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**MICHAEL STOUTE LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**MICHAEL STOUTE LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTOR</b>	Sir M.R. Stoute
<b>REGISTERED NUMBER</b>	01274171
<b>REGISTERED OFFICE</b>	Freemason Lodge, Bury Road Newmarket Suffolk CB8 7BY
<b>INDEPENDENT AUDITORS</b>	Harris & Trotter LLP Chartered Accountants & Statutory Auditors 64 New Cavendish Street London W1G 8TB
<b>BANKERS</b>	Barclays Bank plc 58 High Street Newmarket Suffolk CB8 8NH

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## MICHAEL STOUTE LIMITED

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## MICHAEL STOUTE LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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#### INTRODUCTION

The director presents his report and financial statements for the year ended 31 December 2020.

#### BUSINESS REVIEW

The principal activity of the company continued to be that of a horse racing trainer. The director is satisfied with the performance of the company in the year.

#### Financial key performance indicators

The key financial highlights are as follows:

	2020 £'000	2019 £'000	2018 £'000
Turnover	4,726	4,948	5,385
Profit before tax	484	322	1,481
Net profit percentage	10.24%	6.51%	27.50%

#### PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a positive cash position. The group makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

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



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**Sir M.R. Stoute**  
**Director**

Date: 27 April 2021

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## **MICHAEL STOUTE LIMITED**

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Director presents his report and the financial statements for the year ended 31 December 2020.

#### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

The Director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has 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 Director must not approve the financial statements unless he is 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 Director is 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 Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £358,303 (2019 - £251,222).

#### **DIRECTOR**

The Director who served during the year was:

Sir M.R. Stoute

#### **ENGAGEMENT WITH EMPLOYEES**

The company has a policy of fair engagement with its employees.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The Director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he 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.

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**MICHAEL STOUTE LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**COVID-19**

The company is continuing to monitor developments of the COVID-19 virus and the associated near-term uncertainty on the global economy outlook. The company is assessing the potential future operational and financial impact of the coronavirus and is seeking to take mitigating actions, such as a reduction on all non essential operating expenditure, utilisation of government aid where required and negotiating terms with suppliers. Management continue to monitor the situation and has further plans that can be implemented as they assess the COVID-19 impact.

**AUDITORS**

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

This report was approved by the board on 27 April 2021 and signed on its behalf.



Sir M.R. Stoute  
Director

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## MICHAEL STOUTE LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MICHAEL STOUTE LIMITED

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#### OPINION

We have audited the financial statements of Michael Stoute Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and loss account, 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 December 2020 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 Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director has 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.

#### EMPHASIS OF MATTER

Impact of the outbreak of COVID-19 on the financial statements.

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation on page 14.

The full impact following the emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

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## **MICHAEL STOUTE LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MICHAEL STOUTE LIMITED (CONTINUED)**

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#### **OTHER INFORMATION**

The Director is 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.

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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's 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 Director's 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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## **MICHAEL STOUTE LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MICHAEL STOUTE LIMITED (CONTINUED)**

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#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Director's responsibilities statement on page 2, the Director is 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 Director determines 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 Director is 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 Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

#### **USE OF OUR REPORT**

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Stephen Haffner (Senior statutory auditor)

for and on behalf of  
**Harris & Trotter LLP**

Chartered Accountants  
Statutory Auditors

64 New Cavendish Street  
London  
W1G 8TB

27 April 2021

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MICHAEL STOUTE LIMITED

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PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2020

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	Note	2020 £	2019 £
Turnover	3	4,726,859	4,948,201
Cost of sales		(3,319,794)	(3,561,108)
<b>GROSS PROFIT</b>		<b>1,407,065</b>	<b>1,387,093</b>
Distribution costs		(55,258)	(62,334)
Administrative expenses		(877,747)	(1,030,952)
<b>OPERATING PROFIT</b>		<b>474,060</b>	<b>293,807</b>
Interest receivable and similar income		9,633	28,370
Interest payable and similar expenses		(79)	(115)
<b>PROFIT BEFORE TAX</b>		<b>483,614</b>	<b>322,062</b>
Tax on profit	7	(125,311)	(70,840)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>358,303</b>	<b>251,222</b>

The notes on pages 14 to 25 form part of these financial statements.

**MICHAEL STOUTE LIMITED**  
**REGISTERED NUMBER: 01274171**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	9	346,839	363,905
Investments	10	617,870	708,983
Investment property	11	600,000	600,000
		<u>1,564,709</u>	<u>1,672,888</u>
<b>CURRENT ASSETS</b>			
Stocks		10,283	13,860
Debtors: amounts falling due within one year	12	443,765	534,432
Current asset investments	13	450,000	450,000
Cash at bank and in hand	14	3,764,297	3,238,218
		<u>4,668,345</u>	<u>4,236,510</u>
Creditors: amounts falling due within one year	15	(591,229)	(606,483)
<b>NET CURRENT ASSETS</b>		<u>4,077,116</u>	<u>3,630,027</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,641,825</u>	<u>5,302,915</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	17	(105,901)	(75,294)
		<u>(105,901)</u>	<u>(75,294)</u>
<b>NET ASSETS</b>		<u><u>5,535,924</u></u>	<u><u>5,227,621</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		250	250
Capital redemption reserve		250	250
Investment property reserve		408,292	408,292
Profit and loss account		5,127,132	4,818,829
		<u><u>5,535,924</u></u>	<u><u>5,227,621</u></u>

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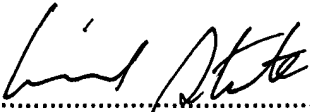
**MICHAEL STOUTE LIMITED**  
**REGISTERED NUMBER: 01274171**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2021.



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**Sir M.R. Stoute**  
Director

The notes on pages 14 to 25 form part of these financial statements.

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**MICHAEL STOUTE LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	<b>Called up share capital £</b>	<b>Capital redemption reserve £</b>	<b>Non - distributable reserve £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
<b>At 1 January 2019</b>	<b>250</b>	<b>250</b>	<b>408,292</b>	<b>4,567,607</b>	<b>4,976,399</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Profit for the year	-	-	-	251,222	251,222
<b>At 1 January 2020</b>	<b>250</b>	<b>250</b>	<b>408,292</b>	<b>4,818,829</b>	<b>5,227,621</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Profit for the year	-	-	-	358,303	358,303
Dividends: Equity capital	-	-	-	(50,000)	(50,000)
<b>AT 31 DECEMBER 2020</b>	<b>250</b>	<b>250</b>	<b>408,292</b>	<b>5,127,132</b>	<b>5,535,924</b>

The notes on pages 14 to 25 form part of these financial statements.

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**MICHAEL STOUTE LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	2020 £	2019 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	358,303	251,222
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	20,858	25,896
Loss on disposal of tangible assets	-	(18,798)
Interest paid	79	115
Interest received	(9,633)	(28,370)
Taxation charge	125,311	70,841
Decrease in stocks	3,576	727
Decrease/(increase) in debtors	90,667	(129,185)
(Decrease) in creditors	(47,068)	(106,338)
Corporation tax (paid)	(62,890)	(192,010)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>479,203</b>	<b>(125,900)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(3,791)	(4,928)
Sale of tangible fixed assets	-	24,227
Sale of unlisted and other investments	91,113	230,000
Interest received	9,633	28,370
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>96,955</b>	<b>277,669</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(50,000)	-
Interest paid	(79)	(115)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(50,079)</b>	<b>(115)</b>

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**MICHAEL STOUTE LIMITED**

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**STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>526,079</b>	<b>151,654</b>
Cash and cash equivalents at beginning of year	<b>3,238,218</b>	<b>3,086,564</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>3,764,297</b>	<b>3,238,218</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	<b>3,764,297</b>	<b>3,238,218</b>
	<b>3,764,297</b>	<b>3,238,218</b>

The notes on pages 14 to 25 form part of these financial statements.

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**MICHAEL STOUTE LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	<b>At 1 January 2020 £</b>	<b>Cash flows £</b>	<b>At 31 December 2020 £</b>
Cash at bank and in hand	3,238,218	526,079	3,764,297
Debt due within 1 year	(158,232)	37,670	(120,562)
Liquid investments	450,000	-	450,000
	<u>3,529,986</u>	<u>563,749</u>	<u>4,093,735</u>

The notes on pages 14 to 25 form part of these financial statements.



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## MICHAEL STOUTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1. GENERAL INFORMATION

Michael Stoute Limited is a private company limited by shares and incorporated in England. Its registered office is Freemason Lodge, Bury Road, Newmarket, Suffolk, CB8 7BY.

The financial statements are presented in Sterling, which is the functional currency of the company.

#### 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### 2.2 GOING CONCERN

In assessing the ability of the company to operate as a going concern, management have evaluated current and forecasted operational results, and the solvency of the company. As a result, the director considers it appropriate to prepare the financial statements on a going concern basis. Potential sources of uncertainty noted by the director includes the COVID-19 pandemic. However at the date of this report it is not possible to reliably determine the effects that this will have on the company. Accordingly the director has continued to prepare the financial statements on the going concern basis.

##### 2.3 REVENUE

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:

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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## MICHAEL STOUTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using a combination of straight line and reducing balance methods as follows.

Depreciation is provided on the following basis:

Freehold buildings	- 2.5% Straight Line
Motor vehicles	- 25% Reducing balance
Fixtures, fittings and stable equipment	- 20% Reducing balance
Office equipment	- 20% Reducing balance

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 profit or loss.

### 2.5 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

### 2.6 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 first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.7 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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## MICHAEL STOUTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.8 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

### 2.9 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 ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

### 2.10 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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## MICHAEL STOUTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.11 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

### 2.12 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### 2.14 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 profit or loss 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.

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## MICHAEL STOUTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.15 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

### 2.17 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

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**MICHAEL STOUTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**3. TURNOVER**

All turnover arose within the United Kingdom.

The whole of the turnover is attributable to the company's principal activity.

**4. AUDITORS' REMUNERATION**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<b>10,000</b>	<b>10,000</b>
	<b>10,000</b>	<b>10,000</b>

**5. EMPLOYEES**

Staff costs, including Director's remuneration, were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,356,483</b>	<b>2,565,009</b>
Social security costs	<b>212,275</b>	<b>216,834</b>
Cost of defined contribution scheme	<b>43,852</b>	<b>42,808</b>
	<b>2,612,610</b>	<b>2,824,651</b>

The average monthly number of employees, including directors, during the year was 78 (2019 - 83).

**6. DIRECTOR'S REMUNERATION**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Director's emoluments	<b>80,000</b>	<b>80,000</b>
	<b>80,000</b>	<b>80,000</b>

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**MICHAEL STOUTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. TAXATION**

	2020 £	2019 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	94,704	62,915
	<u>94,704</u>	<u>62,915</u>
<b>TOTAL CURRENT TAX</b>	<u>94,704</u>	<u>62,915</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	30,607	7,925
<b>TOTAL DEFERRED TAX</b>	<u>30,607</u>	<u>7,925</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>125,311</u>	<u>70,840</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £	2019 £
Profit on ordinary activities before tax	483,614	322,062
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	91,887	61,192
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	455	2,705
Capital allowances for year in excess of depreciation	2,711	(221)
Short term timing difference leading to an increase (decrease) in taxation	30,607	7,925
Other differences leading to an increase (decrease) in the tax charge	(349)	(761)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>125,311</u>	<u>70,840</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**MICHAEL STOUTE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**8. DIVIDENDS**

	2020 £	2019 £
Dividends payable	50,000	-
	<u>50,000</u>	<u>-</u>

**9. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
<b>COST OR VALUATION</b>					
At 1 January 2020	473,471	182,928	355,900	64,095	1,076,394
Additions	-	-	200	3,591	3,791
At 31 December 2020	<u>473,471</u>	<u>182,928</u>	<u>356,100</u>	<u>67,686</u>	<u>1,080,185</u>
<b>DEPRECIATION</b>					
At 1 January 2020	175,170	161,709	313,530	62,079	712,488
Charge for the year on owned assets	5,918	5,305	8,514	1,121	20,858
At 31 December 2020	<u>181,088</u>	<u>167,014</u>	<u>322,044</u>	<u>63,200</u>	<u>733,346</u>
<b>NET BOOK VALUE</b>					
At 31 December 2020	<u>292,383</u>	<u>15,914</u>	<u>34,056</u>	<u>4,486</u>	<u>346,839</u>
At 31 December 2019	<u>298,301</u>	<u>21,219</u>	<u>42,369</u>	<u>2,016</u>	<u>363,905</u>



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**MICHAEL STOUTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**10. FIXED ASSET INVESTMENTS**

	<b>Unlisted investments £</b>
<b>COST OR VALUATION</b>	
At 1 January 2020	<b>708,983</b>
Disposals	<b>(91,113)</b>
At 31 December 2020	<b>617,870</b>

**11. INVESTMENT PROPERTY**

	<b>Freehold investment property £</b>
<b>VALUATION</b>	
At 1 January 2020	<b>600,000</b>
<b>AT 31 DECEMBER 2020</b>	<b>600,000</b>

The 2020 valuations were made by the director, on an open market value for existing use basis.

	<b>2020 £</b>	<b>2019 £</b>
<b>REVALUATION RESERVES</b>		
At 1 January 2020	<b>408,292</b>	<b>408,292</b>
<b>AT 31 DECEMBER 2020</b>	<b>408,292</b>	<b>408,292</b>

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**MICHAEL STOUTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. DEBTORS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>425,080</b>	<b>505,102</b>
Other debtors	<b>989</b>	<b>1,485</b>
Prepayments and accrued income	<b>17,696</b>	<b>27,845</b>
	<b>443,765</b>	<b>534,432</b>

**13. CURRENT ASSET INVESTMENTS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Listed investments	<b>450,000</b>	<b>450,000</b>
	<b>450,000</b>	<b>450,000</b>

The market value of listed investments at 31 December 2020 was £762,900 (2019: £714,132)

**14. CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>3,764,297</b>	<b>3,238,218</b>
	<b>3,764,297</b>	<b>3,238,218</b>

**15. CREDITORS: Amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>94,994</b>	<b>94,932</b>
Corporation tax	<b>94,729</b>	<b>62,915</b>
Other taxation and social security	<b>187,649</b>	<b>200,532</b>
Other creditors	<b>129,348</b>	<b>166,201</b>
Accruals and deferred income	<b>84,509</b>	<b>81,903</b>
	<b>591,229</b>	<b>606,483</b>

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**MICHAEL STOUTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**16. FINANCIAL INSTRUMENTS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	<b><u>5,367,045</u></b>	<b><u>4,931,632</u></b>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	<b><u>(258,852)</u></b>	<b><u>(334,766)</u></b>

Financial assets measured at amortised cost comprise of investments, cash, trade and other debtors.

Financial liabilities measured at amortised cost comprise of trade and other creditors.

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**MICHAEL STOUTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**17. DEFERRED TAXATION**

	2020 £
At beginning of year	(75,294)
Charged to profit or loss	(30,607)
<b>AT END OF YEAR</b>	<b>(105,901)</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Revaluations	(105,900)	(75,294)
	<u>(105,900)</u>	<u>(75,294)</u>

**18. PENSION COMMITMENTS**

The Company operates a defined contributions 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 £43,852 (2019: £42,808).

**19. RELATED PARTY TRANSACTIONS**

Included within creditors is an amount of £120,562 owed to Sir Michael Stoute, the director of the company.