

Blue Machinery (Central) Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 02746788

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Blue Machinery (Central) Limited

Company Information

Directors	P McGeary A McGeary S McGeary
Company secretary	A McGeary
Registered number	02746788
Registered office	Suite 2 Victoria House New Cheshire Business Park Wincham Lane Wincham United Kingdom CW9 6GG
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT
Bankers	National Westminster Bank PLC 74 London Rd Stockton Heath Cheshire WA4 6HS
Solicitors	DWF 1,2 Scott Place Hardman St Manchester M3 3AA 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 2019

Fair review of the business

The Company made a profit before tax for the year of £925,502 (2018 - £996,656) and the Statement of Financial Position shows net current assets of £1,649,687 (2018 - £1,095,279). 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

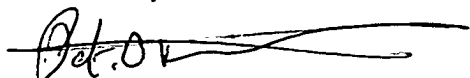
The Company finances its operations through a mixture of retained profits, bank and other borrowings, and where necessary to fund capital expenditure programmes through hire purchase financing arrangements. The management's objectives are to:

- 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. There is a risk to the Company, as with other companies, that the effects of the COVID19 pandemic impact on the Company's trade. The Company have put in place processes to mitigate any risk and are confident of their ability to continue to trade positively despite the underlying economic conditions.

This report was approved by the board of Directors on 18th November 2020 and signed on behalf of the board by:



P McGeary
Director

Blue Machinery (Central) Limited

Directors' Report For the Year Ended 31 December 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

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 £835,656 (2018 - £790,987).

The Company paid dividends of £684,400 (2018 - £910,000) during the year.

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. The company will continue to adapt to best operate in the current economic environment given the onset of the pandemic.

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.

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.

Post balance sheet events

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency in relation to the COVID-19 outbreak and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

As discussed in Note 2.3 COVID-19 has had an impact on the financial condition, liquidity, and results of the Company during 2020. Management are actively monitoring the situation and taking actions where possible to ensure that the business can manage through any impact that it may face as a result of the pandemic.

No current information has been identified by the Directors which would effect the carrying value of amounts held on the Statement of Financial Position as at 31 December 2020.

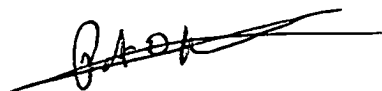
Blue Machinery (Central) Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18th November 2020 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'P McGeary', with a long horizontal line extending to the right.

P McGeary
Director

Blue Machinery (Central) Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2019

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

Opinion

We have audited the financial statements of Blue Machinery (Central) Limited ("the Company") for the year ended 31 December 2019 which comprise the 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 2019 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.

Blue Machinery (Central) Limited

Independent Auditor's Report to the Members of Blue Machinery (Central) Limited (continued)

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.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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.

Blue Machinery (Central) Limited

Independent Auditor's Report to the Members of Blue Machinery (Central) Limited (continued)

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.

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

25 November 2020

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 2019

	Note	2019 £	2018 £
Turnover	4	33,614,692	26,768,230
Cost of sales		(30,013,277)	(23,734,765)
Gross profit		3,601,415	3,033,465
Administrative expenses		(2,182,675)	(1,884,176)
Operating profit	5	1,418,740	1,149,289
Interest payable and similar expenses	8	(365,269)	(175,537)
Gain/(loss) on financial assets at fair value through profit or loss		(127,969)	22,904
Profit before taxation		925,502	996,656
Tax on profit	9	(89,846)	(205,669)
Profit for the financial year		835,656	790,987

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 11 to 29 form part of these financial statements.

Blue Machinery (Central) Limited

Registered number:02746788

Statement of Financial Position As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	1,585,708	1,784,058
Current assets			
Stocks	12	10,557,663	8,807,961
Debtors: amounts falling due within one year	13	4,080,925	3,505,152
Cash at bank and in hand	14	1,562,842	322,234
		<u>16,201,430</u>	<u>12,635,347</u>
Creditors: amounts falling due within one year	15	(14,551,743)	(11,540,068)
Net current assets		<u>1,649,687</u>	<u>1,095,279</u>
Total assets less current liabilities		<u>3,235,395</u>	<u>2,879,337</u>
Creditors: amounts falling due after more than one year	16	(542,862)	(431,286)
Provisions for liabilities			
Deferred tax	18	(149,926)	(56,700)
		<u>(149,926)</u>	<u>(56,700)</u>
Net assets		<u>2,542,607</u>	<u>2,391,351</u>
Capital and reserves			
Called up share capital	20	5,000	5,000
Profit and loss account	21	2,537,607	2,386,351
Shareholders' funds		<u>2,542,607</u>	<u>2,391,351</u>

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



P McGeary
Director

18/11/2020

The notes on pages 11 to 29 form part of these financial statements.

Blue Machinery (Central) Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Shareholders' funds
	£	£	£
At 1 January 2019	5,000	2,386,351	2,391,351
Comprehensive income for the year			
Profit for the financial year	-	835,656	835,656
Total comprehensive income for the year	-	835,656	835,656
Contributions by and distributions to owners			
Dividends	-	(684,400)	(684,400)
Total transactions with owners	-	(684,400)	(684,400)
At 31 December 2019	5,000	2,537,607	2,542,607

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
Comprehensive income for the year			
Profit for the financial year	-	790,987	790,987
Total comprehensive income for the year	-	790,987	790,987
Contributions by and distributions to owners			
Dividends	-	(910,000)	(910,000)
Total transactions with owners	-	(910,000)	(910,000)
At 31 December 2018	5,000	2,386,351	2,391,351

The notes on pages 11 to 29 form part of these financial statements.

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

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 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 11.42, 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 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. In coming to their conclusion, the Directors have considered the Company's profit and cash flow plans for the coming period, and in the light of the outbreak of COVID-19 have run downside "stress test" scenarios. Subsequent to the year end in June 2020, the company accepted a CBILS loan totalling £1.2m from the government backed scheme to further ease the company's cash flow requirements.

These scenarios assess the Company's ability to continue to trade with downside revenue sensitivities forecast over the next 12 months. The Company has put measures in place where appropriate to reduce the Company's expenditure and accessed government schemes such as furloughing a number of staff to aid the company through the pandemic. These actions along with the forecasts and stress test scenarios produced show that the Company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of sign off of these financial statements and therefore this Company continues to adopt the going concern basis in preparing its Financial Statements.

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.

Turnover 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.

Where the Company are working on contracts which span the year end, turnover is recognised by reference to the stage of completion of the contract determined by the value of the services provided at the Statement of Financial Position date as a proportion of the total value of the contract. When the value of turnover cannot be estimated reliably, turnover is only recognised to the value of the expenses that it is considered probable will be recovered, with a "catch-up" element of turnover recognised based on stage of completion once a reliable estimate can be made.

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 Leased assets: the company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.8 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	- 10% straight line per annum
Plant and machinery	- 25% straight line per annum
Motor vehicles	- 25% straight line per annum
Hire machines	- 16.7% 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.

2.9 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.

2.10 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.

2.11 Hire machines

Hire machines are transferred from stock when a machine which was purchased with the intent to sell is hired out to a customer as part of a formal lease agreement. When the item is returned by the lessee and is again held to be sold the item is transferred back to stock on the balance sheet.

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.12 Debtors

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

2.13 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.

2.14 Creditors

Short term creditors are measured at the transaction price.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.16 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.

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.17 Dividends

Equity dividends are recognised when they become legally payable.

2.18 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'.

2.19 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 2019

2. Accounting policies (continued)

2.20 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 assets. 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 future sales, and any actual sales post year end.

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

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.
- **Revenue recognition for long term contracts**
On any contracts which span the company's year end, the group estimate the stage of completion of the contract based on the level of costs incurred compared to the total estimated costs for the project. Given this, the recognition of turnover is based on the forecasts and budgets prepared for each such project. A change in such estimates could give rise to a material movement in turnover within the financial statements.
- **Going concern forecasts**
The Directors have used significant judgment in preparing forecasts including potential downside scenarios as a result of the impact of COVID-19 on the business and the wider economy for the period of 12 months following signing of the financial statements. These forecasts have been used by the Directors in making their assessment of going concern.

4. Turnover

The whole of turnover is attributable to the principal activity of the Company.

Analysis of turnover by region of destination of sale:

	2019 £	2018 £
United Kingdom	31,517,355	25,101,102
Europe	1,922,337	1,667,128
Rest of the world	175,000	-
	<u>33,614,692</u>	<u>26,768,230</u>

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Operating profit

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

	2019 £	2018 £
Depreciation of tangible assets	314,963	374,601
Impairment of tangible fixed assets	-	133,016
(Profit)/loss on disposal of tangible assets	(477)	8,665
Impairment of trade debtors	4,301	45,354
Operating lease rentals	160,754	86,556
Foreign exchange differences	(376,600)	(150,149)
Fees payable for the audit of financial statements	14,700	13,000

6. Staff costs

The aggregate payroll costs incurred during the year were:

	2019 £	2018 £
Wages and salaries	1,637,997	1,233,554
Social security costs	186,581	141,582
Other pension costs	103,957	97,479
	<u>1,928,535</u>	<u>1,472,615</u>

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

	2019 No.	2018 No.
Warehousing and Maintenance staff	11	8
Distribution staff	2	3
Administrative staff	15	17
	<u>28</u>	<u>28</u>

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	310,931	97,826
Company contributions to defined contribution pension schemes	79,637	80,000
	<u>390,568</u>	<u>177,826</u>

During the year retirement benefits were accruing to 3 Directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £177,905.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £35,188.

8. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	-	1,663
Other loan interest payable	318,738	139,799
Finance leases and hire purchase contracts	46,531	34,075
	<u>365,269</u>	<u>175,537</u>

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Tax on profit

	2019 £	2018 £
Corporation tax		
UK current tax expense	-	181,378
Adjustments in respect of previous periods	(3,380)	-
Total current tax	(3,380)	181,378
Deferred tax		
Origination and reversal of timing differences	98,974	24,291
Adjustments in respect of previous periods	(5,748)	-
Tax on profit	89,846	205,669

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Profit before taxation	925,502	996,656
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	175,845	189,364
Effects of:		
Effect of expenses not deductible for tax purposes	5,535	47,385
Effect of capital allowances and depreciation	(9,758)	(3,318)
Adjustments to tax charge in respect of prior periods	(3,380)	-
Research and development tax credit leading to a decrease in the tax charge	(55,405)	-
Other short term timing differences	108	-
Group relief	(23,099)	(25,765)
Movement on unrecognised deferred tax	-	(1,997)
Tax on profit	89,846	205,669

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Tax on profit (continued)

Factors affecting future tax charges

As at the reporting date, reductions in the UK tax rate from 19% to 17%, effective from 1 April 2020, had been substantively enacted. The deferred tax liability has been calculated based on the rate substantively enacted at the reporting date.

Under legislation substantively enacted on 17 March 2020, after the reporting date, the UK tax rate will remain to be 19% from 1 April 2020 onwards. This will affect the calculation of future deferred tax charges

10. Dividends

	2019 £	2018 £
Ordinary		
Dividends paid during the year	<u>684,400</u>	<u>910,000</u>

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Hire machines £	Total £
Cost						
At 1 January 2019	320,084	211,986	531,011	105,793	1,543,374	2,712,248
Additions	54,913	5,606	180,085	16,661	1,020,837	1,278,102
Disposals	-	-	(184,403)	(79,428)	(1,279,888)	(1,543,719)
At 31 December 2019	374,997	217,592	526,693	43,026	1,284,323	2,446,631
Depreciation						
At 1 January 2019	320,084	98,659	289,489	79,602	140,356	928,190
Charge for the year on owned assets	-	38,219	78,840	17,940	179,964	314,963
Disposals	-	-	(184,403)	(79,428)	(118,399)	(382,230)
At 31 December 2019	320,084	136,878	183,926	18,114	201,921	860,923
Net book value						
At 31 December 2019	54,913	80,714	342,767	24,912	1,082,402	1,585,708
At 31 December 2018	-	113,327	241,522	26,191	1,403,018	1,784,058

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 £Nil (2018 - £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:

	2019 £	2018 £
Motor vehicles	356,252	185,080
Hire machines	1,082,402	1,403,018

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Stocks

	2019 £	2018 £
Spares stock	588,081	526,734
Machine stock	9,969,582	8,281,227
	<u>10,557,663</u>	<u>8,807,961</u>

An impairment loss of £106,355 (2018 - £38,821) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

There is no material difference between the replacement cost of stock and their Statement of Financial Position amounts.

13. Debtors

	2019 £	2018 £
Trade debtors	2,911,010	2,598,080
Amounts owed by related undertakings	415,629	124,376
Prepayments and accrued income	288,167	100,497
Other debtors	319,231	659,295
Corporation tax recoverable	146,888	-
Derivative financial assets	-	22,904
	<u>4,080,925</u>	<u>3,505,152</u>

14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>1,562,842</u>	<u>322,234</u>

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	7,335,632	4,794,977
Trade creditors	3,875,115	5,073,894
Amounts owed to group undertakings	-	300,000
Corporation tax	-	71,435
Other taxation and social security	522,809	56,295
Obligations under finance lease and hire purchase contracts	630,556	670,551
Other creditors	74,180	124,238
Accruals and deferred income	1,723,487	448,678
Financial instruments	389,964	-
	<u>14,551,743</u>	<u>11,540,068</u>

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

Included within other loans is an amount of £7,335,632 (2018 - £4,794,977) relating to stocking finance secured over the assets to which it relates.

Hire purchase contracts are secured over the assets for which the finance is provided.

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

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	<u>542,862</u>	<u>431,286</u>

Hire purchase contracts are secured over the machinery for which the finance is provided.

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

17. Obligations under finance leases

Company lessee

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

	2019 £	2018 £
Not later than 1 year	630,556	670,551
Later than 1 year and not later than 5 years	542,862	431,286
Present value of minimum lease payments	1,173,418	1,101,837

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

	2019 £	2018 £
At 1 January 2019	56,700	32,409
Charge in year	93,226	24,291
At 31 December 2019	149,926	56,700

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	149,926	56,700

19. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £103,957 (2018-£97,479).

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. Contributions of £5,265 (2018 - £3,356) were payable to the fund at the year end, and are included within other creditors.

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

20. Called up share capital

	2019 £	2018 £
Issued, called up and fully paid		
5,000 (2018 - 5,000) Ordinary shares of £1.00 each	<u>5,000</u>	<u>5,000</u>

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 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	120,000	133,125
Later than 1 year and not later than 5 years	460,000	480,000
Later than 5 years	-	100,000
	<u>580,000</u>	<u>713,125</u>

23. Post balance sheet events

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency in relation to the COVID-19 outbreak and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

As discussed in Note 2.3 COVID-19 has had an impact on the financial condition, liquidity, and results of the Company during 2020. Management are actively monitoring the situation and taking actions where possible to ensure that the business can manage through any impact that it may face as a result of the pandemic.

No current information has been identified by the Directors which would effect the carrying value of amounts held on the Statement of Financial Position as at 31 December 2020.

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

24. 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 (2018- £260,000). The balance at the year end in respect of this contract was £65,911 (2018 - £92,214).

25. Related party transactions

During the year ended 31 December 2019 the Company entered into the following transactions with companies under common directorship:

	Amounts owed as to 31 December 2019 £	Amounts payable as at 31 December 2019 £	Goods sold £	Goods purchased £
Blue Machinery (Spares) Limited	-	143,005	25,333	905,286
Blue Machinery (Fuchs) Limited	-	2,774	1,756	(4,978)
Blue Machinery (Group) Limited	38,208	-	(157,582)	452,763
Blue Mac (Manufacturing) Ltd	125	-	31,181	217,185
Blue Machinery (London) Limited	92,044	-	333,396	819,765
Blue Equipment (Ireland) Limited	485,101	-	981,696	-
Blue Machinery (Scotland) Limited	14,831	-	125,418	289,433
Blue Machinery (Southern) Limited	106,134	-	1,389,452	1,151,485
Murray Plant Limited	-	-	185	1,250
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Blue Machinery (Central) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

25. Related party transactions (continued)

During the year ended 31 December 2018 the Company entered into the following transactions with companies under common directorship:

	Amounts owed as to 31 December 2018 £	Amounts payable as at 31 December 2018 £	Goods sold £	Goods purchased £
Blue Machinery (Spares) Limited	-	239,798	14,202	1,060,230
Blue Machinery (Fuchs) Limited	2,777	-	10,601	1,032,003
Blue Machinery (Group) Limited	14,202	-	89,389	184,707
Blue Mac (Manufacturing) Ltd	2,703	-	281,168	187,592
Blue Machinery (London) Limited	-	289,740	417,108	1,248,857
Blue Equipment (Ireland) Limited	15,000	-	381	15,000
Wear & Spare Parts Limited	-	3,251	-	-

Brook Meadow Properties Limited

The Company rents land owned by the above company, associated through common Directors, at an annual cost of £120,000 (2018: £70,000). This amount was paid in full before the year end. Included within debtors at the year end is an amount of £Nil (2018: £Nil) due from Brook Meadow Properties Limited.

26. 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 2019, 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.