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**Parker Plant Limited**

# Directors' report and financial statements

Registered number 04908756

31 December 2014

## Contents

# Company information

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

# Directors' report
*for the year ended 31 December 2014*

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

**Dividends**

During the year the directors declared an interim dividend of £nil *(2013: £nil)* and no final dividend is proposed.

**Directors**

The directors shown below have held office during the whole of the period from 1 January 2014 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. Wilkinson

**S P Wilkinson**
*Secretary*

12 March 2015

# 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 asphalt plant, concrete plant, crushing and screening plant, bitumen handling and conveyor systems.

Despite the signs of improvement at the beginning of the year the company found certain overseas markets challenging during 2014 and sales decreased compared with the previous year. Despite these challenging conditions the company was able to maintain its gross profit margin.

Overheads for 2014 increased compared with the previous year, primarily due to the investment in new senior sales personnel and the company's attendance at two trade shows.

**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 2015 will continue at or above its level during 2014.

**Future developments**

Although the directors believe that market conditions will remain challenging during 2015 the start of the year has been encouraging. The company's investment in senior sales personnel, together with its commitment to establishing a distribution network, should begin to show results during the coming year.

On behalf of the board:

S. Wilkinson

**S P Wilkinson**
*Secretary*

12 March 2015

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

The directors are responsible for preparing the Directors' Report, the Strategic 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 2014 on pages 6 to 14. 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 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.

**Ian Borley** *(Senior Statutory Auditor)*
*for and on behalf of KPMG LLP, Statutory Auditor*
1 Waterloo Way
Leicester
LE1 6LP

12 March 2015

# Profit and loss account
*for the year ended 31 December 2014*

| | Note | 2014 £000 | 2013 £000 |
|---|---|---|---|
| **Turnover** | 2 | **14,714** | 18,501 |
| Cost of sales | | **(10,746)** | (13,538) |
| **Gross profit** | | **3,968** | 4,963 |
| Administrative expenses | | **(3,881)** | (3,453) |
| **Operating profit** | 4 | **87** | 1,510 |
| Interest payable and similar charges | 5 | **(5)** | - |
| **Profit on ordinary activities before taxation** | | **82** | 1,510 |
| Tax on profit on ordinary activities | 6 | **(37)** | (273) |
| **Profit for the financial year** | 15 | **45** | 1,237 |

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 2014*

| | Note | 2014 £000 | 2014 £000 | 2013 £000 | 2013 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 7 | | **7** | | 194 |
| Tangible assets | 8 | | **1,249** | | 1,157 |
| | | | **1,256** | | 1,351 |
| **Current assets** | | | | | |
| Stocks | 9 | **6,611** | | 5,668 | |
| Debtors | 10 | **3,855** | | 2,446 | |
| Cash at bank and in hand | | **539** | | 1,231 | |
| | | **11,005** | | 9,345 | |
| **Creditors:** amounts falling due within one year | 11 | **(5,322)** | | (3,849) | |
| **Net current assets** | | | **5,683** | | 5,496 |
| **Total assets less current liabilities** | | | **6,939** | | 6,847 |
| **Provisions for liabilities** | 13 | | **(214)** | | (167) |
| **Net assets** | | | **6,725** | | 6,680 |
| **Capital and reserves** | | | | | |
| Called up share capital | 14 | | **200** | | 200 |
| Profit & loss account | 15 | | **6,525** | | 6,480 |
| **Shareholders' funds** | 16 | | **6,725** | | 6,680 |

The financial statements were approved by the Board of Directors on 12 March 2015 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***

The directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Hence, the company continues to adopt the going concern basis of accounting in preparing the financial statements.

***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 |
| 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.

***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.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***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:

| | **2014** | 2013 |
|---|---|---|
| | **£000** | £000 |
| Home sales | **4,394** | 5,504 |
| Export sales | **10,320** | 12,997 |
| | **14,714** | 18,501 |

## 3 Staff costs

| | **2014** | 2013 |
|---|---|---|
| | **£000** | £000 |
| Wages and salaries | **2,789** | 2,443 |
| Social security costs | **259** | 225 |
| Other pension costs | **79** | 65 |
| | **3,127** | 2,733 |

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

| | **2014** | 2013 |
|---|---|---|
| | **Number** | Number |
| Production | **84** | 79 |
| Management and administration | **13** | 11 |
| Sales | **18** | 15 |
| | **115** | 105 |

## Notes *(continued)*

### 4 Operating profit

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

| | 2014 £000 | 2013 £000 |
|---|---|---|
| Depreciation - owned assets | **230** | 163 |
| Goodwill amortisation | **-** | 70 |
| Intellectual property amortisation | **187** | 203 |
| Auditors' remuneration | **19** | 16 |
| Foreign exchange differences | **1** | 22 |
| Hire of plant and machinery | **32** | 43 |
| Operating lease - property rent | **600** | 600 |
| Rent receivable | **(300)** | (300) |

### 5 Interest payable and similar charges

| | 2014 £000 | 2013 £000 |
|---|---|---|
| Corporation tax interest | **5** | - |

### 6 Taxation

*Analysis of the tax charge*

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

| | 2014 £000 | 2013 £000 |
|---|---|---|
| *Current tax:* | | |
| UK corporation tax | **-** | 273 |
| Corporation tax prior year | **2** | (36) |
| Total current tax | **2** | 237 |
| *Deferred tax* | | |
| Origination and reversal of timing differences | **35** | 43 |
| Effect of change in deferred tax rate | **-** | (7) |
| Total deferred tax | **35** | 36 |
| Tax on profit on ordinary activities | **37** | 273 |

# Notes *(continued)*

## 6 Taxation *(continued)*

***Factors affecting the tax charge***

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

| | **2014** **£000** | 2013 £000 |
|---|---|---|
| Profit on ordinary activities before tax | **82** | 1,510 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% *(2013: 23.25%)* | **18** | 351 |
| Effects of: | | |
| Expenses not allowable for tax | **2** | 1 |
| Capital allowances in excess of depreciation | **(40)** | (52) |
| Other timing differences | **2** | 2 |
| Research and development credit | **(21)** | (29) |
| Group relief surrendered | **39** | - |
| Prior year adjustment to corporation tax | **2** | (36) |
| Current tax charge | **2** | 237 |

***Factors affecting future tax charge***

Reductions the UK Corporation Tax rate to 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 2014 have been calculated based on the rate of 20% substantively enacted at the balance sheet date.

## 7 Intangible fixed assets

| | **Goodwill** **£000** | **Intellectual property** **£000** | **Totals** **£000** |
|---|---|---|---|
| *Cost:* | | | |
| At 1 January 2014 and 31 December 2014 | 925 | 1,016 | 1,941 |
| *Accumulated amortisation:* | | | |
| At 1 January 2014 | 925 | 822 | 1,747 |
| Amortisation for year | - | 187 | 187 |
| At 31 December 2014 | 925 | 1,009 | 1,934 |
| *Net book value:* | | | |
| **At 31 December 2014** | **-** | **7** | **7** |
| At 31 December 2013 | - | 194 | 194 |

# Notes *(continued)*

## 8 Tangible fixed assets

| | Plant and machinery £000 | Motor vehicles £000 | Computer equipment £000 | Totals £000 |
|---|---|---|---|---|
| *Cost:* | | | | |
| At 1 January 2014 | 1,906 | 80 | 382 | 2,368 |
| Additions | 263 | 31 | 28 | 322 |
| Disposals | (11) | - | (9) | (20) |
| At 31 December 2014 | 2,158 | 111 | 401 | 2,670 |
| *Accumulated depreciation:* | | | | |
| At 1 January 2014 | 836 | 33 | 342 | 1,211 |
| Charge for year | 185 | 22 | 23 | 230 |
| Eliminated on disposal | (11) | - | (9) | (20) |
| At 31 December 2014 | 1,010 | 55 | 356 | 1,421 |
| *Net book value:* | | | | |
| **At 31 December 2014** | **1,148** | **56** | **45** | **1,249** |
| At 31 December 2013 | 1,070 | 47 | 40 | 1,157 |

## 9 Stocks

| | **2014 £000** | 2013 £000 |
|---|---|---|
| Raw materials and consumables | **1,717** | 1,274 |
| Work-in-progress | **4,068** | 3,603 |
| Finished goods | **826** | 791 |
| | **6,611** | 5,668 |

## 10 Debtors: amounts falling due within one year

| | **2014 £000** | 2013 £000 |
|---|---|---|
| Trade debtors | **3,220** | 1,362 |
| Amounts owed to associate undertakings | **66** | - |
| Other debtors | **305** | 643 |
| VAT | **-** | 284 |
| Prepayments | **264** | 157 |
| | **3,855** | 2,446 |

## Notes *(continued)*

### 11 Creditors: amounts falling due within one year

| | 2014 £000 | 2013 £000 |
|---|---|---|
| Trade creditors | **1,400** | 1,432 |
| Amounts owed to group undertakings | **1,700** | 700 |
| Amounts owed to associate undertakings | **249** | 533 |
| Corporation tax | **-** | 237 |
| Social security and other tax | **82** | 62 |
| Other creditors | **251** | 235 |
| Accruals and deferred income | **1,640** | 650 |
| | **5,322** | 3,849 |

### 12 Operating lease commitments

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

| | Land and buildings leases | | Other operating leases | |
|---|---|---|---|---|
| | **2014 £000** | 2013 £000 | **2014 £000** | 2013 £000 |
| *Expiring:* | | | | |
| Between two and five years | **600** | 600 | **29** | 32 |

### 13 Provisions for liabilities

| | 2014 £000 | 2013 £000 |
|---|---|---|
| *Deferred tax:* | | |
| Accelerated capital allowances | **144** | 106 |
| Other timing differences | **(18)** | (15) |
| | **126** | 91 |
| *Other provisions:* | | |
| Warranty provision | **88** | 76 |
| Aggregate amounts | **214** | 167 |

| | Deferred tax £000 | Warranty provision £000 |
|---|---|---|
| Balance at 1 January 2014 | 91 | 76 |
| Current year charge | 35 | 12 |
| **Balance at 31 December 2014** | **126** | **88** |

# Notes *(continued)*

## 14 Called up share capital

| | 2014 | 2013 |
|---|---|---|
| | **£000** | £000 |
| *Allotted, called up and fully paid:* | | |
| 200,000 ordinary shares of £1 each | **200** | 200 |

## 15 Reserves

| | Profit and loss account £000 |
|---|---|
| At 1 January 2014 | 6,480 |
| Profit for the year | 45 |
| **At 31 December 2014** | **6,525** |

## 16 Reconciliation of movements in shareholders' funds

| | 2014 | 2013 |
|---|---|---|
| | **£000** | £000 |
| Profit for the financial year | **45** | 1,237 |
| Net addition to shareholders' funds | **45** | 1,237 |
| Opening shareholders' funds | **6,680** | 5,443 |
| Closing shareholders' funds | **6,725** | 6,680 |

## 17 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.

## 18 Related party disclosures

During the year the company purchased goods amounting to £1,949,123 *(2013: £3,133,460)* from 3D Steelwork Ltd, an associated company. The balance outstanding at the year end was £491,291 *(2013: £532,784).*

During the year, the company sold goods amounting to £56,429 *(2013: £nil)* to 3D Steelwork Limited, an associated company. The balance outstanding at the year end was £65,734 *(2013: £nil).*

During the year, the company sold goods amounting to £358,607 *(2013: £nil)* to CMI Roadbuilding Limited, a company controlled by Mr GB Dalby. These amounts were settled in full during the year.

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.

## 19 Ultimate controlling party

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