AR

Parker Plant Limited

Directors' report and financial statements

Registered number 04908756

31 December 2013

Contents

Company information

Directors:	R D Sciville G B Dalby A K Butler G J Wheeler
Secretary:	S P Wilkinson
Registered office:	Viaduct Works Canon Street Leicester LE4 6GH
Registered number:	04908756 (England and Wales)
Auditor:	KPMG LLP 1 Waterloo Way Leicester LE1 6LP

Directors' report

for the year ended 31 December 2013

The directors present their report with the financial statements of the company for the year ended 31 December 2013.

Dividends

During the year the directors declared an interim dividend of £nil *(2012: £nil)* and no final dividend is proposed.

Directors

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

R D Sciville
G B Dalby
A K Butler
G J Wheeler

The company has arranged insurance in respect of any liabilities of the directors or officers of the company arising from their duties in that role.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board:

S P Wilkinson
Secretary

17 March 2014

Strategic report

Review and principal activities

The principal activity of the company in the year under review was that of design, manufacture and sale of crushing and screening plant, asphalt plant and concrete batching plant and conveyor systems.

The company performed well during the year as the economic environment began to show signs of improvement. Stronger demand enabled the company to increase its turnover during 2013 by more than 20% whilst at the same time maintaining the gross margin.

Despite the significant increase in turnover the company has been able to maintain its low overhead base in line with the previous year and, as a result, operating profit has increased to £1,510,000 in 2013 compared with £557,000 in 2012.

Financial instruments

The company does not actively use financial instruments as part of its risk management. It is only exposed to the usual credit and cash flow risk associated with selling on credit in the UK since all export sales are underpinned either by irrevocable letters of credit or substantial forward deposits and payments prior to despatch. In addition to the usual credit control procedures employed, the company maintains a credit insurance policy covering the majority of the outstanding debt.

Business KPI's

The directors use a number of performance indicators, both financial and non-financial, to evaluate the company's performance. However, gross margin, operating profit and cash generated are of particular importance in ensuring the successful management of the company.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties include the prevailing economic conditions within the construction industry as well as increased competition from low cost manufacturers. These risks are managed by ensuring that the company continues to expand into new markets and develops new products to enhance its offering.

Research and development

The company is committed to continued significant investment in research and development and the directors believe that it is this investment which enables the company to continue to generate strong gross margins. It is anticipated that research and development expenditure during 2014 will continue at or above its level during 2013.

Future developments

There are now positive signs that the economic climate is beginning to improve and the directors believe that the trading conditions will be more favourable in 2014 than they have been for some time. Due to its broad product portfolio and the significant investment in new plant and machinery the company is well positioned to benefit from future market opportunities.

On behalf of the board:

S. Wilkinson

S P Wilkinson
Secretary

17 March 2014

Statement of directors' responsibilities in respect of the Strategic Report and the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Report of the independent auditors to the members of Parker Plant Limited

We have audited the financial statements of Parker Plant Limited for the year ended 31 December 2013 on pages 6 to 15. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate .

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 2013 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.

Ian Borley *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor — 17 March 2014

1 Waterloo Way
Leicester
LE1 6LP

Profit and loss account
for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	2	**18,501**	15,229
Cost of sales		**(13,538)**	(11,000)
Gross profit		**4,963**	4,229
Administrative expenses		**(3,453)**	(3,672)
Operating profit	4	**1,510**	557
Interest payable and similar charges	6	**-**	(5)
Profit on ordinary activities before taxation		**1,510**	552
Tax on profit on ordinary activities	7	**(273)**	(67)
Profit for the financial year	17	**1,237**	485

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet
as at 31 December 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Intangible assets	9		**194**		467
Tangible assets	10		**1,157**		786
			1,351		1,253
Current assets					
Stocks	11	**5,668**		7,977	
Debtors	12	**2,446**		1,242	
Cash at bank and in hand		**1,231**		361	
		9,345		9,580	
Creditors: amounts falling due within one year	13	**(3,849)**		(5,268)	
Net current assets			**5,496**		4,312
Total assets less current liabilities			**6,847**		5,565
Provisions for liabilities	15		**(167)**		(122)
Net assets			**6,680**		5,443
Capital and reserves					
Called up share capital	16		**200**		200
Profit & loss account	17		**6,480**		5,243
Shareholders' funds	18		**6,680**		5,443

The financial statements were approved by the Board of Directors on 17 March 2014 and were signed on its behalf by:

G J Wheeler
Director

Company number : 04908756

Notes
(forming part of the financial statements)

1 Accounting policies

Accounting convention

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

Going concern

In determining the appropriate basis for preparation of financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Having reviewed the current cash flow projections, and having made reasonable enquiries in making the underlying key assumptions on sales, the Directors have a reasonable expectation that the Company will be able to meet its liabilities as they fall due for the foreseeable future. It is on this basis that the Directors consider it appropriate to prepare the Company's financial statements on the going concern basis.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax and trade discounts. Revenue is recognised at the point of despatch.

Intangible fixed assets

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Goodwill	- 10% on cost
Intellectual property	- 20% on cost

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 10% - 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Stocks

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 items. Net realisable value is based on the estimated selling price, allowing for all further costs of disposal.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Notes *(continued)*

1 Accounting policies *(continued)*

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Cash flow

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

2 Turnover

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

An analysis of turnover by geographical market is given below:

	2013	2012
	£000	£000
Home sales	**5,504**	4,192
Export sales	**12,997**	11,037
	18,501	15,229

3 Staff costs

	2013	2012
	£000	£000
Wages and salaries	**2,443**	2,635
Social security costs	**225**	234
Other pension costs	**65**	72
	2,733	2,941

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

	2013	2012
	Number	Number
Production	**79**	93
Management and administration	**11**	14
Sales	**15**	17
	105	124

Notes *(continued)*

4 Operating profit

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

	2013 £000	2012 £000
Depreciation - owned assets	**163**	139
Profit on disposal of fixed assets	**-**	(10)
Goodwill amortisation	**70**	92
Intellectual property amortisation	**203**	203
Auditors' remuneration	**16**	19
Foreign exchange differences	**22**	17
Hire of plant and machinery	**43**	42
Operating lease - property rent	**600**	600
Rent receivable	**(300)**	(300)

5 Exceptional items

	2013 £000	2012 £000
Site redevelopment costs	**-**	192
Restructuring costs	**-**	86
	-	278

The premises from which the company operates are leased from a fellow subsidiary company. Expenditure incurred during the previous year in respect of work to modernise the factory and to redevelop the site amounted to £nil *(2012: £191,446).*

During previous year, the company took the decision to significantly downsize the fabrication department and outsource a greater proportion of its fabricated items. The cost of redundancies and other restructuring costs associated with this decision amounted to £86,177.

6 Interest payable and similar charges

	2013 £000	2012 £000
Corporation tax interest	**-**	5

Notes *(continued)*

7 Taxation

Analysis of the tax charge

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

	2013 £000	2012 £000
Current tax:		
UK corporation tax	**273**	79
Corporation tax prior year	**(36)**	(19)
Total current tax	**237**	60
Deferred tax		
Origination and reversal of timing differences	**43**	10
Effect of change in deferred tax rate	**(7)**	(3)
Total deferred tax	**36**	7
Tax on profit on ordinary activities	**273**	67

Factors affecting the tax charge

The tax assessed for the year is lower *(2012: lower)* than the standard rate of corporation tax in the UK of 23.25% *(2012: 24.5%)*. The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	**1,510**	552
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% *(2012: 24.5%)*	**351**	135
Effects of:		
Expenses not allowable for tax	**1**	3
Capital allowances in excess of depreciation	**(52)**	(5)
Other timing differences	**2**	(7)
Research and development credit	**(29)**	(47)
Prior year adjustment to corporation tax	**(36)**	(19)
Current tax charge	**237**	60

Factors affecting future tax charge

Reductions the UK Corporation Tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax balances at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date, based on management's view on when these will be settled.

Notes *(continued)*

8 Dividends

	2013 £000	2012 £000
Interim	-	-

9 Intangible fixed assets

	Goodwill £000	Intellectual property £000	Totals £000
Cost:			
At 1 January 2013 and 31 December 2013	925	1,016	1,941
Accumulated amortisation:			
At 1 January 2013	855	619	1,474
Amortisation for year	70	203	273
At 31 December 2013	925	822	1,747
Net book value:			
At 31 December 2013	**-**	**194**	**194**
At 31 December 2012	70	397	467

10 Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Totals £000
Cost:					
At 1 January 2013	1,437	42	37	329	1,845
Additions	438	-	43	53	534
Disposals	(11)	-	-	-	(11)
At 31 December 2013	1,864	42	80	382	2,368
Accumulated depreciation:					
At 1 January 2013	673	42	20	324	1,059
Charge for year	132	-	13	18	163
Eliminated on disposal	(11)	-	-	-	(11)
At 31 December 2013	794	42	33	342	1,211
Net book value:					
At 31 December 2013	**1,070**	**-**	**47**	**40**	**1,157**
At 31 December 2012	764	-	17	5	786

Notes *(continued)*

11 Stocks

	2013 £000	2012 £000
Raw materials and consumables	**1,274**	1,519
Work-in-progress	**3,603**	5,889
Finished goods	**791**	569
	5,668	7,977

12 Debtors: amounts falling due within one year

	2013 £000	2012 £000
Trade debtors	**1,362**	717
Other debtors	**643**	68
VAT	**284**	221
Prepayments	**157**	236
	2,446	1,242

13 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	**1,432**	1,190
Amounts owed to group undertakings	**700**	2,100
Amounts owed to associate undertakings	**533**	123
Corporation tax	**237**	79
Social security & other tax	**62**	52
Other creditors	**235**	512
Accruals and deferred income	**650**	1,212
	3,849	5,268

14 Operating lease commitments

The following operating lease payments are committed to be paid within one year:

	Land and buildings leases		**Other operating leases**	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Expiring:				
Between two and five years	**600**	600	**32**	28

Notes *(continued)*

15 Provisions for liabilities

	2013 £000	2012 £000
Deferred tax:		
Accelerated capital allowances	**106**	71
Other timing differences	**(15)**	(16)
	91	55
Other provisions:		
Warranty provision	**76**	67
Aggregate amounts	**167**	122

	Deferred tax £000	Warranty provision £000
Balance at 1 January 2013	55	67
Current year charge	36	9
Balance at 31 December 2013	**91**	**76**

16 Called up share capital

	2013 £000	2012 £000
Allotted, called up and fully paid:		
200,000 ordinary shares of £1 each	**200**	200

17 Reserves

	Profit and loss account £000
At 1 January 2013	5,243
Profit for the year	1,237
At 31 December 2013	**6,480**

Notes *(continued)*

18 Reconciliation of movements in shareholders' funds

	2013	2012
	£000	£000
Profit for the financial year	**1,237**	485
Net addition to shareholders' funds	**1,237**	485
Opening shareholders' funds	**5,443**	4,958
Closing shareholders' funds	**6,680**	5,443

19 Ultimate parent company

The immediate and ultimate parent company is Phoenix Parker Holdings Limited. Copies of the group accounts can be obtained from the Company Secretary at Viaduct Works, Canon Street, Leicester, LE4 6GH.

20 Related party disclosures

During the year the company purchased goods amounting to £3,133,460 *(2012: £2,186,684)* from 3D Steelwork Ltd, an associated company. The balance outstanding at the year end was £532,784 *(2012: £123,003)*.

As the company is a wholly owned subsidiary of Phoenix Parker Holdings Limited, the company has taken advantage of the exemption under FRS8 to not disclose transactions with other members of the group.

21 Ultimate controlling party

The ultimate controlling party is Mrs P L Dalby by virtue of her interest in the holding company.