Company registration number: 02746788

Blue Machinery (Central) Limited

Financial statements

31 December 2020

Contents

Blue Machinery (Central) Limited

Directors and other information

Directors	Mr Patrick McGeary	
	Mr Aidan McGeary	
	Mr Sean McGeary	
	Mrs Pamela McGeary	(Appointed 22 February 2021)
Secretary	Mr Aidan McGeary	
Company number	02746788	
Registered office	Suite 2 Victoria House Wincham Lane Wincham, Northwich Cheshire CW9 6GG	
Business address	Suite 2 Victoria House Wincham Lane Wincham, Northwich Cheshire CW9 6GG	
Auditor	Corr & Corr 2nd Floor, The Cornmill Coalisland Dungannon Co Tyrone BT71 4LP	

Bankers	National Westminster Bank Plc 74 London Road Stockton Heath Cheshire Warrington WA4 6QS	
Solicitors	Brindley Twist Tafft & James LLP Lowick Gate Siskin Drive Coventry CV3 4FJ	DWF 1 Scott Place 2 Hardman Street Manchester M3 3AA

Blue Machinery (Central) Limited

Strategic report

Year ended 31 December 2020

The Directors present their strategic report on the company for the year ended 31 December 2020.

Principal activities

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

Development and Performance

The financial results for the year ended 31 December 2020 were considered satisfactory, considering the various localised lockdowns due to the pandemic. The outlook for the 2021 year is encouraging, and company directors expect performance to reflect favourably against 2020.

Fair review of the business

The company made a profit before tax for the year of £714,080 (2019: £925,502) and the Statement of Financial Position shows net current assets of £3,223,503 (2019: £1,649,687).

At the year end the company had shareholder funds of £2,731,620 (2019: £2,542,607) including distributable profits of £2,726,620 (2019: £2,537,607). The directors 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 - Financial & Non Financial

The directors consider that the key financial performance indicators are those that communicate the financial position and strength of the company, these being turnover, gross profit margin and operating profit. Turnover for the year decreased to £26,819,924 (2019: £33,614,691) the gross profit margin slightly decreased to 10.4% (2019: 10.7%). The company's operating profit decreased to £957,530 (2019: £1,418,740). The company's non-financial key performance indicators include customer service, skilled personnel, health and safety and employee satisfaction.

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 expected future cash flows expected to arise from the group'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, as with all companies, that the effects of the COVID19 pandemic will impact negatively on the companies 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 17 September 2021 and signed on behalf of the board by:

Mr Patrick McGeary

Director

Blue Machinery (Central) Limited

Directors report

Year ended 31 December 2020

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

Directors

The directors who served the company during the year were as follows:

Mr Patrick McGeary
Mr Aidan McGeary
Mr Sean McGeary

Dividends

The profit for the year, after taxation, amounted to £589,013 (2019 - £835,656).

The Company paid dividends of £400,000 (2019 - £684,400) during the year.

Future developments

The directors are not expecting to make any significant changes to the nature of the business in the near future. The company's order book is already very strong and post year end trading is strong.

Events after the end of the reporting period

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. The directors of the company 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. At present no current information has been identified by which would affect the carrying value of amounts held on the Statement of Financial Position as at 31st December 2020.

Other matters

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

Disclosure of information in the strategic report.

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. It has done so in respect of future developments and financial instruments.

Directors responsibilities statement

The directors are responsible for preparing the strategic report, 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 the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;

- make judgments 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.

Director Confirmation

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent Auditors

The auditor Corr and Corr is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 17 September 2021 and signed on behalf of the board by:

Mr Patrick McGeary

Director

Independent auditor's report to the members of

Blue Machinery (Central) Limited

Year ended 31 December 2020

Opinion

We have audited the financial statements of Blue Machinery (Central) Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of income and retained earnings, statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements: - give a true and fair view of the state of the company's affairs as at 31 December 2020 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report has 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 strategic report or the directors' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or - the financial statements are not in agreement with the accounting records and the 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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below: Based on our understanding of the company and industry, we identified the principal risks of non-compliance with laws and regulations relating to Blue Machinery Central Ltd, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined the principal risks. Audit procedures performed to assess and review these risks. There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 auditors 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.

Paul Corr (Senior Statutory Auditor)

For and on behalf of

Corr & Corr

2nd Floor, The Cornmill

Coalisland

Dungannon

Co Tyrone

BT71 4LP

17 September 2021

Blue Machinery (Central) Limited

Statement of income and retained earnings

Year ended 31 December 2020

	Note	2020	2019
		£	£
Turnover	4	26,819,924	33,614,692
Cost of sales		(24,032,371)	(30,013,277)
Gross profit		2,787,553	3,601,415
Administrative expenses		(1,830,023)	(2,182,675)
Operating profit	5	957,530	1,418,740
Gain/(loss) on financial assets at fair value through profit or loss		104,185	(127,969)
Interest payable and similar expenses	9	(347,635)	(365,269)
Profit before taxation		714,080	925,502
Tax on profit	10	(125,067)	(89,846)
Profit for the financial year and total comprehensive income		589,013	835,656
Dividends declared and paid or payable during the year	11	(400,000)	(684,400)
Retained earnings at the start of the year		2,537,607	2,386,351
Retained earnings at the end of the year		2,726,620	2,537,607

All the activities of the company are from continuing operations.

Blue Machinery (Central) Limited

Statement of financial position

31 December 2020

	Note	2020 £	£	2019 £	£
Fixed assets					
Tangible assets		1,952,215		1,585,708	
			1,952,215		1,585,708
Current assets					
Stocks	**13**	10,235,413		10,557,663	
Debtors	**14**	3,573,866		4,080,925	
Cash at bank and in hand		508,087		1,562,842	
		14,317,366		16,201,430	
Creditors: amounts falling due within one year	**15**	(11,093,863)		(14,551,743)	
Net current assets			3,223,503		1,649,687
Total assets less current liabilities			5,175,718		3,235,395
Creditors: amounts falling due after more than one year	**16**		(2,173,135)		(542,862)
Provisions for liabilities	**18**		(270,963)		(149,926)
Net assets			2,731,620		2,542,607
Capital and reserves					
Called up share capital	**21**		5,000		5,000
Profit and loss account	**22**		2,726,620		2,537,607
Shareholders funds			2,731,620		2,542,607

These financial statements were approved by the board of directors and authorised for issue on 17 September 2021 , and are signed on behalf of the board by:

Mr Patrick McGeary

Director

Company registration number: 02746788

1. General information

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is Suite 2 Victoria House, Wincham Lane, Wincham, Northwich, Cheshire, CW9 6GG.

2. Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standard, including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the going concern basis under 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 financial statements are prepared in sterling, which is the functional and presentational currency of the entity. 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 policy below)The following principal accounting policies have been applied:

Going concern

The company is trading profitably, has significant financial resources together with an established customer base. As a consequence the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Reduced disclosures

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; and- 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 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

Judgements 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.

Other key sources of estimation uncertainty:

- Tangible fixed assets (See Note 12)

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 company estimate the stage of completion of the contract based on the level of costs incurred compared to the total estimated costs of 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 significate judgement in preparing forecasts including potential downside scenarios as a result of the impact of COVID-19 on the business and the wider economy for period of 12 months following signing of the financial statements. These forecasts have been used by the directors in making their assessment of going concerns.

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 service provided at the Statement of Financial Position date as a proportion of the total value of the contract. When the value 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.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	-	25 % straight line
Fittings fixtures and equipment	-	25 % straight line
Motor vehicles	-	25 % straight line
Leasehold property	-	10 % straight line
Other tangible assets	-	16.7 % straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks and Work in Progress are measured at the lower of cost and net realisable value. Cost in respect of finished goods includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition. Net realisable value is the price at which stock can be realised in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective stock.Work in Progress is valued on the basis of direct costs plus attributable overheads based on normal activity. Provisions are made for any foreseeable losses where appropriate. No profit element is included in the valuation of Work in Progress.

Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment. Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets or either assessed individually or grouped on the basis of similar credit risk characteristics. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

Restatement

Certain comparative information has been restated to reflect a fairer comparison with the current year. This reclassification has had no impact on reported results for the year ended 31st December 2019 nor on shareholders' funds as at 31st December 2019.

Distributions To Equity Holders

Dividends to Company Shareholders are recognised as a liability in the period in which the dividends are approved. These amounts are recognised in the statement of changes in equity.

Cash and Cash Equivalents

Cash & Cash equivalents includes cash on hand, deposits held at call with banks, other short term liquid investments with maturities of three months or less.

Share Capital

Ordinary shares are classified as equity.

Hire Machines

Hire machines are transferred from stock when a machine which was purchased with the intent to sell is hired out to cutomer 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.

4. Turnover

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020	2019
	£	£
United Kingdom	26,081,185	31,517,355
Europe	499,739	1,922,337
Rest of world	239,000	175,000
	26,819,924	33,614,692

5. Operating profit

Operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible assets	243,661	314,962
(Gain)/loss on disposal of tangible assets	15,292	(477)
Impairment of trade debtors	51,864	4,301
Operating lease rentals	149,024	160,754
Foreign exchange differences	(167,278)	(376,600)
Fees payable for the audit of the financial statements	15,000	14,700

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
Distribution staff	2	2
Administrative staff	15	15
Warehouse and Maintenance Staff	13	11
	30	28

The aggregate payroll costs incurred during the year were:

	2020	2019
	£	£
Wages and salaries	1,338,800	1,637,997
Social security costs	160,478	186,581
Other pension costs	143,190	103,957
	1,642,468	1,928,535

7. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	290,022	310,931
Company contributions to pension schemes in respect of qualifying services	77,627	79,637
	367,649	390,568

The number of directors who accrued benefits under company pension plans was as follows:

	2020	2019
	Number	Number
Defined contribution plans	2	3

Remuneration of the highest paid directors in respect of qualifying services:

	2020	2019
	£	£
Aggregate remuneration	136,793	177,905
Company contributions to pension plans in respect of qualifying services	26,314	35,188
	163,107	213,093

8. Other interest receivable and similar income

	2020	2019
	£	£
Gain on fair value adjustment of financial assets at fair value through profit or loss	104,185	(127,969)

9. Interest payable and similar expenses

		2020	2019
		£	£
Other loans made to the company:			
	Finance leases and hire purchase contracts	56,655	46,531
	Non bank interest on loans	290,980	318,738
		347,635	365,269

10. Tax on profit

Major components of tax expense

	2020	2019
	£	£
Current tax:		
UK current tax expense	4,030	-
Adjustments in respect of previous periods	-	(3,380)
Total current tax	4,030	(3,380)
Deferred tax:		
Origination and reversal of timing differences	121,037	98,974
Defered tax - timing differences	-	(5,748)
Total deferred tax	121,037	93,226
Tax on profit	125,067	89,846

Reconciliation of tax expense

The tax assessed on the profit for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19.00 % (2019: 19.00%).

	2020	2019
	£	£
Profit before taxation	714,080	925,502
Profit multiplied by rate of tax	135,675	175,845
Adjustments in respect of prior periods	-	(3,380)
Effect of expenses not deductible for tax purposes	3,121	5,535
Effect of capital allowances and depreciation	(98,347)	(9,758)
Group relief	(35,419)	(23,099)
Other Short term timing differences	(1,000)	108
Research & Development	-	(55,405)
Timing Differences	121,037	-
Tax on profit	125,067	89,846

Factors affecting future tax expense

Under legislation substantively enacted on 17 March 2020 the UK tax rate will remain to be 19% from 1 April 2020 onwards. The deferred tax liability has been calculated based on the rate at the reporting date.

11. Dividends

Equity dividends

	2020	2019
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	400,000	684,400

12. Tangible assets

	Freehold and leasehold properties	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Hire Machines	**Total**
	£	£	£	£	£	**£**
Cost						
At 1 January 2020	374,997	217,592	43,026	526,693	1,284,323	2,446,631
Additions	86,001	7,398	7,999	241,648	1,109,844	1,452,890
Disposals	(54,913)	-	-	(99,070)	(906,071)	(1,060,054)
At 31 December 2020	406,085	224,990	51,025	669,271	1,488,096	2,839,467
Depreciation						
At 1 January 2020	320,084	136,878	18,114	183,926	201,921	860,923
Charge for the year	-	37,243	10,768	83,378	112,271	243,660
Disposals	-	-	-	(46,363)	(170,968)	(217,331)
At 31 December 2020	320,084	174,121	28,882	220,941	143,224	887,252
Carrying amount						
At 31 December 2020	86,001	50,869	22,143	448,330	1,344,872	1,952,215
At 31 December 2019	54,913	80,714	24,912	342,767	1,082,402	1,585,708

The directors have also carried out an impairment review and consider the net book value of fixed assets does not exceed the recoverable amount.

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:

	Motor vehicles	Hire Machines
	£	£
At 31 December 2020	387,582	1,344,872
At 31 December 2019	356,252	1,082,402

13. Stocks

	2020	2019
	£	£
Spares stock	700,836	588,081
Work in progress	162,975	-
Machine stock	9,371,602	9,969,582
	10,235,413	10,557,663

An impairment loss of £40,500 (2019- £38,821) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stocks.There is no material difference between the replacement cost of stock and their Statement of Financial Position amounts.

14. Debtors

	2020	2019
	£	£
Trade debtors	2,568,306	2,911,010
Amounts owed by undertakings in which the company has a participating interest	79,710	415,629
Amounts owed by customers on construction contracts	-	4,500
Prepayments and accrued income	551,278	288,167
Other debtors	374,572	461,619
	3,573,866	4,080,925

15. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	4,244,561	7,335,632
Trade creditors	4,256,333	3,875,115
Amounts owed to group undertakings	100,000	-
Accruals and deferred income	1,175,793	1,723,487
Social security and other taxes	462,904	528,074
Obligations under finance leases	645,176	630,556
Derivative financial liability	-	389,964
Other creditors	209,096	68,915
	11,093,863	14,551,743

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

Included within bank and other loans is an amount of £4,144,561 (2019 £7,335,632) 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.A cross company guarantee has been given by Blue Machinery (Central) Limited to Brook Meadow Properties Limited.

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

	2020	2019
	£	£
Bank loans and overdrafts	1,100,000	-
Obligations under finance leases	1,073,135	542,862
	2,173,135	542,862

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

17. Obligations under finance leases

Company lessee

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

	2020	2019
	£	£
Not later than 1 year	645,176	630,556
Later than 1 year and not later than 5 years	1,073,135	542,862
	1,718,311	1,173,418
Present value of minimum lease payments	1,718,311	1,173,418

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. Provisions

	Deferred tax (note 19)	**Total**
	£	**£**
At 1 January 2020	149,926	149,926
Additions	121,037	121,037
At 31 December 2020	270,963	270,963

19. Deferred tax

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

	2020	2019
	£	£
Included in provisions (note 18)	270,963	149,926

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Accelerated capital allowances	270,963	149,926

20. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £ 143,190 (2019: £ 103,957).

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 £Nil (2019- £5,265) were payable to the fund at the year end, and are included within other creditors

21. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No	**£**	No	£
Ordinary shares of £ 1.00 each	5,000	5,000	5,000	5,000

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

22. Reserves

The Company's capital and reserves are as follows:Called up share capitalCalled up share capital represents the nominal value of shares that have been issued.Profit & Loss accountProfit & loss represents cumulative profits or losses, net of dividends paid.

23. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	£	£
Not later than 1 year	120,000	120,000
Later than 1 year and not later than 5 years	340,000	460,000
	460,000	580,000

24. Contingent assets and liabilities

A cross company guarantee has been given by Blue Machinery (Central) Limited to Brook Meadow Properties Limited.

25. Events after the end of the reporting period

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. The directors of the company 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. At present no current information has been identified by which would affect the carrying value of amounts held on the Statement of Financial Position as at 31st December 2020.

26. Limitation of auditors liability

The terms of agreement regarding the limitation of the auditors liability are set out in the engagement letter, in accordance with Section 538 Companies Act 2006.

27. Related party transactions

During the year the company entered into the into the following transactions with companies under common directorship:

	Transaction value		Balance owed by/(owed to)	
	Goods Sold	Goods Purchased	Amounts owed as at 31 December	Amounts payable as at 31 December
	2020	2020	2020	2020
	£	£	£	£
Blue Machinery (Spares)	646,942	1,380,614	-	601,904
Blue Machinery (Fuchs) Limited	-	-	-	-
Blue Machinery (Group) Limitied	21,868	186,857	-	164,989
Blue Mac (Manufacuring) Ltd	14,264	1,463,530	-	14,085
Blue Machinery (London) Limited	58,392	1,765,041	-	4,352
Blue Equipment (Ireland) Limited	3,756	-	48,430	-
Blue Machinery (Scotland) Limited	244,904	969,764	-	20,494
Blue Machinery (Southern) Limited	697,175	1,007,453	-	21,621
Murray Plant Limited	-	26,232	-	26,232

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

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

Brook Meadow Properties Limited

The company rents land owned by the above associated company at an annual cost of £105,000 (2019: £120,000) reduction in rent this year was due to Covid-19 pandemic. This amount was paid in full before the year end. Included within debtors at the year end is an amount of £Nil (2019: £Nil) duefrom Brook Meadow Properties Limited.

28. Controlling party

On 20th November 2013 the company became a wholly owned subsidiary of McGeary Holdings Limited, formerly known as Blue Machinery (Central) Holdings Limited, a company incorporated in England and Wales. The directors regards McGeary Holdings Limited (08692836) whose registered address is New Cheshire Business Park Wincham Lane, Wincham, Northwich, Cheshire, CW9 6GG, as the ultimate parent company.The consolidated financial statements of the Group are available at:Companies HouseCrown WayCardiff CF14 3UZMcGeary Holdings Limited is under the control of shareholder, Mr Patrick McGeary , who is by virtue of his majority shareholding is the ultimate controlling party.