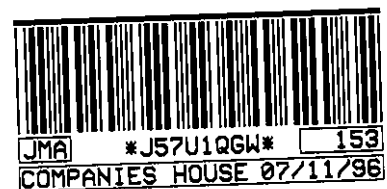


JBR RECOVERY LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1996

HACKER YOUNG
Chartered Accountants



JBR RECOVERY LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and financial statements for the year ended 31 August 1996.

RESULTS AND DIVIDENDS

The Group profit for the year, after taxation amounted to £387000 (1995 - Profit £297422).

The Directors paid interim dividends of £15200 (1995 - £20000) and now recommend payment of final dividends amounting to £150275 (1995 - £138200).

The profit has been added to retained reserves.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group's principal activity during the year was to provide a waste recovery service to manufacturers, processors and major users of photographic chemicals and materials, whereby their waste products are disposed of in an environmentally sound and economic manner and valuable material, such as silver, is recovered.

Market conditions remain competitive in Europe, and the Group's suppliers have sought to reduce the amount of waste which they generate and the costs of processing that waste. The Group has, nonetheless, had a satisfactory year. A number of new suppliers were brought on stream during the year, enabling the Group to increase its production of silver to 219 tonnes, most of which was delivered to the London Bullion Market as Good Delivery 999 bars.

The Group now accounts for approximately 20% of the European supply of secondary silver.

As highlighted in last year's report, imports of material from The Netherlands have been affected by the way the Dutch Waste Plan has been applied. We are now pleased to report that a draft new Dutch Waste Plan has just been published which seems to overcome the objections which the Group vigorously made, to the Dutch Government and to the European Commission.

The Group received Integrated Pollution Control authorisation for its operations from the new Environmental Agency, which has combined the roles of Her Majesty's Inspectorate of Pollution and the National Rivers Authority, and also became a Pre-authorised site for the handling of specified waste materials under EC Regulation 259/93.

FIXED ASSETS

The changes in fixed assets during the year are summarised in the notes to the financial statements.

CREDITOR PAYMENT POLICY

Amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment.

SHARE CAPITAL

Details of such movements are given in Note 18 to the financial statements.

JBR RECOVERY LIMITED

REPORT OF THE DIRECTORS

- CONTINUED -

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and their beneficial interests in the share capital of the Company, were as follows:

| | <u>At 31.8.96</u> <u>Ordinary Shares</u> | <u>At 31.8.95</u> <u>Ordinary Shares</u> |
|----------------|---|---|
| Dr C B Phipps | - | - |
| Mr R Pendleton | 30000 | 30000 |
| Mr S L Phipps | 140000 | 140000 |
| Mr A Tiley | - | - |
| Mr R Punt | - | - |
| Mr M Green | - | - |

The shares of Mr S L Phipps are held by a company controlled by his family. The shares of Mr R Pendleton are held equally by himself and his wife.

The following Directors had options to acquire ordinary shares of the company under the JBR Recovery Limited unapproved share option scheme:-

| <u>Exercise Date</u> | <u>Exercise Price</u> | <u>Number at</u> <u>31 August 1996</u> <u>and at 31 August</u> <u>1995</u> |
|-------------------------------------|-----------------------|---|
| Mr A Tiley from 18.12.96 - 18.12.99 | £1.50 | 5000 |
| from 20.6.98 - 20.6.2002 | £5.60 | 1000 |
| | | <u>6000</u> |
| Mr R Punt from 18.12.96 - 18.12.99 | £1.50 | 5000 |
| from 20.6.98 - 20.6.2002 | £5.60 | 1000 |
| | | <u>6000</u> |
| Mr M Green from 20.6.98 - 20.6.2002 | £5.60 | <u>1500</u> |

The Company has also granted options to senior managers to subscribe for 7500 £1 ordinary shares at £5.60 per share exercisable between 20 June 1998 and 20 June 2002.

SUBSTANTIAL SHAREHOLDINGS

At the date of the report the Company had been notified of the following interest in the issued share capital:-

| | <u>'A' Ordinary</u> <u>Shares</u> | <u>Cumulative</u> <u>Preference Share</u> <u>Capital</u> |
|--------------|--------------------------------------|--|
| 3i Group Plc | 120000 | 80000 |

JBR RECOVERY LIMITED

REPORT OF THE DIRECTORS

- CONTINUED -

EMPLOYEES

Briefing and consultative procedures exist throughout the Group to inform employees on matters of concern to them and to provide opportunities for comment and discussion. The Group encourages the involvement of employees in the Group's performance and to this end continues to operate a profit related pay scheme.

The Group makes every effort to provide the same opportunities to disabled persons as to others and does not discriminate between employees on the grounds of race, ethnic origin or sex. Equal opportunity is given to all job applicants.

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 the 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.

TAXATION STATUS

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Hacker Young as auditors will be proposed at the Annual General Meeting.

Signed on behalf of
the Board of Directors:



Secretary: M Green

Approved by the Board: 23 OCTOBER 1996

AUDITORS' REPORT TO THE MEMBERS OF

JBR RECOVERY LIMITED

We have audited the financial statements on pages 6 to 31 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.

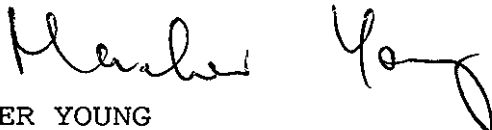
BASIS OF OPINION

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 affairs of the Company and of the Group as at 31 August 1996 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HACKER YOUNG

Registered Auditor
Chartered Accountants
St James Building
79 Oxford Street
Manchester M1 6HT

23 OCTOBER 1996

JBR RECOVERY LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 1996

| | <u>Note</u> | <u>1996</u> £ | <u>1995</u> £ |
|--|-------------|------------------|------------------|
| TURNOVER | 2 | 21041412 | 19691969 |
| Cost of sales | | 18811773 | 17607994 |
| GROSS PROFIT | | 2229639 | 2083975 |
| Distribution costs | 14329 | | 8546 |
| Administrative expenses | 1517529 | 1531858 | 1502903 |
| | | | 1511449 |
| OPERATING PROFIT | 3 | 697781 | 572526 |
| Interest receivable | 5 (13915) | | (23972) |
| Interest payable | 6 101824 | 87909 | 92344 |
| | | | 68372 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | 609872 | 504154 |
| Taxation | 7 | 222872 | 206732 |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | 387000 | 297422 |
| Dividends | 8 159264 | | 158200 |
| Other appropriations | 8 593 | 159857 | 1163 |
| | | | 159363 |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | 19 | 227143 | 138059 |
| EARNINGS PER SHARE | | | |
| - ORDINARY | 9 | 184.1p | 128.0p |

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS OR LOSSES

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

JBR RECOVERY LIMITED

HOLDING COMPANY PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 1996

| | <u>Note</u> | <u>1996</u> £ | <u>1995</u> £ |
|--|-------------|------------------|------------------|
| TURNOVER | 2 | 18944630 | 17745957 |
| Cost of sales | | 16961809 | 15881103 |
| GROSS PROFIT | | 1982821 | 1864854 |
| Administrative expenses | | 1274603 | 1293911 |
| OPERATING PROFIT | 3 | 708218 | 570943 |
| Interest receivable | 5 | (13196) | (23177) |
| Interest payable | 6 | 90361 | 87683 |
| | | 77165 | 64506 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | 631053 | 506437 |
| Taxation | 7 | 198715 | 198856 |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | 432338 | 307581 |
| Dividends | 8 | 159264 | 158200 |
| Other appropriations | 8 | 593 | 1163 |
| | | 159857 | 159363 |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | 19 | 272481 | 148218 |

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS OR LOSSES

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

JBR RECOVERY LIMITED

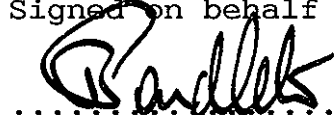
GROUP BALANCE SHEET AT 31 AUGUST 1996

| | <u>Note</u> | <u>1996</u> £ | <u>1995</u> £ |
|---|-------------|------------------|------------------|
| <u>FIXED ASSETS</u> | | | |
| Tangible assets | 10 | 2507819 | 1694972 |
| <u>CURRENT ASSETS</u> | | | |
| Stock and work in progress | 12 | 3645205 | 2833218 |
| Debtors - Due after more than one year | 13 | 368860 | 379041 |
| Debtors - Due within one year | 14 | 1436878 | 1233746 |
| Cash at bank and in hand | | 15456 | 173891 |
| | | <u>5466399</u> | <u>4619896</u> |
| <u>CREDITORS - Amounts falling due within one year</u> | 15 | <u>6110258</u> | <u>4858116</u> |
| <u>NET CURRENT LIABILITIES</u> | | <u>(643859)</u> | <u>(238220)</u> |
| <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u> | | <u>1863960</u> | <u>1456752</u> |
| <u>CREDITORS - Amounts falling due after more than one year</u> | 16 | 626408 | 492841 |
| <u>PROVISION FOR LIABILITIES AND CHARGES</u> | | | |
| Deferred taxation | 17 | 232205 | 106300 |
| | | <u>858613</u> | <u>599141</u> |
| | | <u>1005347</u> | <u>857611</u> |
| <u>CAPITAL AND RESERVES</u> | | | |
| Called up share capital | 18 | 350000 | 410000 |
| Share premium account | 19 | 53543 | 52950 |
| Capital redemption reserve | 19 | 240000 | 180000 |
| Profit and loss account | 19 | 361804 | 214661 |
| Shareholders' funds | 20 | <u>1005347</u> | <u>857611</u> |

Shareholders funds comprise £920547 (1995 - £676811) equity interests and £84800 (1995 - £180800) non equity interests.

These financial statements were approved by the Board of Directors on 23 October 1996.

Signed on behalf of the Board of Directors:



..... R Pendleton, Director

JBR RECOVERY LIMITED

HOLDING COMPANY BALANCE SHEET AT 31 AUGUST 1996

| | <u>Note</u> | <u>1996</u> £ | <u>1995</u> £ |
|---|-------------|------------------|------------------|
| <u>FIXED ASSETS</u> | | | |
| Tangible assets | 10 | 1838141 | 1391550 |
| Investments | 11 | 501783 | 100 |
| | | <u>2339924</u> | <u>1391650</u> |
| <u>CURRENT ASSETS</u> | | | |
| Stock and work in progress | 12 | 3468744 | 2667912 |
| Debtors - Due after more than one year | 13 | 368860 | 574041 |
| Debtors - Due within one year | 14 | 1218954 | 1272096 |
| Cash at bank and in hand | | 15359 | 160318 |
| | | <u>5071917</u> | <u>4674367</u> |
| <u>CREDITORS</u> - Amounts falling due within one year | 15 | 5750166 | 4658392 |
| <u>NET CURRENT (LIABILITIES)/ASSETS</u> | | <u>(678249)</u> | <u>15975</u> |
| <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u> | | <u>1661675</u> | <u>1407625</u> |
| <u>CREDITORS</u> - Amounts falling due after more than one year | 16 | 405400 | 446172 |
| <u>PROVISION FOR LIABILITIES AND CHARGES</u> | | | |
| Deferred taxation | 17 | 195431 | 93683 |
| | | <u>600831</u> | <u>539855</u> |
| | | <u>1060844</u> | <u>867770</u> |
| <u>CAPITAL AND RESERVES</u> | | | |
| Called up share capital | 18 | 350000 | 410000 |
| Share premium account | 19 | 53543 | 52950 |
| Capital redemption reserve | 19 | 240000 | 180000 |
| Profit and loss account | 19 | 417301 | 224820 |
| Shareholders' funds | | <u>1060844</u> | <u>867770</u> |

Shareholders funds comprise £976044 (1995 - £686970) equity interests and £84800 (1995 - £180800) non equity interests.

These financial statements were approved by the Board of Directors on 21 October 1996.

Signed on behalf of the Board of Directors:

..... R Pendleton, Director

JBR RECOVERY LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 1996

| | <u>Note</u> | <u>1996</u> | <u>1995</u> |
|---|-------------|-------------|-------------|
| | | £ | £ |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 26 | 561138 | 902686 |
| <u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u> | | | |
| Interest received | 19715 | 25465 | |
| Interest paid | (99504) | (90174) | |
| Dividends paid | (149759) | (115015) | |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | (229548) | (179724) |
| <u>TAXATION</u> | | | |
| Corporation tax paid (including advance corporation tax) | | (144327) | (38709) |
| <u>INVESTING ACTIVITIES</u> | | | |
| Purchase of fixed assets | (760597) | (290431) | |
| Sales of tangible fixed assets | 18047 | 500 | |
| Insurance proceeds | 122551 | - | |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | (619999) | (289931) |
| NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING | | (432736) | 394322 |
| <u>FINANCING</u> | | | |
| Net repayment of amounts borrowed | (253868) | (197615) | |
| Redemption of cumulative preference shares | (60000) | (60000) | |
| Premium on redemption of cumulative preference shares | (20000) | (20000) | |
| NET CASH OUTFLOW FROM FINANCING | 29 | (333868) | (277615) |
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | 27/28 | (766604) | 116707 |

The notes on pages 11 to 31 form part of these financial statements.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

1 ACCOUNTING POLICIES

a Accounting Convention

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b Basis of Consolidation

The Group financial statements incorporate the audited results of the Company and its subsidiary made up to a common accounting date, using the acquisition method of accounting.

c 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 | ... | Evenly over the lease period |
| Plant and machinery | ... | 10% - 50% on cost |
| Motor vehicles | ... | 25% on a reducing balance basis |
| Fixtures and fittings | ... | 10 - 33 1/3% on cost |

d Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and the year end 'spot' price of silver. The only exception to this is where an element of work in progress is paid for after the year end at a higher price due to a strengthening in the price of silver. In these circumstances, the amount of the ultimate liability is used in the valuation of work in progress. Cost is defined as raw materials and variable costs, plus an appropriate proportion of overheads.

e Deferred Taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

1 ACCOUNTING POLICIES - CONTINUED -

f Finance Leases and Hire Purchase Contracts

Assets obtained under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their expected useful lives.

Interest on finance leases and hire purchase contracts is charged in the Profit and Loss account in accordance with Statement of Standard Accountancy Practice No.21 so as to produce a constant rate of charge against capital outstanding.

Rentals paid under operating leases are charged to income as incurred.

g Pensions

The Group operates two insured defined contribution pension schemes for its present Directors and certain employees.

Contributions to the schemes are recognised in the profit and loss account as they accrue.

h Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or at a committed forward exchange rate. Exchange differences are included in the operating profit for the year.

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

The turnover and pre-tax profit are attributable to the Group and Company's principal activity within the United Kingdom.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

3 OPERATING PROFIT

a This is stated after charging/(crediting):

| | 1996 | <u>Group</u> |
|---|-------------------|-------------------|
| | £ | £ |
| Directors' remuneration (see 3c) | 320187 | 312551 |
| Auditors' remuneration | | |
| - audit services | 12000 | 16025 |
| - non audit services | 300 | 1300 |
| Depreciation of owned assets | 219596 | 201600 |
| Depreciation of assets held under | | |
| finance leases | 91793 | 63860 |
| Operating leases - land and buildings | 180023 | 179492 |
| Operating leases - other assets | 22752 | 13815 |
| (Profit)/Loss on disposal of fixed assets | (3061) | 16796 |
| Exceptional items (see 3b) | (77526) | - |
| | <u> </u> | <u> </u> |
| | <u>1996</u> | <u>1995</u> |
| | £ | £ |
| Directors' remuneration (see 3c) | 320187 | 312551 |
| Auditors' remuneration | | |
| - audit services | 10000 | 14000 |
| - non audit services | 300 | 1300 |
| Depreciation of owned assets | 176904 | 164373 |
| Depreciation of assets held under | | |
| finance leases | 70309 | 53408 |
| Operating leases - land and buildings | 143523 | 144617 |
| Operating leases - other assets | 18812 | 13569 |
| (Profit)/Loss on disposal of fixed assets | (3061) | 16796 |
| Exceptional items - (see 3b) | (99773) | (32980) |
| | <u> </u> | <u> </u> |

b Exceptional items

| | <u>Group</u> |
|--|-------------------|
| | £ |
| Profit on insurance proceeds for replacement assets destroyed in fire | (99773) |
| Reorganisation costs incurred of Frank Aston & Co. business | 22247 |
| | <u> </u> |
| | <u>(77526)</u> |
| | <u> </u> |
| | <u>Holding</u> |
| | <u>Company</u> |
| | £ |
| Profit on insurance proceeds for replacement assets destroyed in fire | (99773) |
| | <u> </u> |

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

3 OPERATING PROFIT - CONTINUED -

c Directors' Remuneration

Emoluments of the Directors are as follows:

| | 1996 | 1995 |
|-----------------------|---------------|---------------|
| | £ | £ |
| Fees | 297067 | 290201 |
| Pension contributions | 9690 | 9360 |
| Other emoluments | 13430 | 12990 |
| | <u>320187</u> | <u>312551</u> |

| | 1996 | 1995 |
|--|--------------|--------------|
| | £ | £ |
| Emoluments of Chairman excluding pension contributions | <u>91340</u> | <u>64750</u> |

| | | |
|---|--------------|--------------|
| Emoluments of highest paid Director excluding pension contributions | <u>71328</u> | <u>69741</u> |
|---|--------------|--------------|

The emoluments of the Chairman and another related Director were paid to a Company controlled by the family. The emoluments of two other Directors were paid to a business in which they are partners.

Other Directors' emoluments, excluding pension contributions, fell within the following ranges:

| | 1996 | 1995 |
|-----------------|------|------|
| | No | No |
| £10001 - £15000 | 1 | - |
| £25001 - £30000 | - | 1 |
| £30001 - £35000 | 1 | - |
| £35001 - £40000 | - | 1 |
| £50001 - £55000 | 2 | 2 |

4 STAFF COSTS - DIRECTORS AND EMPLOYEES

| | 1996 | Group 1995 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 1268532 | 1228908 |
| Social security costs | 105591 | 97641 |
| Other pension costs | 35375 | 33181 |
| | <u>1409498</u> | <u>1359730</u> |

The average weekly number of employees during the year was made up as follows:

| | No | No |
|---------------------------|-----------|-----------|
| Production | 47 | 44 |
| Commercial/administration | 15 | 15 |
| | <u>62</u> | <u>59</u> |

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

4 STAFF COSTS - DIRECTORS AND EMPLOYEES - CONTINUED -

| | <u>Holding Company</u> | |
|-----------------------|------------------------|----------------|
| | 1996 | 1995 |
| | £ | £ |
| Wages and salaries | 1095502 | 1086811 |
| Social security costs | 89033 | 84295 |
| Other pension costs | 34687 | 33181 |
| | <u>1219222</u> | <u>1204287</u> |

The average weekly number of employees during the year was made up as follows:

| | No | No |
|---------------------------|-----------|-----------|
| Production | 40 | 38 |
| Commercial/administration | 12 | 12 |
| | <u>52</u> | <u>50</u> |

5 INTEREST RECEIVABLE

| | <u>Group</u> | |
|-------------------------------|--------------|--------------|
| | 1996 | 1995 |
| | £ | £ |
| Bank interest | 11996 | 22037 |
| Interest on advanced payments | 1919 | 1935 |
| | <u>13915</u> | <u>23972</u> |

| | <u>Holding Company</u> | |
|-------------------------------|------------------------|--------------|
| | 1996 | 1995 |
| | £ | £ |
| Bank interest | 11277 | 21242 |
| Interest on advanced payments | 1919 | 1935 |
| | <u>13196</u> | <u>23177</u> |

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

6 INTEREST PAYABLE

| | <u>Group</u> | |
|---------------------------|------------------------|--------------|
| | 1996 | 1995 |
| | £ | £ |
| Bank interest | 9080 | - |
| Silver overdraft interest | 7601 | 5408 |
| Loan interest | 45208 | 54778 |
| Finance lease interest | 5965 | 3884 |
| Hire purchase interest | 28408 | 24030 |
| Other interest | 5562 | 4244 |
| | <u>101824</u> | <u>92344</u> |
| | <u>Holding Company</u> | |
| | 1996 | 1995 |
| | £ | £ |
| Bank overdraft interest | 9080 | - |
| Silver overdraft interest | 7601 | 5408 |
| Loan interest | 45208 | 54778 |
| Finance lease interest | 3805 | 1860 |
| Hire purchase interest | 21136 | 21456 |
| Other interest | 3531 | 4181 |
| | <u>90361</u> | <u>87683</u> |

7 TAXATION

| | <u>Group</u> | |
|---|------------------------|---------------|
| | 1996 | 1995 |
| | £ | £ |
| Based on the results for the year: | | |
| Corporation tax at 30.13% (1995 - 31.54%) | 95606 | 136656 |
| Overprovision in prior years | (1015) | - |
| Transfer to deferred taxation | 90422 | 20738 |
| Underprovision in respect of prior years: | | |
| Deferred taxation | 37859 | 49338 |
| | <u>222872</u> | <u>206732</u> |
| | <u>Holding Company</u> | |
| | 1996 | 1995 |
| | £ | £ |
| Based on the results for the year: | | |
| Corporation tax at 30.13% (1995 - 31.54%) | 95606 | 136656 |
| Overprovision in prior years | (1015) | - |
| Transfer to deferred taxation | 66265 | 12862 |
| Underprovision in respect of prior years: | | |
| Deferred taxation | 37859 | 49338 |
| | <u>198715</u> | <u>198856</u> |

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

8 DIVIDENDS AND OTHER APPROPRIATIONS

| <u>Group and Holding Company</u> | 1996 £ | 1995 £ |
|--|---------------|---------------|
| <u>Dividends</u> | | |
| Adjustment re previous year | | |
| 'A' ordinary | (2570) | - |
| Ordinary | (3641) | - |
| Non-equity dividends: | | |
| <u>Paid</u> 12% Preference | 8000 | 12800 |
| <u>Proposed</u> 12% Preference | 4800 | 9600 |
| Equity dividends: | | |
| <u>Paid</u> | | |
| 'A' Ordinary interim (6p per share) | 7200 | 7200 |
| <u>Proposed</u> | | |
| 'A' Ordinary final [52.65p per share (1995 - 46.83p)] | 55976 | 48993 |
| - Ordinary final [46.85p per share (1995 24.28p)] | 89499 | 79607 |
| | <u>159264</u> | <u>158200</u> |
| <u>Other Appropriations</u> | | |
| Non-equity: | | |
| Amortisation of issue costs on redeemable preference shares | <u>593</u> | <u>1163</u> |

9 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of £313001 (1995 - £217666) and issued ordinary shares of 170000 (1995 - 170000). The effect on earnings per £1 ordinary share of the issue of shares under option would not be material.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

10 TANGIBLE ASSETS

Group

| <u>Cost</u> | <u>Short Leasehold Land and Buildings</u> £ | <u>Plant and Machinery</u> £ | <u>Motor Vehicles</u> £ | <u>Fixtures and Fittings</u> £ | <u>Total</u> £ |
|---------------------|--|---|--------------------------------|---|-------------------|
| At 1 September 1995 | 122807 | 2102839 | 120712 | 37686 | 2384044 |
| Additions | 7739 | 1017122 | 114116 | 23023 | 1162000 |
| Disposals | - | (40000) | (36812) | - | (76812) |
| At 31 August 1996 | 130546 | 3079961 | 198016 | 60709 | 3469232 |

Depreciation

| | | | | | |
|---------------------|-------|---------|---------|-------|---------|
| At 1 September 1995 | 40351 | 568329 | 57451 | 22941 | 689072 |
| Charge for the year | 13645 | 268171 | 22775 | 6798 | 311389 |
| On disposals | - | (17222) | (21826) | - | (39048) |
| At 31 August 1996 | 53996 | 819278 | 58400 | 29739 | 961413 |

Net Book Value

| | | | | | |
|-------------------|-------|---------|--------|-------|---------|
| At 31 August 1996 | 76550 | 2260683 | 139616 | 30970 | 2507819 |
| At 31 August 1995 | 82456 | 1534510 | 63261 | 14745 | 1694972 |

The net book value of fixed assets above includes an amount of £729882 in respect of assets held under finance leases and hire purchase agreements.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

10 TANGIBLE ASSETS - CONTINUED -

Holding Company

| | <u>Short</u> <u>Leasehold</u> <u>Land and</u> <u>Buildings</u> <u>£</u> | <u>Plant</u> <u>and</u> <u>Machinery</u> <u>£</u> | <u>Motor</u> <u>Vehicles</u> <u>£</u> | <u>Fixtures</u> <u>and</u> <u>Fittings</u> <u>£</u> | <u>Total</u> <u>£</u> |
|-----------------------|---|--|---|--|--------------------------|
| <u>Cost</u> | | | | | |
| At 1 September 1995 | 119192 | 1740691 | 120712 | 32764 | 2013359 |
| Additions | 2470 | 613107 | 105169 | 10822 | 731508 |
| Disposals | - | (40000) | (36812) | - | (76812) |
| At 31 August 1996 | <u>121662</u> | <u>2313798</u> | <u>189069</u> | <u>43586</u> | <u>2668115</u> |
| <u>Depreciation</u> | | | | | |
| At 1 September 1995 | 40277 | 502354 | 57451 | 21727 | 621809 |
| Charge for the year | 13243 | 207602 | 22027 | 4341 | 247213 |
| On disposals | - | (17222) | (21826) | - | (39048) |
| At 31 August 1996 | <u>53520</u> | <u>692734</u> | <u>57652</u> | <u>26068</u> | <u>829974</u> |
| <u>Net Book Value</u> | | | | | |
| At 31 August 1996 | <u>68142</u> | <u>1621064</u> | <u>131417</u> | <u>17518</u> | <u>1838141</u> |
| At 31 August 1995 | <u>78915</u> | <u>1238337</u> | <u>63261</u> | <u>11037</u> | <u>1391550</u> |

The net book value of fixed assets above includes an amount of £367354 in respect of assets held under finance leases and hire purchase agreements.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

11 FIXED ASSETS - INVESTMENTS

Holding Company

Investment in subsidiary undertaking

| | £ |
|--------------------------------|-------------|
| At 1 September 1995 | 100 |
| Loan to subsidiary undertaking | 501683 |
| | <hr/> |
| At 31 August 1996 | 501783 |
| | <hr/> <hr/> |

During the year the Company provided Recoup Metals Limited with long term finance in order to increase their productivity and develop a more efficient production process.

Particulars of the subsidiary undertaking which is wholly owned, are as follows:

| <u>Name of Subsidiary</u> | <u>Nature of Business</u> | <u>Country of Registration Incorporation and Operation</u> |
|---------------------------|---------------------------|--|
| Recoup Metals Limited | Copper recovery | England * |

* 100% of the £1 ordinary shares owned by JBR Recovery Limited.

12 STOCK AND WORK IN PROGRESS

Stocks and work in progress comprise:

| | 1996 £ | Group 1995 £ |
|-------------------------------------|-------------|--------------------|
| Raw materials | 775071 | 563782 |
| Work in progress | 2168614 | 2161605 |
| Finished goods and goods for resale | 701520 | 107831 |
| | <hr/> | <hr/> |
| | 3645205 | 2833218 |
| | <hr/> <hr/> | <hr/> <hr/> |

| | <u>Holding Company</u> 1996 £ | 1995 £ |
|-------------------------------------|-------------------------------------|-------------|
| Raw materials | 676510 | 439204 |
| Work in progress | 2114341 | 2151205 |
| Finished goods and goods for resale | 677893 | 77503 |
| | <hr/> | <hr/> |
| | 3468744 | 2667912 |
| | <hr/> <hr/> | <hr/> <hr/> |

The Directors are of the opinion that the replacement cost of stock is not materially different from the book value.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

13 DEBTORS - FALLING DUE AFTER MORE THAN ONE YEAR

| | 1996 | <u>Group</u> | 1995 |
|--|--------|--------------|--------|
| | £ | | £ |
| Silver advance to customer (see creditors - Silver overdraft) | 368860 | | 379041 |

| | <u>Holding Company</u> | <u>Holding Company</u> |
|--|------------------------|------------------------|
| | 1996 | 1995 |
| | £ | £ |
| Silver advance to customer (see creditors - Silver overdraft) | 368860 | 379041 |
| Amounts owed by group undertaking | - | 195000 |
| | <u>368860</u> | <u>574041</u> |

14 DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1996 | <u>Group</u> | 1995 |
|--------------------------------|----------------|--------------|----------------|
| | £ | | £ |
| Trade debtors | 1341070 | | 1145307 |
| Other debtors | 16163 | | 2728 |
| Prepayments and accrued income | 79645 | | 85711 |
| | <u>1436878</u> | | <u>1233746</u> |

| | <u>Holding Company</u> | <u>Holding Company</u> |
|-----------------------------------|------------------------|------------------------|
| | 1996 | 1995 |
| | £ | £ |
| Amounts owed by group undertaking | - | 107714 |
| Trade debtors | 1148242 | 1085594 |
| Other debtors | 450 | 800 |
| Prepayments and accrued income | 70262 | 77988 |
| | <u>1218954</u> | <u>1272096</u> |

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JBR RECOVERY LIMITEDNOTES TO THE FINANCIAL STATEMENTSAT 31 AUGUST 199615 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1996 | Group 1995 |
|---|----------------|----------------|
| | £ | £ |
| Bank overdraft | 608169 | - |
| Silver overdraft (see below) | 368860 | 379041 |
| Loans (see notes 16 and 25(b)) | 138333 | 138333 |
| Obligations under finance leases and hire purchase contracts | 105245 | 91277 |
| Trade creditors | 3946686 | 3176883 |
| Corporation tax | 58166 | 107902 |
| Other taxes and social security costs | 510908 | 608124 |
| Other creditors | 4951 | 4375 |
| Accruals | 221235 | 213981 |
| Proposed dividends | 147705 | 138200 |
| | <u>6110258</u> | <u>4858116</u> |

| | 1996 | Holding Company 1995 |
|---|----------------|-------------------------|
| | £ | £ |
| Bank overdraft | 472109 | - |
| Silver overdraft (see below) | 368860 | 379041 |
| Loans (see notes 16 and 25(b)) | 138333 | 138333 |
| Obligations under finance leases and hire purchase contracts | 62797 | 72603 |
| Trade creditors | 3791553 | 3013830 |
| Corporation tax | 58166 | 107902 |
| Other taxes and social security costs | 505496 | 599723 |
| Other creditors | 4951 | 4375 |
| Accruals | 200196 | 204385 |
| Proposed dividends | 147705 | 138200 |
| | <u>5750166</u> | <u>4658392</u> |

The Silver overdraft is used to provide a corresponding silver advance to a customer (see debtors falling due after more than one year).

Security on the silver overdraft is provided by a letter of credit from the Royal Bank of Scotland. The interest on the Silver overdraft is at 2.0% per annum.

The bank overdraft is secured by a debenture dated 14 August 1992 with an unlimited guarantee in favour of Recoup Metals Limited dated 9 May 1996.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

16 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 1996 £ | <u>Group</u> 1995 £ |
|---|-------------------------------------|---------------------------|
| Loans (see note 25(b)) | 218335 | 356668 |
| Obligations under finance leases and hire purchase contracts | 408073 | 136173 |
| | <u>626408</u> | <u>492841</u> |
| | | |
| | <u>Holding Company</u> 1996 £ | 1995 £ |
| Loans (see note 25(b)) | 218335 | 356668 |
| Obligations under finance leases and hire purchase contracts | 187065 | 89504 |
| | <u>405400</u> | <u>446172</u> |

Loans are repayable as follows:

| | <u>Group and</u> <u>Holding Company</u> 1996 £ | 1995 £ |
|-----------------------|---|---------------|
| Between 1 and 2 years | 138335 | 138333 |
| Between 2 and 5 years | 80000 | 218335 |
| | <u>218335</u> | <u>356668</u> |

Loans repayable by instalments amount to £356668. Loans totalling £320000 are secured by fixed and floating charges over the Company's assets.

Interest is charged on the loans on specific dates, at 3% over the higher of 5% and the 3 month London Interbank operating rate.

A second fixed and floating charge exists over a proportion of the Company's assets, which ranks in order of precedence over the one attaching to the loans.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

16 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
- CONTINUED -

Finance leases and hire purchase obligations are repayable as follows:

| | 1996 | <u>Group</u> | 1995 |
|------------------------|---------------|--------------|---------------|
| | £ | | £ |
| Within one year | 105245 | | 91277 |
| Between 2 and 5 years | 323008 | | 136173 |
| Between 5 and 10 years | 85065 | | - |
| | <u>513318</u> | | <u>227450</u> |

| | <u>Holding Company</u> | |
|------------------------|------------------------|---------------|
| | 1996 | 1995 |
| | £ | £ |
| Within one year | 62797 | 72603 |
| Between 2 and 5 years | 168779 | 89504 |
| Between 5 and 10 years | 18286 | - |
| | <u>249862</u> | <u>162107</u> |

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

17 DEFERRED TAXATION

| | <u>Group</u> £ |
|-------------------------|-------------------|
| At 1 September 1995 | 140850 |
| Profit and loss account | 128281 |
| | <hr/> |
| At 31 August 1996 | 269131 |
| | <hr/> |

The deferred taxation balance relates to:

| | 1996 £ | 1995 £ |
|---|-----------|-----------|
| Capital allowances in advance of depreciation | 267737 | 139583 |
| Other timing differences | 1394 | 1267 |
| | <hr/> | <hr/> |
| | 269131 | 140850 |
| | <hr/> | <hr/> |
| ACT recoverable | (36926) | (34550) |
| | <hr/> | <hr/> |
| | 232205 | 106300 |
| | <hr/> | <hr/> |

Holding Company
£

| | |
|-------------------------|--------|
| At 1 September 1995 | 128233 |
| Profit and loss account | 104124 |
| | <hr/> |
| At 31 August 1996 | 232357 |
| | <hr/> |

The deferred taxation balance relates to:

| | 1996 £ | 1995 £ |
|---|-----------|-----------|
| Capital allowances in advance of depreciation | 230963 | 126966 |
| Other timing differences | 1394 | 1267 |
| | <hr/> | <hr/> |
| | 232357 | 128233 |
| | <hr/> | <hr/> |
| ACT recoverable | (36926) | (34550) |
| | <hr/> | <hr/> |
| | 195431 | 93683 |
| | <hr/> | <hr/> |

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

18 SHARE CAPITAL
Group and Holding Company

| | <u>Authorised</u> | | <u>Allotted, Called Up and Fully Paid</u> | |
|---|-------------------|---------------|---|---------------|
| | 1996 | 1995 | 1996 | 1995 |
| | No | No | £ | £ |
| 'A' Ordinary shares of £1 each | 120000 | 120000 | 120000 | 120000 |
| Ordinary shares of £1 each | 180000 | 180000 | 170000 | 170000 |
| 12% Redeemable cumulative preference shares of 75p each | 400000 | 400000 | 60000 | 120000 |
| | <u>700000</u> | <u>700000</u> | <u>350000</u> | <u>410000</u> |

During the year the Company redeemed 80000 75p cumulative preference shares at a premium of twenty five pence per share.

The remaining redeemable cumulative preference shares are redeemable at a premium of twenty five pence per share, as follows:

| <u>Date</u> | <u>No of Shares</u> |
|------------------|---------------------|
| 31 December 1996 | 80000 |

The redeemable preference shares have been categorised as non equity shares as they fulfill the following characteristics cited in Financial Reporting Standard Number 4.

- any of the rights of the shares to receive payments (whether in respect of dividends, in respect of redemption or otherwise) are for a limited amount that is not calculated by reference to the Company's assets or profits, or the dividends on any class of equity share;
- the shares are redeemable either according to their term, or because the holder or any party other than the issuer, can require their exemption.

The shares have no voting rights attached to them, and upon winding up, the assets of the Company remaining after the payments of its liabilities shall first be applied in paying out to the holders of the preference shares £1 per share together with a sum equal to any arrears or accruals of the preference dividend calculated down to the date of the return of capital.

The Company has also granted options to senior managers to subscribe for 7500 £1 ordinary shares at £5.60 per share exercisable between 20 June 1998 and 20 June 2002.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

19 RESERVES

| | <u>Group</u> | | |
|---|------------------------------------|--------------------------------------|---|
| | <u>Profit and Loss Account</u> | <u>Share Premium Account</u> | <u>Capital Redemption Reserve</u> |
| | £ | £ | £ |
| At 1 September 1995 | 447611 | - | - |
| Prior year adjustment (see below) | (232950) | 52950 | 180000 |
| Restated reserves brought forward | 214661 | 52950 | 180000 |
| Retained profit for the year | 227143 | - | - |
| Other appropriations added back | - | 593 | - |
| Premium on redemption of preference shares | (20000) | - | - |
| Shares redeemed in the year | (60000) | - | 60000 |
| At 31 August 1996 | 361804 | 53543 | 240000 |

Holding Company

| | <u>Profit and Loss Account</u> | <u>Share Premium Account</u> | <u>Capital Redemption Reserve</u> |
|---|------------------------------------|--------------------------------------|---|
| | £ | £ | £ |
| At 1 September 1995 | 457770 | - | - |
| Prior year adjustment (see below) | (232950) | 52950 | 180000 |
| Restated reserves brought forward | 224820 | 52950 | 180000 |
| Retained profit for the year | 272481 | - | - |
| Other appropriations added back | - | 593 | - |
| Premium on redemption of preference shares | (20000) | - | - |
| Shares redeemed in the year | (60000) | - | 60000 |
| At 31 August 1996 | 417301 | 53543 | 240000 |

The recognition of a capital redemption reserve and reinstatement of the share premium account is a result of the redemption in previous years of the 75p cumulative preference shares at a premium of 25p

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1996 £ | 1995 £ |
|---|-----------|-----------|
| Profit attributable to members of the Group | 387000 | 297422 |
| Dividends | (159264) | (158200) |
| Redemption of preference shares | (80000) | (80000) |
| Net increase in shareholders' funds | 147736 | 59222 |
| Opening shareholders' funds | 857611 | 798389 |
| Closing shareholders' funds | 1005347 | 857611 |

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

21 CAPITAL COMMITMENTS

| | 1996 £ | <u>Group</u> 1995 £ |
|---|-------------------------------------|---------------------------|
| Contracted for but not provided in the financial statements | <u>Nil</u> | <u>Nil</u> |
| Authorised but not contracted for | <u>165000</u> | <u>60000</u> |
| | <u>Holding Company</u> 1996 £ | <u>1995 £</u> |
| Contracted for but not provided in the financial statements | <u>Nil</u> | <u>Nil</u> |
| Authorised but not contracted for | <u>155000</u> | <u>50000</u> |

22 COMMITMENTS UNDER OPERATING LEASES

At 31 August, the Group and the Company had annual commitments under operating leases as follows:

| | <u>Group</u> <u>Land and Buildings</u> 1996 £ | <u>1995</u> £ |
|------------------------------------|--|-------------------|
| Leases expiring in over five years | <u>156243</u> | <u>152542</u> |
| | <u>Holding Company</u> <u>Land and Buildings</u> 1996 £ | <u>1995 £</u> |
| Leases expiring in over five years | <u>119743</u> | <u>116042</u> |

23 PENSION COMMITMENTS

The Group operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £34687 (1995 - £33181). Contributions totalling £4224 (1995 - £3768) were payable to the fund at the year end and are included in creditors.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

24 CONTINGENT LIABILITIES

There are unlimited cross guarantees in respect of the bank accounts between the Company and Recoup Metals Limited.

25 TRANSACTIONS WITH DIRECTORS

a) Group and Holding Company

Arms length provision of some goods and services were provided by Prior Court Associates, a company in which two of the Directors are interested as partners.

b) Holding Company

i Included in loans is an amount of £36668 due to Phipps and Company Limited, a company controlled by the family of Dr C B Phipps and Mr S L Phipps.

The capital and interest are payable under normal commercial terms.

ii Management fees have been paid to companies in which certain directors have interests and have been included in directors remuneration (see note 3c).

26 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 1996 £ | 1995 £ |
|---|-----------|-----------|
| Operating profit | 697781 | 572526 |
| Depreciation charges | 311389 | 265460 |
| Exceptional item | (99773) | - |
| (Profit)/loss on disposal of assets | (3061) | 16796 |
| (Increase)/Decrease in stock | (811987) | 50774 |
| Increase in debtors | (207732) | (639272) |
| Increase in creditors | 674521 | 636402 |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 561138 | 902686 |
| | <hr/> | <hr/> |

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

27 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

| | 1996 £ | 1995 £ |
|------------------------------|-----------------|---------------|
| Balance at beginning of year | 173891 | 57184 |
| Net cash (outflow)/inflow | (766604) | 116707 |
| Balance at end of year | <u>(592713)</u> | <u>173891</u> |

28 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS
AS SHOWN IN THE BALANCE SHEET

| | Change In Year £ | 1996 £ | 1995 £ |
|--------------------------|------------------------|-----------------|---------------|
| Cash at bank and in hand | (158435) | 15456 | 173891 |
| Bank overdrafts | (608169) | (608169) | - |
| | <u>(766604)</u> | <u>(592713)</u> | <u>173891</u> |

29 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

| | <u>Share Capital</u> <u>(including Premium)</u> £ | <u>Loans, Finance Leases and Hire Purchase Contracts</u> £ |
|--|---|---|
| Balance at 1 September 1995 | 410000 | 722451 |
| Net cash outflow from financing | (60000) | (253868) |
| Inception of finance leases and hire purchase contracts | - | 401403 |
| Prior year adjustment (see note 19) | 52950 | - |
| Other appropriation | 593 | - |
| Balance at 31 August 1996 | <u>403543</u> | <u>869986</u> |

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1996

30 MAJOR NON CASH TRANSACTIONS

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £401403 (1995 - £47600).

31 SUBSIDIARY CONTRIBUTION TO GROUP CASH FLOW

The subsidiary undertaking during the year contributed the following in respect of the Group's cash flows:

| | £ |
|--|----------------|
| (i) Net cash inflow from operating activities | 95607 |
| (ii) Net cash outflow from returns on investment and servicing of finance | (12824) |
| (iii) Payments for investing activities | (207978) |
| (iv) Net repayment of amounts borrowed | <u>(24341)</u> |