

**REGISTRAR OF
COMPANIES**

**BLUE MACHINERY (GROUP) PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2014**

Company Registration Number 04868103

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BLUE MACHINERY (GROUP) PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

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BLUE MACHINERY (GROUP) PLC
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 JANUARY 2014

The board of directors	Mr A Carey Mr B V Maxwell Mr E J Donnelly Mr P O McGeary
Company secretary	Mr E J Donnelly
Business address	Appleton Thorn Trading Estate Appleton Warrington Cheshire WA4 4SN
Registered office	Appleton Thorn Trading Estate Appleton Warrington Cheshire WA4 4SN
Auditor	Baker Tilly UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
Bankers	Bank of Scotland 117 Foregate Street Chester CH1 1HE
Solicitors	Brindley Twist Tafft & James Lowick Gate Siskin Drive Coventry United Kingdom CV3 4FJ

BLUE MACHINERY (GROUP) PLC
STRATEGIC REPORT
YEAR ENDED 31 JANUARY 2014

Principal activities and business review

The principal activity of the group continues to be that of the sale and marketing of plant and machinery for the quarrying and waste recycling industries

The group has had a satisfactory year of trade reporting a gross profit of £4.2M (2013 - £4.1M) and pre-tax profit of £1.4M (2013 - £1.6M)

At the year end the group had shareholder funds of £3,247,639 including distributable profits of £1,925,761. The directors therefore believe the company's position to be satisfactory

The directors have assessed the main risk facing the group as being competition in the market in which it operates, a market in which global political and economic pressures are increasing the need for environmental protection and waste reduction. The directors believe that the quality of the group's products and customer service will help mitigate these risks and hope to see continued growth and satisfactory trading results in the coming year

Financial risk management objectives and policies

The group finances its operations through a mixture of retained profits, stock finance, bank 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 group's trading activities

As the group's surplus funds are primarily invested in sterling bank accounts, this limits exposure to price risk. Surplus funds held in foreign currencies do however expose the group to price risk from foreign exchange movements. Credit risk associated with these funds is minimised through holding accounts with a UK clearing bank

The group is exposed to price risk in connection with certain sales and purchases being denominated in foreign currencies. This exposes the group to the uncertainty of exchange rate movements. Hedge accounting is not used by the group since the directors do not consider the additional costs incurred in reducing exchange risk to be worthwhile

The group's credit risk is primarily attributable to its trade debtors. Credit insurance is utilised to reduce this particular risk

Signed on behalf of the directors


P O McGeary

Approved by the directors on 28 July 2014

BLUE MACHINERY (GROUP) PLC

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2014

The directors present their report and the financial statements of the group for the year ended 31 January 2014

Results and dividends

The profit for the year, after taxation, amounted to £1,063,440. Particulars of dividends paid are detailed in note 9 to the financial statements.

Financial instruments

Details of the group's financial risk management objectives and policies are included in note 19 to the accounts.

Directors

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

Mr A Carey
Mr B V Maxwell
Mr E J Donnelly
Mr P O McGeary

Policy on the payment of creditors

The group's and company's policy is to agree settlement terms with suppliers and then abide by those terms. This policy will continue for the forthcoming year. The average non-group creditor payment period of the company at 31 January 2014 was 44 days (2013 - 40 days).

Directors' responsibilities

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 group and of the profit or loss of the group 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BLUE MACHINERY (GROUP) PLC

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2014

In so far as the directors are, individually, aware

- there is no relevant audit information of which the group's auditor is unaware, and
- each director has 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

Disabled employees

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retention of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the group.

Employee involvement

The flow of information to staff has been maintained through regular group meetings. Members of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff.

Donations

During the year the company made the following contributions:

	2014	2013
	£	£
Charitable	<u>3,621</u>	<u>-</u>

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. This includes information that would have been included in the business review and the principal risks and uncertainties.

Auditor

Baker Tilly Audit Limited were appointed as auditor during the year and ceased trading on 31st March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

Signed on behalf of the directors



P O McGeary

Approved by the directors on 28 July 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUE MACHINERY (GROUP) PLC

We have audited the group and parent company financial statements ("the financial statements") of Blue Machinery (Group) plc for the year ended 31 January 2014 on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 January 2014 and of the group's 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BLUE MACHINERY (GROUP) PLC (CONTINUED)**

Peter Donnelly, Senior Statutory Auditor
For and on behalf of

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Baker Tilly UK Audit Ltd

Date - 31 / 7 / 14

BLUE MACHINERY (GROUP) PLC
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2014

	Note	2014 £	2013 £
Group turnover	2	19,444,160	23,547,402
Cost of sales		(15,230,020)	(19,441,280)
Gross profit		<u>4,214,140</u>	<u>4,106,122</u>
Administrative expenses		(3,007,306)	(2,760,204)
Other operating income	3	262,500	255,000
Operating profit	4	<u>1,469,334</u>	<u>1,600,918</u>
Interest receivable		139	352
Interest payable and similar charges	6	(78,508)	(17,089)
Profit on ordinary activities before taxation		<u>1,390,965</u>	<u>1,584,181</u>
Tax on profit on ordinary activities	7	(327,525)	(381,708)
Profit for the financial year	8	<u>1,063,440</u>	<u>1,202,473</u>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account

The notes on pages 11 to 24 form part of these financial statements

BLUE MACHINERY (GROUP) PLC

GROUP BALANCE SHEET

31 JANUARY 2014

	Note	2014 £	2013 £
Fixed assets			
Intangible assets	10	–	–
Tangible assets	11	533,840	640,057
		<u>533,840</u>	<u>640,057</u>
Current assets			
Stocks	13	4,076,407	4,556,586
Debtors	14	2,539,696	2,370,042
Cash at bank and in hand		506,968	448,617
		<u>7,123,071</u>	<u>7,375,245</u>
Creditors: Amounts falling due within one year	15	<u>(4,075,710)</u>	<u>(5,295,983)</u>
Net current assets		3,047,361	2,079,262
Total assets less current liabilities		<u>3,581,201</u>	<u>2,719,319</u>
Creditors: Amounts falling due after more than one year	16	(320,711)	(97,937)
Provisions for liabilities			
Deferred taxation	18	(12,851)	(37,183)
		<u>3,247,639</u>	<u>2,584,199</u>
Capital and reserves			
Called-up share capital	22	100,000	100,000
Share premium account	23	1,221,878	1,221,878
Profit and loss account	23	1,925,761	1,262,321
Shareholders' funds	24	<u>3,247,639</u>	<u>2,584,199</u>

These accounts were approved by the directors and authorised for issue on 28 July 2014, and are signed on their behalf by

Mr P O McGeary
Director



The notes on page 11 to 24 form part of these financial statements

BLUE MACHINERY (GROUP) PLC
Registered Number 04868103

BALANCE SHEET

31 JANUARY 2014

		2014	2013
		£	£
Fixed assets			
Investments	12	1,271,879	1,271,879
Current assets			
Debtors	14	170,466	170,466
Cash at bank		10,610	10,610
		<u>181,076</u>	<u>181,076</u>
Creditors: Amounts falling due within one year	15	<u>-</u>	<u>-</u>
Net current assets		181,076	181,076
Total assets less current liabilities		<u>1,452,955</u>	<u>1,452,955</u>
Capital and reserves			
Called-up share capital	22	100,000	100,000
Share premium account	23	1,221,878	1,221,878
Profit and loss account	23	131,077	131,077
Shareholders' funds		<u>1,452,955</u>	<u>1,452,955</u>

These accounts were approved by the directors and authorised for issue on 28 July 2014, and are signed on their behalf by



Mr P O McGeary
 Director

The notes on page 11 to 24 form part of these financial statements

BLUE MACHINERY (GROUP) PLC

GROUP CASH FLOW

YEAR ENDED 31 JANUARY 2014

		2014		2013	
	Note	£	£	£	£
Net cash inflow/(outflow) from operating activities	25		1,965,640		(508,209)
Returns on investments and Servicing of finance					
Interest received		139		352	
Interest paid		(63,549)		(24,820)	
Interest element of hire purchase		(14,959)		(3,081)	
Net cash (outflow)/inflow from returns on investments and servicing of finance			(78,369)		(27,549)
Taxation			(513,529)		(207,354)
Capital expenditure					
Payments to acquire tangible fixed assets		(147,430)		(60,201)	
Receipts from sale of fixed assets		41,492		28,633	
Net cash outflow from capital expenditure			(105,938)		(31,568)
Equity dividends paid			(400,000)		(400,000)
Cash inflow/(outflow) before financing			867,804		(1,174,680)
Financing					
(Repayment of)/increase in stocking facility		(605,412)		1,638,323	
Capital element of hire purchase		(196,068)		(127,151)	
Net cash (outflow)/inflow from financing			(801,480)		1,511,172
Increase in cash	25		66,324		336,492

The notes on pages 11 to 24 form part of these financial statements

BLUE MACHINERY (GROUP) PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments, and in accordance with applicable accounting standards

Going concern

The group is trading profitably, has significant financial resources together with an established customer base. As a consequence the directors have a reasonable expectation that the group 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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006

Turnover

The turnover shown in the profit and loss account represents the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business. Turnover is shown net of Value Added Tax and recognised when goods are sold to customers

Goodwill

Negative goodwill in relation to non-monetary assets acquired has been amortised over the useful economic life of the assets to which it relates

Negative goodwill in excess of the fair value of non-monetary assets of £119,964 has been amortised in the profit and loss account over four years. This has arisen as the price paid for Blue Machinery (Fuchs) Limited recognised anticipated future losses

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows

Intangibles - 50% per annum straight line

BLUE MACHINERY (GROUP) PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

1 Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Short Leasehold Property	-	straight line over the life of the lease
Plant & Machinery	-	20% - 50% per annum straight line
Fixtures & Fittings	-	25% - 50% per annum straight line
Motor Vehicles	-	25%- 33% per annum straight line
Equipment	-	25% - 50% per annum straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

BLUE MACHINERY (GROUP) PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

1 Accounting policies (continued)

Investments

All investments are initially recorded at cost, less provision for impairment in value

2. Turnover

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

An analysis of turnover is given below

	2014	2013
	£	£
United Kingdom	18,221,807	21,336,866
Overseas	<u>1,222,353</u>	<u>2,210,536</u>
	<u>19,444,160</u>	<u>23,547,402</u>

3 Other operating income

	2014	2013
	£	£
Rent receivable	12,500	15,000
Other operating income	<u>250,000</u>	<u>240,000</u>
	<u>262,500</u>	<u>255,000</u>

4. Operating profit

Operating profit is stated after charging/(crediting)

	2014	2013
	£	£
Directors' remuneration	—	—
Amortisation of intangible assets	—	(8,227)
Depreciation of owned fixed assets	154,812	93,353
Depreciation of assets held under hire purchase agreements	54,214	105,628
Loss on disposal of fixed assets	3,129	3,487
Auditor's remuneration		
- as auditor	17,450	20,278
- for other services	7,550	3,000
Operating lease costs		
-Other	168,090	97,000
Net profit on foreign currency translation	<u>(56,391)</u>	<u>(380,575)</u>

BLUE MACHINERY (GROUP) PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2014	2013
	£	£
Audit – Parent Company	1,250	-
Audit – Subsidiary Companies	16,200	20,278
Accountancy services	4,250	1,500
Taxation services	3,300	1,500
	<u>25,000</u>	<u>23,278</u>

5. Particulars of employees

The average number of staff employed by the group during the financial year amounted to

	2014	2013
	No	No
Number of administrative staff	43	38
Number of management staff	5	6
	<u>48</u>	<u>44</u>

The aggregate payroll costs of the above were

	2014	2013
	£	£
Wages and salaries	1,843,879	1,877,801
Social security costs	203,718	215,091
	<u>2,047,597</u>	<u>2,092,892</u>

6 Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowing	10,047	4,724
Finance charges	14,959	3,081
Other similar charges payable	53,502	9,284
	<u>78,508</u>	<u>17,089</u>

BLUE MACHINERY (GROUP) PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2014 £	2013 £
In respect of the year		
UK Corporation tax	355,598	396,877
(Over)/under provision in prior year	<u>(3,741)</u>	<u>(21)</u>
	351,857	396,856
Deferred tax		
Origination and reversal of timing differences	<u>(24,332)</u>	<u>(15,148)</u>
Tax on profit on ordinary activities	<u>327,525</u>	<u>381,708</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23.16% (2013 24.13%)

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>1,390,965</u>	<u>1,584,181</u>
Profit on ordinary activities by rate of tax	322,148	382,357
Effects of		
Expenses not deductible for tax purposes	6,457	5,707
Capital allowances for period in excess of depreciation	26,993	21,768
Utilisation of tax losses	-	(12,955)
Adjustments to tax charge in respect of previous periods	<u>(3,741)</u>	<u>(21)</u>
Total current tax (note 7(a))	<u>351,857</u>	<u>396,856</u>

8 Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £400,000 (2013 - £400,000)

9 Dividends

Equity dividends

	2014 £	2013 £
Paid during the year		
Dividends on equity shares	<u>400,000</u>	<u>400,000</u>

BLUE MACHINERY (GROUP) PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

10. Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 February 2013 and 31 January 2014	<u>(111,064)</u>
Amortisation	
At 1 February 2013 and 31 January 2014	<u>(111,064)</u>
Net book value	
At 31 January 2014	<u>—</u>
At 31 January 2013	<u>—</u>

11. Tangible fixed assets

Group	Short Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Feb 2013	139,034	365,855	42,477	408,056	185,757	1,141,179
Additions	84,999	—	3,298	14,500	44,633	147,430
Disposals	—	—	—	(72,356)	—	(72,356)
At 31 Jan 2014	<u>224,033</u>	<u>365,855</u>	<u>45,775</u>	<u>350,200</u>	<u>230,390</u>	<u>1,216,253</u>
Depreciation						
At 1 Feb 2013	46,516	217,437	10,841	133,720	92,608	501,122
Charge for the year	14,119	41,871	10,988	107,081	34,967	209,026
On disposals	—	—	—	(27,735)	—	(27,735)
At 31 Jan 2014	<u>60,635</u>	<u>259,308</u>	<u>21,829</u>	<u>213,066</u>	<u>127,575</u>	<u>682,413</u>
Net book value						
At 31 Jan 2014	<u>163,398</u>	<u>106,547</u>	<u>23,946</u>	<u>137,134</u>	<u>102,815</u>	<u>533,840</u>
At 31 Jan 2013	<u>92,518</u>	<u>148,418</u>	<u>31,636</u>	<u>274,336</u>	<u>93,149</u>	<u>640,057</u>

Hire purchase agreements

Included within the net book value of £533,840 is £89,152 (2013 - £338,199) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £54,214 (2013 - £105,628).

BLUE MACHINERY (GROUP) PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

12 Investments

Company	Group companies £
Cost	
At 1 February 2013 and 31 January 2014	<u>1,271,879</u>
Net book value	
At 31 January 2014 and 31 January 2013	<u>1,271,879</u>

Name	Country of incorporation	Holding	Proportion of voting rights	Principal activity
Blue Machinery (Spares) Limited				Spares to quarrying and waste recycling and washing industries
	England & Wales	Ordinary shares	100%	Specialist waste handling equipment
Blue Machinery (Fuchs) Limited				
	England & Wales	Ordinary shares	100%	
Blue Machinery (Equipment) Limited	England & Wales	Ordinary shares	100%	Dormant

13 Stocks

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Finished goods	<u>4,076,407</u>	<u>4,556,586</u>	<u>-</u>	<u>-</u>

14 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	1,840,854	1,747,336	-	-
Amounts owed by group undertakings	-	-	120,466	120,466
Other debtors	509,910	529,947	50,000	50,000
Prepayments and accrued income	188,932	92,759	-	-
	<u>2,539,696</u>	<u>2,370,042</u>	<u>170,466</u>	<u>170,466</u>

BLUE MACHINERY (GROUP) PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

15 Creditors Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Stocking facility	1,032,911	1,638,323	-	-
Overdrafts	84,793	92,766	-	-
Trade creditors	1,829,171	2,111,149	-	-
Hire purchase agreements	243,168	125,895	-	-
Other creditors including taxation and social security				
Corporation tax	235,205	396,877	-	-
PAYE and social security	57,009	50,073	-	-
VAT	441,829	554,613	-	-
Other creditors	-	120,295	-	-
Accruals and deferred income	151,624	205,992	-	-
	<u>4,075,710</u>	<u>5,295,983</u>	<u>-</u>	<u>-</u>

Blue Machinery (Fuchs) Limited has a debenture in respect of the stocking facility created on 4 June 2010 which consists of a fixed and floating charge over the undertaking of all property and assets present and future, including goodwill, uncalled capital, buildings, fixtures, fixed plant & machinery

The bank overdrafts are secured by a debenture over the whole of the assets of Blue Machinery (Spares) Limited together with a cross guarantee given by Londel Limited in respect of Blue Machinery (Spares) Limited

The following liabilities disclosed under creditors falling due within one year are secured by the company

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Overdrafts	84,793	92,766	-	-
Stocking facility	1,032,911	1,638,323	-	-
Hire purchase agreements	243,168	125,895	-	-
	<u>1,360,872</u>	<u>1,856,984</u>	<u>-</u>	<u>-</u>

16. Creditors Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Hire purchase agreements	<u>320,711</u>	<u>97,937</u>	<u>-</u>	<u>-</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Hire purchase agreements	<u>320,711</u>	<u>97,937</u>	<u>-</u>	<u>-</u>

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17 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts payable within 1 year	243,168	125,895	-	-
Amounts payable between 2 and 5 years	320,711	97,937	-	-
	<u>563,879</u>	<u>223,832</u>	<u>-</u>	<u>-</u>

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

After the balance sheet date, £314,614 of hire purchase agreements disclosed under creditors falling due after more than one year were repaid following the sale of the stocks to which they related

18. Deferred taxation

The movement in the deferred taxation provision during the year was

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Provision brought forward	37,183	52,331	-	-
Decrease in provision	(24,332)	(15,148)	-	-
Provision carried forward	<u>12,851</u>	<u>37,183</u>	<u>-</u>	<u>-</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

Group	2014		2013	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>12,851</u>	<u>-</u>	<u>37,183</u>	<u>-</u>

19 Financial risk management objectives and policies

The group holds or issues financial instruments in order to achieve three main objectives, being

- (a) to finance its operations,
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and
- (c) for trading purposes

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations

Transactions in financial instruments result in the group assuming or transferring to another party one or more of the financial risks described below

BLUE MACHINERY (GROUP) PLC
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19. Financial risk management objectives and policies (continued)

Interest rate risk

The company finances its operations through a mixture of retained profits and borrowings. The company's exposure to interest fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Credit risk

The group monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through company bank accounts and borrowings facilities.

Currency risk

The group is exposed to transaction and translation foreign exchange risk. The group purchases spare parts in Euros and US Dollars. Hedge accounting is not used by the group since the directors do not consider the additional costs incurred in reducing exchange risk to be worthwhile.

20. Commitments under operating leases

At 31 January 2014 the group had annual commitments under non-cancellable operating leases as set out below:

Group	2014		2013	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	7,076	-	-	-
Within 2 to 5 years	-	21,944	-	13,438
After more than 5 years	72,000	-	90,000	-
	<u>79,076</u>	<u>21,944</u>	<u>90,000</u>	<u>13,438</u>

BLUE MACHINERY (GROUP) PLC
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21 Related party transactions

Control

Throughout the current and previous period, the company was under the control of the directors, Mr P O McGeary, Mr E J Donnelly, Mr B V Maxwell and Mr A Carey who own 100% of the share capital of Blue Machinery (Group) Plc

The following Transactions occurred during the period in which one or more directors had material interest

Blue Machinery (Central) Limited - Director: Mr P O McGeary

	2014 £	2013 £
Goods and services sold to Blue Machinery (Central) Ltd	430,210	441,401
Rent received from Blue Machinery (Central) Ltd	12,500	15,000
Goods and services purchased from Blue Machinery (Central) Ltd	30,819	12,596
Amount owed by Blue Machinery (Central) Ltd at the year end	104,862	64,769
Amount owed to Blue Machinery (Central) Ltd at the year end	—	1,468
Interest free loan owed to Blue Machinery (Central) Ltd	—	30,000

Blue Machinery (London) Limited - Director: Mr E J Donnelly

	2014 £	2013 £
Goods and services sold to Blue Machinery (London) Ltd	210,791	263,770
Goods and services purchased from Blue Machinery (London) Ltd	18,569	12,830
Amount owed by Blue Machinery (London) Ltd at the year end	102,369	62,450
Interest free loan owed to Blue Machinery (London) Ltd at the year end	—	30,000
Amounts owed to Blue Machinery (London) Ltd at the year end	6,222	—

Blue Machinery (Southern) Limited - Director: Mr B V Maxwell

	2014 £	2013 £
Goods sold and costs recharged to Blue Machinery (Southern) Ltd	504,619	344,419
Goods sold and costs purchased from Blue Machinery (Southern) Ltd	43,335	19,609
Amounts owed by Blue Machinery (Southern) Ltd at the year end	113,930	50,384
Amounts owed to Blue Machinery (Southern) Ltd at the year end	6,101	15,834
Interest free loan owed to Blue Machinery (Southern) Ltd at the year end	—	30,000

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21. Related party transactions (continued)

Blue Machinery (Scotland) Limited - Director: Mr A Carey

	2014 £	2013 £
Goods and services sold to Blue Machinery (Scotland) Ltd	358,862	357,383
Rent paid to Blue Machinery (Scotland) Ltd	25,000	25,000
Goods and services purchased from Blue Machinery (Scotland) Ltd	42,759	35,548
Amounts owed by Blue Machinery (Scotland) Ltd at the year end	112,761	95,045
Amounts owed to Blue Machinery (Scotland) Ltd at the year end	1,490	5,541
Interest free loan owed to Blue Machinery (Scotland) Ltd at the year end	-	30,000

Wear and Spare Parts Limited - All common shareholders

	2014 £	2014 £
Goods and services sold to Wear and Spare Parts Ltd	12,333	21,839
Goods and services purchased from Wear and Spare Parts Ltd	50,827	104,328
Interest free loan owed by Wear and Spare Parts Ltd	-	346,218
Amounts owed by Wear and Spare Parts Ltd at the year end	5,608	11,458
Amounts owed to Wear and Spare Parts Ltd at the year end	86,148	106,203

Londel Limited - All common shareholders

	2014 £	2014 £
Goods and services sold to Londel Ltd	-	45,525
Rent paid to Londel Ltd	72,000	72,000
Amounts owed by Londel Ltd at the year end	29,535	45,525

22 Share capital

Allotted, called up and fully paid

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

BLUE MACHINERY (GROUP) PLC
NOTES TO THE FINANCIAL STATEMENTS
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23. Reserves

Group	Share premium account £	Profit and loss account £
Balance brought forward	1,221,878	1,262,321
Profit for the year	–	1,063,440
Equity dividends	–	(400,000)
Balance carried forward	<u>1,221,878</u>	<u>1,925,761</u>

Company	Share premium account £	Profit and loss account £
Balance brought forward	1,221,878	131,077
Profit for the year	–	400,000
Equity dividends	–	(400,000)
Balance carried forward	<u>1,221,878</u>	<u>131,077</u>

24 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	1,063,440	1,202,473
Equity dividends	(400,000)	(400,000)
Net addition to shareholders' funds	<u>663,440</u>	<u>802,473</u>
Opening shareholders' funds	2,584,199	1,781,726
Closing shareholders' funds	<u>3,247,639</u>	<u>2,584,199</u>

25. Notes to the cash flow statement

**Reconciliation of operating profit to net cash inflow/(outflow)
from operating activities**

	2014 £	2013 £
Operating profit	1,469,334	1,600,918
Interest payable	–	10,812
Amortisation	–	(8,227)
Depreciation	209,026	198,981
Loss on disposal of fixed assets	3,129	3,487
Decrease/(increase) in stocks	1,016,295	(1,212,918)
(Increase)/decrease in debtors	(169,655)	482,089
Decrease in creditors	(562,489)	(1,583,351)
Net cash inflow/(outflow) from operating activities	<u>1,965,640</u>	<u>(508,209)</u>

BLUE MACHINERY (GROUP) PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2014

25 Notes to the cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

	2014		2013	
	£	£	£	£
Increase in cash in the period	66,324		336,492	
Net cash outflow from/(inflow) from stocking facility	605,412		(1,638,323)	
Cash outflow in respect of hire purchase	196,069		127,151	
Change in net debt resulting from cash flows		867,805		(1,174,680)
New finance leases		(536,116)		(89,434)
Movement in net debt in the period		331,689		(1,264,114)
Net debt at 1 February 2013		(1,506,304)		(242,190)
Net debt at 31 January 2014		(1,174,615)		(1,506,304)

Analysis of changes in net debt

	At 1 February 2013 £	Cash flows £	Non - cash movements	At 31 January 2014 £
Net cash				
Cash in hand and at bank	448,617	58,351	-	506,968
Overdrafts	(92,766)	7,973	-	(84,793)
	355,851	66,324	-	422,175
Debt				
Debt due within 1 year	(1,638,323)	605,412	-	(1,032,911)
Hire purchase agreements	(223,832)	196,069	(536,116)	(563,879)
	(1,862,155)	801,481	(536,116)	(1,596,790)
Net debt	(1,506,304)	867,805	(536,116)	(1,174,615)

26. Ultimate controlling party
Controlling parties

The company's ultimate controlling parties are the directors by virtue of their shareholdings in the issued share capital of the company