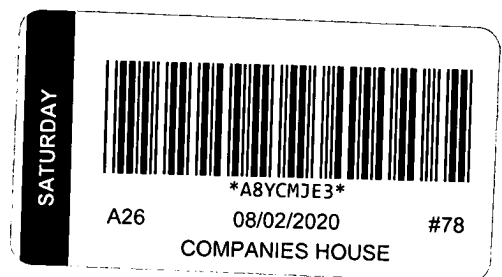


**Registered number: 01646981**

**Charles Muddle Limited**

**Annual Report and Financial Statements**

**For the Year Ended 31 July 2019**



## **Charles Muddle Limited**

### **Company Information**

#### **Directors**

Mr S J Muddle  
Mr M S Blacklock  
Mr J J C Muddle

#### **Company secretary**

Mrs M J Muddle

#### **Registered number**

01646981

#### **Registered office**

Adversane Lane  
Adversane  
Billingshurst  
West Sussex  
RH14 9EG

#### **Independent auditors**

Kreston Reeves LLP  
Chartered Accountants & Statutory Auditor  
A2 Yeoman Gate  
Yeoman Way  
Worthing  
West Sussex  
BN13 3QZ

# **Charles Muddle Limited**

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**Strategic Report  
For the Year Ended 31 July 2019**

**Introduction**

The Directors present their strategic report for the year ended 31 July 2019.

**Business review**

The Company experienced a 17.10% decrease in turnover as a result of a fall in metal prices and lower activity in export markets. The reduction in gross margin to 10.1% (2018: 19.1%) is due to a fall in turnover whilst trading in a competitive market reducing achievable margins, together with an increase in direct processing costs

**Principal risks and uncertainties**

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

1. The international economic climate and the world-wide demand for finished steel products
2. The volatility of the foreign currency markets, and
3. Increasing regulations being introduced to improve the quality of scrap metal

**Financial key performance indicators**

The Company's key financial performance indicators during the year were as follows:

	2019	2018
	£	£
Profit for the year after taxation	367,675	1,950,191
Dividend paid during the year	30,000	21,000

This report was approved by the board and signed on its behalf.



.....  
**Mr S J Muddle**  
Director  
Date: 30 January 2020

**Directors' Report  
For the Year Ended 31 July 2019**

The directors present their report and the financial statements for the year ended 31 July 2019.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

**Principal activity**

The principal activity of the company is the purchase and sale of scrap metal.

**Dividends**

The profit for the year, after taxation, amounted to £385,603 (2018 - £1,950,191).

Dividends for the year amounted to £30,000 (2018 - £21,000).

**Directors**

The directors who served during the year were:

Mr S J Muddle  
Mr M S Blacklock  
Mr J J C Muddle

**Future developments**

The company will continue to invest in modern and environmentally friendly handling and sorting technologies.

**Matters covered in the strategic report**

The Business review, Principal risks and uncertainties and Financial key performance indicators have been included within the Strategic Report on page 1 of the financial statements.

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

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....  
**Mr S J Muddle**  
Director  
Date: 30 January 2020

**Independent Auditors' Report to the Shareholders of Charles Muddle Limited**

**Opinion**

We have audited the financial statements of Charles Muddle Limited (the 'Company') for the year ended 31 July 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**Independent Auditors' Report to the Shareholders of Charles Muddle Limited (continued)**

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



**Independent Auditors' Report to the Shareholders of Charles Muddle Limited (continued)**

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Independent Auditors' Report to the Shareholders of Charles Muddle Limited (continued)**

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Simon Webber', with a long horizontal flourish extending to the right.

Simon Webber BA, FCA, DChA (Senior Statutory Auditor)  
for and on behalf of  
**Kreston Reeves LLP**  
Chartered Accountants  
Statutory Auditor  
Worthing

5 February 2020

**Statement of Comprehensive Income  
For the Year Ended 31 July 2019**

	Note	2019 £	2018 £
Turnover	4	13,910,634	16,779,862
Cost of sales		(12,506,753)	(13,571,604)
<b>Gross profit</b>		<b>1,403,881</b>	<b>3,208,258</b>
Administrative expenses		(1,020,578)	(851,835)
Other operating income	5	35,000	30,000
<b>Operating profit</b>	6	<b>418,303</b>	<b>2,386,423</b>
Interest receivable and similar income	10	24,229	7,805
<b>Profit before tax</b>		<b>442,532</b>	<b>2,394,228</b>
Tax on profit	11	(90,247)	(444,037)
<b>Profit for the financial year</b>		<b>352,285</b>	<b>1,950,191</b>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 12 to 22 form part of these financial statements.

Balance Sheet  
As at 31 July 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	3,055,651	3,051,128
		<u>3,055,651</u>	<u>3,051,128</u>
<b>Current assets</b>			
Stocks	14	892,985	530,848
Debtors: amounts falling due within one year	15	4,717,601	5,731,418
Cash at bank and in hand		6,446,598	6,120,731
		<u>12,057,184</u>	<u>12,382,997</u>
Creditors: amounts falling due within one year	16	(1,219,349)	(1,862,574)
<b>Net current assets</b>		<u>10,837,835</u>	<u>10,520,423</u>
<b>Total assets less current liabilities</b>		<u>13,893,486</u>	<u>13,571,551</u>
<b>Provisions for liabilities</b>			
Deferred tax	17	(212,444)	(212,794)
		<u>(212,444)</u>	<u>(212,794)</u>
<b>Net assets</b>		<u><u>13,681,042</u></u>	<u><u>13,358,757</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	75	75
Profit and loss account		13,680,967	13,358,682
		<u><u>13,681,042</u></u>	<u><u>13,358,757</u></u>

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



Mr S J Muddle  
Director  
Date: 30 January 2020

The notes on pages 12 to 22 form part of these financial statements.

**Charles Muddle Limited**

**Statement of Changes in Equity  
For the Year Ended 31 July 2019**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 August 2017</b>	<b>75</b>	<b>11,429,491</b>	<b>11,429,566</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,950,191	1,950,191
Dividends: Equity capital	-	(21,000)	(21,000)
<b>At 1 August 2018</b>	<b>75</b>	<b>13,358,682</b>	<b>13,358,757</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	352,285	352,285
Dividends: Equity capital	-	(30,000)	(30,000)
<b>At 31 July 2019</b>	<b>75</b>	<b>13,680,967</b>	<b>13,681,042</b>

The notes on pages 12 to 22 form part of these financial statements.

**Charles Muddle Limited**

**Statement of Cash Flows  
For the Year Ended 31 July 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	352,285	1,950,191
<b>Adjustments for:</b>		
Depreciation of tangible assets	632,834	661,059
Loss on disposal of tangible assets	76,351	(13,704)
Interest received	(24,229)	(7,805)
Taxation charge	90,247	444,037
(Increase)/decrease in stocks	(362,137)	172,456
Decrease/(increase) in debtors	1,013,817	(539,476)
(Decrease)/increase in creditors	(380,822)	622,950
Corporation tax (paid)	(353,000)	(374,304)
<b>Net cash generated from operating activities</b>	<u>1,045,346</u>	<u>2,915,404</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(722,485)	(644,438)
Sale of tangible fixed assets	8,777	58,500
Interest received	24,229	7,805
<b>Net cash from investing activities</b>	<u>(689,479)</u>	<u>(578,133)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(30,000)	(21,000)
<b>Net cash used in financing activities</b>	<u>(30,000)</u>	<u>(21,000)</u>
<b>Net increase in cash and cash equivalents</b>	325,867	2,316,271
Cash and cash equivalents at beginning of year	6,120,731	3,804,460
<b>Cash and cash equivalents at the end of year</b>	<u><u>6,446,598</u></u>	<u><u>6,120,731</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	6,446,598	6,120,731
	<u><u>6,446,598</u></u>	<u><u>6,120,731</u></u>

The notes on pages 12 to 22 form part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended 31 July 2019**

**1. General information**

The company is a private company, limited by share capital, incorporated in England and Wales with the registration number 01646981.

The address of its registered office is The Yard, Adversane Lane, Billingshurst, West Sussex RH14 9EG.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.3 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Notes to the Financial Statements  
For the Year Ended 31 July 2019**

**2. Accounting policies (continued)**

**2.4 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.5 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.6 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.



**Notes to the Financial Statements  
For the Year Ended 31 July 2019**

**2. Accounting policies (continued)**

**2.7 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as detailed below.

Depreciation is provided on the following basis:

Freehold property	-	5% straight line or 10% straight line
Plant and machinery	-	20% reducing balance
Motor vehicles	-	25% reducing balance
Office equipment	-	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

**2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

**2.9 Debtors**

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

**2.10 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.11 Creditors**

Short term creditors are measured at the transaction price.

**2.12 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Notes to the Financial Statements  
For the Year Ended 31 July 2019**

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

**Judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**Key sources of estimation uncertainty**

**Stock estimation**

The estimation value of scrap metal held as stock includes assumptions with regards to the quality of the scrap and its quantification. The estimation is undertaken by an internal member of staff based on his knowledge and experience. The carrying amount is £892,985 (2018 - £530,848).

**4. Turnover**

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	13,874,331	15,845,026
Rest of Europe	36,303	-
Rest of the world	-	934,836
	<u>13,910,634</u>	<u>16,779,862</u>

**5. Other operating income**

	2019 £	2018 £
Management charges	35,000	30,000
	<u>35,000</u>	<u>30,000</u>

**6. Operating profit**

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	(2,882)	(337)
	<u>(2,882)</u>	<u>(337)</u>

**Charles Muddle Limited**

**Notes to the Financial Statements  
For the Year Ended 31 July 2019**

**7. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>9,385</u>	<u>8,960</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Accounts preparation work, payroll and tax planning advice	<u>5,115</u>	<u>4,650</u>
	<u>5,115</u>	<u>4,650</u>

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	1,188,273	1,087,470
Social security costs	119,910	110,686
Cost of defined contribution scheme	35,248	64,562
	<u>1,343,431</u>	<u>1,262,718</u>

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

	2019 No.	2018 No.
Directors	3	3
Production	30	26
Administration	5	7
	<u>38</u>	<u>36</u>

# Charles Muddle Limited

## Notes to the Financial Statements For the Year Ended 31 July 2019

### 9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	218,485	200,110
Company contributions to defined contribution pension schemes	2,333	1,778
	<u>220,818</u>	<u>201,888</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

### 10. Interest receivable

	2019 £	2018 £
Other interest receivable	24,229	7,805
	<u>24,229</u>	<u>7,805</u>

### 11. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	90,597	482,696
	<u>90,597</u>	<u>482,696</u>
<b>Total current tax</b>	<u>90,597</u>	<u>482,696</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(350)	(38,659)
<b>Total deferred tax</b>	<u>(350)</u>	<u>(38,659)</u>
<b>Taxation on profit on ordinary activities</b>	<u>90,247</u>	<u>444,037</u>

**Notes to the Financial Statements  
For the Year Ended 31 July 2019**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Profit on ordinary activities before tax	<b>442,532</b>	2,394,228
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>84,081</b>	454,904
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	556
Adjustments to tax charge in respect of prior periods - current tax	-	(1,988)
Fixed assets ineligible depreciation	<b>6,125</b>	1,471
Adjustment to opening and closing deferred tax to the average rate	<b>41</b>	2,921
Adjustments to tax charge in respect of prior periods - deferred tax	-	(13,827)
<b>Total tax charge for the year</b>	<b>90,247</b>	444,037

**12. Dividends**

	2019 £	2018 £
Dividends	<b>30,000</b>	21,000
	<b>30,000</b>	21,000

**Notes to the Financial Statements  
For the Year Ended 31 July 2019**

**13. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>					
At 1 August 2018	505,011	6,343,601	990,727	-	7,839,339
Additions	272,873	397,759	33,479	18,374	722,485
Disposals	(4,499)	(1,756,272)	(21,965)	-	(1,782,736)
At 31 July 2019	<u>773,385</u>	<u>4,985,088</u>	<u>1,002,241</u>	<u>18,374</u>	<u>6,779,088</u>
<b>Depreciation</b>					
At 1 August 2018	68,196	4,236,630	483,385	-	4,788,211
Charge for the year on owned assets	30,521	467,990	131,414	2,909	632,834
Disposals	-	(1,677,852)	(19,756)	-	(1,697,608)
At 31 July 2019	<u>98,717</u>	<u>3,026,768</u>	<u>595,043</u>	<u>2,909</u>	<u>3,723,437</u>
<b>Net book value</b>					
At 31 July 2019	<u>674,668</u>	<u>1,958,320</u>	<u>407,198</u>	<u>15,465</u>	<u>3,055,651</u>
At 31 July 2018	<u>436,815</u>	<u>2,106,971</u>	<u>507,342</u>	<u>-</u>	<u>3,051,128</u>

The freehold additions in the year relate to the construction of a new warehouse.

**Notes to the Financial Statements  
For the Year Ended 31 July 2019**

**14. Stocks**

	2019 £	2018 £
Stocks	892,985	530,848
	<u>892,985</u>	<u>530,848</u>

**15. Debtors**

	2019 £	2018 £
Trade debtors	2,300,286	3,441,984
Other debtors	2,356,179	2,214,093
Prepayments and accrued income	61,136	75,341
	<u>4,717,601</u>	<u>5,731,418</u>

**16. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	1,057,719	1,494,576
Corporation tax	4,327	266,730
Other taxation and social security	33,591	30,589
Other creditors	7,943	472
Accruals and deferred income	115,769	70,207
	<u>1,219,349</u>	<u>1,862,574</u>

**Notes to the Financial Statements  
For the Year Ended 31 July 2019**

**17. Deferred taxation**

	2019 £	2018 £
At beginning of year	(212,794)	(251,453)
Charged to profit or loss	350	38,659
<b>At end of year</b>	<b>(212,444)</b>	<b>(212,794)</b>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(212,444)	(212,794)
	<b>(212,444)</b>	<b>(212,794)</b>

**18. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
39 (2018 - 39) Ordinary A shares of £1.00 each	39	39
36 (2018 - 36) Ordinary B shares of £1.00 each	36	36
	<b>75</b>	<b>75</b>

**19. Pension commitments**

**Defined Contribution pension scheme**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £35,248 (2018 - £64,562). Contributions totalling £4,560 (2018 - £2,829) were payable to the fund at the balance sheet date and are included in creditors.



**Notes to the Financial Statements  
For the Year Ended 31 July 2019**

**20. Related party transactions**

**Summary of transactions with entities with joint control or significant interest**

**Solar Metals Limited**

(A company in which Mr S J Muddle is a director)

During the year, goods worth £11,587,560 (2018 - £11,990,032) were sold to Solar Metals Limited. Goods worth £300,788 (2018 - £338,777) were purchased from Solar Metals Limited. During the year the company received management fees of £35,000 (2018 - £30,000). At the balance sheet date the amount due from Solar Metals Limited was £2,204,408 (2018 - £3,118,818).

**Blaker (Specialised Welding Repairs) Limited**

(A company in which S J Muddle and J J C Muddle are directors)

During the year, goods worth £19,785 (2018 - £10,121) were sold to Blaker (Specialised Welding Repairs) Limited. Goods worth £513,850 (2018 - £432,777) were purchased from Blaker (Specialised Welding Repairs) Limited. At the balance sheet date the amount due to Blaker (Specialised Welding Repairs) Limited included within trade creditors was £131,246 (2018 - £96,483) and the amount due from them included within trade debtors was £3,833 (2018 - £461).

**Charles Muddle Properties Limited**

(A company in which S J Muddle and J J C Muddle are directors)

During the year, a loan of £10,000 was provided to Charles Muddle Properties Limited. At the balance sheet date, the amount due from Charles Muddle Properties was £2,160,000 (2018 - £2,152,095). During the year the company paid rent to Charles Muddle Properties Limited of £15,000 (2018 - £nil). At the balance sheet date the amount due to them was £Nil (2018 - £Nil).

**Mrs M J Muddle**

(Wife of S J Muddle)

During the year Charles Muddle Limited paid a pension contribution of £40,000 (2018 - £40,000) on Mrs M J Muddle's behalf.