on which interest is charged at a rate of 0.8037% (30 June 2013: 0.8081%) per annum. The loan is unsecured and is repayable on 27 March 2015. The remaining amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

On 25th June 2014, the company acquired 5,000 fixed rate unsecured loan notes amounting to £98,900,537 issued by its immediate subsidiary, Parker Hannifin Manufacturing Ltd. The loan notes are redeemable at par on 25th June 2025, or not less than 13 months from the date of issuing written notice to Parker Hannifin Manufacturing Ltd, and are quoted on the Cayman Island stock exchange. At 30th June 2014 accrued interest in respect of these loan notes amounted to £81,288. This is included within amounts owed by group undertakings of £20,824,000.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.14	30.6.13
	£'000	£'000
Amounts owed to group undertakings	<u>780</u>	<u>19,421</u>

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

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.6.14	30.6.13
	£'000	£'000
Amounts owed to group undertakings	<u>238,267</u>	<u>42,018</u>

Amounts owed to group undertakings due after more than one year comprise 5% fixed rate unsecured loan notes issued to Parker Hannifin 2007 LLP (amounts owed at 30 June 2013 comprised 8.47% fixed rate unsecured loan notes issued to Parker Hannifin 2007 LLP). The loan notes are redeemable at par either on 25 June 2029, or not less than 13 months from the date of issuing written notice to the loan note issuer. The loan notes are quoted on the Cayman Islands Stock Exchange. At 30 June 2014, accrued interest in respect of these loan notes amounted to £195,000. This is included within amounts owed to group undertakings within Creditors: amounts falling due within one year (note 12).

14. OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	30.6.14	30.6.13
	£'000	£'000
Expiring:		
In more than five years	<u>61</u>	<u>61</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30.6.14	30.6.13
Number:	Class:	Nominal value:	£'000	£'000
232,595,163	Ordinary	£1	<u>232,595</u>	<u>232,595</u>

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

16. RESERVES

	Profit and loss account £'000	Share premium £'000	Capital reserve £'000	Other reserves £'000	Totals £'000
At 1 July 2013	(89,526)	8,412	608	11,941	(68,565)
Deficit for the year	<u>(58,944)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(58,944)</u>
At 30 June 2014	<u>(148,470)</u>	<u>8,412</u>	<u>608</u>	<u>11,941</u>	<u>(127,509)</u>

17. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is Alenco (Holdings) 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

	30.6.14	30.6.13
	£'000	£'000
Loss for the financial year	<u>(58,944)</u>	<u>(2,741)</u>
Net reduction of shareholders' funds	(58,944)	(2,741)
Opening shareholders' funds	<u>164,030</u>	<u>166,771</u>
Closing shareholders' funds	<u>105,086</u>	<u>164,030</u>

20. CAPITAL RESERVE

The capital reserve of £608,000 represents the pre-acquisition accumulated profits of Alenco North Sea Limited (liquidated during 1990) of £234,000, the excess of the fair value of net assets of Parker Digiplan Limited over the cost of investment of £250,000 and the excess of the fair value of net assets of VOAC Hydraulics Limited over the cost of investment of £124,000. These reserves are not distributable.