

**Registered number**  
**06604927**

**SOLAR METALS LIMITED**  
**DIRECTORS' REPORT AND AUDITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2012**

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## **SOLAR METALS LIMITED**

### **COMPANY INFORMATION**

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**Directors**

Mr N Holland  
Mr S 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

**Registered number**

06604927

# **SOLAR METALS LIMITED**

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# **SOLAR METALS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JULY 2012**

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The directors present their report and audited financial statements for the year ended 31 July 2012.

#### **Principal activities**

The company's principal activity during the year continued to be the sale of scrap metals.

#### **Review of the business**

The company saw a 23% increase in turnover on 2011, with gross margin falling slightly from 20% in 2011 to 17% in 2012

#### **Future developments**

No major future developments are planned by the company.

#### **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
- the company may be exposed to foreign exchange currency risks

#### **Results and dividends**

The profit for the year, after taxation, amounted to £461,389 (2011. £362,783). The directors recommend that dividends of £84,000 are paid

#### **Events since the balance sheet date**

There have been no significant events since the balance sheet date

#### **Directors**

The directors who served during the year were as follows:

Mr N Holland  
Mr S 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.

## **SOLAR METALS LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 JULY 2012**

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##### **Directors' responsibilities continued**

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.

##### **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 26.3.2013 and signed on its behalf by



Mr S Muddle  
Director

# **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**

## **SOLAR METALS LIMITED**

We have audited the financial statements of Solar Metals Limited for the year ended 31 July 2012 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, 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; 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.

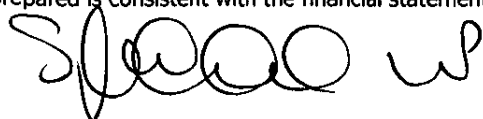
### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2012 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**

.....  
27 March 2013

**SOLAR METALS LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 JULY 2012**

	Notes	2012 £	2011 £
Turnover	2	39,852,826	32,443,554
Cost of sales		(39,019,354)	(31,727,244)
Gross profit		833,472	716,310
Administrative expenses		(213,931)	(215,870)
Operating profit	3	619,541	500,440
Interest payable	6	(62)	-
Profit on ordinary activities before taxation		619,479	500,440
Tax on profit on ordinary activities	7	(158,090)	(137,657)
Profit for the financial year		461,389	362,783

**Continuing operations**

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

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the profit for the above two financial years

**SOLAR METALS LIMITED****BALANCE SHEET****AS AT 31 JULY 2012****Registered number: 06604927**

	Notes	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Tangible assets	8		25,222		32,954
<b>Current assets</b>					
Stocks	9	720,002		1,005,284	
Debtors	10	3,643,616		3,425,662	
Cash at bank		<u>1,152,444</u>		<u>307,924</u>	
		5,516,062		4,738,870	
<b>Creditors: amounts falling due within one year</b>	11	<u>(4,641,428)</u>		<u>(4,249,357)</u>	
<b>Net current assets</b>			874,634		489,513
<b>Total assets less current liabilities</b>			<u>899,856</u>		<u>522,467</u>
<b>Capital and reserves</b>					
Called up share capital	12		100		100
Profit and loss account	13		899,756		522,367
<b>Shareholders' funds</b>	15		<u>899,856</u>		<u>522,467</u>

The financial statements were approved by the board and authorised for issue on 23 3 2013 and signed on its behalf by



Mr S Muddle  
Director



**SOLAR METALS LIMITED****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 JULY 2012**

	Notes	2012 £	2011 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		619,541	500,440
Depreciation and amortisation		7,732	6,810
Decrease/(increase) in stocks		285,282	(737,872)
Increase in debtors		(217,954)	(675,077)
Increase in creditors		371,506	635,529
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,066,107</b>	<b>(270,170)</b>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,066,107</b>	<b>(270,170)</b>
<b>Returns on investments and servicing of finance</b>	16	<b>(62)</b>	-
<b>Taxation</b>		<b>(137,525)</b>	<b>(107,897)</b>
<b>Capital expenditure</b>	16	<b>-</b>	<b>(24,755)</b>
		<b>928,520</b>	<b>(402,822)</b>
<b>Equity dividends paid</b>		<b>(84,000)</b>	<b>(84,000)</b>
		<b>844,520</b>	<b>(486,822)</b>
<b>Increase/(decrease) in cash</b>		<b>844,520</b>	<b>(486,822)</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash in the period		844,520	(486,822)
<b>Change in net debt</b>	17	<b>844,520</b>	<b>(486,822)</b>
<b>Net funds at 1 August</b>		<b>307,924</b>	<b>794,746</b>
<b>Net funds at 31 July</b>		<b>1,152,444</b>	<b>307,924</b>

# SOLAR METALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2012

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#### 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 of goods and services provided, net of VAT.

##### ***Depreciation***

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

Short leasehold land and buildings	Over the lease term
Plant and machinery	3 years straight line
Motor vehicles	25% straight line

##### ***Stocks***

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

##### ***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.

##### ***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.

#### 2 Analysis of turnover

	2012	2011
	£	£
By activity		
Sale of scrap metal	<u>39,852,826</u>	<u>32,443,554</u>
By geographical market		
UK	10,606,131	7,259,400
Europe	22,188,480	19,472,780
North America	830,448	974,265
Rest of world	<u>6,227,767</u>	<u>4,737,109</u>
	<u>39,852,826</u>	<u>32,443,554</u>

**SOLAR METALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2012**

<b>3 Operating profit</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
This is stated after charging		
Depreciation of owned fixed assets	<b>7,732</b>	<b>6,810</b>
Operating lease rentals - plant and machinery	<b>370</b>	<b>420</b>
Auditors' remuneration for audit services	<b>10,000</b>	<b>11,500</b>
<b>4 Directors' emoluments</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>78,063</b>	<b>71,915</b>
Company contributions to defined contribution pension schemes	<b>6,000</b>	<b>6,000</b>
	<b>84,063</b>	<b>77,915</b>
<b>Number of directors in company pension schemes:</b>	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
Defined contribution schemes	<b>1</b>	<b>1</b>
<b>5 Staff costs</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>85,131</b>	<b>71,915</b>
Social security costs	<b>8,585</b>	<b>8,680</b>
	<b>93,716</b>	<b>80,595</b>
<b>6 Interest payable</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Other	<b>62</b>	<b>-</b>

**SOLAR METALS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JULY 2012**

<b>7 Taxation</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in period</b>		
Current tax		
UK corporation tax on profits of the period	<b>158,090</b>	<i>137,657</i>
Tax on profit on ordinary activities	<b>158,090</b>	<i>137,657</i>

**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.

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>619,479</b>	<i>500,440</i>
Standard rate of corporation tax in the UK	<b>24%</b>	<i>26%</i>
	<b>£</b>	<b>£</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax	<b>148,675</b>	<i>130,114</i>
Effects of		
Expenses not deductible for tax purposes	<b>35</b>	<i>570</i>
Capital allowances for period in excess of depreciation	<b>766</b>	<i>142</i>
Due to different tax rates	<b>8,614</b>	<i>6,831</i>
Current tax charge for period	<b>158,090</b>	<i>137,657</i>

# SOLAR METALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2012

#### 8 Tangible fixed assets

	Short leasehold land and buildings £	Motor vehicles £	Plant and machinery £	Total £
<b>Cost</b>				
At 1 August 2011	15,000	23,233	4,463	42,696
<b>At 31 July 2012</b>	<b>15,000</b>	<b>23,233</b>	<b>4,463</b>	<b>42,696</b>
<b>Depreciation</b>				
At 1 August 2011	2,583	4,660	2,499	9,742
Charge for the year	1,000	5,809	923	7,732
<b>At 31 July 2012</b>	<b>3,583</b>	<b>10,469</b>	<b>3,422</b>	<b>17,474</b>
<b>Net book value</b>				
<b>At 31 July 2012</b>	<b>11,417</b>	<b>12,764</b>	<b>1,041</b>	<b>25,222</b>
<i>At 31 July 2011</i>	<i>12,417</i>	<i>18,573</i>	<i>1,964</i>	<i>32,954</i>

#### 9 Stocks

	2012 £	2011 £
Finished goods and goods for resale	<b>720,002</b>	<b>1,005,284</b>

#### 10 Debtors

	2012 £	2011 £
Trade debtors	<b>2,118,770</b>	<b>2,770,710</b>
Other debtors	<b>750,230</b>	<b>652,274</b>
Prepayments and accrued income	<b>774,616</b>	<b>2,678</b>
	<b>3,643,616</b>	<b>3,425,662</b>

#### 11 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	<b>498,760</b>	<b>1,077,566</b>
Amounts owed to related parties	<b>3,467,336</b>	<b>2,859,679</b>
Corporation tax	<b>158,090</b>	<b>137,525</b>
Other taxes and social security costs	<b>5,473</b>	<b>5,127</b>
Directors' loan accounts	<b>156,637</b>	<b>30,691</b>
Other creditors	<b>1,981</b>	<b>131,019</b>
Accruals and deferred income	<b>353,151</b>	<b>7,750</b>
	<b>4,641,428</b>	<b>4,249,357</b>

The company had a fixed and floating charge over all the assets of the company dated 18 August 2008

# SOLAR METALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2012

<b>12 Share capital</b>	<b>Nominal value</b>	<b>2012 Number</b>	<b>2012 £</b>	<b>2011 £</b>
Allotted, called up and fully paid. Ordinary shares	£1 each	100	<u>100</u>	<u>100</u>
<b>13 Profit and loss account</b>			<b>2012 £</b>	
At 1 August 2011			522,367	
Profit for the financial year			461,389	
Dividends			<u>(84,000)</u>	
<b>At 31 July 2012</b>			<u><b>899,756</b></u>	
<b>14 Dividends</b>			<b>2012 £</b>	<b>2011 £</b>
Dividends for which the company became liable during the year				
Dividends paid			<u>84,000</u>	<u>84,000</u>
<b>15 Reconciliation of movement in shareholders' funds</b>			<b>2012 £</b>	<b>2011 £</b>
At 1 August			522,467	243,684
Profit for the financial year			461,389	362,783
Dividends			<u>(84,000)</u>	<u>(84,000)</u>
<b>At 31 July</b>			<u><b>899,856</b></u>	<u><b>522,467</b></u>
<b>16 Gross cash flows</b>			<b>2012 £</b>	<b>2011 £</b>
<b>Returns on investments and servicing of finance</b>				
Interest paid			<u>(62)</u>	<u>-</u>
<b>Capital expenditure</b>				
Payments to acquire tangible fixed assets			<u>-</u>	<u>(24,755)</u>
<b>17 Analysis of changes in net debt</b>				
	<b>At 1 Aug 2011</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>At 31 Jul 2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	307,924	844,520		1,152,444
<b>Total</b>	<u><b>307,924</b></u>	<u><b>844,520</b></u>	<u><b>-</b></u>	<u><b>1,152,444</b></u>

## SOLAR METALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 JULY 2012

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#### 18 Pension commitments

The company makes contributions to defined contribution personal scheme for the benefit of 1 director. The pension cost charge represents contributions payable by the company to the scheme and amounted to £6,000 (2011: £6,000). There were no outstanding or prepaid pensions at the year end.

#### 19 Other financial commitments

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

	<b>Other 2012</b>	<i>Other 2011</i>
	£	£
Operating leases which expire in over five years	<b>4,580</b>	<i>4,580</i>

#### 20 Related parties

##### Charles Muddle Limited

##### A company which is controlled by Mr S J Muddle

During the year goods worth £2,581,909 (2011: £1,833,927) were sold to Charles Muddle Limited. Goods and services worth £11,089,566 (2011: £9,611,880) were purchased from Charles Muddle Limited. Charles Muddle Limited has provided an unlimited cross guarantee to Solar Metals Limited in respect of the Barclays Bank PLC charge.

At the balance sheet date, Solar Metals Limited owed Charles Muddle Limited £3,467,336 (2011: £2,859,679).

##### Mr N Holland

##### Director of the company

During the year Mr N Holland provided the company with an interest free loan and paid dividends to Mr N Holland of £41,160 (2011: £41,160).

The balance outstanding at the year end was £45,163 (2011: £4,897 due to Mr N Holland).

##### Mr S J Muddle

##### Director of the company

During the year Mr S J Muddle provided the company with an interest free loan and paid dividends to Mr S J Muddle of £42,840 (2011: £42,840).

The balance outstanding at the year end was £111,474 (2011: £25,794).

#### 21 Ultimate controlling party

In the directors' opinion the company is controlled by Mr S J Muddle who owns 51% of the shares in the company.