

Registered number
01646981

CHARLES MUDDLE LIMITED
DIRECTORS' REPORT AND AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011

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COMPANIES HOUSE

CHARLES MUDDLE LIMITED

COMPANY INFORMATION

Directors

C J E Muddle
S J Muddle

Secretary

Mrs M J Muddle

Auditor

Spofforths LLP
One Jubilee Street
Brighton
East Sussex
BN1 1GE

Registered office

Third Floor South
One Jubilee Street
Brighton
East Sussex
BN1 1GE

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CHARLES MUDDLE LIMITED

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CHARLES MUDDLE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2011

The directors present their report and audited financial statements for the year ended 31 July 2011

Principal activities

The company's principal activity during the year continued to be that of scrap metal dealers and vehicle breakers yard operators

Key performance indicators considered by the company

The company saw an increase to turnover by 31% in the year

The gross profit margin has fallen to 13% compared to 17% in 2010

Principal risks and uncertainties facing the company

The directors believe the main risks faced by the company are:

customers going into administration due to the current economic climate

the company's bank going into administration.

Dividends

The profit for the year, after taxation, amounted to £1,300,538 (2010: £1,179,084). The directors do not recommend that any dividends are paid.

Directors

The directors who served during the year were as follows:

C J E Muddle
S J Muddle

Directors' responsibilities

The directors are responsible for preparing the report and financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 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.

CHARLES MUDDLE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2011

Disclosure of information to the auditor

Each person who was a director at the time this report was approved confirms that

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

This report was approved by the board on 16/3/12 and signed on its behalf.



S J Muddle
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHARLES MUDDLE LIMITED

We have audited the financial statements of Charles Muddle Limited for the year ended 31 July 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 the auditor

As explained more fully in the Statement of Directors' Responsibilities, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2011 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Stephen Kirkham FCA
(Senior Statutory Auditor)
for and on behalf of
Spofforths LLP
Chartered Accountants and Statutory Auditor

One Jubilee Street
Brighton
East Sussex
BN1 1GE

26 March 2012

CHARLES MUDDLE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £	2010 £
Turnover	2	16,255,935	12,363,822
Cost of sales		(14,124,830)	(10,224,564)
Gross profit		<u>2,131,105</u>	<u>2,139,258</u>
Administrative expenses		(348,349)	(502,459)
Operating profit	3	<u>1,782,756</u>	<u>1,636,799</u>
Interest receivable		1,598	1,223
Interest payable	6	(12,771)	(406)
Profit on ordinary activities before taxation		<u>1,771,583</u>	<u>1,637,616</u>
Tax on profit on ordinary activities	7	(471,045)	(458,532)
Profit for the financial year		<u><u>1,300,538</u></u>	<u><u>1,179,084</u></u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years

CHARLES MUDDLE LIMITED

BALANCE SHEET

AS AT 31 JULY 2011

Registered number: 01646981

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	8		1,940,786		1,858,209
Current assets					
Stocks	9	170,230		122,000	
Debtors	10	3,886,826		3,442,497	
Cash at bank and in hand		2,558,983		1,465,069	
		<u>6,616,039</u>		<u>5,029,566</u>	
Creditors: amounts falling due within one year	11	(1,470,665)		(1,034,113)	
Net current assets			<u>5,145,374</u>		<u>3,995,453</u>
Total assets less current liabilities			<u>7,086,160</u>		<u>5,853,662</u>
Creditors: amounts falling due after more than one year	12	(61,550)		(122,028)	
Provisions for liabilities					
Deferred taxation	14	(172,807)		(180,369)	
			<u>6,851,803</u>		<u>5,551,265</u>
Capital and reserves					
Called up share capital	15		75		75
Profit and loss account	16		6,851,728		5,551,190
Shareholders' funds	17		<u>6,851,803</u>		<u>5,551,265</u>

The financial statements were approved by the board and authorised for issue on 16/3/12, and signed on its behalf by



S J Muddle
Director

CHARLES MUDDLE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2011

	Notes	2011 £	2010 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		1,782,756	1,636,799
Depreciation charges		352,058	342,395
Profit on sale of fixed asset		(3,885)	(60,181)
Increase in stocks		(48,230)	(3,000)
Increase in debtors		(444,329)	(699,000)
Increase in creditors		464,974	99,820
Net cash inflow from operating activities		2,103,344	1,316,833
CASH FLOW STATEMENT			
Net cash inflow from operating activities		2,103,344	1,316,833
Returns on investments and servicing of finance	18	(11,173)	817
Taxation		(507,307)	(472,865)
Capital expenditure	18	(430,750)	6,688
		1,154,114	851,473
Financing	18	(60,200)	(107,349)
Increase in cash		1,093,914	744,124
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		1,093,914	744,124
Decrease in debt and lease financing		60,200	107,349
New finance leases		-	(293,044)
Change in net debt	19	1,154,114	558,429
Net funds at 1 August		1,279,374	720,945
Net funds at 31 July		2,433,488	1,279,374

CHARLES MUDDLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently.

Turnover

Turnover represents the value, net of VAT and discounts, of goods provided to customers.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Plant and machinery	20% per annum reducing balance
Motor vehicles	25% per annum reducing balance

Stocks

Stocks are consistently valued at the lower of cost and net realisable value.

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Operating lease commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Finance lease and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Pensions

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

CHARLES MUDDLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

2 Analysis of turnover	2011	2010
	£	£
By geographical market		
UK	16,255,935	<i>12,362,586</i>
Rest of world	-	<i>1,236</i>
	<u>16,255,935</u>	<u>12,363,822</u>
 3 Operating profit	 2011	 2010
	£	£
This is stated after charging		
Depreciation of owned fixed assets	294,426	<i>337,511</i>
Depreciation of assets held under finance leases and hire purchase contracts	57,632	<i>4,884</i>
Operating lease rentals - land buildings	20,250	<i>20,250</i>
Auditors' remuneration for audit services	3,410	<i>3,250</i>
Gain/(loss) on foreign exchange	<u>(14,356)</u>	<u>4,947</u>
 4 Directors' emoluments	 2011	 2010
	£	£
Emoluments	68,013	<i>66,346</i>
Company contributions to defined contribution pension schemes	-	<i>255,000</i>
	<u>68,013</u>	<u>321,346</u>
 Number of directors in company pension schemes:	 2011	 2010
	Number	Number
Defined contribution schemes	<u>1</u>	<u>1</u>

CHARLES MUDDLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

5 Staff costs	2011	2010
	£	£
Wages and salaries	579,871	<i>530,918</i>
Social security costs	56,414	<i>50,912</i>
	636,285	<i>581,830</i>
Average number of employees during the year	Number	<i>Number</i>
Production	27	<i>26</i>
6 Interest payable	2011	2010
	£	£
Other loans	4,433	-
Finance charges payable under finance leases and hire purchase contracts	8,338	<i>406</i>
	12,771	<i>406</i>
7 Taxation	2011	2010
	£	£
Analysis of charge in year		
Current tax		
UK corporation tax on profits of the period	478,608	<i>444,812</i>
Deferred tax		
Origination and reversal of timing differences	(7,563)	<i>13,720</i>
Tax on profit on ordinary activities	471,045	<i>458,532</i>

CHARLES MUDDLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

7 Taxation continued

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2011 £	2010 £
Profit on ordinary activities before tax	<u>1,771,583</u>	<u>1,637,616</u>
Standard rate of corporation tax in the UK	26%	28%
Profit on ordinary activities multiplied by the standard rate of corporation tax	£ 460,612	£ 458,532
Effects of		
Expenses not deductible for tax purposes	(60)	-
Capital allowances for period in excess of depreciation	(5,320)	(13,720)
Due to different tax rates	23,376	-
Current tax charge for period	<u>478,608</u>	<u>444,812</u>

8 Tangible fixed assets

	Land and buildings £	Motor vehicles £	Plant and machinery £	Total £
Cost				
At 1 August 2010	231,458	486,219	3,432,597	4,150,274
Additions	-	18,000	422,750	440,750
Disposals	-	-	(18,660)	(18,660)
At 31 July 2011	<u>231,458</u>	<u>504,219</u>	<u>3,836,687</u>	<u>4,572,364</u>
Depreciation				
At 1 August 2010	29,853	322,719	1,939,493	2,292,065
Charge for the year	-	42,375	309,683	352,058
On disposals	-	-	(12,545)	(12,545)
At 31 July 2011	<u>29,853</u>	<u>365,094</u>	<u>2,236,631</u>	<u>2,631,578</u>
Net book value				
At 31 July 2011	<u>201,605</u>	<u>139,125</u>	<u>1,600,056</u>	<u>1,940,786</u>
<i>At 31 July 2010</i>	<u>201,605</u>	<u>163,500</u>	<u>1,493,104</u>	<u>1,858,209</u>

	2011 £	2010 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	<u>230,528</u>	<u>288,160</u>

CHARLES MUDDLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

9 Stocks	2011	2010
	£	£
Finished goods and goods for resale	<u>170,230</u>	<u>122,000</u>
10 Debtors	2011	2010
	£	£
Trade debtors	858,420	517,600
Amounts owed by group undertakings	2,859,679	2,917,243
Other debtors	159,070	-
Prepayments and accrued income	9,657	7,654
	<u>3,886,826</u>	<u>3,442,497</u>
11 Creditors: amounts falling due within one year	2011	2010
	£	£
Obligations under finance lease and hire purchase contracts	63,945	63,667
Trade creditors	902,649	415,210
Amounts owed to group undertakings	31,525	22,507
Corporation tax	256,112	284,812
Other taxes and social security costs	18,929	144,602
Directors' loan accounts	5,556	6,859
Other creditors	2,971	-
Accruals and deferred income	188,978	96,456
	<u>1,470,665</u>	<u>1,034,113</u>
12 Creditors: amounts falling due after more than one year	2011	2010
	£	£
Obligations under finance lease and hire purchase contracts	<u>61,550</u>	<u>122,028</u>
13 Obligations under finance leases and hire purchase contracts	2011	2010
	£	£
Amounts payable		
Within one year	63,945	63,667
Within two to five years	61,550	122,028
	<u>125,495</u>	<u>185,695</u>

CHARLES MUDDLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

14 Deferred taxation		2011	2010
		£	£
At 1 August		180,369	<i>166,649</i>
Deferred tax (credit)/charge in profit and loss account		(7,562)	<i>13,720</i>
At 31 July		<u>172,807</u>	<i><u>180,369</u></i>
Deferred tax is made up as follows:			
Accelerated capital allowances		<u>(5,320)</u>	<i><u>(13,720)</u></i>
15 Share capital	Nominal value	2011 Number	2011 £
			2010 £
Allotted, called up and fully paid.			
Ordinary shares	£1 each	<u>75</u>	<i><u>75</u></i>
16 Profit and loss account		2011	
		£	
At 1 August 2010		5,551,190	
Profit for the financial year		<u>1,300,538</u>	
At 31 July 2011		<u>6,851,728</u>	
17 Reconciliation of movement in shareholders' funds		2011	2010
		£	£
At 1 August		5,551,265	<i>4,372,181</i>
Profit for the financial year		<u>1,300,538</u>	<i><u>1,179,084</u></i>
At 31 July		<u>6,851,803</u>	<i><u>5,551,265</u></i>

CHARLES MUDDLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

18 Gross cash flows	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	1,598	1,223
Interest paid	(4,433)	-
Interest element of finance lease rental payments	(8,338)	(406)
	<u>(11,173)</u>	<u>817</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(440,750)	(112,963)
Receipts from sales of tangible fixed assets	10,000	119,651
	<u>(430,750)</u>	<u>6,688</u>
Financing		
Capital element of finance lease rental payments	<u>(60,200)</u>	<u>(107,349)</u>

19 Analysis of changes in net debt

	At 1 Aug 2010	Cash flows	Non-cash changes	At 31 Jul 2011
	£	£	£	£
Cash at bank and in hand	1,465,069	1,093,914	-	2,558,983
Finance leases	(185,695)	60,200	-	(125,495)
Total	<u>1,279,374</u>	<u>1,154,114</u>	<u>-</u>	<u>2,433,488</u>

20 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	Land and buildings
	2011	2010
	£	£
Operating leases which expire		
within one year	15,188	-
within two to five years	-	20,250
	<u>15,188</u>	<u>20,250</u>

CHARLES MUDDLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

21 Contingent liabilities

Charles Muddle Limited has an obligation, included in the lease agreement with Shoreham Port Authority, to guarantee a minimum throughput of 28,000 tonnes of scrap metal per annum. Should the throughput of scrap metal be less than 28,000 tonnes per annum, Charles Muddle Limited are obligated to pay an additional sum. This equates to the cargo dues at the rate then applicable on the shortfall plus vessel dues and pilotage at the current rate then applicable on vessels necessary to carry that quantity of scrap materials. The throughput of scrap metal exceeds this minimum obligation to such an extent as make it highly unlikely for this to have any financial effect.

22 Related parties

S J Muddle

Director of the company

During the year S J Muddle provided the company with an interest free loan. The balance outstanding at the year end was £5,556 (2010 £6,859).

Solar Metals Limited

A company controlled by S J Muddle

Goods and services worth £9,611,880 (2010 £8,647,523) were sold to Solar Metals Limited, and goods and services worth £1,833,927 (2010 £1,271,539) were purchased from them.

The company has also provided an unlimited cross guarantee to Barclays Bank PLC on behalf of this related company.

At the balance sheet date, Solar Metals Limited owed Charles Muddle Limited £2,859,679 (2010 £2,917,243).

Blaker (Specialised Welding Repairs) Limited

A company controlled by S J Muddle

Goods and services worth £222,280 (2010 £245,701) were purchased from Blaker (Specialised Welding Repairs) Limited. The company has also provided an unlimited cross guarantee to Barclays Bank PLC on behalf of this related company.

At the balance sheet date, Charles Muddle Limited owed Blaker (Specialised Welding Repairs) Limited £31,525 (2010 £22,507).

C J E Muddle and S J Muddle

Directors of the company

The directors have provided a personal guarantee to Barclays Bank PLC on behalf of Charles Muddle Limited. This guarantee is limited to £60,000.

23 Ultimate controlling party

In the directors' opinion the company is owned by S J Muddle who owns 100% of the shares in the company.

CHARLES MUDDLE LIMITED

MANAGEMENT PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2011

	2011	2010
	£	£
Sales	16,255,935	12,363,822
Cost of sales		
Opening stock	122,000	119,000
Purchases	11,687,552	8,102,216
Vehicle costs	68,535	54,414
Fuel	559,855	446,234
Wages & NIC	563,286	510,207
Tipping fees	411,876	252,770
Machinery repairs	479,350	465,439
Oxygen for welding	4,455	3,886
Subcontractor costs	15,003	12,173
Depreciation of plant and machinery	309,682	292,077
Commissions payable	-	12,677
Port costs	1,197	2,327
Vessel insurance	14,506	13,522
Vessel charter	22,000	22,000
Premises rent and license	35,763	37,622
Closing stock	(170,230)	(122,000)
	(14,124,830)	(10,224,564)
Gross profit	2,131,105	2,139,258
Less expenses		
Administrative expenses	348,349	502,459
	(348,349)	(502,459)
Profit before interest	1,782,756	1,636,799
Interest payable		
Interest payable	12,771	406
	(12,771)	(406)
Interest receivable		
Interest receivable	1,598	1,223
Profit for the financial year	1,771,583	1,637,616

CHARLES MUDDLE LIMITED**MANAGEMENT PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 JULY 2011**

	£	£
Analysis of expenses		
Administrative expenses		
Employee costs:		
Directors' salaries	66,067	64,400
Directors' national insurance	6,932	7,223
Directors' pension costs	-	255,000
Staff training and welfare	2,565	1,019
Travel and subsistence	887	430
Premises costs:		
Rates	26,025	26,065
Light and heat	3,927	3,792
General administrative expenses:		
Telecommunication costs	4,918	4,802
Printing, postage and stationery	1,850	2,163
Subscriptions	5,604	3,120
Bank charges	2,222	1,216
Insurance	48,367	51,970
Computer costs	1,875	1,047
Repairs and maintenance	84,030	29,841
Staff workwear	5,504	4,227
Profit on sale of fixed asset	(3,885)	(60,181)
Depreciation	42,375	50,318
Bad debts	(508)	2,471
Exchange differences	(14,356)	4,947
Sundry expenses	7,045	4,710
Legal and professional costs:		
Audit fees	3,410	3,250
Accountancy fees	12,090	7,500
Legal and professional fees	7,119	7,455
Advertising and PR	34,286	25,674
	348,349	502,459