

## **Blue Machinery (Central) Limited**

Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 02746788

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# Blue Machinery (Central) Limited

## Company Information

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<b>Directors</b>	P McGeary A McGeary S McGeary
<b>Company secretary</b>	A McGeary
<b>Registered number</b>	02746788
<b>Registered office</b>	5 Booths Park Chelford Road Knutsford WA16 8GS
<b>Independent auditor</b>	BDO LLP 3 Hardman Street Manchester M3 3AT
<b>Bankers</b>	National Westminster Bank PLC 34 High Street Nantwich Cheshire CW5 5AZ
<b>Solicitors</b>	Tughans Solicitors Marlborough House 30 Victoria Street Belfast BT1 3GG  Brindley Twist Tafft & James LLP Lowick Gate Siskin Drive Coventry CV3 4FJ

# **Blue Machinery (Central) Limited**

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# Blue Machinery (Central) Limited

## Strategic Report For the Year Ended 31 December 2018

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### Fair review of the business

The company made a profit before tax for the year of £996,656 (2017: £1,463,939) and the Statement of Financial Position shows net current assets of £1,095,279 (2017: £2,076,645). The directors therefore believe the company's position to be satisfactory.

The directors have assessed the main risk facing the company as being the impact on future sales of the current economic climate. Due to the adaptability of the business this risk is considered to be low and have little effect on its future viability.

### Key performance indicators

The company's key performance indicators comprising profit before tax, net current assets, shareholders funds and distributable profits are all shown above.

### Financial risk management objectives and policies

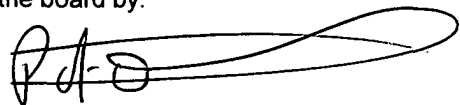
The company finances its operations through a mixture of retained profits, bank and other borrowings, and where necessary to fund capital expenditure programmes through hire purchase financing arrangements. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due: and
- match the repayment schedule of any external finance with the future cash flows expected to arise from the company's trading activities.

As the company's surplus funds are primarily invested in sterling bank accounts, this limits exposure to price risk.

The company's credit risk is primarily attributable to its trade debtors. The company has various policies in place concerning the credit offered to customers including the regular monitoring of amounts outstanding for both time and credit limits to reduce this particular risk.

This report was approved by the board of directors on 20 SEPTEMBER 2019 and signed on behalf of the board by:



**P McGeary**  
Director

# Blue Machinery (Central) Limited

## Directors' Report For the Year Ended 31 December 2018

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The directors present their report and the financial statements for the year ended 31 December 2018.

### Principal activity

The principal activity of the company continued to be the supply and service of bulk handling equipment for materials processing and recycling.

### Results and dividends

The profit for the year, after taxation, amounted to £790,987 (2017 - £1,242,515).

Particulars of dividends paid are detailed in note 10 to the financial statements.

### Directors

The directors who served during the year were:

P McGeary  
A McGeary  
S McGeary

### Future developments

No change in the company's operations is expected in the future.

### Matters covered in the strategic report

In accordance with section 414C(11), certain matters required to be detailed in the Directors' Report are detailed in the Strategic Report where the directors consider them to be of strategic importance to the company.

### Post balance sheet events

The company is actively involved in research and development activities throughout the production process.

### Disclosure of information to auditor

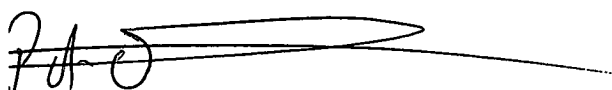
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

### Auditor

BDO LLP were appointed as auditor during the year and have expressed their willingness to continue in office. A resolution to re-appoint will be processed at the annual general meeting.

This report was approved by the board on 20 SEPTEMBER 2019 and signed on its behalf.



P McGeary  
Director

# **Blue Machinery (Central) Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2018**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Blue Machinery (Central) Limited**

## **Independent Auditor's report to the members of Blue Machinery (Central) Limited**

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### **Opinion**

We have audited the financial statements of Blue Machinery (Central) Limited ("the Company") for the year ended 31 December 2018 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and the 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 Financial Reporting Standard 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

# **Blue Machinery (Central) Limited**

## **Independent Auditor's report to the members of Blue Machinery (Central) Limited (continued)**

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

### **Matters on which we are required to report by exception**

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 Strategic report and Director's 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, 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

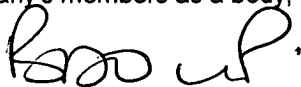
# Blue Machinery (Central) Limited

## Independent Auditor's report to the members of Blue Machinery (Central) Limited (continued)

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### 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.



**Stuart Wood** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Manchester  
United Kingdom

23.09.2019.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Blue Machinery (Central) Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	26,768,230	27,490,197
Cost of sales		(23,734,765)	(24,088,385)
<b>Gross profit</b>		<b>3,033,465</b>	<b>3,401,812</b>
Administrative expenses		(1,884,176)	(1,885,586)
<b>Operating profit</b>	5	<b>1,149,289</b>	<b>1,516,226</b>
Other interest receivable and similar income		-	1,015
Interest payable and similar expenses	8	(175,537)	(68,551)
Gain on financial assets at fair value through profit or loss		22,904	15,249
<b>Profit before taxation</b>		<b>996,656</b>	<b>1,463,939</b>
Tax on profit	9	(205,669)	(221,424)
<b>Profit for the financial year</b>		<b>790,987</b>	<b>1,242,515</b>

There was no other comprehensive income for 2018 (2017:£NIL).

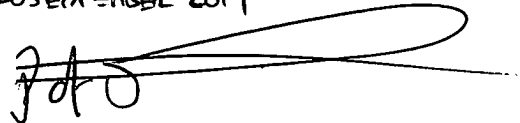
The notes on pages 10 to 24 form part of these financial statements.

**Blue Machinery (Central) Limited**  
Registered number: 02746788

**Statement of Financial Position**  
**As at 31 December 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible fixed assets	11	1,784,058	540,209
<b>Current assets</b>			
Stocks	12	8,807,961	7,144,650
Debtors	13	3,505,152	1,638,217
Cash at bank and in hand	14	322,234	1,386,938
		<u>12,635,347</u>	<u>10,169,805</u>
Creditors: amounts falling due within one year	15	(11,540,068)	(8,093,160)
<b>Net current assets</b>		<u>1,095,279</u>	<u>2,076,645</u>
<b>Total assets less current liabilities</b>		<u>2,879,337</u>	<u>2,616,854</u>
Creditors: amounts falling due after more than one year	16	(431,286)	(74,081)
<b>Provisions for liabilities</b>			
Deferred tax	18	(56,700)	(32,409)
<b>Net assets</b>		<u><u>2,391,351</u></u>	<u><u>2,510,364</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	5,000	5,000
Profit and loss account	21	2,386,351	2,505,364
<b>Shareholders' funds</b>		<u><u>2,391,351</u></u>	<u><u>2,510,364</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 SEPTEMBER 2019



**P McGeary**  
Director

The notes on pages 10 to 24 form part of these financial statements.

## Blue Machinery (Central) Limited

### Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Shareholders' funds
	£	£	£
At 1 January 2018	5,000	2,505,364	2,510,364
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	790,987	790,987
<b>Total comprehensive income for the year</b>	-	790,987	790,987
Dividends: Equity capital	-	(910,000)	(910,000)
<b>Total transactions with owners</b>	-	(910,000)	(910,000)
<b>At 31 December 2018</b>	<b>5,000</b>	<b>2,386,351</b>	<b>2,391,351</b>

### Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Shareholders' funds
	£	£	£
At 1 January 2017	5,000	1,762,849	1,767,849
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	1,242,515	1,242,515
<b>Total comprehensive income for the year</b>	-	1,242,515	1,242,515
Dividends: Equity capital	-	(500,000)	(500,000)
<b>Total transactions with owners</b>	-	(500,000)	(500,000)
<b>At 31 December 2017</b>	<b>5,000</b>	<b>2,505,364</b>	<b>2,510,364</b>

The notes on pages 10 to 24 form part of these financial statements.

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 1. General information

Blue Machinery (Central) Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office can be found on the Company Information page and the nature of the company's operations and its principal activities are set out in the Directors' Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of McGeary Holdings Limited as at 31 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

#### 2.3 Going concern

The company has profit after tax of £790,987 (2017 - 1,242,515) and net current assets of £1,095,279 (2017 - £2,076,645) at the year-end and therefore the directors have no significant doubt over the company's ability to continue as a going concern for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 2. Accounting policies (continued)

#### 2.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

#### 2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

#### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- 25% straight line per annum
Plant and machinery	- 25% straight line per annum
Motor vehicles	- 25% straight line per annum
Hire machines	- 25% straight line per annum
Fittings, fixtures and equipment	- 25% straight line per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### 2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

# **Blue Machinery (Central) Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2018**

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### **2. Accounting policies (continued)**

#### **2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### **2.9 Debtors**

Short term debtors are measured at transaction price, less any impairment.

#### **2.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

#### **2.11 Creditors**

Short term creditors are measured at the transaction price.

#### **2.12 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **2.13 Dividends**

Equity dividends are recognised when they become legally payable.

# **Blue Machinery (Central) Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2018**

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### **2. Accounting policies (continued)**

#### **2.14 Foreign currency translation**

##### **Functional and presentation currency**

The company's functional and presentational currency is GBP.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

#### **2.15 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# **Blue Machinery (Central) Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2018**

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### **2. Accounting policies (continued)**

#### **2.16 Pensions**

##### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company as a lessee is operating lease. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether stock is recorded at the lower of its cost and net realisable value. Factors taken into consideration are the period of time since the item was last sold, the potential for future sales, and any actual sales post year end.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 11)**  
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 4. Turnover

Analysis of turnover by region of destination of sale:

	2018 £	2017 £
United Kingdom	25,101,102	26,611,279
Europe	1,667,128	786,835
Rest of the world	-	92,083
	<u>26,768,230</u>	<u>27,490,197</u>

### 5. Operating profit

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

	2018 £	2017 £
Depreciation of tangible assets	374,601	184,472
Impairment of tangible fixed assets	133,016	-
Loss on disposal of tangible assets	8,665	7,160
Cost of stocks recognised as an expense	21,599,216	22,934,283
Impairment of trade debtors	45,354	1,742
Operating lease rentals	86,556	120,287
Foreign exchange differences	(150,149)	(174,313)
Fees payable for the audit of financial statements	13,000	9,530
Fees payable to the Company's auditor for non-audit services	3,995	-
	<u>21,995,837</u>	<u>24,252,774</u>

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 6. Staff costs

The aggregate payroll costs incurred during the year were:

	2018 £	2017 £
Wages and salaries	1,233,554	1,264,474
Social security costs	141,582	140,918
Other pension costs	97,479	145,318
	<u>1,472,615</u>	<u>1,550,710</u>

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

	2018 No.	2017 No.
Warehousing and Maintenance staff	8	16
Distribution staff	3	3
Administrative staff	17	11
	<u>28</u>	<u>30</u>

### 7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	97,826	70,246
Company contributions to defined contribution pension schemes	80,000	136,000
	<u>177,826</u>	<u>206,246</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 8. Interest payable and similar expenses

	2018 £	2017 £
Bank loans and overdrafts	1,663	3,250
Other-loans made to the company:		
Non bank interest on loans	139,799	61,339
Finance leases and hire purchase contracts	34,075	3,146
Other interest payable and similar expenses	-	816
	<u>175,537</u>	<u>68,551</u>

### 9. Tax on profit

	2018 £	2017 £
<b>Current tax:</b>		
UK current tax expense	<u>181,378</u>	<u>219,886</u>
<b>Deferred tax</b>		
Deferred tax - timing differences	<u>24,291</u>	<u>1,538</u>
<b>Tax on profit</b>	<u>205,669</u>	<u>221,424</u>

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 9. Tax on profit (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit before taxation	<u>996,656</u>	<u>1,463,939</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	189,364	281,808
Effects of:		
Effect of expenses not deductible for tax purposes	47,385	5,312
Effect of capital allowances and depreciation	(3,318)	4,748
Group relief	(25,765)	(1,799)
Research & development	-	(68,645)
Movement on unrecognised deferred tax	(1,997)	-
Tax on profit	<u>205,669</u>	<u>221,424</u>

#### Factors affecting future tax charges

The main rate of corporation tax will reduce from 19% to 17% for financial years starting on 1 April 2020.

### 10. Dividends

	2018 £	2017 £
Ordinary		
Dividends paid during the year	<u>910,000</u>	<u>500,000</u>

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 11. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Hire machines £	Total £
<b>Cost</b>						
At 1 January 2018	320,084	76,518	549,780	101,131	-	1,047,513
Additions	-	135,468	165,280	4,662	1,543,374	1,848,784
Disposals	-	-	(184,049)	-	-	(184,049)
At 31 December 2018	320,084	211,986	531,011	105,793	1,543,374	2,712,248
<b>Depreciation</b>						
At 1 January 2018	127,053	67,748	253,204	59,299	-	507,304
Charge for the year	60,015	30,911	123,016	20,303	140,356	374,601
Disposals	-	-	(86,731)	-	-	(86,731)
Impairment charge	133,016	-	-	-	-	133,016
At 31 December 2018	320,084	98,659	289,489	79,602	140,356	928,190
<b>Net book value</b>						
At 31 December 2018	-	113,327	241,522	26,191	1,403,018	1,784,058
At 31 December 2017	193,031	8,770	296,576	41,832	-	540,209

The directors have also carried out an impairment review and consider the net book value of fixed assets does not exceed the recoverable amount. During the year the company posted an impairment charge of £133,016 against the company's leasehold property.

#### Obligations under finance leases

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	2018 £	2017 £
Motor vehicles	185,080	253,219
Hire machines	1,403,018	-

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 12. Stocks

	2018 £	2017 £
Spares stock	526,734	507,553
Machine stock	8,281,227	6,637,097
	<u>8,807,961</u>	<u>7,144,650</u>

An impairment loss of £38,821 (2017 - £228,478) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

### 13. Debtors

	2018 £	2017 £
Trade debtors	2,598,080	887,788
Amounts owed by related undertakings	124,376	370,918
Prepayments and accrued income	100,497	117,915
Other debtors	659,295	246,347
Derivative financial assets	22,904	15,249
	<u>3,505,152</u>	<u>1,638,217</u>

### 14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>322,234</u>	<u>1,386,938</u>

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Stocking finance	4,794,977	2,379,325
Bank loans and overdraft	-	17,027
Trade creditors	5,073,894	3,663,737
Amounts owed to group undertakings	300,000	594,308
Corporation tax	71,435	129,337
Social security and other taxes	56,295	93,461
Obligations under finance lease	670,551	236,353
Other creditors	124,238	-
Accruals and deferred income	448,678	979,612
	<u>11,540,068</u>	<u>8,093,160</u>

Amounts owed to group undertakings and related undertakings are unsecured, interest free and repayable on demand.

The other borrowings include stocking finance secured over the assets to which it relates.

A cross company guarantee has been given by Blue Machinery (Central) Limited to Brook Meadow Properties Limited for the amount of £260,000 (2017- £260,000). The balance at the year end in respect of this contract was £92,214.

### 16. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Obligations under finance leases	<u>431,286</u>	<u>74,081</u>

Finance leases are secured on the related assets.

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 17. Obligations under finance leases

#### Company lessee

The total future minimum lease payments under finance lease agreements are as follows:

	2018 £	2017 £
Not later than 1 year	670,551	236,353
Later than 1 year and not later than 5 years	431,286	74,081
<b>Present value of minimum lease payments</b>	<b>1,101,837</b>	<b>310,434</b>

Obligations under finance lease and hire purchase contracts are wholly payable within five years and are effectively secured on tangible fixed assets to which they relate.

### 18. Deferred taxation

	2018 £	2017 £
At 1 January 2018	32,409	30,871
Additions	-	1,538
Charge in year	24,291	-
<b>At 31 December 2018</b>	<b>56,700</b>	<b>32,409</b>

The deferred tax included in the statement of financial position is as follows:

	2018 £	2017 £
Accelerated capital allowances	56,700	32,409

### 19. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £97,479 (2017-£145,318).

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 20. Called up share capital

	2018 £	2017 £
<b>Issued, called up and fully paid</b>		
5,000 Ordinary shares of £1.00 each	<b>5,000</b>	<b>5,000</b>

Shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

### 21. Reserves

The company's capital and reserves are as follows:.

#### **Called up share capital**

Called up share capital represents the nominal value of shares that have been issued.

#### **Profit and loss account**

Profit and loss account represents cumulative profits or losses, net of dividends paid.

### 22. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	<b>133,125</b>	38,663
Later than 1 year and not later than 5 years	<b>480,000</b>	51,735
Later than 5 years	<b>100,000</b>	-
	<b>713,125</b>	<b>90,398</b>

### 23. Contingent assets and liabilities

A cross company guarantee has been given by Blue Machinery (Central) Limited to Brook Meadow Properties Limited for the amount of £260,000 (2017- £260,000). The balance at the year end in respect of this contract was £92,214.

# Blue Machinery (Central) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 24. Related party transactions

During the period the company entered into the following transactions with related parties:

	Sales		Purchases		Balance owed by/(to)	
	2018 £	2017 £	2018 £	2017 £	2018 £	2017 £
Blue Machinery (Spares) Ltd	14,202	29,610	1,060,230	960,054	(239,798)	112,771
Blue Machinery (Fuchs) Ltd	10,601	8,334	1,032,003	-	2,777	1,304
Blue Machinery (Group) Ltd	89,389	205,542	184,707	44,679	14,202	25,339
Blue Mac (Manufacturing) Ltd	281,168	192,965	187,592	573,068	2,703	7,944
Blue Machinery (London) Ltd	417,108	124,121	1,248,857	619,203	(289,740)	5,238
Blue Equipment (Ireland) Ltd	381	950	15,000	-	15,000	678
Wear & Spare Parts Limited	-	-	-	20,828	(3,251)	(3,413)

The year end balances of loans made by the Company, to related parties, prior to 1 January 2017 are as follows:

Blue Machinery (Group) Ltd - £26,876 (2017 - £Nil)  
 Blue Machinery (London) Ltd - £35,000 (2017: 35,000)  
 Blue Mac (Manufacturing) Ltd - £Nil (2017: 25,000)  
 Blue Equipment (Ireland) Ltd - £62,500 (2017: £53,718)  
 Wear & Spare Parts Ltd - £Nil (2017: £10,000)

Brook Meadow Properties Limited

The company rents land owned by the above company, associated through common directors, at an annual cost of £70,000 (2017: £56,000). This amount was paid in full before the year end. Included within debtors at the year end is an amount of £Nil (2017: £247,200) due from Brook Meadow Properties Limited. A cross company guarantee has been given by Blue Machinery (Central) Limited for the amount of £260,000 (2017: £260,000). The balance at the year end in respect of this contract was £92,214.

### 25. Controlling party

The company's immediate and ultimate parent undertaking is McGeary Holdings Limited, a company incorporated in England and Wales and registered at New Cheshire Business Park, Wincham Lane, Wincham Northwich Cheshire CW9 6GG.

As at 31 December 2018, the largest and smallest group in which the results of this company are consolidated is that headed by McGeary Holdings Limited. The consolidated accounts of the group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.