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J B R RECOVERY LIMITED  
REPORT AND FINANCIAL STATEMENTS  
PERIOD ENDED 31st AUGUST 1992

HACKER YOUNG  
Chartered Accountants

J B R RECOVERY LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and financial statements for the period ended 31st August 1992.

The Company was incorporated on 26th June 1991 as Oval (732) Limited and changed its name on 4th September 1991 to J B R Recovery Limited. The Company acquired the well established business of John Betts Refiners Limited on 10th September 1991. Trading commenced on 10th September 1991.

RESULTS AND DIVIDENDS

The trading profit for the period, after taxation amounted to £45770.

The retained profit has been transferred to reserves.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company provides 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.

This service is provided through the Company's integrated facilities which include incineration, grinding, smelting and refining capability.

The Company had a successful year, despite the poor general economic climate.

During the period, medium and long term contracts were agreed with all major customers covering the supply of silver-bearing waste material to JBR. This provides a solid base for the long term development of the business.

The rate of activity increased sharply during the course of the year.

In addition to the Company's long-standing registration with Her Majesty's Inspectorate of Pollution, JBR became a Licenced Waste Carrier and maintained the "999 Good Delivery" Status on the London Bullion Market.

Considerable investment was made during the period in plant and equipment, both to improve further the environmental management of the site and to increase production capacity.

FIXED ASSETS

All movements in fixed assets are disclosed in the notes to the financial statements.

J B R 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 shares of the Company, were as stated below:

Ordinary Shares of £1 each

C Phipps (appointed 4th September 1991)	-
R Pendleton (appointed 4th September 1991)	30000
S Phipps (appointed 4th September 1991)	-
A Tiley (appointed 4th September 1991)	-
R Punt (appointed 4th September 1991)	-
M Green (appointed 4th September 1991)	-

AUDITORS

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

By order of the Board:

Secretary: M. Green



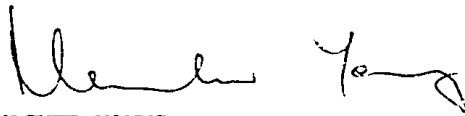
16th NOVEMBER 1992

AUDITORS' REPORT TO THE MEMBERS OF

J B R RECOVERY LIMITED

We have audited the financial statements set out on pages 5 to 16 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 31st August 1992 and of its Profit and Cash Flows for the period 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

16th NOVEMBER 1992

J B R RECOVERY LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31st AUGUST 1992

	<u>Note</u>	<u>1992</u> <u>£</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	a	169403
<u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>		
Interest received		36120
Interest paid		<u>(80295)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(44175)
<u>INVESTING ACTIVITIES</u>		
Purchase of tangible fixed assets		(1048987)
Sale of tangible fixed assets		<u>70</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(1048917)</u>
NET CASH OUTFLOW BEFORE FINANCING		(923689)
<u>FINANCING</u>		
Issue of ordinary share capital	c	290000
Issue of preference share capital	c	400000
New secured loans repayable in 1998	c	480000
New unsecured loans repayable in 1998	c	110000
Net repayment of amounts borrowed	c	(9133)
Formation expenses	c	<u>(57536)</u>
NET CASH INFLOW FROM FINANCING		<u>1213331</u>
INCREASE IN CASH AND CASH EQUIVALENTS	b	<u><u>289642</u></u>

J B R RECOVERY LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31st AUGUST 1992

(a) Reconciliation of operating profit to net cash inflow from operating activities

	1992
	£
Operating profit	120398
Exceptional item	(12011)
Depreciation	103223
Stocks	(1909823)
Debtors	(243556)
Creditors	2111172
	<u>169403</u>

(b) Analysis of the balances of cash and cash equivalents as shown in the Balance Sheet

	1992
	£
Cash at bank and in hand	<u>289642</u>

(c) Analysis of financing

	<u>Share Capital</u> <u>(Including Premium)</u>	<u>Loans and Finance</u> <u>Lease Obligations</u>
	1992	1992
	£	£
Net cash inflow from financing	690000	590000
Inception of finance lease contracts		38975
Net repayments in the year		(9133)
Formation expenses written off	(57536)	
	<u>632464</u>	<u>619842</u>

(d) Major non-cash transactions

During the year the Company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £38975.

J B R RECOVERY LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31st AUGUST 1992

	<u>Note</u>	1992
		£
TURNOVER	2	4456392
Cost of sales		<u>3398954</u>
GROSS PROFIT		1057438
Administrative expenses		506847
Other operating charges		<u>430193</u>
		<u>937040</u>
OPERATING PROFIT	3	120398
Exceptional item	4	<u>(12011)</u>
TRADING PROFIT		108387
Interest receivable	5	(36120)
Interest payable	6	<u>80295</u>
		<u>44175</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	64212
Taxation	7	<u>(18442)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE PERIOD		<u><u>45770</u></u>
Earnings per ordinary share	9	<u><u>26.9p</u></u>
<u>STATEMENT OF RETAINED PROFITS</u>		
Profits for the period		<u>45770</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>45770</u></u>


The notes on pages 9 to 16 form part of these financial statements.

J B R RECOVERY LIMITED

BALANCE SHEET AT 31st AUGUST 1992

	<u>Note</u>	<u>1992</u>
		£
<u>FIXED ASSETS</u>		
Tangible assets	10	984669
<u>CURRENT ASSETS</u>		
Stocks and work in progress	11	1909823
Debtors	12	243556
Cash at bank and in hand		289642
		<u>2443021</u>
<u>CREDITORS</u> -- Due within one year	13	(2216733)
<u>NET CURRENT ASSETS</u>		<u>226288</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>1210957</u>
<u>CREDITORS</u> --Due after more than one year 14		(514281)
		<u>696676</u>
<u>PROVISION FOR LIABILITIES AND CHARGES</u>		
Deferred taxation	15	18442
		<u>678234</u>
<u>CAPITAL AND RESERVES</u>		
Called up share capital	16	£ 00000
Share premium account	17	42464
Profit and loss account		45770
		<u>678234</u>

The financial statements were approved by  
Board of Directors on 16th November 1992.

 R Pendleton, Director

The notes on pages 9 to 16 form part of these financial statements.



J B R RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31st AUGUST 1992

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. Goodwill

Goodwill is written off in the year of acquisition.

c. Depreciation

Depreciation is provided to write off all tangible fixed assets over their estimated useful economic life at the following annual rates:

Leasehold property	...	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 to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

f. Foreign Currencies

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

g. Leasing and Hire Purchase Contracts

Assets obtained under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. Interest on finance leases and hire purchase contracts is charged in the Profit and Loss account on a straight line basis over the period of the agreement.

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

h. Pension Costs

Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the Company benefits from certain employees services.

J B R RECOVERY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
AT 31st AUGUST 1992

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover represents the invoiced amount of services provided (stated net of value added tax) during the period.

The turnover and profit on ordinary activities before taxation are attributable to the Company's principal activity in the United Kingdom.

3. OPERATING PROFIT

This is stated after charging:

	1992 £
Operating leases - rentals - land and buildings	88209
Hire of plant and machinery	8273
Directors' remuneration (see note 8)	178069
Auditors' remuneration	8000
Depreciation	103223
	<u>103223</u>

4. EXCEPTIONAL ITEM

	1992 £
Cash payment in respect of redundancy costs	12011
	<u>12011</u>

5. INTEREST RECEIVABLE

	1992 £
Bank interest	33829
Interest on forward sales	1165
Interest on advanced payments	1126
	<u>36120</u>

J B R RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31st AUGUST 1992

6. INTEREST PAYABLE

	1992
	£
Loan interest	77298
Finance lease interest	2997
	<u>80295</u>

7. TAXATION

	1992
	£
Based on the results for the year:	
Corporation tax at 25%	-
Deferred taxation	18442
	<u>18442</u>

8. DIRECTORS AND EMPLOYEES

The average number of persons employed by the Company was:-

	1992
Production	33
Commercial/administration	13
	<u>46</u>

The aggregate payroll costs of these persons were:

	£
Wages and salaries	742549
Social security costs	57009
Other pension costs	13668
	<u>813226</u>

J B R RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31st AUGUST 1992

8. DIRECTORS AND EMPLOYEES - CONTINUED -

Emoluments of the Directors of J B R Recovery Limited are as follows:

	£
Fees	164100
Pension contributions	5400
Other emoluments	8569
	<u>178069</u>

The number of Directors whose emoluments, excluding pension contributions, was as follows:

	1992
£5001 - £10000	1
£10001 - £15000	1
£30001 - £35000	2
£35001 - £40000	1
£40001 - £45000	1
	<u>£</u>

Emoluments of Chairman	<u>42800</u>
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9. EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of £45770 and issued ordinary shares of 170000.

10. TANGIBLE ASSETS

<u>Cost</u>	<u>Land and Buildings</u> £	<u>Plant and Machinery</u> £	<u>Motor Vehicles</u> £	<u>Fixtures and Fittings</u> £	<u>Total</u> £
Additions	57434	952544	56164	21820	1087962
Disposals	-	-	-	(70)	(70)
At 31st August 1992	<u>57434</u>	<u>952544</u>	<u>56164</u>	<u>21750</u>	<u>1087892</u>

Depreciation

Charge for the year and at					
31st August 1992	<u>4705</u>	<u>81265</u>	<u>13537</u>	<u>3716</u>	<u>103223</u>

Net Book Value

At 31st August 1992	<u>52729</u>	<u>871279</u>	<u>42627</u>	<u>18034</u>	<u>984669</u>
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The net book value of fixed assets includes £32480 in respect of assets held under finance leases, on which the depreciation charge for the year was £6495.

J B R RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31st AUGUST 1992

11. STOCKS AND WORK IN PROGRESS

1992  
£

Raw materials	448100
Work in progress	1131820
Finished goods and goods for resale	329903
	<u>1909823</u>

The Directors consider the replacement cost of stock to be not materially different from the book value.

12. DEBTORS

1992  
£

Trade debtors	168251
Other debtors	32975
Prepayments	42330
	<u>243556</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

1992  
£

Loans	98333
Finance lease creditor	7228
Trade creditors	2008989
Other taxation and social security costs	21859
Accruals	78112
Other creditors	2212
	<u>2216733</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

1992  
£

Loans	491667
Finance lease creditor	22614
	<u>514281</u>

J B R RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31st AUGUST 1992

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - CONTINUED -

1992  
£

Finance lease obligations are repayable as follows:

Within one year	7228
Between 2 and 5 years	22614
After 5 years	-
	<u>29842</u>

Loans are repayable as follows:

Between 1 and 2 years	98333
Between 2 and 5 years	294999
After 5 years	98335
	<u>491667</u>

Loans repayable by instalments and not wholly repayable within 5 years amount to £590000. The instalments repayable after 5 years amount to £98335. Loans totalling £480000 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 London Interbank Operating rate.

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

15. DEFERRED TAXATION

£

At 10th September 1991	-
Profit and loss account	18442
	<u>18442</u>
At 31st August 1992	<u>18442</u>

The deferred taxation balance relates to:

1992  
£

Capital allowances in advance of depreciation	36767
Other timing differences	(836)
	<u>35931</u>
Losses	(17489)
	<u>18442</u>

J B R RECOVERY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
AT 31st AUGUST 1992

16. SHARE CAPITAL

	<u>Authorised</u> 1992 No	<u>Allotted, Called Up and Fully Paid</u> 1992 £
'A' Ordinary shares of £1 each	120000	120000
Ordinary shares of £1 each	180000	170000
Redeemable cumulative preference shares of 75p each	400000	300000
	<u>700000</u>	<u>590000</u>

The allotment of shares during the period was to enable J B R Recovery Limited to purchase the assets of John Betts Refiners Limited.

The 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>
31st December 1992	80000
31st December 1993	80000
31st December 1994	80000
31st December 1995	80000
31st December 1996	80000

17. SHARE PREMIUM ACCOUNT

	£
Premium on issue of shares	100000
Formation expenses written off	57536
At 31st August 1992	<u>42464</u>

18. CAPITAL COMMITMENTS

	1992 £
Contracted for but not provided	—
Authorised but not contracted for	<u>35000</u>

J B R RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31st AUGUST 1992

19. LEASE COMMITMENTS

Land and  
Buildings  
1992  
£

Annual charge in respect of operating leases terminating:

Within one year  
Two to five years  
Over five years

--  
--  
107125  
107125

20. PENSIONS

The Company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £13668. Contributions totalling £1126 were payable to the fund at the year end and are included in creditors.