

MAYER COHEN INDUSTRIES LIMITED

**NEWTOWN INDUSTRIAL ESTATE,
CROSSKEYS, GWENT**

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

31 DECEMBER 1993

COMPANY NO. 00322715



WATTS GREGORY & DANIEL CHARTERED ACCOUNTANTS



•AE9S5210•

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MAYER COHEN INDUSTRIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1993

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MAYER COHEN INDUSTRIES LIMITED

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 1993

The company continued to improve its performance in difficult economic conditions and returned to profit in the year.

The company has become a leader in its field of safe and secure disposal of end of life electronic and telecom equipment by using disassembly techniques with the object of maximising recyclability and minimising waste. It is pioneering the re-use of recovered components, metals and reconstituted plastics in many industries which previously regarded recyclates as inferior materials.

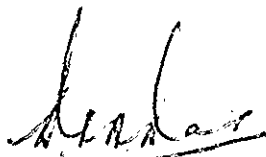
The company is poised to take advantage of new environmental legislation as and when it is enforced. At present manufacturers are not forced by law to adopt "cradle to grave" responsibility for redundant products and therefore the cheapest rather than the greenest disposal routes are usually opted for. The UK is still somewhat behind Europe in respect of waste disposal legislation.

The company is also involved in pioneering of the concept of "remanufacture" of original equipment using a blend of a proportion of recovered materials and components and a proportion of new and modern components.

In anticipation of new legislation and increasing landfill costs, the company continues to be involved in a number of innovative research and development projects associated with recycling and waste minimisation.

During the year the Board was strengthened by the appointment of three new executive directors from within the company.

I take this opportunity to thank the directors and all employees of the company for their efforts during the year.



D.A.H. DAVIES
Chairman

Dated : 20 June 1994

MAYER COHEN INDUSTRIES LIMITED

DIRECTORS' REPORT

The directors present their report, together with the audited financial statements for the year ended 31 December 1993.

PRINCIPAL ACTIVITY

The principal activity of the company is the recycling of plastic and electronic scrap with a view to recovering plastic, precious metals, ferrous and non-ferrous metals.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company has succeeded in substantially reducing its accumulated losses, despite the continuance of the recession. Firm contracts have been negotiated and a profit is anticipated in 1994.

RESULTS AND DIVIDEND

The results of the year's trading the financial position of the company and the transfer to reserves are shown in the annexed financial statements.

The company's profit for the year, before taxation, amounted to £184,451 (1992 loss of £46,128).

The directors recommend that no dividend be paid.

SHARE CAPITAL

Details of changes in share capital are set out in note 14.

FIXED ASSETS

Changes in the fixed assets during the year are set out on page 8.

MARKET VALUE OF LAND AND BUILDINGS

The freehold property was professionally valued on 21 February 1991 by independent valuers at £2,000,000. The revalued amount is shown in the balance sheet. In the opinion of the directors, there has been no significant change in the value of the property since February 1991.

EXPORTS

The value of exports made in the year was £832,856 (1992 £814,192).

WATTS GREGORY & DANIEL INDUSTRIES LIMITED

DIRECTORS' REPORT

SHAREHOLDER COMPANIES

The share capital of the company is owned equally by A. Cohen & Co. (Great Britain) Limited and Maynew Investments Limited, both companies registered in the U.K.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows -

R O Cohen		Director of A. Cohen & Co. Plc
J B Roberts]	Directors of Maynew Investments Ltd.
I L Cockson		
D A H Davies		Chairman
M.S. Burstall		Managing Director
R A Mortimer	(Appointed 3/6/93)	
R A L. Norton	(Appointed 3/6/93)	
P.J. Roberts	(Appointed 3/6/93)	

No director had any direct interest in the share capital of the company. Their interests in the share capital of the shareholder companies are shown in the financial statements of those companies.

In accordance with the Articles of Association all directors retire at the next Annual General meeting and being eligible offer themselves for re-election.

AUDITORS

A resolution to reappoint the auditors. Watts Gregory & Daniel, will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



A.B. LECK
Secretary

Dated : 20 June 1994

MAYER COHEN INDUSTRIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. 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.



A.B. LECK
Secretary

Dated : 20 June 1994

AUDITORS' REPORT

TO THE MEMBERS OF

MAYER COHEN INDUSTRIES LIMITED

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 and 12

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Watts Gregory & Daniel.

WATTS GREGORY & DANIEL
Chartered Accountants
Registered Auditor

10-14 Museum Place
Cardiff

Dated : 20 June 1994

MAYER COHEN INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1993

	Note		1992
Turnover	2	2780761	1962165
Cost of sales		(378836)	(124425)
		<hr/>	<hr/>
Operating costs	3	2401925 (2115851)	1837740 (1731855)
		<hr/>	<hr/>
Other operating income		286074 31773	105885 27716
		<hr/>	<hr/>
Operating profit		317847	133601
Income from fixed asset investments		4326	6567
		<hr/>	<hr/>
Interest payable and similar charges	5	322173 (137722)	140168 (186296)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		184451	(46128)
Tax on profit/(loss) on ordinary activities	6	-	14942
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		184451	(31186)
Proposed dividend		-	-
		<hr/>	<hr/>
Retained profit/(loss) for year		184451	(31186)
Accumulated deficit brought forward		(734656)	(703470)
		<hr/>	<hr/>
Accumulated deficit carried forward		(£550205)	(£734656)
		<hr/>	<hr/>

There were no recognised gains or losses other than the profit/(loss) for the year.

The annexed notes form part of these financial statements.

MAYER COHEN INDUSTRIES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1993

1992

FIXED ASSETS

Tangible assets - per schedule

Investments

7

2371077

328166

2408750

328166

2699243

2736916

CURRENT ASSETS

Stocks

8

254469

384539

Debtors

9

394118

303266

Cash at bank and in hand

3524

2789

CREDITORS - amounts falling due within one year

10

652111

(939936)

690594

(1116007)

NET CURRENT LIABILITIES

(287825)

(425413)

TOTAL ASSETS LESS CURRENT LIABILITIES

2411418

2311503

CREDITORS - amounts falling due after more than one year

12

(717996)

(802532)

PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

13

-

-

£1693422

£1508971

CAPITAL AND RESERVES

Called up share capital

14

735510

735510

Revaluation reserve

15

1508117

1508117

Profit and loss account

(550205)

(734656)

£1693422

£1508971



Director

The financial statements were approved by the Board of Directors on 20 June 1994

The annexed notes form part of these financial statements.

MAYER COHEN INDUSTRIES LIMITED

SCHEDULE OF TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Plant Machinery & Equipment	Motor Vehicles	Total
COST OR VALUATION				
At 31 December 1992	2000000	767631	65064	2832695
Additions during year	-	86710	-	86710
Disposals during year	-	-	(31122)	(31122)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	£2000000	£854341	£33942	£2888283
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 31 December 1992		380324	43621	423945
Provision for year		114077	10306	124383
Provision re disposals		-	(31122)	(31122)
		<hr/>	<hr/>	<hr/>
At 31 December 1993		£494401	£22805	£517206
		<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 December 1992	£2000000	£387307	£21443	£2408750
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	£2000000	£359940	£11137	£2371077
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold land and buildings includes the cost of land which has not been depreciated.

Cost	250000
S.F.A. Grant	(46162)
	<hr/>

Net cost £203838

The freehold land and buildings were revalued by professional valuers on the 21 February 1991 at £2,000,000. The revalued sum has been included above.

Included in the total net book value of tangible fixed assets held at 31 December 1993 was £10,697 (1992 £16,281) in respect of assets held under finance leases and hire purchase contracts. Depreciation provided in the year on these assets amounted to £10,760.

MAYER COHEN INDUSTRIES LIMITED

CASHFLOW STATEMENT

YEAR ENDED 31 DECEMBER 1993

Note

1992

NET CASH INFLOW FROM OPERATING ACTIVITIES	1	480429	280185
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Bank interest and charges paid		54909	79994
Loan interest paid		74556	102537
Other interest paid		648	1030
Hire purchase and finance lease interest paid		2262	6476
Dividend received - net		(2969)	(4925)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(129406)	(185112)
TAXATION			
Corporation tax refunded		1642	3793
INVESTING ACTIVITIES			
Payments to acquire fixed assets		86710	41487
Receipts from sale of fixed assets		(3450)	(5)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(83260)	(41482)
NET CASH INFLOW BEFORE FINANCING		269405	57384
FINANCING			
Loans advanced	3	(23000)	-
Loans repaid	3	104555	45000
Hire purchase advanced	3	(4917)	-
Hire purchase repaid	3	8721	18182
Advanced by shareholder companies	3	(25000)	-
Issue of share capital		-	(50000)
NET CASH OUTFLOW FROM FINANCING		(60359)	(13182)
INCREASE IN CASH AND CASH EQUIVALENTS	2	£209046	£44202

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE CASHFLOW STATEMENT

YEAR ENDED 31 DECEMBER 1993

1992

**1. RECONCILIATION OF OPERATING PROFIT
TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

Operating profit	317847	133601
Depreciation	124383	93141
Profit on sale of fixed assets	(3450)	(5)
Decrease in stock	130070	22152
(Increase)/decrease in debtors	(92494)	60606
Increase/(decrease) in creditors	4073	(29310)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>£480429</u>	<u>£280185</u>

**2. ANALYSIS OF CHANGES IN CASH AND CASH
EQUIVALENTS DURING THE YEAR**

	Bank overdraft	Cash at bank and in hand	Total
Balance at 1 January 1993	653111	(2789)	650322
Net inflow for the year	(208311)	(735)	(209046)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 1993	<u>£444800</u>	<u>(£3524)</u>	<u>£441276</u>

3. ANALYSIS OF CHANGES IN FINANCING IN THE YEAR

	Loans	Hire Purchase	Total
Balance at 1 January 1993	900833	13133	898966
Advanced - by shareholders	25000	-	25000
- by other lenders	23000	4917	27917
Repaid	(104555)	(8721)	(113276)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 1993	<u>£844278</u>	<u>£9329</u>	<u>£838607</u>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1993

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year and also have been consistently applied within the same financial statements.

Basis of preparation of the financial statements

The financial statements are prepared under the historical cost convention modified by the revaluation of freehold property.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or revalued amount less estimated residual value of each asset evenly over its expected useful life, as follows:-

Plant, machinery and equipment	- 3 to 10 years
Motor vehicles	- 3 to 4 years
Freehold property	- Nil

The freehold property is fully maintained to prevent its deterioration. In the opinion of the directors the estimated residual value is not less than the value shown in the financial statements. A significant proportion of the revalued amount is attributable to land. Accordingly, no depreciation has been provided in the year.

Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of work in progress and finished goods, cost includes attributable production overheads based on normal activity levels.

Research and development

Research and development expenditure is written off when incurred

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1993

1. ACCOUNTING POLICIES (CONTINUED)

Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

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

Foreign currency translation

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

Resulting exchange differences are taken to profit and loss account in the year.

Development grants

Development grants are credited to profit and loss account at the rates at which the related assets are depreciated.

Discretionary government grants are only accounted for when received.

Grants received prior to the revision of SSAP4 in July 1990 were netted against the original cost of the related assets.

2. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided during the year, net of value added tax.

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1993

1992

3 OPERATING COSTS

Staff costs	1359379	1111208
Depreciation	124383	93141
Auditors remuneration	6600	6000
Equipment hire	8579	4047
Other operating costs	620360	517464
(Profit)/loss on fixed asset disposals	(3450)	(5)
	<hr/>	<hr/>
	<u>£2115851</u>	<u>£1731855</u>

4. STAFF COSTS

Wages and salaries	1222057	990215
Social security costs	100552	93746
Other pension costs	36770	27247
	<hr/>	<hr/>

<u>£1359379</u>	<u>£1111208</u>
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The average weekly number of employees during the year was made up as follows:-

Factory	133	121
Office and management	16	12
	<hr/>	<hr/>
	<u>149</u>	<u>133</u>

Directors remuneration (included in staff costs) comprised the following:-

Salary and bonus	90041	39600
Pension contribution	13720	3757
	<hr/>	<hr/>
	<u>£103761</u>	<u>£43357</u>

The remuneration of the chairman (excluding pension contributions) was

£6400	-
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The remuneration of the highest paid director (excluding pension contributions) was

<u>£39600</u>	<u>£39600</u>
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MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1993

1992

4. STAFF COSTS Continued

	Number	Number
Other directors received remuneration (excluding pension contributions) as follows -		
£ 0 - £ 5,000	3	3
£10,001 - £15,000	1	-
£15,001 - £20,000	2	-

5. INTEREST PAYABLE AND SIMILAR CHARGES

On bank loans, overdrafts and other loans wholly repayable within five years	135460	179820
Finance leases and hire purchase	2262	6476
	<u>£137722</u>	<u>£186296</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:

Corporation tax - consortium relief		
- re current year	-	(4950)
- re earlier years	-	(9992)
Deferred tax	-	-
	<u>-</u>	<u>(£14942)</u>

Estimated tax losses carried forward at the year end
amounted to £733,143 (1992 £914,869).

7. INVESTMENTS

49,250 Ordinary shares of 20p each in A. Cohen & Co. Plc At cost	<u>£328166</u>	<u>£328166</u>
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The shares are listed and dealt on a recognised stock exchange.
The market value at 31.12.93 was £204,388 (31.12.92 £197,000).

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1993

1992

8. STOCKS

Raw materials and consumables	118611	104404
Work in progress	6988	20357
Finished goods	128870	259778
	<hr/>	<hr/>
	£254469	£384539
	<hr/>	<hr/>

9. DEBTORS

Pension debtor	5049	4951
Trade debtors	323738	252897
Prepayments and accrued income	47795	16599
Other debtors	17536	27177
Corporation tax refund due	-	1642
	<hr/>	<hr/>
Total - due within one year	£394118	£303266
	<hr/>	<hr/>

10. CREDITORS - amounts falling due within one year

Bank overdraft	444800	653111
Trade creditors	116827	207426
Accruals	103552	55607
Other taxes and social security costs	116468	75139
Other creditors	16278	13290
Loans (Note 11)	129521	102687
Hire purchase creditor	6090	8747
Pension creditor	6400	-
	<hr/>	<hr/>
	£939936	£1116007
	<hr/>	<hr/>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1993

1992

11. LOANS

Bank mortgage loan	(a)	460000	460000
Bank loan	(b)	232000	280000
Loan - British Coal Enterprise		-	20833
Bank loan - ECSC	(c)	93750	125000
Amounts due to shareholder companies	(d)	40000	15000
Bank loan	(e)	18528	-
		<hr/>	<hr/>
		844278	900833
Due within one year		(129521)	(102687)
		<hr/>	<hr/>
Due after more than one year		<u>£714757</u>	<u>£798146</u>

- a) Repayments to be reviewed by the bankers periodically. Interest rate 3.00% over bank base rate.
- b) Repayments to be reviewed by the bankers periodically. Interest rate 3.00% over bank base rate.
- c) Repayable over 4 years from December 1992. Interest rate 8.5%.
- d) This amount is repayable within one year.
- e) Repayable over 3 years from May 1993. Interest rate 3.5% over bank base rate.

Bank borrowings are secured by a legal mortgage over the freehold premises and a memorandum of deposit over 44,000 shares in A. Cohen & Co. Plc.

12. CREDITORS - amounts falling due after more than one year

Loans (Note 11)	714757	798146
Hire purchase creditors (repayable 2-5 years)	3239	4386
	<hr/>	<hr/>
	<u>£717996</u>	<u>£802532</u>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1993

1992

13 DEFERRED TAXATION

	1993 Full Potential Liability	Provided	1992 Full Potential Liability	Provided
Accelerated capital allowances	82296	82296	80007	39206
Short term items	(338)	(338)	1141	1141
Tax losses carried forward	(183286)	(81958)	(228717)	(40347)
Revaluation surplus (estimate)	394000	-	394000	-
	<u>£292672</u>	<u>Nil</u>	<u>£246431</u>	<u>Nil</u>

Deferred taxation has been calculated at the rate of 33% in respect of the revaluation surplus and 25% in respect of all other timing differences.

14. SHARE CAPITAL

Ordinary shares of £1 each

Authorised	£1000000	£1000000
Allotted, issued and fully paid	<u>£735510</u>	<u>£735510</u>

15. REVALUATION RESERVE

Balance brought forward and carried forward	<u>£1508117</u>	<u>£1508117</u>
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16. CAPITAL COMMITMENTS

Contracted for	£16987	Nil
Authorised but not contracted for	<u>Nil</u>	<u>Nil</u>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1993

17. CONTINGENT LIABILITIES

There were no contingent liabilities at the year end

18. TRANSACTIONS INVOLVING DIRECTORS

A number of the directors are also directors of companies who entered into transactions with the company. All these transactions were entered into on an arms length basis.

19. PENSION COSTS

The company contributes to two defined contribution pension schemes. Contributions are charged to profit and loss account in accordance with advice from the insurance companies. Any debtor or creditor arising at the year end is shown separately within the appropriate notes to the financial statements.

20. OPERATING LEASE COMMITMENTS

Amounts due under non-cancellable operating leases are as follows:

Due within	1 year	2 - 5 years	Total
Plant, machinery, equipment and vehicles	<u>£33660</u>	<u>£42177</u>	<u>£75837</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1993	1992
Profit/(loss) for the financial year	184451	(31186)
New share capital subscribed	-	50000
	<hr/>	<hr/>
Net addition to shareholders' funds	184451	18814
Opening shareholders' funds	1508971	1490157
	<hr/>	<hr/>
Closing shareholders' funds	<u>£1693422</u>	<u>£1508971</u>