**Parker Plant Limited**

# Annual report and financial statements

Registered number 04908756

31 December 2019

## 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:** | RSM UK Audit LLP<br>Rivermead House<br>7 Lewis Court<br>Grove Park<br>Leicester<br>LE19 1SD |

## Strategic report

**Review and principal activity**

The principal activity of the company in the year under review was the design, manufacture and sale of asphalt and concrete plants, crushing and screening plants, bitumen handling and conveyor systems.

The company's sales showed an increase of 4% compared with the previous year, although the current year figures reflect a full year of the activities of Phoenix Transworld Limited, the purchase of the trade and assets of which was completed on 30 June 2018. Further details of this purchase are set out in note 11. The gross profit margin was 29% in 2019 and 25% in 2018 which reflects the product mix of sales.

Administrative expenses were £7,223,000 in 2019 and £6,100,000 in 2018. This significant increase reflects the costs of those expenses of Phoenix Transworld Limited for a full year compared with just 6 months in the comparative year. In addition the company incurred significant marketing expenses as a result of its attendance at an overseas trade show.

Despite the operating loss generated during the year the company's cash balance at the end of the year increased by almost £900,000 compared with the previous year end. This increase arose primarily due to the significant reduction in stock levels during the year.

**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 the vast majority of 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 non export debt.

**Business KPIs**

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 significant investment in research and development expenditure will continue during 2020.

**Future developments**

2020 has been an extremely challenging year and the effect of the COVID-19 pandemic seriously affected revenues, especially export sales, since overseas travel has been severely curtailed. Action was taken during 2020 to significantly reduce the company's cost base. The directors believe that this action, together with a focus on the company's core business will show positive benefits in 2021. During 2020 the company received a Coronavirus Business Interruption loan, details of which are set out in note 22. The company is also exploring opportunities in new markets which it has not previously been able to exploit.

By order of the board

S.Wilkinson

**SP Wilkinson**
*Secretary*

8th March 2021

Directors' report

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

**Results and Dividends**

Results for the year are set out on page 7.

During the year the no interim dividends were declared *(2018: £nil)* and no final dividend is proposed.

**Directors**

The directors shown below have held office during the whole of the period from 1 January 2019 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.

**Auditor**

On 18 December 2019 KPMG LLP resigned as auditors of the company and RSM UK Audit LLP were appointed in their place. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office.

By order of the board:

S. Wilkinson

**SP Wilkinson**
*Secretary*

8th March 2021

## Statement of directors' responsibilities in respect of the strategic report, the directors' 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent ;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARKER PLANT LIMITED

**Opinion**

We have audited the financial statements of Parker Plant Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARKER PLANT LIMITED (continued)**

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of directors**
As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

**Use of our report**
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Mitul Raja (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire
LE19 1SD

Date 10th March 2021

# Statement of income and retained earnings
*for year ended 31 December 2019*

| | *Note* | 2019<br>£000 | 2018<br>£000 |
|---|---|---|---|
| **Turnover** | 2 | 19,732 | 18,985 |
| Cost of sales | | (14,004) | (14,228) |
| **Gross profit** | | 5,728 | 4,757 |
| Administrative expenses | | (7,223) | (6,100) |
| **Operating loss** | | (1,495) | (1,343) |
| Other interest receivable and similar income | 6 | 212 | 159 |
| Interest payable and similar expenses | 7 | (285) | - |
| **Loss before taxation** | | (1,568) | (1,184) |
| Tax credit on loss | 8 | 30 | 95 |
| **Loss for the financial year** | | (1,538) | (1,089) |
| Retained profit brought forward | | 3,338 | 4,427 |
| **Retained profit carried forward** | | 1,800 | 3,338 |

There were no items of other comprehensive income or expenditure in either the current or previous year.

# Balance sheet
***at 31 December 2019***

| | Note | 2019 | | 2018 | |
|---|---|---|---|---|---|
| | | £000 | £000 | £000 | £000 |
| **Fixed assets** | | | | | |
| Intangible assets | 9 | | 605 | | 147 |
| Tangible assets | 10 | | 660 | | 1,106 |
| Investments | 11 | | 20 | | 20 |
| | | | 1,285 | | 1,273 |
| **Current assets** | | | | | |
| Stocks | 12 | 8,756 | | 11,333 | |
| Debtors (including £50,000 *(2018: £192,000)* due after more than one year) | 13 | 13,276 | | 14,929 | |
| Cash at bank and in hand | | 1,008 | | 110 | |
| | | 23,040 | | 26,372 | |
| **Creditors:** amounts falling due within one year | 14 | (9,014) | | (10,770) | |
| **Net current assets** | | | 14,026 | | 15,602 |
| **Total assets less current liabilities** | | | 15,311 | | 16,875 |
| **Provisions for liabilities** | | | | | |
| Deferred tax liability | 15 | - | | (30) | |
| Other provisions | 16 | (120) | | (116) | |
| | | | (120) | | (146) |
| **Net assets** | | | 15,191 | | 16,729 |
| **Capital and reserves** | | | | | |
| Called up share capital | 17 | | 13,391 | | 13,391 |
| Profit and loss account | | | 1,800 | | 3,338 |
| **Shareholders' funds** | | | 15,191 | | 16,729 |

These financial statements were approved by the board of directors and authorised for issue on 8th March 2021 and were signed on its behalf by:

**GJ Wheeler**
*Director*

Company registered number: 04908756

# Notes
*(forming part of the financial statements)*

## 1 Accounting policies

Parker Plant Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England. The registered number is 04908756 and the registered address is Viaduct Works, Canon Street, Leicester, LE4 6GH.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is Sterling. All monetary amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Phoenix Parker Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Phoenix Parker Holdings Limited are available to the public and may be obtained from the address given in note 20. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### *1.1. Measurement convention*

The financial statements are prepared on the historical cost basis.

### *1.2. Going concern*

The Directors have prepared detailed financial and cash flow forecasts looking beyond 12 months from the date of approval of these financial statements. On the basis of these projections, the Directors are confident that the entity has sufficient working capital to honour all of its obligations to creditors as and when they fall due.

In reaching this conclusion, the Directors have considered the forecast cash headroom, the resources available to the entity and the potential impact of changes in forecast growth and other assumptions, including the potential to avoid or defer certain costs and to reduce discretionary spend as mitigating actions in the event of adverse changes. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

### *1.3. Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

### *1.4. Basic financial instruments*

*Trade and other debtors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

## Notes *(continued)*

### 1 Accounting policies *(continued)*

### *1.4. Basic financial instruments (continued)*

*Trade and other creditors*

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

*Investments in subsidiaries*

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

### *1.5. Tangible fixed assets*

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

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

| | |
|---|---|
| Plant and machinery | - 10% - 33% on cost |
| Motor vehicles | - 25% on cost |
| Computer equipment | - 33% on cost |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

### *1.6. Intangible assets and goodwill*

*Other intangible assets*

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

*Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Intellectual property - 5 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

### *1.7. Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.8. Impairment excluding stocks*

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### *1.9. Employee benefits*

*Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

### *1.10. Provisions*

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

### *1.11. Turnover*

Turnover represents net invoiced sales of goods, excluding value added tax and trade discounts. Revenue is recognised when risks and rewards are transferred to the customer, which is usually at the point of despatch in line with the terms of sale.

### *1.12. Expenses*

*Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

*Interest income and Interest payable*

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.13. Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

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

### *1.14 Accounting estimates and judgements*

The preparation of the financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates, assumptions and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

**Stock provision:** Management consider the recoverability of raw material stock at the year end by looking at the ageing analysis and, based on this, provide in line with the stock provisioning policy adopted by the company. Provisions against other stocks are assessed by reference to historic sales of similar products and by recent quotations provided to potential customers. The age and condition of inventory items is also taken into account to ensure that the group adopts a balanced approach to the valuation of inventory.

**Impairment of debtors:** Debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculations of the bad debt provision requires judgement from the management team, based on the creditworthiness of the debtors, the ageing profile of the debtors and historical experience.

**Depreciation and amortisation:** The assessment of the useful economic lives, residual values and the method of depreciating and amortising fixed assets requires judgement. Depreciation and amortisation is charged to the income statement based on the useful economic life selected, which requires an estimation of the period and profile over which the company expects to consume the future economic benefits embodied in the assets. Useful economic lives and residual values are re-assessed and amended, as necessary, when changes in their circumstances are identified.

# Notes *(continued)*

## 2 Turnover

The turnover and loss before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

| | 2019 £000 | 2018 £000 |
|---|---|---|
| Home sales | 11,991 | 10,948 |
| Export sales | 7,741 | 8,037 |
| | 19,732 | 18,985 |

Any further geographical analysis of turnover has not been given as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the company.

## 3 Profit before taxation

| | 2019 £000 | 2018 £000 |
|---|---|---|
| Profit before taxation is stated after charging/(crediting): | | |
| Operating lease rentals | 659 | 659 |
| Depreciation of owned tangible fixed assets | 475 | 494 |
| Amortisation of intangible fixed assets | 42 | 42 |

| | 2019 £000 | 2018 £000 |
|---|---|---|
| Auditor's remuneration: | | |
| Fees payable to the company's auditor for the audit of the company's financial statements | 20 | 28 |

Disclosure of non-audit fees payable to the auditor is given in the consolidated financial statements of the ultimate parent company, copies of which can be obtained from the address given in note 20.

# Notes *(continued)*

## 4 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

| | Number of employees | |
|---|---|---|
| | 2019 | 2018 |
| Production | 115 | 98 |
| Management and administration | 19 | 21 |
| Sales | 22 | 23 |
| | 156 | 142 |

The aggregate payroll costs of these persons were as follows:

| | 2019 | 2018 |
|---|---|---|
| | £000 | £000 |
| Wages and salaries | 5,096 | 4,226 |
| Social security costs | 513 | 414 |
| Contributions to defined contribution plans | 287 | 182 |
| | 5,896 | 4,822 |

## 5 Directors' remuneration

| | 2019 | 2018 |
|---|---|---|
| | £000 | £000 |
| Directors' emoluments | 444 | 218 |
| Company contributions to money purchase pension plans | 65 | 33 |

The aggregate emoluments and amounts receivable under long term incentive schemes of the highest paid director was £164,000 *(2018: £82,000)*, and company pension contributions of £Nil *(2018: £Nil)* were made to a money purchase scheme on his behalf.

## 6 Other interest receivable and similar income

| | 2019 | 2018 |
|---|---|---|
| | £000 | £000 |
| Interest receivable on loan to related company | 212 | 91 |
| Net foreign exchange gains | - | 68 |
| | 212 | 159 |

## 7 Interest payable and similar expenses

| | 2019 | 2018 |
|---|---|---|
| | £000 | £000 |
| Interest payable | 5 | - |
| Net foreign exchange losses | 280 | - |
| | 285 | - |

# Notes *(continued)*

## 8 Taxation

### Total tax credit recognised in the profit and loss account

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| *Current tax* | | | | |
| Adjustments in respect of purchase of Phoenix Transworld Limited trade and assets | | - | | (32) |
| Total current tax | | - | | (32) |
| *Deferred tax (note 15)* | | | | |
| Origination and reversal of timing differences | (37) | | (63) | |
| Adjustment in respect of prior period | 7 | | - | |
| Total deferred tax | | (30) | | (63) |
| Total tax | | (30) | | (95) |

### Reconciliation of effective tax rate

| | 2019 | 2018 |
|---|---|---|
| | £000 | £000 |
| Loss before taxation | (1,568) | (1,184) |
| Tax using the UK corporation tax rate 19% *(2018: 19%)* | (298) | (225) |
| Non-deductible expenses | 7 | 3 |
| Research and development credit | - | - |
| Group relief surrendered | 128 | 150 |
| Difference in tax rate on timing differences arising during the year | 17 | 3 |
| Adjustment in respect of prior period | 7 | - |
| Unprovided deferred tax asset | 109 | - |
| Corporation tax adjustments in respect of purchase of Phoenix Transworld Limited | - | (32) |
| Transfer of deferred taxation on purchase of Phoenix Transworld Limited | - | 6 |
| Total tax credit included in profit or loss | (30) | (95) |

### Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was announced in the Budget on 16 March 2016. Following the March 2020 budget, legislation is being put in place for the main rate of corporation tax to remain at 19% from 1 April 2020 instead of reducing to 17%.

The deferred tax liability at 31 December 2019 has been calculated based on these rates.

## Notes *(continued)*

### 9 Intangible assets

| | Intellectual property £000 |
|---|---|
| **Cost** | |
| Balance at 1 January 2019 | 1,226 |
| Additions | 500 |
| Balance at 31 December 2019 | 1,726 |
| **Amortisation** | |
| Balance at 1 January 2019 | 1,079 |
| Amortisation for the year | 42 |
| Balance at 31 December 2019 | 1,121 |
| **Net book value** | |
| At 1 January 2019 | 147 |
| **At 31 December 2019** | **605** |

Amortisation charges of £42,000 *(2018: £42,000)* are included in administrative expenses in the profit and loss account.

### 10 Tangible fixed assets

| | Plant and machinery £000 | Motor vehicles £000 | Computer equipment £000 | Total £000 |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at 1 January 2019 | 3,173 | 289 | 625 | 4,087 |
| Additions | 17 | - | 12 | 29 |
| Disposals | (15) | (16) | - | (31) |
| Balance at 31 December 2019 | 3,175 | 273 | 637 | 4,085 |
| **Depreciation** | | | | |
| Balance at 1 January 2019 | 2,150 | 238 | 593 | 2,981 |
| Depreciation charge for the year | 421 | 32 | 22 | 475 |
| Disposals | (15) | (16) | - | (31) |
| Balance at 31 December 2019 | 2,556 | 254 | 615 | 3,425 |
| **Net book value** | | | | |
| At 31 December 2018 | 1,023 | 51 | 32 | 1,106 |
| **At 31 December 2019** | **619** | **19** | **22** | **660** |

# Notes *(continued)*

## 11 Fixed asset investments

On 30 June 2018 the business, assets and liabilities of Phoenix Transworld Limited, a fellow subsidiary of Phoenix Parker Holdings Limited, were purchased by the company.

On 3 July 2018 the following events took place:

- Phoenix Parker Holdings Limited, the sole shareholder of Phoenix Transworld Limited, passed an ordinary resolution approving the payment by that company of a dividend in specie amounting to £13,191,495.
- Phoenix Transworld Limited assigned its rights and title in a receivable amount of £13,191,495 from Parker Plant Limited by way of dividend in specie.
- Phoenix Parker Holdings Limited, the sole shareholder of Parker Plant Limited, passed a written resolution authorising the directors of Parker Plant Limited to allot shares in that company and on that date the directors of Parker Plant Limited allotted 13,191,495 ordinary shares of £1 each in the company.
- Phoenix Parker Holdings Limited and Parker Plant Limited entered into an agreement under which Phoenix Parker Holdings Limited agreed to apply the amount of £13,191,495 receivable from Parker Plant Limited in paying the full amount due on the allotment and issue of shares by Parker Plant Limited.

| | **Shares in group undertakings £000** |
|---|---|
| ***Cost and net book value*** | |
| At 1 January 2019 and 31 December 2019 | **20** |

The Company has the following investments in subsidiaries:

| **Name** | **Nature of business** | **Class of shares held** | **% holding** |
|---|---|---|---|
| Cartem Limited | Dormant | Ordinary | 100 |
| Phoenix Steel Fabrications Limited | Dormant | Ordinary | 100 |

The registered office addresses of all of the subsidiary companies is Viaduct Works, Canon Street, Leicester, LE4 6GH.

## 12 Stocks

| | **2019 £000** | **2018 £000** |
|---|---|---|
| Raw materials and consumables | **2,298** | **2,736** |
| Work in progress | **5,930** | **7,974** |
| Finished goods | **528** | **623** |
| | **8,756** | **11,333** |

The replacement cost of stocks is greater than their carrying amounts by £2,327,000 *(2018: £2,333,000)*.

# Notes *(continued)*

## 13 Debtors

| | 2019 £000 | 2018 £000 |
|---|---|---|
| Trade debtors | 1,388 | 3,699 |
| Amounts owed by group undertakings | 3,661 | 4,301 |
| Amounts owed by related companies | 7,382 | 2,295 |
| Other debtors | 163 | 4,059 |
| VAT | - | 27 |
| Prepayments and accrued income | 682 | 548 |
| | 13,276 | 14,929 |

Included within trade debtors is an amount of £50,000 *(2018: £192,000)* falling due after more than one year.

## 14 Creditors: amounts falling due within one year

| | 2019 £000 | 2018 £000 |
|---|---|---|
| Trade creditors | 2,099 | 2,474 |
| Amounts owed to group undertakings | 4,197 | 4,047 |
| Other taxation and social security | 142 | 150 |
| Other creditors | 1,000 | 1,720 |
| Accruals and deferred income | 1,576 | 2,379 |
| | 9,014 | 10,770 |

## 15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 |
| Accelerated capital allowances | - | - | 23 | 72 | 23 | 72 |
| Tax losses | - | (18) | - | - | - | (18) |
| Other timing differences | (23) | (24) | - | - | (23) | (24) |
| Net tax (assets) / liabilities | (23) | (42) | 23 | 72 | - | 30 |

The company has tax losses carried forward amounting to £645,098. No provision has been made for deferred taxation is respect of these tax losses. Deferred tax balances are expected to reverse within the next 5 years.

# Notes *(continued)*

## 16 Warranty provisions

| | Total £000 |
|---|---|
| Balance at 1 January 2019 | 116 |
| Provisions made during the year | 116 |
| Provisions used during the year | (66) |
| Provisions reversed during the year | (46) |
| **Balance at 31 December 2019** | **120** |

The Company gives a warranty on its products for a period of 12 months or 2,000 hours of operation, whichever occurs first, from the date of delivery. It is expected that most of this expenditure will be incurred in the next financial year.

A warranty provision is made at the time of sale, based upon the Company's historical experience of actual warranty costs of the life of the warranty. Actual costs incurred during the life of the warranty are charged against the provision and unutilised warranty provisions are released at the expiry of the warranty period.

## 17 Capital and reserves

### Share capital

| | **2018 £000** | 2018 £000 |
|---|---|---|
| ***Allotted, called up and fully paid*** | | |
| 13,391,495 *(2018: 13,391,495)* ordinary shares of £1 each | **13,391** | 13,391 |

On 3 July 2018 Phoenix Parker Holdings Limited, the sole shareholder of Parker Plant Limited, passed a written resolution authorising the directors of Parker Plant Limited to allot shares in that company and on that date the directors of Parker Plant Limited allotted 13,191,495 ordinary shares of £1 each in the company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

***Profit and loss reserves***

Cumulative profit and loss net of distributions to owners.

## 18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

| | **Land and buildings** | | **Other operating leases** | |
|---|---|---|---|---|
| | **2019 £000** | 2018 £000 | **2018 £000** | 2018 £000 |
| Less than one year | **650** | 650 | **9** | 9 |
| Between one and five years | **-** | 650 | **9** | 18 |
| | **650** | 1,300 | **18** | 27 |

# Notes *(continued)*

## 19 Related parties

During the year the Company purchased goods amounting to £130,412 *(2018: £48,953)* from and was recharged £1,169 *(2018: £11,500)* by CMI Roadbuilding Limited, a company controlled by Mr GB Dalby. The balance outstanding at the year end was £nil *(2018: £nil)*.

During the year the Company made recharges of £194,160 *(2018: £204,851)* and sold goods amounting to £1,142,431 *(2018: £1,374,350)* to CMI Roadbuilding Limited. The balance outstanding at the year end was £3,616,800 *(2018: £2,294,662)*.

During the year the Company sold goods amounting to 737,759 *(2018: £227,131)* to CMI Concrete Machinery Limited, a company in which Mr GB Dalby is a shareholder. The balance outstanding at the year end was £619,188 *(2018: £Nil)*.

During the year the Company had two outstanding loans (one denominated in US dollars and one denominated in Sterling) due from CMI Roadbuilding Limited. The loans are repayable on demand and interest is charged on the loan at a rate of 4.5% over the Bank of England base rate. The balance outstanding on the US dollar loan at the year end was £2,920,671, or US$3,875,000 *(2018: £2,782,088 or $3,550,000)*. The balance outstanding on the Sterling loan at the year end was £nil *(2018: £1,050,000)*.

## 20 Ultimate parent company

The immediate and ultimate parent company is Phoenix Parker Holdings Limited and is the smallest and largest group for which consolidated accounts including Parker Plant Limited are prepared. Copies of the group financial statements can be obtained from the Company Secretary, Viaduct Works, Canon Street, Leicester, LE4 6GH.

## 21 Ultimate controlling party

The ultimate controlling party is Mr GB Dalby by virtue of his interest in the holding company.

## 22 Subsequent events

The COVID-19 pandemic has had significant implications for the company's revenues during 2020, particularly export sales, since overseas travel was severely curtailed. The company received funding through the government's Coronavirus job retention scheme and additionally the company secured a Coronavirus Business Interruption Loan of £600,000.

During 2020 the company undertook a restructuring in order ensure that its operating costs were aligned with its revenues. This restructuring resulted in a significant reduction in headcount and wage cost.

## 23 Contingent liabilities

In 2018 the Company has received notice of a claim for compensation from a customer for costs incurred due to alleged delays in the supply and installation of a concrete plant.

The Company has issued a counterclaim requiring the payment of the outstanding amount of £252,000 (inclusive of Value Added Tax) due under the terms of the contract.

No provision has been made in these accounts in respect of the customer's claim (which amounts to approximately £550,000) as the view of the directors is that the claim is without merit and the Company intends to vigorously defend it.