

Registered number: 00341813

PNEUMATIC COMPONENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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PNEUMATIC COMPONENTS LIMITED

COMPANY INFORMATION

Directors	IS McCreadie MC McCaughey PT McCall SM Shorter TH Kutschinski K Brix
Registered number	00341813
Registered office	Holbrook Rise Holbrook Industrial Estate Sheffield S20 3GE
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditors Griffin House 135 High Street Crawley West Sussex RH10 1DQ

PNEUMATIC COMPONENTS LIMITED

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PNEUMATIC COMPONENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors present their report and the financial statements for the year ended 31 December 2014.

Principal activities

The company's main activity is the manufacture and sale of tyre inflation equipment and air line products.

Directors

The Directors who served during the year were:

IS McCreadie
MC McCaughey
PT McCall
SM Shorter
TH Kutschinski
K Brix

Results and dividends

The profit for the year, after taxation, amounted to £1,475,291 (2013 - £1,428,674).

During the year the Company paid the following dividends;

- a final dividend of £1,000,000 on 31 January 2014 in respect of the year ended 31 December 2013 and;
- an interim dividend of £300,000 on 28 November 2014 and;
- an interim dividend of £400,000 on 19 December 2014 both in respect of the year ended 31 December 2014.

Events since the end of the year

The directors have proposed a final dividend in respect of the year ended 31 December 2014 of £800,000 which was paid on 22 January 2015

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

PNEUMATIC COMPONENTS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Directors' responsibilities statement (Continued)

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 auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

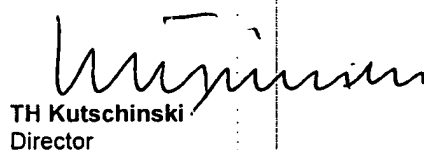
On 1 February 2015 Reeves & Co LLP changed their name to Kreston Reeves LLP.

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23.02.15 and signed on its behalf.



I S McCreadie
Secretary



TH Kutschinski
Director

PNEUMATIC COMPONENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Introduction

The directors have pleasure in presenting their Strategic Report for the year ended 31 December 2014.

Business review

The company has continued to improve its operating efficiency and is well placed to take advantage of increases in demand. The directors consider the company's financial position at the year end to be satisfactory. The company will continue to seek opportunities to expand its range of products in areas relating to its existing and prospective new activities and markets.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk, credit risk, and foreign exchange risk.

The company's ultimate parent undertaking Indus Holding AG manages the interest rate and liquidity risks associated with the whole group, as disclosed in the financial statements of that company, which are available as disclosed in note 23.

The company pays and receives interest on intercompany borrowings and lending at a market rate of interest, and its bank deposits and overdraft facilities are at variable rates. No financial instruments were used by the company during the year to manage interest rate costs, and therefore no hedge accounting has been applied.

The company has implemented policies that require appropriate credit checks on potential customers before sales are made and the amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the company's management.

The company is exposed to movements in foreign exchange rates as a result of transactions with a number of foreign suppliers and customers. The company has no formal policy in place as regards the use of foreign exchange contracts; however for significant exposures the Board will consider on a case-by-case basis whether the use of such instruments is warranted.

Financial key performance indicators

The company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on 23.02.15

and signed on its behalf.



I S McCreadie
Secretary

PNEUMATIC COMPONENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PNEUMATIC COMPONENTS LIMITED

We have audited the financial statements of Pneumatic Components Limited for the year ended 31 December 2014, set out on pages 6 to 18. 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 Auditors' 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 auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' 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.

PNEUMATIC COMPONENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PNEUMATIC COMPONENTS LIMITED

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 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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.



Farouk Durrani (Senior Statutory Auditor)

for and on behalf of
Kreston Reeves LLP

Chartered Accountants
Statutory Auditors

Griffin House
135 High Street
Crawley
West Sussex
RH10 1DQ

Date: 6 Nov 2015

PNEUMATIC COMPONENTS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
Turnover	1,2	9,873,185	10,333,911
Cost of sales		(5,653,255)	(6,214,963)
Gross profit		4,219,930	4,118,948
Selling and Distribution costs		(927,605)	(936,990)
Administrative expenses		(1,404,490)	(1,557,107)
Operating profit	3	1,887,835	1,624,851
Interest receivable and similar income		187	693
Interest payable and similar charges	7	(6,332)	(10,054)
Profit on ordinary activities before taxation		1,881,690	1,615,490
Tax on profit on ordinary activities	8	(406,399)	(186,816)
Profit for the financial year	16	1,475,291	1,428,674

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 8 to 18 form part of these financial statements.

PNEUMATIC COMPONENTS LIMITED
REGISTERED NUMBER: 00341813

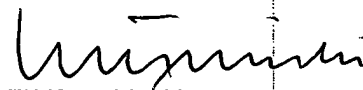
BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	9		1,156,295		1,094,883
Investments	10		162,782		153,431
			<u>1,319,077</u>		<u>1,248,314</u>
Current assets					
Stocks	11	1,975,600		1,649,176	
Debtors	12	2,168,212		2,249,375	
Cash at bank and in hand		286,020		709,514	
		<u>4,429,832</u>		<u>4,608,065</u>	
Creditors: amounts falling due within one year	13	(1,970,748)		(1,878,809)	
Net current assets			<u>2,459,084</u>		<u>2,729,256</u>
Total assets less current liabilities			<u>3,778,161</u>		<u>3,977,570</u>
Provisions for liabilities					
Deferred tax	14		(64,900)		(39,600)
Net assets			<u>3,713,261</u>		<u>3,937,970</u>
Capital and reserves					
Called up share capital	15		2,300,000		2,300,000
Profit and loss account	16		1,413,261		1,637,970
Shareholders' funds	17		<u>3,713,261</u>		<u>3,937,970</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
23.02.15



IS McCreadie
Director



TH Kutschinski
Director

The notes on pages 8 to 18 form part of these financial statements.

PNEUMATIC COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services delivered during the year, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	38 - 50 Years
Plant & machinery	-	3 - 10 Years
Computer and office equipment	-	5 - 10 Years

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Profit and Loss Account.

PNEUMATIC COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Accounting Policies (continued)

1.9 Forward Contract Transactions

The Company uses derivative financial instruments to manage certain exposures to fluctuations in foreign exchange rates. Forward exchange contracts are retranslated at the rates of exchange ruling in the agreements and at balance sheet date. Resulting gains and losses are included in the Profit and Loss account in the year.

1.10 Research and development

Research and development costs are written off to the Profit and Loss Account as and when they are incurred.

1.11 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and Loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and Loss Account as the related expenditure is incurred.

1.12 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

1.13 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2. Turnover

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	5,855,432	5,475,131
Rest of European Union	1,754,764	2,038,941
Rest of The World	2,262,989	2,819,839
	<u>9,873,185</u>	<u>10,333,911</u>

PNEUMATIC COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

3. Operating profit

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

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	197,444	216,965
Operating lease rentals:		
- plant and machinery	32,803	27,208
Difference on foreign exchange	(19,710)	18,862
Research and development expenditure written off	18,678	10,350
Provision against intercompany investment	10,649	102,263
Profit/loss on sale of tangible assets	994	-
Auditors' remuneration	21,025	25,075
	<u>21,025</u>	<u>25,075</u>

4. Auditors' remuneration

	2014 £	2013 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	17,000	15,900
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	4,000	3,500
All other non-audit services not included above	25	5,675
	<u>4,025</u>	<u>9,175</u>

5. Staff costs

Staff costs, including Directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	2,055,790	1,959,912
Social security costs	176,654	169,085
Other pension costs	110,756	97,151
	<u>2,343,200</u>	<u>2,226,148</u>

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

	2014 No.	2013 No.
Manufacturing	61	58
Selling and Distribution	9	9
Administration	16	13
	<u>86</u>	<u>80</u>

PNEUMATIC COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

6. Directors' remuneration

	2014 £	2013 £
Remuneration	380,081	378,726
Company pension contributions to defined contribution pension schemes	26,571	25,220

During the year retirement benefits were accruing to 4 Directors (2013 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £145,462 (2013 - £142,212).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,503 (2013 - £10,197).

7. Interest payable

	2014 £	2013 £
On loans from group undertakings	6,332	10,054

8. Taxation

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	381,099	370,600
Adjustments in respect of prior periods	-	(206,830)
Total current tax	381,099	163,770
Deferred tax (see note 14)		
Origination and reversal of timing differences	25,300	23,046
Tax on profit on ordinary activities	406,399	186,816

PNEUMATIC COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	1,881,690	1,615,490
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	404,563	375,601
Effects of:		
Accelerated capital allowances and other timing differences	(31,080)	(22,350)
Expenses not deductible for tax purposes	7,609	29,490
Expenses deductible for tax purposes	7	(12,141)
Adjustments to tax charge in respect of prior periods	-	(206,830)
Current tax charge for the year (see note above)	381,099	163,770

Factors that may affect future tax charges

Based on current capital investment plans, the company expects to be able to claim capital allowances in excess of depreciation in future years.

Any deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax laws substantively enacted at the balance sheet date.

PNEUMATIC COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. Tangible fixed assets

	Freehold property £	Plant & machinery £	Computer and office equipment £	Total £
Cost				
At 1 January 2014	1,140,968	3,246,124	775,521	5,162,613
Additions	-	149,911	110,305	260,216
Disposals	-	-	(63,798)	(63,798)
At 31 December 2014	1,140,968	3,396,035	822,028	5,359,031
Depreciation				
At 1 January 2014	568,987	2,952,496	546,247	4,067,730
Charge for the year	24,132	114,721	58,591	197,444
Disposals	-	-	(62,438)	(62,438)
At 31 December 2014	593,119	3,067,217	542,400	4,202,736
Net book value				
At 31 December 2014	547,849	328,818	279,628	1,156,295
At 31 December 2013	571,981	293,628	229,274	1,094,883

10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2014 and 31 December 2014	322,150
Impairment	
At 1 January 2014	168,719
Charge for the year	(9,351)
At 31 December 2014	159,368
Net book value	
At 31 December 2014	162,782
At 31 December 2013	153,431

PNEUMATIC COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

10. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	2014 £	2013 £
PCL Air Technology (Shanghai) Co Limited	Ordinary	100 %	94,363	94,363
PCL Trading (Shanghai) Co Limited	Ordinary	100 %	159,367	159,367
PCL Sumo Air Technology PVT Limited	Ordinary	50 %	68,420	68,420
			<u>322,150</u>	<u>322,150</u>

Name	Business	Registered office
PCL Air Technology (Shanghai) Co Limited	Manufacturing of Pneumatic Components	Shanghai, China
PCL Trading (Shanghai) Co Limited	Trading in Pneumatic Components	Shanghai, China
PCL Sumo Air Technology PVT Limited	Trading in Pneumatic Components	Sumo, India

The aggregate of the share capital and reserves as at 31 December 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
PCL Air Technology (Shanghai) Co Limited	(66,227)	9,248
PCL Trading (Shanghai) Co Limited	124,062	34,894
PCL Sumo Air Technology PVT Limited	80,747	12,088
	<u></u>	<u></u>

11. Stocks

	2014 £	2013 £
Raw materials	866,168	563,925
Work in progress	11,036	323,298
Finished goods and goods for resale	1,098,396	761,953
	<u>1,975,600</u>	<u>1,649,176</u>

PNEUMATIC COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

12. Debtors

	2014 £	2013 £
Due within one year		
Trade debtors	1,868,877	1,804,303
Amounts owed by group undertakings	245,588	384,815
Prepayments and accrued income	53,747	60,257
	<u>2,168,212</u>	<u>2,249,375</u>

**13. Creditors:
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	1,296,727	1,213,782
Amounts owed to group undertakings	62,448	16,504
Corporation tax	165,225	148,181
Other taxation and social security	107,032	100,347
Other creditors	23,064	23,097
Accruals and deferred income	316,252	376,898
	<u>1,970,748</u>	<u>1,878,809</u>

14. Deferred taxation

	2014 £	2013 £
At beginning of year	39,600	16,554
Charge for year (P&L)	25,300	23,046
	<u>64,900</u>	<u>39,600</u>

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>64,900</u>	<u>39,600</u>

15. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
2,300,000 Ordinary Shares shares of £1 each	<u>2,300,000</u>	<u>2,300,000</u>

PNEUMATIC COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

16. Profit and Loss Account

	£
At 1 January 2014	1,637,970
Profit for the financial year	1,475,291
Dividends: Equity capital	(1,700,000)
	<hr/>
At 31 December 2014	1,413,261
	<hr/>

17. Shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	3,937,970	3,209,296
Profit for the financial year	1,475,291	1,428,674
Dividends (Note 18)	(1,700,000)	(700,000)
	<hr/>	<hr/>
Closing shareholders' funds	3,713,261	3,937,970
	<hr/>	<hr/>

18. Dividends

	2014 £	2013 £
Dividends paid on equity capital	1,700,000	700,000
	<hr/>	<hr/>

On the 31 January 2014 the Directors paid £1,000,000 in respect of the year ended 31 December 2013.

On 28 November 2014 the Directors paid a dividend of £300,000 and on 19 December 2014 the Directors paid a dividend of £400,00 both in respect of the year ended 31 December 2014.

At the year end the Directors had proposed an additional £800,000 in respect of the year ended 31 December 2014 which was paid on 22 January 2015.

19. Pension commitments

The cost of the company contributions to the group stakeholder pension scheme during the year amounted to £110,938 (2013 - £97,151) being between 4% and 14% of pensionable salary. Outstanding contributions at 31 December 2014 amount to £11,030 (2013 - £10,674).

PNEUMATIC COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

20. Operating lease commitments

At 31 December 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiry date:		
Within 1 year	4,702	19,875
Between 2 and 5 years	34,174	5,694
	<u> </u>	<u> </u>

21. Other financial commitments

In 2013 the Company had the following contract transactions to hedge foreign currencies outstanding at the year end. Transactions were made through an independent third party and were at arms length. All risk and rewards are borne by Pneumatic Components Limited.

Maturing within one year;

	2014 Currency - US \$	2014 £	2013 Currency - US \$	2013 £
- To hedge currency transactions against Euro	-	-	1,200,000	869,817
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

These instruments were used to hedge future exposure to foreign exchange transactions. At 31 December 2014 there was a recognised profit of £Nil (2013 - £7,953) relating to hedges for future exposures.

PNEUMATIC COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

22. Related party transactions

Transactions with PCL Sumo Air Technology PVT Limited are not covered by the exemption on group transactions noted below.

	2014 £	2013 £
Sales to PCL Sumo	(17,702)	(38,954)
Purchases from PCL Sumo	15,991	35,091
Balance due from PCL Sumo as at 31 December 2014 and 2013	<u>16,690</u>	<u>26,142</u>

Transactions with PCL Air Technology (Shanghai) Co Limited are not covered by the exemption on group transactions noted below.

	2014 £	2013 £
Sales to PCL Air	(96,152)	(48,628)
Purchases and expenses from PCL Air	84,512	46,382
Provision against investment and intercompany balance made in the year	20,000	136,763
Balance due from PCL Air as at 31 December 2014 and 2013	<u>122,220</u>	<u>161,190</u>

Transactions with PCL Trading (Shanghai) Co Limited are not covered by the exemption on group transactions noted below.

	2014 £	2013 £
Sales to PCL Trading	(43,767)	(71,527)
Purchases and expenses from PCL Trading	35,855	64,474
Provision against investment and intercompany balance made in the year	(9,351)	(34,500)
Balance due from PCL Trading as at 31 December 2013 and 2012	<u>42,089</u>	<u>82,039</u>

Transactions with other companies within the group have been not disclosed as the company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures", as the consolidated accounts of Indus Holding AG in which the company is included are available at the address noted below.

23. Ultimate parent undertaking and controlling party

Pneumatic Components Limited is a 100% subsidiary of Horn GmbH & Co KG, a limited partnership registered in Germany, which is its immediate parent undertaking. Pneumatic Components Limited ultimate parent undertaking, and controlling party, is Indus Holding AG, a company registered in Germany. Indus Holding AG is the largest group into which the company's accounts are consolidated. Copies of the group accounts for the ultimate parent undertaking may be obtained from the following address;

Indus Holding AG
Kolner Strasse
D-51429 Bergisch Gladbach
PO Box 10 03 53
Germany