

Company No: 2623872

JBR RECOVERY LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1994

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 1994.

RESULTS AND DIVIDENDS

The Group profit for the year, after taxation amounted to £283904 (1993 - Profit £243446).

The Directors paid interim dividends of £24800 and now recommend payment of final dividends amounting to £95015.

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.

The markets in which the Company operates continued to be affected by the European-wide recession although, by the year end, there were signs of a modest recovery.

Considerable investment was made during the year in further improving the Company's good environmental record. In particular, 5 static incinerators were de-commissioned and replaced by a new rotary incinerator which combines better performance with higher capacity.

During the year the Company achieved registration under BS 5750 Part II/ISO 9002. This quality system, together with the 999 Good Delivery Status for JBR's silver bullion and the registration as a Licenced Waste Transfer Station, confirms the Company's commitment to being a quality supplier able to offer a complete and integrated service to its customers.

In December 1993, the Company purchased the business and certain assets of M&P Reclamations from the receiver and continued the business in a new 100% owned subsidiary, Recoup Metals Limited. Recoup recovers copper from cable, electronic and other scrap; ferrous metals and pvc/rubber are also recovered and sold for recycling. Business improved progressively during the year although a small loss was made during the 8 month trading period.

The acquisition was funded by a long term loan from 3i plc.

FIXED ASSETS

The changes in fixed assets during the year are summarised in the notes 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 31.8.94</u>	<u>At 31.8.93</u>
	<u>Ordinary Shares</u>	<u>Ordinary Shares</u>
Dr C Phipps	-	-
Mr R Pendleton	30000	30000
Mr S Phipps	140000	140000
Mr A Tiley	-	-
Mr R Punt	-	-
Mr M Green	-	-

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

On 18 December 1992 the Company granted options to Mr A Tiley and Mr R Punt to purchase 5000 £1 ordinary shares each at a price of £1.50 per share, exercisable either between three and seven years from the date of issue or at any time if the offer is accepted by shareholders for a majority of the issued share capital of the Company.

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>Cumulative</u>
	<u>Share</u>	<u>Preference Share</u>
		<u>Capital</u>
3i Group Plc	120000	240000

EMPLOYEES

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

The Company 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.

JBR RECOVERY LIMITED

REPORT OF THE DIRECTORS

- CONTINUED -

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: 6 DECEMBER 1994

AUDITORS' REPORT TO THE MEMBERS OF

JBR RECOVERY LIMITED

We have audited the financial statements on pages 6 to 28 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

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 1994 and of the Group's profit 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

6 DECEMBER 1994

JBR RECOVERY LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 1994

	<u>Note</u>	<u>1994</u>			<u>1993</u>
		<u>Continuing</u>	<u>Acquisitions</u>	<u>Total</u>	<u>Continuing/ Total</u>
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
TURNOVER	2	12569822	632680	13202502	11640882
Cost of sales		11014037	553321	11567358	10280834
GROSS PROFIT		1555785	79359	1635144	1360048
Distribution costs		-	8036	8036	-
Administrative expenses		1150586	97747	1248333	987300
		1150586	105783	1256369	987300
OPERATING PROFIT/(LOSS)	3	405199	(26424)	378775	372748
Interest receivable	5			(18880)	(21087)
Interest payable	6			75801	69728
				56921	48641
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2			321854	324107
Taxation	7			37950	80661
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION (of which £283904 is dealt with in the financial statements of the Holding Company)				283904	243446
Dividends	8			119815	127380
RETAINED PROFIT FOR THE FINANCIAL YEAR	20			164089	116066
EARNINGS PER ORDINARY SHARE	9			126.8p	97.9p

TOTAL RECOGNISED GAINS OR LOSSES

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

The notes on pages 10 to 28 form part of these financial statements.

JBR RECOVERY LIMITED

GROUP BALANCE SHEET AT 31 AUGUST 1994

	<u>Note</u>	<u>1994</u>	<u>1993</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	11	1639697	1096474
<u>CURRENT ASSETS</u>			
Stock and work in progress	13	2883992	2352246
Debtors - Due after more than one year	14	386161	358073
Debtors - Due within one year	15	595967	532649
Cash at bank and in hand		57706	256517
		<u>3923826</u>	<u>3499485</u>
<u>CREDITORS</u> - Amounts falling due within one year	16	<u>4036730</u>	<u>3356227</u>
<u>NET CURRENT (LIABILITIES)/ASSETS</u>		<u>(114904)</u>	<u>143258</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>1524793</u>	<u>1239732</u>
<u>CREDITORS</u> - Amounts falling due after more than one year	17	679384	477484
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	18	<u>47020</u>	<u>47948</u>
		<u>726404</u>	<u>525432</u>
		<u>798389</u>	<u>714300</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	19	470000	530000
Share premium account	20	2464	22464
Profit and loss account	20	325925	161836
		<u>798389</u>	<u>714300</u>

These financial statements were approved by the Board of Directors on 6 December 1994.

Signed on behalf of the Board of Directors:

.....  R Pendleton, Director

The notes on pages 10 to 28 form part of these financial statements.

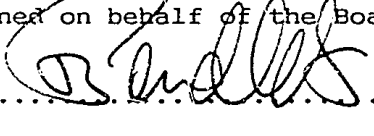
JBR RECOVERY LIMITED

HOLDING COMPANY BALANCE SHEET AT 31 AUGUST 1994

	<u>Note</u>	<u>1994</u>	<u>1993</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	11	1421993	1096474
<u>CURRENT ASSETS</u>			
Stock and work in progress	13	2769928	2352246
Debtors - Due after more than one year	14	581161	358073
Debtors - Due within one year	15	588187	532649
Cash at bank and in hand		57605	256517
		<u>3996881</u>	<u>3499485</u>
<u>CREDITORS</u> - Amounts falling due within one year	16	<u>3921098</u>	<u>3356227</u>
<u>NET CURRENT ASSETS</u>		<u>75783</u>	<u>143258</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>1497776</u>	<u>1239732</u>
<u>CREDITORS</u> - Amounts falling due after more than one year	17	657108	477484
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	18	42279	47948
		<u>699387</u>	<u>525432</u>
		<u>798389</u>	<u>714300</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	19	470000	530000
Share premium account	20	2464	22464
Profit and loss account	20	325925	161836
		<u>798389</u>	<u>714300</u>

These financial statements were approved by the Board of Directors on 6 December 1994.

Signed on behalf of the Board of Directors:

.....  R Pendleton, Director

The notes on pages 10 to 28 form part of these financial statements.

JBR RECOVERY LIMITED

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 1994

	<u>Note</u>	<u>1994</u>	<u>1993</u>
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	26	609798	395268
<u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>			
Interest received	13987	21987	
Interest paid	(74417)	(69728)	
Dividends paid	(122788)	(29392)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(183218)	(78033)
<u>TAXATION</u>			
Corporation tax paid (including advance corporation tax)		(46526)	(9797)
<u>INVESTING ACTIVITIES</u>			
Purchase of fixed assets	(551701)	(145993)	
Sales of tangible fixed assets	11600	13250	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(540101)	(132743)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(160047)	174695
<u>FINANCING</u>			
New loans	200000		
Net repayment of amounts borrowed	(159286)	(127820)	
Redemption of cumulative preference shares	(80000)	(80000)	
NET CASH OUTFLOW FROM FINANCING	29	(39286)	(207820)
DECREASE IN CASH AND CASH EQUIVALENTS	27/28	(199333)	(33125)

The notes on pages 10 to 28 form part of these financial statements.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

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 holding company and its subsidiary made up to a common accounting date, using the acquisition method of accounting.

The results of the subsidiary have been brought into the accounts from 23 December 1993 when it commenced trading.

The Group financial statements do not include a separate profit and loss account for JBR Recovery Limited (the Parent Company) as permitted by Section 230 of the Companies Act 1985.

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 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 Goodwill

Goodwill is written off in the year of acquisition.

e 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.

JBR RECOVERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 AUGUST 1994

1 ACCOUNTING POLICIES - CONTINUED -

f 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.

g 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 on a straight line basis over the period of the contract.

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

h Pensions

The Company has an insured defined contribution pension scheme for its present Directors and certain employees.

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

i 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's principal activity within the United Kingdom.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

3 OPERATING PROFIT

a This is stated after charging/(crediting):

	1994 £	1993 £
Directors' remuneration (see b)	285943	256727
Auditors' remuneration		
- audit services	13000	10000
- non audit services	7775	2000
Depreciation of owned assets	153047	127365
Depreciation of assets held under finance leases	53383	23895
Amortisation of goodwill	1	-
Operating leases - land and buildings	151332	100904
Operating leases - other assets	9323	9054
(Profit)/loss on disposal of fixed assets	(1824)	1679

b Directors' Remuneration

Emoluments of the Directors of JBR Recovery Limited are as follows:

	1994 £	1993 £
Fees	265795	238970
Pension contributions	9000	7680
Other emoluments	11148	10077
	<u>285943</u>	<u>256727</u>
Emoluments of Chairman (excluding pension contributions)	<u>81982</u>	<u>77091</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:

	1994 No	1993 No
£10001 - £15000	1	1
£25001 - £30000	1	1
£35001 - £40000	-	2
£45001 - £50000	2	-
£60001 - £65000	1	1

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

4 STAFF COSTS - DIRECTORS AND EMPLOYEES

	1994 £	1993 £
Wages and salaries	1057769	976056
Social security costs	88254	75055
Other pens on costs	29366	18707
	<u>1175389</u>	<u>1069818</u>

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

	No	No
Production	43	40
Commercial/administration	16	12
	<u>59</u>	<u>52</u>

5 INTEREST RECEIVABLE

	1994 £	1993 £
Bank interest	18433	17931
Interest on advanced payments	447	3156
	<u>18880</u>	<u>21087</u>

6 INTEREST PAYABLE

	1994 £	1993 £
Silver overdraft interest	1853	521
Loan interest	53594	61501
Finance lease interest	2703	3456
Hire purchase interest	13763	4250
Bank overdraft interest	46	-
Other interest	3842	-
	<u>75801</u>	<u>69728</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

7 TAXATION

	1994 £	1993 £
Based on the results for the year:		
Corporation tax at 25%	43572	22707
Transfer (from)/to deferred taxation	(5622)	58617
Overprovision in respect of prior years:		
Deferred tax	-	(663)
	<u>37950</u>	<u>80661</u>

8 DIVIDENDS

	1994 £	1993 £
Paid - 12% preference	17600	22251
- 'A' ordinary interim (6p per share)	7200	7141
	<u>24800</u>	<u>29392</u>
Proposed - 12% preference	14400	19200
- 'A' ordinary final (24.28p per share)	29135	28417
- ordinary final (30.28p per share)	51480	50371
	<u>95015</u>	<u>97988</u>
	<u>119815</u>	<u>127380</u>

9 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of £215569 (1993 - £166437) and issued ordinary shares of £170000 (1993 - £170000). The effect on earnings per £1 ordinary share of the issue of shares under option would not be material.

10 INTANGIBLE ASSETS

Goodwill

	£
Acquired in the year	1
<u>Less:</u> Written off	<u>(1)</u>
	<u>-</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

11 TANGIBLE ASSETS

a GROUP

	<u>Short Leasehold Land and Buildings</u>	<u>Plant and Machinery</u>	<u>Motor Vehicles</u>	<u>Fixtures and Fittings</u>	<u>Total</u>
	£	£	£	£	£
<u>Cost</u>					
At 1 September 1993	113742	1111835	82910	27381	1335868
Additions	5450	692764	56866	4349	759429
Disposals	-	-	(19064)	-	(19064)
At 31 August 1994	119192	1804599	120712	31730	2076233
<u>Depreciation</u>					
At 1 September 1993	14258	191001	24436	9699	239394
Charge for the year	12777	164524	21216	7913	206430
On disposals	-	-	(9288)	-	(9288)
At 31 August 1994	27035	355525	36364	17612	436536
<u>Net Book Value</u>					
At 31 August 1994	92157	1449074	84348	14118	1639697
At 31 August 1993	99484	920834	58474	17682	1096474

The net book value of fixed assets above includes an amount of £362521 in respect of assets held under finance leases and hire purchase agreements.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

11 TANGIBLE ASSETS - CONTINUED -

b HOLDING COMPANY

	<u>Short Leasehold Land and Buildings</u>	<u>Plant and Machinery</u>	<u>Motor Vehicles</u>	<u>Fixtures and Fittings</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost</u>					
At 1 September 1993	113742	1111835	82910	27381	1335868
Additions	5450	457617	56866	2083	522016
Disposals	-	-	(19064)	-	(19064)
At 31 August 1994	<u>119192</u>	<u>1569452</u>	<u>120712</u>	<u>29464</u>	<u>1838820</u>
<u>Depreciation</u>					
At 1 September 1993	14258	191001	24436	9699	239394
Charge for the year	12777	145229	21216	7499	186721
On disposals	-	-	(9288)	-	(9288)
At 31 August 1994	<u>27035</u>	<u>336230</u>	<u>36364</u>	<u>17198</u>	<u>416827</u>
<u>Net Book Value</u>					
At 31 August 1994	<u>92157</u>	<u>1233222</u>	<u>84348</u>	<u>12266</u>	<u>1421993</u>
At 31 August 1993	<u>99484</u>	<u>920834</u>	<u>58474</u>	<u>17682</u>	<u>1096474</u>

The net book value of fixed assets above includes an amount of £329508 in respect of assets held under finance leases and hire purchase agreements.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

12 FIXED ASSETS - INVESTMENTS

HOLDING COMPANY

Subsidiary
Undertaking
£

Acquired in the year	100
Provision in the year	(100)
	<u> </u>
	<u> </u>

Particulars of the subsidiary undertaking which is wholly owned, is 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

13 STOCKS

Stock comprise:

	<u>Group</u> 1994 £	1993 £
Raw materials	897507	94611
Work in progress	1684698	1576175
Finished goods and goods for resale	301787	681460
	<u>2883992</u>	<u>2352246</u>

	<u>Holding Company</u> 1994 £	1993 £
Raw materials	798013	94611
Work in progress	1684698	1576175
Finished goods and goods for resale	287217	681460
	<u>2769928</u>	<u>2352246</u>

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 1994

14 DEBTORS - FALLING DUE AFTER MORE THAN ONE YEAR

	<u>Group</u>	
	1994	1993
	£	£
Silver advance to customer (see creditors - Silver overdraft)	386161	358073

	<u>Holding Company</u>	
	1994	1993
	£	£
Silver advance to customer (see creditors - Silver overdraft)	386161	358073
Amounts owed by group undertaking	195000	-
	581161	358073

15 DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>	
	1994	1993
	£	£
Trade debtors	496688	479192
Other debtors	14607	3480
Prepayments and accrued income	84672	49977
	595967	532649

	<u>Holding Company</u>	
	1994	1993
	£	£
Amounts owed by group undertaking	60830	-
Trade debtors	447580	479192
Other debtors	4117	3480
Prepayments and accrued income	75660	49977
	588187	532649

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

16 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>	
	1994	1993
	£	£
Bank overdraft	522	-
Silver overdraft (see below)	386161	358073
Loans (see note 25(b))	98333	98333
Obligations under finance leases and hire purchase contracts	94749	48206
Trade creditors	2790144	2106454
Corporation tax	9955	12910
Other taxes and social security costs	390415	479876
Other creditors	4624	3521
Accruals	168812	150866
Proposed dividends	95015	97988
	<u>4038730</u>	<u>3356227</u>

	<u>Holding Company</u>	
	1994	1993
	£	£
Silver overdraft (see below)	386161	358073
Loans (see note 25 (b))	98333	98333
Obligations under finance leases and hire purchase contracts	86786	48206
Trade creditors	2690094	2106454
Corporation tax	9955	12910
Other taxes and social security costs	388044	479876
Other creditors	4624	3521
Accruals	162086	150866
Proposed dividends	95015	97988
	<u>3921098</u>	<u>3356227</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 Royal Bank of Scotland. The interest on the Silver overdraft is at 0.5% per annum.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

17 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1994	<u>Group</u>	1993
	£		£
(a) Loans (see note 25(b))	495001		393334
Obligations under finance leases and hire purchase contracts	184383		84150
	<u>679384</u>		<u>477484</u>

	<u>Holding Company</u>		<u>Holding Company</u>
	1994		1993
	£		£
(b) Loans (see note 25(b))	495001		393334
Obligations under finance leases and hire purchase contracts	162107		84150
	<u>657108</u>		<u>477484</u>

(c) Loans are repayable as follows:

	1994	<u>Group</u>	1993
	£		£
Between 1 and 2 years	138333		98333
Between 2 and 5 years	316668		295001
In 5 years or more	40000		-
	<u>495001</u>		<u>393334</u>

	<u>Holding Company</u>		<u>Holding Company</u>
	1994		1993
	£		£
Between 1 and 2 years	138333		98333
Between 2 and 5 years	316668		295001
In 5 years or more	40000		-
	<u>495001</u>		<u>393334</u>

Loans repayable by instalments amount to £593334. Loans totalling £520000 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 3 month 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.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

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

(d) Finance leases and hire purchase obligations are repayable as follows:

	1994	<u>Group</u>	1993
	£		£
Within one year	94749		48206
Between 2 and 5 years	134383		84150
	<u>279132</u>		<u>132356</u>

	<u>Holding Company</u>	
	1994	1993
	£	£
Within one year	86786	48206
Between 2 and 5 years	162107	84150
	<u>248893</u>	<u>132356</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

18 DEFERRED TAXATION

	<u>Group</u>	
	£	
At 1 September 1993	76396	
Profit and loss account	(5622)	
	<u>70774</u>	
The deferred taxation balance relates to:		
	1994	1993
	£	£
Capital allowances in advance of depreciation	71354	77469
Other timing differences	(580)	(1073)
	<u>70774</u>	<u>76396</u>
ACT recoverable	(23754)	(28448)
	<u>47020</u>	<u>47948</u>

	<u>Holding Company</u>	
	£	
At 1 September 1993	76396	
Profit and loss account	(10363)	
	<u>66033</u>	
The deferred taxation balance relates to:		
	1994	1993
	£	£
Capital allowances in advance of depreciation	66613	77469
Other timing differences	(580)	(1073)
	<u>66033</u>	<u>76396</u>
ACT recoverable	(23754)	(28448)
	<u>42279</u>	<u>47948</u>

JBR RECOVERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 AUGUST 1994

19 SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, Called Up and Fully Paid</u>	
	1994 No	1993 No	1994 No	1993 No
'A' Ordinary shares of £1 each	120000	120000	120000	120000
Ordinary shares of £1 each	180000	180000	170000	170000
Redeemable cumulative preference shares of 75p each	400000	400000	180000	240000
	<u>700000</u>	<u>700000</u>	<u>470000</u>	<u>530000</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 1994	80000
31 December 1995	80000
31 December 1996	80000

The Company has granted options to two Directors to subscribe for 5000 £1 ordinary shares at £1.50 per share exercisable either between 18 December 1995 and 18 December 1997 or, at any time if the offer is accepted by shareholders for a majority of the issued share capital of the Company.

JBR RECOVERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 AUGUST 1994

20 RESERVES

	<u>Group</u>	<u>Share</u>
	<u>Profit and</u>	<u>Premium</u>
	<u>Loss Account</u>	<u>Account</u>
	£	£
At 1 September 1993	161836	22464
<u>Less:</u> Premium on redemption of preference shares	-	(20000)
<u>Add:</u> Retained profit for the year	164089	-
At 31 August 1994	<u>325925</u>	<u>2464</u>

	<u>Holding Company</u>	<u>Share</u>
	<u>Profit and</u>	<u>Premium</u>
	<u>Loss Account</u>	<u>Account</u>
	£	£
At 1 September 1993	161836	22464
<u>Less:</u> Premium on redemption of preference shares	-	(20000)
<u>Add:</u> Retained profit for the year	164089	-
At 31 August 1994	<u>325925</u>	<u>2464</u>

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994	1993
	£	£
Profit attributable to members of the Group	283904	243446
Dividends	(119815)	(127380)
Redemption of preference shares	(80000)	(80000)
Net increase in shareholders' funds	<u>84089</u>	<u>36066</u>
Opening shareholders' funds	714300	678234
Closing shareholders' funds	<u>798389</u>	<u>714300</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

22 CAPITAL COMMITMENTS

	<u>Group</u>	
	1994	1993
	£	£
Contracted for but not provided in the financial statements	Nil	Nil
Authorised but not contracted for	17000	180000
	<u>17000</u>	<u>180000</u>
	<u>Holding Company</u>	
	1994	1993
	£	£
Contracted for but not provided in the financial statements	Nil	Nil
Authorised but not contracted for	15000	180000
	<u>15000</u>	<u>180000</u>

23 COMMITMENTS UNDER OPERATING LEASES

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

	<u>Group</u>	
	1994	1993
	£	£
Leases expiring in over five years	149333	113084
	<u>149333</u>	<u>113084</u>
	<u>Holding Company</u>	
	1994	1993
	£	£
Leases expiring in over five years	119333	113084
	<u>119333</u>	<u>113084</u>

24 PENSION COMMITMENTS

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 £29356 (1993 - £18707). Contributions totalling £3711 (1993 - £2515) 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 1994

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 £73334 due to Phipps and Company Limited, a company controlled by the family of Dr C Phipps and Mr S Phipps.

The capital and interest are payable under normal commercial terms.

ii Management fees have been paid to companies related to certain of the Directors as disclosed in note 3(b) to the financial statements.

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

	1994 £	1993 £
Operating profit	378775	372748
Depreciation charges	206430	151260
Amortisation of goodwill	1	-
(Profit)/loss on disposal of assets	(1824)	1679
Increase in stock	(531746)	(442423)
Increase in debtors	(58425)	(289093)
Increase in creditors	616587	601097
Net cash inflow from operating activities	<u>609798</u>	<u>395268</u>

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

	1994 £	1993 £
Balance at beginning of year	256517	289642
Net cash outflow	(199333)	(33125)
Balance at end of year	<u>57184</u>	<u>256517</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1994

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

	Change In Year £	1994 £	1993 £
Cash at bank and in hand	(198811)	57706	256517
Bank overdrafts	(522)	(522)	-
	<u>(199333)</u>	<u>57184</u>	<u>256517</u>

29 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>Share Capital</u> <u>(including Premium)</u> £	<u>Loans,</u> <u>Finance Leases</u> <u>and</u> <u>Hire Purchase</u> <u>Contracts</u> £
Balance at 1 September 1993	552464	624023
Net cash (outflow)/inflow from financing	(80000)	40714
Inception of finance leases and hire purchase contracts	-	207729
Balance at 31 August 1994	<u>472464</u>	<u>872466</u>

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 £207729.

JBR RECOVERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 AUGUST 1994

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

	£
(i) Net cash outflow from operating activities	(80242)
(ii) Net cash outflow from returns on investment and servicing of finance	(1815)
(iii) Payments for investing activities	<u>(183993)</u>