

**REGISTRAR OF
COMPANIES**

Company Registration No. 04868103 (England and Wales)

BLUE MACHINERY (GROUP) PLC

**REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2015**

TUESDAY



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BLUE MACHINERY (GROUP) PLC

COMPANY INFORMATION

Directors	Mr A Carey Mr B V Maxwell Mr E J Donnelly Mr P O McGeary
Secretary	Mr E J Donnelly
Company number	04868103
Registered office	Appleton Thorn Trading Estate Warrington Cheshire England WA4 4SN
Registered auditors	Baker Tilly UK Audit LLP 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

FOR THE YEAR ENDED 31 JANUARY 2015

The directors present the strategic report and financial statements for the year ended 31 January 2015.

Review of the business

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 £4.6M (2014 - £4.2M) and pre-tax profit of £1.3M (2014 - £1.4M). The balance sheet shows net current assets of £3.2M (2014 - £3.0M).

At the year end the group had shareholder funds of £3,680,291 (2014 - £3,247,639) including distributable profits of £2,358,413 (2014 - £1,925,761). The directors therefore believe the group'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.

Key performance indicators

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

Financial risk management objectives and policies

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

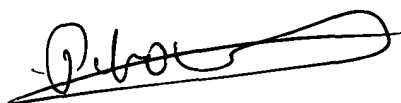
- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due; and
- match the repayment schedule of any external finance with the future cash flows expected to arise from the company's trading activities.

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 company to the uncertainty of exchange rate movements. Hedge accounting is not used by the company 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.

On behalf of the board



Mr P O McGeary

Director

23 July 2015

BLUE MACHINERY (GROUP) PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2015

The directors present their report and financial statements for the year ended 31 January 2015.

Principal activities

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.

Results and dividends

The group's trading profit for the year, after taxation was £1,032,652 (2014 profit £1,063,440).

Particulars of dividends paid are detailed in note 9 to the financial statements.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

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

Charitable donations

During the year the group made charitable donations of £2,050 (2014: £3,621)

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.

Disabled persons

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.

Financial instruments

Details of the group's financial risk management objectives and policies are included in note 23 to the accounts.

Auditors

Baker Tilly UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

BLUE MACHINERY (GROUP) PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2015

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

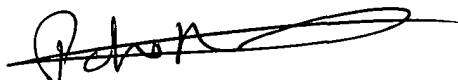
Policy on the payment of creditors

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 2015 was 38 days (2014 - 44 days).

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.

On behalf of the board



Mr P O McGeary

Director

23 July 2015

BLUE MACHINERY (GROUP) PLC

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015

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 of the group and of the profit or loss of the group for that period. 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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") on pages 6 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 more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 (APB'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 <http://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 2015 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.

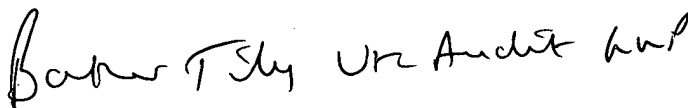
Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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.



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

27 July 2015

BLUE MACHINERY (GROUP) PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2015

	Notes	2015 £	2014 £
Turnover		19,540,987	19,444,160
Cost of sales		(14,939,244)	(15,230,020)
Gross profit		4,601,743	4,214,140
Administrative expenses		(3,427,618)	(3,007,306)
Other operating income	4	240,000	262,500
Operating profit		1,414,125	1,469,334
Interest receivable and similar income		82	139
Interest payable and similar charges	5	(91,382)	(78,508)
Profit on ordinary activities before taxation	6	1,322,825	1,390,965
Tax on profit on ordinary activities	7	(290,173)	(327,525)
Profit on ordinary activities after taxation	18	1,032,652	1,063,440

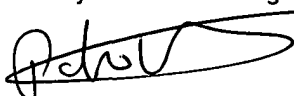
The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BLUE MACHINERY (GROUP) PLC
BALANCE SHEETS
AS AT 31 JANUARY 2015

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Fixed assets					
Tangible assets	11	777,030	533,840	-	-
Investments	12	-	-	1,271,879	1,271,879
		<u>777,030</u>	<u>533,840</u>	<u>1,271,879</u>	<u>1,271,879</u>
Current assets					
Stocks	13	4,006,559	4,076,407	-	-
Debtors	14	2,451,128	2,539,696	160,737	170,466
Cash at bank and in hand		412,972	506,968	10,548	10,610
		<u>6,870,659</u>	<u>7,123,071</u>	<u>171,285</u>	<u>181,076</u>
Creditors: amounts falling due within one year	15	(3,649,398)	(4,075,710)	-	-
Net current assets		<u>3,221,261</u>	<u>3,047,361</u>	<u>171,285</u>	<u>181,076</u>
Total assets less current liabilities		<u>3,998,291</u>	<u>3,581,201</u>	<u>1,443,164</u>	<u>1,452,955</u>
Creditors: amounts falling due after more than one year	16	(307,248)	(320,711)	-	-
Provisions for liabilities	17	(10,752)	(12,851)	-	-
Net assets		<u><u>3,680,291</u></u>	<u><u>3,247,639</u></u>	<u><u>1,443,164</u></u>	<u><u>1,452,955</u></u>
Capital and reserves					
Called up share capital	19	100,000	100,000	100,000	100,000
Share premium account	18	1,221,878	1,221,878	1,221,878	1,221,878
Profit and loss account	18	2,358,413	1,925,761	121,286	131,077
Shareholders' funds	20	<u><u>3,680,291</u></u>	<u><u>3,247,639</u></u>	<u><u>1,443,164</u></u>	<u><u>1,452,955</u></u>

The financial statements on pages 6 to 24 were approved by the Board of Directors and authorised for issue on 23 July 2015 and are signed on its behalf by:



Mr P O McGeary
 Director

BLUE MACHINERY (GROUP) PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2015

		2015	2014
		£	£
Net cash inflow from operating activities	25	1,489,530	1,965,641
Returns from investment and servicing of finance	25	(91,300)	(78,369)
Taxation		(411,034)	(513,529)
Capital expenditure and financial investment	25	(422,317)	(105,939)
Equity dividends		(600,000)	(400,000)
Cash (outflow)/inflow before management of liquid resources and financing		(35,121)	867,804
Financing	25	(49,794)	(801,480)
(Decrease)/increase in cash in the year		(84,915)	66,324

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

(Decrease)/increase in cash in the year		(84,915)	66,324
Net cash inflow from movement in debt and lease financing		49,794	801,480
Change in net debt resulting from cash flows		(35,121)	867,804
New finance leases		-	(536,115)
Movement in net debt in the year		(35,121)	331,689
Opening net debt		(1,174,615)	(1,506,304)
Closing net debt	25	(1,209,736)	(1,174,615)

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention 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 of 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
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Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold property	straight line over the life of the lease
Plant and machinery	25% - 50 % per annum straight line
Fixtures, fittings and equipment	25% - 50% per annum straight line
Motor vehicles	25% - 33% per annum straight line

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

1 Accounting policies (Continued)

Leasing and hire purchase commitments

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.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Stock

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

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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency translation

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 financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

2 Turnover (Continued)

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2015 £	2014 £
Geographical segment		
United Kingdom	18,674,221	18,221,807
Overseas	866,766	1,222,353
	<u>19,540,987</u>	<u>19,444,160</u>

3 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Number of administrative staff	44	43
Number of management staff	6	5
	<u>50</u>	<u>48</u>

Employment costs

	2015 £	2014 £
Wages and salaries	2,074,139	1,843,879
Social security costs	235,426	203,718
	<u>2,309,565</u>	<u>2,047,597</u>

4 Other operating income

	2015 £	2014 £
Recharges receivable	240,000	250,000
Rent receivable	-	12,500
	<u>240,000</u>	<u>262,500</u>

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

5	Interest payable and similar charges	2015 £	2014 £
	On bank loans and overdrafts	10,765	10,047
	Hire purchase interest	5,585	14,959
	On overdue tax	1,657	-
	Other interest	73,375	53,502
		<u>91,382</u>	<u>78,508</u>

6	Profit on ordinary activities before taxation	2015 £	2014 £
	Profit on ordinary activities before taxation is stated after charging/ (crediting):		
	Depreciation of tangible fixed assets		
	- owned	151,187	154,812
	- held under finance leases and hire purchase contracts	22,796	54,214
	Loss on disposal of tangible assets	5,146	3,129
	Operating lease rentals		
	- Plant and machinery	110,633	-
	- Other assets	169,233	168,090
		<u>169,233</u>	<u>168,090</u>

Auditors' remuneration

Amounts payable to Baker Tilly UK Audit LLP and its associates in respect of both audit and non-audit services were as follows

Audit services

- statutory audit of financial statements - (company £1,250; 2014: £1,250)

Accountancy services

Taxation services

20,000	17,450
2,800	4,150
1,500	3,400
<u>24,300</u>	<u>25,000</u>

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

7	Tax on profit on ordinary activities	2015	2014
		£	£
	Current tax		
	U.K. corporation tax	293,754	355,598
	Adjustment in respect of prior years	(1,482)	(3,741)
	Total current tax	<u>292,272</u>	<u>351,857</u>
	Deferred tax		
	Origination and reversal of timing differences	(2,099)	(24,332)
	Total deferred tax	<u>(2,099)</u>	<u>(24,332)</u>
	Total tax on profit on ordinary activities	<u>290,173</u>	<u>327,525</u>
	Factors affecting the tax charge for the year		
	The tax assessed for the year is higher than the standard rate of corporation tax of 21.32% (2014 - 23.16%). The differences are explained below:		
	Profit on ordinary activities before taxation	<u>1,322,825</u>	<u>1,390,965</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.32% (2014 - 23.16%)	<u>282,026</u>	<u>322,147</u>
	Effects of:		
	Expenses not deductible for tax purposes	6,899	6,457
	Fixed asset differences	1,902	-
	Depreciation for period in excess of capital allowance	3,137	26,994
	Adjustments to tax charge in respect of previous periods	(1,482)	(3,741)
	Other tax adjustments	(210)	-
		<u>10,246</u>	<u>29,710</u>
	Current tax charge for the year	<u>292,272</u>	<u>351,857</u>
8	Profit attributable to members of the parent company	2015	2014
		£	£
	Dealt with in the financial statements of the parent company	<u>590,209</u>	<u>400,000</u>

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

9	Dividends	2015 £	2014 £
	Dividends paid on ordinary shares	600,000	400,000

10	Intangible fixed assets Group	Goodwill £
	Cost	
	At 1 February 2014 & at 31 January 2015	111,064
	Amortisation	
	At 1 February 2014 & at 31 January 2015	111,064
	Net book value	
	At 31 January 2015	-
	At 31 January 2014	-

11	Tangible fixed assets Group	Short leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
	Cost					
	At 1 February 2014	224,033	365,855	276,166	350,201	1,216,255
	Additions	346,936	99,650	22,566	955	470,107
	Disposals	-	-	(3,510)	(158,956)	(162,466)
	At 31 January 2015	570,969	465,505	295,222	192,200	1,523,896
	Depreciation					
	At 1 February 2014	60,635	259,308	149,404	213,066	682,413
	On disposals	-	-	(4,453)	(105,077)	(109,530)
	Charge for the year	28,378	42,420	43,168	60,017	173,983
	At 31 January 2015	89,013	301,728	188,119	168,006	746,866
	Net book value					
	At 31 January 2015	481,956	163,777	107,103	24,194	777,030
	At 31 January 2014	163,398	106,547	126,761	137,134	533,840

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

11 Tangible fixed assets (Continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 31 January 2015	-	21,572	21,572
At 31 January 2014	25,539	63,613	89,152
Depreciation charge for the year			
At 31 January 2015	-	22,796	22,796
At 31 January 2014	10,423	43,791	54,214

12 Fixed asset investments Company

	Unlisted investments £
Cost	
At 1 February 2014 & at 31 January 2015	1,271,879
Net book value	
At 31 January 2015	1,271,879
At 31 January 2014	1,271,879

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	%
Subsidiary undertakings		Class	
Blue Machinery (Spares) Limited	England & Wales	Ordinary Shares	100.00
Blue Machinery (Fuchs) Limited	England & Wales	Ordinary Shares	100.00
Blue Machinery (Equipment) Limited	England & Wales	Ordinary Shares	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

12 Fixed asset investments (Continued)

Blue Machinery (Spares) Limited	Principal activity Supply of spares to quarrying and waste recycling and washing industries
Blue Machinery (Fuchs) Limited	Sellers of specialist waste handling equipment
Blue Machinery (Equipment) Limited	Dormant

13 Stocks

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Finished goods and goods for resale	4,006,559	4,076,407	-	-

14 Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	1,786,348	1,840,854	-	-
Amounts owed by group undertakings	-	-	110,737	120,466
Other debtors	403,888	509,910	50,000	50,000
Prepayments and accrued income	260,892	188,932	-	-
	<u>2,451,128</u>	<u>2,539,696</u>	<u>160,737</u>	<u>170,466</u>

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

15 Creditors : amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	148,463	84,793	-	-
Net obligations under finance lease and hire purchase contracts	5,917	243,168	-	-
Trade creditors	1,572,950	1,829,171	-	-
Corporation tax	116,443	235,205	-	-
Taxation and social security costs	438,431	498,838	-	-
Stocking facility	1,161,080	1,032,911	-	-
Accruals and deferred income	206,114	151,624	-	-
	<u>3,649,398</u>	<u>4,075,710</u>	<u>-</u>	<u>-</u>
Debt due in one year or less	<u>1,309,543</u>	<u>1,117,704</u>	<u>-</u>	<u>-</u>

The bank loans and overdraft of £148,463 (2014: £84,793), stocking facility of £1,161,080 (2014: £1,032,911) and the hire purchase agreement of £5,917 (2014: £243,168) disclosed under creditors falling due within one year are secured by the company.

The stocking finance is secured over the assets to which it relates.

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 bank loan is secured by a standard debenture over the assets of Blue Machinery (Fuchs) Limited.

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

16 Creditors : amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	307,248	-	-	-
Net obligations under finance leases and hire purchase agreements	-	320,711	-	-
	<u>307,248</u>	<u>320,711</u>	<u>-</u>	<u>-</u>
Analysis of debt maturity				
Wholly repayable within five years	1,616,791	1,032,911	-	-
Included in current liabilities	(1,309,543)	(1,032,911)	-	-
	<u>307,248</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt maturity analysis				
Amounts payable:				
In more than two years but not more than five years	307,248	-	-	-
	<u>307,248</u>	<u>-</u>	<u>-</u>	<u>-</u>

The hire purchase agreement of £Nil (2014: £320,711) disclosed under creditors falling due after more than year are secured by the company

Net obligations under finance leases and hire purchase contracts

Amounts payable:

Within one year	5,917	243,168	-	-
Within two to five years	-	320,711	-	-
	<u>5,917</u>	<u>563,879</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(5,917)	(243,168)	-	-
	<u>-</u>	<u>320,711</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.

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

17 Provisions for liabilities Group

	Deferred taxation £
Balance at 1 February 2014	12,851
Profit and loss account	(2,099)
Balance at 31 January 2015	<u>10,752</u>

The deferred tax liability is made up as follows:

	Group 2015 £	2014 £	Company 2015 £	2014 £
Accelerated capital allowances	<u>10,752</u>	<u>12,851</u>	<u>-</u>	<u>-</u>

18 Reserves Group

	Share premium account £	Profit and loss account £
Balance at 1 February 2014	1,221,878	1,925,761
Profit for the year	-	1,032,652
Dividends paid	-	(600,000)
Balance at 31 January 2015	<u>1,221,878</u>	<u>2,358,413</u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 February 2014	1,221,878	131,077
Profit for the year	-	590,209
Dividends paid	-	(600,000)
Balance at 31 January 2015	<u>1,221,878</u>	<u>121,286</u>

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

19	Share capital	2015	2014
		£	£
	Allotted, called up and fully paid		
	100,000 ordinary shares of £1 each	100,000	100,000
		<u> </u>	<u> </u>
20	Reconciliation of movements in shareholders' funds	2015	2014
	Group	£	£
	Profit for the financial year	1,032,652	1,063,440
	Dividends	(600,000)	(400,000)
		<u> </u>	<u> </u>
	Net addition to shareholders' funds	432,652	663,440
	Opening shareholders' funds	3,247,639	2,584,199
		<u> </u>	<u> </u>
	Closing shareholders' funds	3,680,291	3,247,639
		<u> </u>	<u> </u>
	Company	2015	2014
		£	£
	Profit for the financial year	590,209	400,000
	Dividends	(600,000)	(400,000)
		<u> </u>	<u> </u>
	Net depletion in shareholders' funds	(9,791)	-
	Opening shareholders' funds	1,452,955	1,452,955
		<u> </u>	<u> </u>
	Closing shareholders' funds	1,443,164	1,452,955
		<u> </u>	<u> </u>

21 Commitments under operating leases

At 31 January 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Within one year	-	7,076	5,612	-
Between two and five years	-	-	129,471	21,944
In over five years	132,000	72,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	132,000	79,076	135,083	21,944
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2015

22 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 each hold 25% of the issued share capital of Blue Machinery (Group) Plc.

23 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.

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.

24 Related party relationships and transactions

The following transactions occurred during the year in which one or more directors had material interest:

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

24 Related party relationships and transactions (Continued)

Blue Machinery (Central) Limited - Director: Mr P O McGeary	2015	2014
	£	£
Goods and services sold to Blue Machinery (Central) Limited	526,635	430,210
Amounts owed by Blue Machinery (Central) Limited at the year end	69,674	104,862
Rent received from Blue Machinery (Central) Limited	-	12,500
Goods and services purchased from Blue Machinery (Central) Ltd	6,167	30,819
Interest free loan owed to Blue Machinery (Central) Limited at year end	-	-
Amounts owed to Blue Machinery (Central) Limited at the year end	250	-
Londel Limited - all common shareholders	2015	2014
	£	£
Goods and services sold to Londel Limited	-	-
Rent paid to Londel Limited	72,000	72,000
Interest free loan owed by Londel Limited	44,604	29,535
Blue Machinery (London) Limited - Director: Mr E J Donnelly	2015	2014
	£	£
Goods and services sold to Blue Machinery (London) Limited	209,989	210,791
Amounts owed by Blue Machinery (London) Limited at the year end	44,402	102,369
Goods and services purchased from Blue Machinery (London) Ltd	4,405	18,569
Interest free loan owed to Blue Machinery (London) Limited at year end	-	-
Amounts owed to Blue Machinery (London) Limited at the year end	981	6,222
Blue Machinery (Southern) Limited - Director: Mr B V Maxwell	2015	2014
	£	£
Goods sold and costs recharged to Blue Machinery (Southern) Limited	819,064	504,619
Amounts owed by Blue Machinery (Southern) Limited at the year end	92,744	113,930
Goods sold and costs purchased from Blue Machinery (Southern) Limited	27,354	43,335
Interest free loan owed to Blue Machinery (Southern) Limited at year end	-	-
Amounts owed to Blue Machinery (Southern) Limited at the year end	3,860	6,101
Blue Machinery (Scotland) Limited - Director: Mr A Carey	2015	2014
	£	£
Goods and services sold to Blue Machinery (Scotland) Ltd	458,879	358,862
Amounts owed by Blue Machinery (Scotland) Limited at the year end	105,118	112,761
Rent paid to Blue Machinery (Scotland) Ltd	25,000	25,000
Goods and services purchased from Blue Machinery (Scotland) Ltd	33,123	42,759
Interest free loan owed to Blue Machinery (Scotland) Limited at year end	-	-
Amounts owed to Blue Machinery (Scotland) Limited at the year end	760	1,490

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

24 Related party relationships and transactions (Continued)

Wear and Spare Parts Limited - all common shareholders	2015	2014
	£	£
Goods and services sold to Wear and Spare Parts Ltd	383,369	12,223
Amounts owed by Wear and Spare Parts Limited at the year end	117,597	5,608
Goods and services purchased from Wear and Spare Parts Ltd	11,023	50,827
Amounts owed to Wear and Spare Parts Limited at the year end	-	86,148
Interest free loan owed by Wear and Spare Parts Limited	149,310	287,208

Blue MAC (Manufacturing) Limited - Director: Mr P O McGeary	2015	2014
	£	£
Amounts owed to Blue MAC (Manufacturing) Limited at the year end	(1,201)	-
Goods purchased and costs recharged	80,247	-

Mr P O McGeary, Mr E J Donnelly, Mr B V Maxwell and Mr A Carey each own 12.5% of the issued share capital of Blue MAC (Manufacturing) Limited.

The company has taken exemption, available under Financial Reporting Standard 8, not to disclose transactions with companies 100% owned by the company.

Each of the directors received £150,000 (2014 - £100,000) in dividends paid by the company during the year.

25 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities	2015	2014
	£	£
Operating profit	1,414,125	1,469,334
Depreciation of tangible assets	173,983	209,026
on disposal of tangible assets	5,146	3,129
Decrease/(increase) in stocks	69,848	1,016,295
(Increase)/decrease in debtors	88,568	(169,654)
Decrease in creditors	(262,140)	(562,489)
Net cash inflow from operating activities	1,489,530	1,965,641

Analysis of cash flows for headings netted in the cash flow statement

	2015	2014
	£	£
Returns on investments and servicing of finance		
Interest received	82	139
Interest paid	(91,382)	(78,508)
Net cash outflow for returns on investments and servicing of finance	(91,300)	(78,369)

BLUE MACHINERY (GROUP) PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2015

25 Notes to the cash flow statement (Continued)

Capital expenditure and financial investment

Purchase of tangible assets	(470,107)	(147,431)
Receipts from sale of tangible assets	47,790	41,492

Net cash outflow from capital expenditure & financial investment	(422,317)	(105,939)
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Financing

New long term loans	400,000	-
Repayments of long term loans	(20,001)	-
Capital element of hire purchase contract payments	(557,962)	(196,068)
Increase/(decrease) in stocking facility	128,169	(605,412)

Net cash outflow from financing	(49,794)	(801,480)
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Analysis of net debt

	1 February 2014 £	Cash flow £	Other non- cash changes £	31 January 2015 £
Net cash:				
Cash at bank and in hand	506,968	(93,996)	-	412,972
Bank overdrafts	(84,793)	9,081	-	(75,712)
Finance leases	(563,879)	557,962	-	(5,917)
Debts falling due within one year	(1,032,911)	(200,920)	-	(1,233,831)
Debts falling due after one year	-	(307,248)	-	(307,248)
Net debt	(1,174,615)	(35,121)	-	(1,209,736)