Phoenix Parker Holdings Limited

Annual report and consolidated financial statements

Registered number 06450198

31 December 2020

Contents

Directors and advisors

Directors:	G B Dalby B L Dalby
Registered office:	Viaduct Works Canon Street Leicester LE4 6GH
Registered number:	06450198 (England and Wales)
Auditor:	RSM UK Audit LLP Rivermead House 7 Lewis Court Grove Park Leicester LE19 1SD

Strategic report

Review and principal activity

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

2020 was an extremely challenging year and the effect of the COVID-19 pandemic seriously affected revenues, both as result of reduced demand and due to the significant travel restrictions imposed. The group's sales decreased by almost 39% compared with the previous year. The gross profit margin was 20% in 2020 and 29% in 2019. This decrease reflects the fact that there are certain costs included in cost of sales which are not variable with revenues and so the significant decline in turnover has resulted in a lower gross margin.

Administrative expenses, were £4,901,000 in 2020 and £6,724,000 in 2019. This decrease is largely due to the restructuring program which the group undertook during the year in order to substantially reduce its operating cost base. The full annualised effect of the cost savings will be realised in 2021.

Despite the operating loss during the year the group's cash balance increased by £2,883,000 compared with the previous year end. This increase arose due to a continued reduction in inventory levels and significant repayments of debt due from related companies.

Financial instruments

The group 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 group maintains a credit insurance policy covering the majority of the outstanding non export debt.

Business KPI's

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

Principal risks and uncertainties

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

Research and development

The group is committed to continued investment in research and development and the directors believe that it is this investment which enables the group to continue to generate strong gross margins. It is anticipated that research and development expenditure will continue during 2021.

Future developments

As Covid related restrictions ease around the world, trade is expected to bounce back. This combined with the actions taken during 2020 to reduce the group's cost base and a focus on the group's core business, is expected to have a positive impact on results.

By order of the board:

G B Dalby
Director

Date 24 SEPTEMBER 2021

Directors' report

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

Dividends

During the year, the directors declared interim dividends of £Nil *(2019: £nil);* no final dividend is proposed *(2019: £nil).*

Directors

The directors shown below have held office during the period and to the date of this report:

G B Dalby
G J Wheeler (resigned 30 April 2021)
B L Dalby

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

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial instruments, research & development and future developments in the strategic report.

Statement as to disclosure of information to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditor is 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 group's auditor is aware of that information.

By order of the board:

G B Dalby
Director

Date 24 SEPTEMBER 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 group and parent company 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 group and parent company and of the profit or loss of the group for that period. In preparing each of the group and parent company 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 group and parent 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 group or parent 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 group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 Member of Phoenix Parker Holdings Limited

Opinion
We have audited the financial statements of Phoenix Parker Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement, and notes to the financial statements, including 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 group's and of the parent company's affairs as at 31 December 2020 and of the group's 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 group and parent 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
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included a review of management forecasts and associated sensitivity analysis.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of Phoenix Parker Holdings Limited (continued)

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, 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 group's and the parent 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 group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Independent Auditor's Report to the Members of Phoenix Parker Holdings Limited (continued)

The extent to which the audit was considered capable of detecting irregularities, including fraud *(continued)*

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting tax computation submissions to local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are The Data Protection Act 2018, Health & Safety at Work Act 1974, and Fraud Act 2006. We performed audit procedures to inquire of management and those charged with governance as to whether the group and parent company is in compliance with these laws and regulations, inspected any relevant correspondence and reviewed legal fee expense breakdowns in the year.

The audit engagement team identified the risk of management override of controls, revenue cut off, and recognition of coronavirus pandemic government support as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, substantive testing in respect of revenue cut off and coronavirus support related income.

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:
24th September 2021

Consolidated statement of comprehensive income

for year ended 31 December 2020

	Note	**2020 £000**	2019 £000
Turnover	*2*	**12,082**	19,744
Cost of sales		**(9,702)**	(13,970)
Gross profit		**2,380**	5,774
Administrative expenses		**(4,901)**	(6,724)
Other operating income	*3*	**1,319**	-
Operating loss	*3*	**(1,202)**	(950)
Interest receivable and similar income	*6*	**148**	212
Interest payable and similar expenses	*7*	**(386)**	(422)
Loss before taxation		**(1,440)**	(1,160)
Tax on loss	*8*	**(109)**	148
Loss for the financial year		**(1,549)**	(1,012)

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

Consolidated balance sheet
at 31 December 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Intangible assets	*10*		**563**		605
Tangible assets	*11*		**5,638**		6,199
Investments	*12*		**503**		503
			6,704		7,307
Current assets					
Stocks	*13*	**7,169**		8,756	
Debtors (including £Nil *(2019: £50,000)* due after more than one year)	*14*	**7,013**		9,738	
Cash at bank and in hand	*15*	**3,982**		1,099	
		18,164		19,593	
Creditors: amounts falling due within one year	*16*	**(4,150)**		(5,109)	
Net current assets			**14,014**		14,484
Total assets less current liabilities			**20,718**		21,791
Creditors: amounts falling due after more than one year	*17*		**(4,033)**		(3,600)
Provisions for liabilities					
Deferred tax liability	*19*	**-**		-	
Other provisions	*20*	**(163)**		(120)	
			(163)		(120)
Net assets			**16,522**		18,071
Capital and reserves					
Called up share capital	*21*		**38**		38
Capital redemption reserve	*21*		**12**		12
Profit and loss account			**16,472**		18,021
Shareholders' funds			**16,522**		18,071

These financial statements were approved by the board of directors and authorised for issue on 24 SEPTEMBER 2021 and were signed on its behalf by:

G B Dalby
Director

Company registered number: 06450198

Company balance sheet
at 31 December 2020

	Note	2020	2020	2019	2019
		£000	**£000**	£000	£000
Fixed assets					
Investments	*12*		**15,617**		15,617
Current assets					
Debtors	*14*	**4,104**		4,154	
Cash at bank and in hand	*15*	**100**		83	
		4,204		4,237	
Creditors: amounts falling due within one year	*16*	**(290)**		(293)	
Net current assets			**3,914**		3,944
Total assets less current liabilities			**19,531**		19,561
Creditors: amounts falling due after more than one year	*17*		**(3,493)**		(3,600)
Net assets			**16,038**		15,961
Capital and reserves					
Called up share capital	*21*		**38**		38
Capital redemption reserve	*21*		**12**		12
Profit and loss account			**15,988**		15,911
Shareholders' funds			**16,038**		15,961

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The profit for the financial year was £77,000 *(2019: £42,000)*.

These financial statements were approved by the board of directors and authorised for issue on 24 SEPTEMBER 2021 and were signed on its behalf by:

G B Dalby
Director

Company registered number: 06450198

Consolidated statement of changes in equity

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	38	12	19,033	19,083
Loss for the year	-	-	(1,012)	(1,012)
Balance at 31 December 2019	**38**	**12**	**18,021**	**18,071**
Balance at 1 January 2020	38	12	18,021	18,071
Loss for the year	-	-	(1,549)	(1,549)
Balance at 31 December 2020	**38**	**12**	**16,472**	**16,522**

Company statement of changes in equity

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	**38**	**12**	**15,869**	**15,919**
Profit for the year	-	-	42	42
Balance at 31 December 2019	**38**	**12**	**15,911**	**15,961**
Balance at 1 January 2020	38	12	15,911	15,961
Profit for the year	-	-	77	77
Balance at 31 December 2020	**38**	**12**	**15,988**	**16,038**

Consolidated cash flow statement
for year ended 31 December 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Loss for the year		**(1,549)**	(1,012)
Adjustments for:			
Depreciation, amortisation and impairment		**657**	843
Loss on disposal of tangible fixed assets		**2**	-
Foreign exchange losses/(gains)		**-**	(33)
Interest payable and similar expenses		**386**	422
Other interest receivable and similar income		**(148)**	(212)
Taxation		**109**	(148)
Operating cash flows before movements in working capital		**(543)**	(140)
Decrease in trade and other debtors	*14*	**2,622**	294
Decrease in stocks	*13*	**1,587**	2,543
Decrease in trade and other creditors	*16*	**(1,024)**	(1,935)
Increase in provisions	*19*	**43**	4
Cash generated from operations		**2,685**	766
Tax paid		**-**	(4)
Net cash from operating activities		**2,685**	762
Cash flows from investing activities			
Interest received	*6*	**148**	212
Disposal of tangible fixed assets		**4**	-
Acquisition of intangible and tangible fixed assets	*10, 11*	**(60)**	(530)
Net cash from investing activities		**92**	(318)
Cash flows from financing activities			
Loan repaid by related company		**140**	3,203
Loan made to related company		**(227)**	(2,433)
Bank borrowings		**600**	-
Repayment of bank borrowings		**(101)**	(200)
Interest paid		**(112)**	(142)
Net cash from financing activities		**300**	428
Net increase in cash and cash equivalents		**3,077**	872
Cash and cash equivalents at 1 January		**1,099**	332
Effect of foreign exchange rates		**(194)**	(105)
Cash and cash equivalents at 31 December		**3,982**	1,099

Notes
(forming part of the financial statements)

1 Accounting policies

Phoenix Parker Holdings Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England. The registered number is 06450198 and the registered address is Viaduct Works, Canon Street, Leicester, LE4 6GH.

These group and parent company 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 parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

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 Group 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, forecast covenants compliance relating to the HSBC loan, 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. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significance influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights. The Company employee benefit trust is consolidated into the Group balance sheet.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries and associates are carried at cost less impairment.

1.4. Foreign currency

Transactions in foreign currencies are translated to the group companies' 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5. 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.

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.

Interest-bearing borrowings classified as basic financial instruments

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method less any impairment losses.

1.6. Tangible fixed assets

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

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. The estimated useful lives are as follows:

Freehold property	- 4% on cost
Plant, machinery and fixtures	- 10% - 33% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

No depreciation is provided on freehold land.

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.7. Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. They are tested for impairment when there is an indication that they may be impaired.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets and is included in administrative expenses in the statement of comprehensive income. Intangible assets are amortised from the date they are available for use. Amortisation is provided at the following annual rates:

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

The group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

1.8. 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.

1.9. 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 group 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10. Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the group 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.

1.11. Provisions

A provision is recognised in the balance sheet when the entity 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.

1.12. 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.

1.13. Operating leases

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.

1.14. 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 Group's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.15. Other operating income

Government grants are recognised as income in the income statement in the same period as the expenditure towards which they are intended to contribute.

1.16. 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; and differences relating to investments in subsidiaries and associates to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.16 Taxation (continued)

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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. Deferred tax balances are not discounted. 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.

1.17 Accounting estimates and judgements

The preparation of the financial statements requires the Group 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 group. 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 group 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.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2020	2019
	£000	£000
Home sales	**4,290**	11,991
Export sales	**7,792**	7,753
	12,082	19,744

Notes *(continued)*

3 Operating loss

	2020 £000	2019 £000
Operating profit is stated after charging/(crediting):		
Loss on disposal of fixed assets	**2**	-
Operating lease rentals	**9**	9
Fees payable to the company's auditor:		
Audit of these financial statements	**5**	5
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**25**	23
Taxation compliance services	**9**	8
Other tax advisory services	**-**	9
Other operating income:		
Government grants – Coronavirus Job Retention Scheme	**(1,319)**	-

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2020 Number	2019 Number
Production	**99**	115
Management and administration	**16**	19
Sales	**14**	22
	129	156

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	**3,996**	5,096
Social security costs	**388**	513
Contributions to defined contribution plans	**253**	287
	4,637	5,896

Notes *(continued)*

5. Directors' remuneration

	2020 £000	2019 £000
Directors' remuneration	**442**	391

The aggregate of remuneration of the highest paid director was £214,000 *(2019: £164,000)*.

6 Interest receivable and similar income

	2020 £000	2019 £000
Bank interest	**1**	2
Interest receivable on loans to related company	**147**	210
	148	212

7 Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	**112**	142
Net foreign exchange losses	**274**	280
	386	422

Notes *(continued)*

8 Taxation

Total tax expense/credit recognised in the profit and loss account, other comprehensive income and equity

	2020		2019	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the period		-		-
Adjustments in respect of prior periods		-		(8)
Total current tax		-		(8)
Deferred tax (see note 19)				
Origination and reversal of timing differences	-		(147)	
Adjustments in respect of prior periods	**109**		7	
Total deferred tax		**109**		(140)
Total tax (credit)/charge		**109**		(148)

Reconciliation of effective tax rate

	2020	2019
	£000	£000
Loss before taxation	**(1,440)**	(1,160)
Tax using the UK corporation tax rate of 19% *(2019: 19%)*	**(274)**	(220)
Non-deductible expenses	**9**	39
Fixed asset timing differences	**37**	-
Movement in unprovided deferred tax	**248**	15
Difference in tax rate on timing differences arising during the year	**(20)**	19
Adjustments in respect of prior periods	**109**	(1)
Total tax charge / (credit) included in profit or loss	**109**	(148)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted in March 2021 to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The deferred tax liability at 31 December 2020 has been calculated based on a corporation tax rate of 19% due to the change not having been substantively enacted until after the balance sheet date

Notes *(continued)*

9 Dividends

	2020 £000	2019 £000
Ordinary: final paid	-	-

10 Intangible assets

Group	Goodwill £000	Intellectual property £000	Total £000
Cost			
Balance at 1 January 2020 and **31 December 2020**	**1,423**	**1,787**	**3,210**
Amortisation			
Balance at 1 January 2020	1,423	1,182	2,605
Amortisation for the year	-	42	42
Balance at 31 December 2020	**1,423**	**1,224**	**2,647**
Net book value			
At 31 December 2020	**-**	**563**	**563**
At 31 December 2019	-	605	605

The company has no intangible assets.

Notes *(continued)*

11 Tangible assets

Group	Freehold property £000	Plant, machinery and fixtures £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost					
Balance at 1 January 2020	7,144	4,190	273	575	12,182
Additions	-	22	-	38	60
Disposals	-	(625)	(101)	-	(726)
Balance at 31 December 2020	**7,144**	**3,587**	**172**	**613**	**11,516**
Depreciation					
Balance at 1 January 2020	1,738	3,438	253	554	5,983
Depreciation charge for the year	193	394	11	17	615
Disposals	-	(625)	(95)	-	(720)
Balance at 31 December 2020	**1,931**	**3,207**	**169**	**571**	**5,878**
Net book value					
At 31 December 2020	**5,213**	**380**	**3**	**42**	**5,638**
At 31 December 2019	5,406	752	20	21	6,199

Included in freehold property is £2,316,851 *(2019: £2,316,851)* in respect of land on which no depreciation is charged.

The company has no tangible assets.

Notes *(continued)*

12 Fixed asset investments

Fixed asset investments – Group

	Unlisted investments £000	Total £000
Cost and net book value		
At 1 January 2020 and 31 December 2020	**503**	**503**

Fixed asset investments – Company

	Shares in group undertakings £000	Other investments other than loans £000	Total £000
Cost			
At 1 January 2020 and **31 December 2020**	**15,273**	**503**	**15,776**
Provision for diminution in value			
At 1 January 2020 and **31 December 2020**	**159**	**-**	**159**
Net book value			
At 31 December 2020	**15,114**	**503**	**15,617**
At 31 December 2019	15,114	503	15,617

Notes _(continued)_

12 Fixed asset investments _(continued)_

Fixed asset investments – Company

The undertakings in which the Group and Company had an interest at the year-end are as follows:

Subsidiaries

Name	Nature of business	Class of shares held	% holding
Phoenix Transworld Limited	Dormant	Ordinary	100
Cartem Limited	Dormant	Ordinary	100 *
Phoenix Steel Fabrications Limited	Dormant	Ordinary	100 *
Parker Recycling Limited	Dormant	Ordinary	100
Parker Plant Limited	Quarrying and asphalt machinery	Ordinary	100
Asphalt Plant Sales Limited	Dormant	Ordinary	100
Titan Trommels Limited	Dormant	Ordinary	100
Phoenix Parker Investments Ltd	Property	Ordinary	100
Parker Plant International Limited	Dormant	Ordinary	100
Universal Conveyors Limited	Dormant	Ordinary	100
Parker Mining Limited	Dormant	Ordinary	100
Crushing Spares Limited	Dormant	Ordinary	100
Crushing Plant Sales Limited	Dormant	Ordinary	100
Crushing Spares International Limited	Dormant	Ordinary	100
Road Rentals Limited	Dormant	Ordinary	100
Phoenix Parker Limited	Dormant intermediate holding company	Ordinary	100
Parker Crushing And Screening Limited	Dormant	Ordinary	100 **

* indicates subsidiary of Parker Plant Limited

** indicates subsidiary of Phoenix Parker Limited

All of the above subsidiaries are included within the consolidation. The registered office address of all of them is Viaduct Works, Canon Street, Leicester, LE4 6GH apart from Phoenix Parker Limited and Parker Crushing and Screening Limited (whose registered office address is Marlborough House, 30 Victoria Street, Belfast, BT1 3GG).

13 Stocks

	Group	
	2020	2019
	£000	£000
Raw materials and consumables	**2,173**	2,298
Work in progress	**4,523**	5,930
Finished goods	**473**	528
	7,169	8,756

The replacement cost of stocks is greater than their carrying amounts by £2,164,000 (_2019: £2,327,000_).

The company has no stocks.

Notes *(continued)*

14 Debtors

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Trade debtors	**1,475**	1,398	**-**	-
Amounts owed by group undertakings	**-**	-	**4,100**	4,150
Amounts owed by related companies	**4,671**	7,382	**-**	-
Other debtors	**50**	163	**-**	-
VAT	**75**	-	**-**	-
Prepayments and accrued income	**742**	686	**4**	4
Deferred taxation (see note 19)	**-**	109	**-**	-
	7,013	9,738	**4,104**	4,154
Due within one year	**7,013**	9,688	**4,104**	4,154
Due after more than one year	**-**	50	**-**	-
	7,013	9,738	**4,104**	4,154

During the year, an impairment credit of £236,000 (2019: £92,000 charge) was recognised in respect of trade receivables due from customers who are known to be in financial difficulty and from whom payment was overdue by more than three months.

15 Cash and cash equivalents

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Bank accounts – General	**3,939**	1,046	**60**	34
Bank accounts – Employee remuneration trust	**40**	49	**40**	49
Cash in hand	**3**	4	**-**	-
	3,982	1,099	**100**	83

16 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Bank borrowings	**266**	200	**205**	200
Trade creditors	**1,358**	2,113	**2**	13
Amounts owed to group undertakings	**-**	-	**50**	50
Corporation tax	**-**	-	**-**	-
Other taxation and social security	**376**	184	**10**	8
Other creditors	**973**	1,000	**-**	-
Accruals and deferred income	**1,177**	1,612	**23**	22
	4,150	5,109	**290**	293

Notes *(continued)*

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Bank borrowings	**4,033**	3,600	**3,493**	3,600

18 Interest bearing loans and borrowings

This note contains information about the contractual terms of the group's interest bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Creditors: amounts falling due within one year:				
Bank borrowings	**266**	200	**205**	200

	Group		Company	
	2020	2019	**2020**	2019
Creditors: amounts falling due after more than one year:	**£000**	£000	**£000**	£000
Bank borrowings	**4,033**	3,600	**3,493**	3,600

The bank borrowings comprise a term loan with HSBC amounting to £3,699,000 *(2019: £3,800,000)* and a Coronavirus Business Interruption Loan of £600,000 *(2019: £Nil)*.

The term loan is repayable in monthly instalments of £17,123, and payable in full in December 2023. Interest is charged at 2.5% over the Bank of England base rate. The loan is secured by a fixed and floating charge including a negative pledge, over all assets of the company. The Coronavirus Business Interruption Loan was drawn down on 1 June 2020 and is repayable in 60 instalments which commenced in July 2021. Interest is payable on the loan at a rate of 3.99% per annum over the Bank of England Base Rate.

19 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2020	2019	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	-	-	-	23	-	23
Tax losses	-	(109)	-	-	-	(109)
Other timing differences	-	(23)	-	-	-	(23)
Net tax (assets) / liabilities	-	(132)	-	23	-	(109)

Deferred tax balances recognised are expected to reverse within the next 5 years.

The group has unprovided deferred tax assets amounting to £429,000 comprising of losses carried forward (£295,000), accelerated capital allowances (£99,000) and other timing differences (£35,000).

Notes *(continued)*

20 Provisions

Group	**Warranty provision £000**
Balance at 1 January 2020	120
Provisions made during the year	56
Provisions used during the year	(13)
Provisions reversed during the year	-
Balance at 31 December 2020	**163**

The Group 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 Group'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.

21 Capital and reserves

Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
37,750 *(2019: 37,750)* ordinary shares of £1 each	**38**	38

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.

Capital redemption reserve

The nominal value of shares repurchased.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Other	
	2020 £000	2019 £000
Less than one year	**9**	9
Between one and five years	**-**	9
	9	18

Notes *(continued)*

23 Analysis of changes in net debt - group

The carrying amounts of the financial assets and liabilities include:

	1 January 2020 £000	Cash flows £000	Exchange rate movements £000	31 December 2020 £000
Cash at bank and in hand	1,099	3,077	(194)	3,982
Borrowings excluding overdrafts	(3,800)	(499)	-	(4,299)
Total net debt	(2,701)			(317)

24 Related parties

Identity of relates parties with which the Group has transacted

In accordance with the accounting policy of the Company, transactions with the employee remuneration trust have been included in these financial statements. Administration costs of £13,000 *(2019: £10,000)* have been included.

During the year the group made recharges of £156,000 *(2019: £220,383)* and sold goods amounting to £1,423,000 (*2019: £1,142,000*) to CMI Roadbuilding Limited, a company controlled by Mr GB Dalby. The balance outstanding at the year-end was £1,305,000 *(2019: £3,617,000).*

During the year the group purchased goods amounting to £9,000 (*2019: £130,000*) from and was recharged £Nil *(2019: £1,000)* by CMI Roadbuilding Limited. The balance outstanding at the year-end was £Nil (*2019: £nil*).

During the year the group sold goods amounting to £165,000 *(2019: £738,000)* to CMI Concrete Machinery Limited, a company in which Mr GB Dalby has a substantial shareholding. The balance outstanding at the year-end was £438,000 *(2019: £619,000).*

During the year the group had an outstanding loan due from CMI Roadbuilding Limited. The loan is 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 loan at the year-end was £2,928,000, or US$4,000,000 *(2019: £2,921,000, or US$3,875,000.*

Key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £868,000 *(2019: £887,000).*

25 Controlling party

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

26 Contingent liabilities

In 2018 the Group 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 Group 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 further there has been no communication from the claimant in the twelve months prior to signing the accounts. The group would vigorously defend the matter if required.