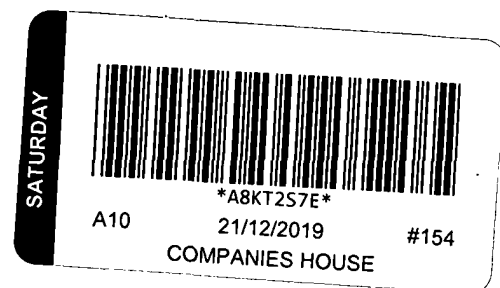


JBR RECOVERY LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



JBR RECOVERY LIMITED

COMPANY INFORMATION

Directors	C L Phipps S L Phipps B J Meddings S R B Meddings A B Ward
Company number	02623872
Registered office	Argentor House Oldbury Road West Bromwich B70 9BS
Auditor	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
Business address	Argentor House Oldbury Road West Bromwich B70 9BS
Bankers	Barclays Bank plc 15 Colmore Row Birmingham B3 2BH

JBR RECOVERY LIMITED

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JBR RECOVERY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Review of the business

The results for the year show a fall in turnover and increased operating loss (before exceptional items) compared to the previous year due to a number of factors that inhibited the performance of the company.

The sales prices of silver, gold and platinum showed no movement throughout the year but the operational and administrative costs increased significantly. The cost of gas, electricity, oxygen and coke all experienced double digit increases in the year and added in excess of £200,000 to overheads.

The precious metals market has experienced a reduction in banking facilities as a whole, with some of the larger financiers withdrawing or reducing exposure in the market. The company was affected by this and as a result experienced a restriction in trading activity when replacements facilities were arranged.

Throughout the year the company invested a larger amount on major repairs and new plant and equipment. This investment increased costs incurred by approximately £425,000 and increased fixed assets by £433,000.

The investment in upgrading and replacing the plant and equipment for the long term future of the company had the short term detrimental effect of reducing production. As a consequence silver output for the year was 30% down year on year but should help contribute to a return to profitability.

The early months of the year 2019/20 have seen JBR invest further in production facilities. Consequently JBR should now start to see improved efficiency and throughput of production. In 2019/20 the company have a healthy level of silver bearing stock material being processed and are aggressively approaching and winning new business from emerging markets.

Key performance indicators

	2018/19	2017/18
Receipts of materials for refining (tonnes)	3,663	6,006
Production overheads (£)	3,267,887	3,016,575
Administration expenses (£)	2,082,931	1,615,289
Plant and equipment upgrades (£)	433,436	322,783
Inventory balance sheet value (£)	7,183,956	6,823,260
Inventory market value (£)	9,708,049	9,747,514
Raw stock processed (tonnes)	3,055	2,397
Production overheads per processed (£)	1,070	1,259
Total overheads per processed (£)	1,752	1,933

On behalf of the board



B J Meddings

Director

16 December 2019

JBR RECOVERY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and financial statements for the year ended 31 March 2019.

Principal activities

The nature of the company's operations and its principal activities during the year was the provision of a waste recovery service to manufacturers and other waste handling companies, whereby waste products are disposed of in an environmentally sound and economic manner and valuable metals such as gold, silver, copper and lead are recovered.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C L Phipps
S L Phipps
B J Meddings
S R B Meddings
A B Ward

Results and dividends

The results for the year are set out on page 6.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

JBR RECOVERY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Financial instruments

The company has a normal level of exposure to credit, liquidity and cash flow risks arising from its trading activities which are conducted in primarily in sterling. The company is exposed to changes in foreign exchange rates on some of its activity but is able to amend prices where exchange rates change significantly.

The significant risk affecting the company arises from changes in the metal commodity prices. The company does not enter into any specific hedging transactions in respect of this risk but as the company buys and sells in metal commodities, it is able to match its sales and purchases to mitigate the risk.

On behalf of the board



B J Meddings
Director

16 December 2019

JBR RECOVERY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JBR RECOVERY LIMITED

Opinion

We have audited the financial statements of JBR Recovery Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to the disclosures made in note 1.2 to the financial statements. These events and conditions indicate that material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. The financial statements do not include any adjustments that would if result if the Company were unable to continue as a going concern.

Our opinion is not modified in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

JBR RECOVERY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF JBR RECOVERY LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Robertson BA BSc CA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

16 December 2019

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

JBR RECOVERY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	4	30,768,937	35,271,355
Cost of sales		(31,078,985)	(35,601,154)
Gross loss		(310,048)	(329,799)
Administrative expenses		(2,082,931)	(1,615,289)
Exceptional item	3	-	(1,232,286)
Operating loss	5	(2,392,979)	(3,177,374)
Interest receivable and similar income	8	822	364
Interest payable and similar expenses	9	(94,325)	(79,008)
Loss before taxation		(2,486,482)	(3,256,018)
Tax on loss	10	124,215	331,313
Loss for the financial year		(2,362,267)	(2,924,705)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

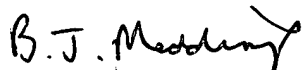
JBR RECOVERY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	11	134,348		15,183	
Tangible assets	12	1,605,399		1,651,856	
		<u>1,739,747</u>		<u>1,667,039</u>	
Current assets					
Stocks	13	2,920,477		2,244,322	
Work in progress and bullion	14	4,263,479		4,578,938	
Debtors	15	754,979		2,201,672	
Cash at bank and in hand		251,269		758,137	
		<u>8,190,204</u>		<u>9,783,069</u>	
Creditors: amounts falling due within one year	16	(9,709,851)		(8,867,741)	
Net current (liabilities)/assets			(1,519,647)		915,328
Total assets less current liabilities			<u>220,100</u>		<u>2,582,367</u>
Capital and reserves					
Called up share capital	20	350,000		350,000	
Share premium account	21	53,683		53,683	
Capital redemption reserve	21	240,000		240,000	
Profit and loss reserves	21	(423,583)		1,938,684	
Total equity			<u>220,100</u>		<u>2,582,367</u>

The financial statements were approved by the board of directors and authorised for issue on 16 December 2019 and are signed on its behalf by:



B J Meddings
Director

Company Registration No. 02623872

JBR RECOVERY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2017	350,000	53,683	240,000	4,863,389	5,507,072
Year ended 31 March 2018:					
Loss and total comprehensive income for the year	-	-	-	(2,924,705)	(2,924,705)
Balance at 31 March 2018	350,000	53,683	240,000	1,938,684	2,582,367
Year ended 31 March 2019:					
Loss and total comprehensive income for the year	-	-	-	(2,362,267)	(2,362,267)
Balance at 31 March 2019	350,000	53,683	240,000	(423,583)	220,100

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

JBR Recovery Limited is a company limited by shares incorporated in England and Wales. The registered office is Argentor House, Oldbury Road, West Bromwich, B70 9BS.

The nature of the company's operations and its principal activities during the year was the provision of a waste recovery service to manufacturers and other waste handling companies, whereby waste products are disposed of in an environmentally sound and economic manner and valuable metals such as gold, silver, copper and lead are recovered.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the reduced disclosure framework in preparing these financial statements as permitted by FRS102 to the extent they relate to cash flow, financial instruments and related party disclosures.

These financial statements are included in the consolidated financial statements of Phipps and Company Limited as at 31 March 2019 and these financial statements may be obtained from Mathon Court, Mathon, Malvern, Worcestershire, WR13 5NZ.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.2 Going concern

During the period the company incurred a loss after tax of £2,362,267 and at the year-end its current liabilities exceeded its current assets by £1,519,647. The disappointing results arose from the short-term detrimental effect of plant upgrade which significantly reduced production, the rising costs of energy and the restrictions placed on trading activity following reduced precious metal finance facilities across the sector.

The Company has restructured its funding arrangements in the period and has received significant further funding from group companies in order to replace previous arrangements. As with prior facilities, such arrangements are rolling facilities with no fixed term and whilst the Directors have no reason to believe that these facilities will be withdrawn the liabilities are disclosed as due on demand. The Directors remain in regular contact with all finance providers and thus the Company is considered able to meet its liabilities as they fall due.

In addition, as disclosed in note 3, the company is presently the subject of a claim from HMRC resulting from a refusal to the right to deduct input vat on certain materials acquired. At present, a demand for £835,814 has been issued by HMRC which remains unpaid at the date of these financial statements. The Directors dispute the claim, which is fully provided in the financial statements, and will continue to vigorously defend their position having received a right to appeal prior to the payment of the claimed amount. At the date of these financial statements HMRC is not presently pursuing payment of this liability. The Directors consider that the refused input vat should not be repayable and continue to pursue a satisfactory outcome in respect of the amount claimed and a further £400k which is considered recoverable from HMRC. In the unlikely circumstances that the company is unsuccessful in its appeal, the Company would seek to negotiate a payment arrangement with HMRC and would look to third party finance to assist.

Whilst the restrictions placed on the business and demands from HMRC have been potentially detrimental to the financial position, the Directors have taken steps to ensure that the Company can continue in operational existence for the foreseeable future by managing stocks, cost reductions, negotiations with HMRC and regular communication with finance providers both internal and external to the Group.

The Directors have reviewed the forecast cash position for the next 12 months and following careful stock management consider that the existing finance facilities remain sufficient for the foreseeable future. This, along with the continued support of group companies has provided the Directors with a reasonable expectation that the company can continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis in these financial statements.

If the Company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values to their recoverable amounts and to provide for future liabilities that may arise and to reclassify fixed assets as current assets.

1.3 Turnover

Turnover represents the amounts of metal recovered, recasting charges and other services net of VAT. Where the processing charges exceed the value of metal recovered then the excess charges are included as turnover. Turnover is recognised when a right to consideration has been obtained through the performance under each contract. Consideration accrues as activity progresses by reference to the work performed.

Unsold metal is included in work in progress or bullion dependent upon the completion of the refining process and recasting/processing charges are recognised when the work is complete.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	10% on a straight line basis
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Short leasehold land & buildings	10 years straight line basis
Plant & machinery	10% - 33 1/3% on a straight line basis
Fixtures fittings & equipment	10% - 33 1/3% on a straight line basis
Motor vehicles	3 years straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Stocks

Stocks of raw materials and consumables are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Work in progress and bullion

Bullion represents fully refined metals held on site or held on account at a bullion broker and is valued at the year end spot price of the metals.

Work in progress represents amounts recoverable from metals partly processed at the year end and is valued by reference to the year end spot price of metals less estimated attributable costs and profit to completion.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.9 Cash at bank and in hand

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.10 Financial instruments

Unless the arrangements constitutes a financing arrangement, debt instruments that are payable or receivable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

Other debt instruments are measured at amortised cost using the effective interest method.

Where an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments, discounted at a market rate of interest for a similar debt instrument.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The company presently has an outstanding claim from HMRC for missing VAT in the supplier chain. Whilst the directors consider that the claim is incorrect and are presently appealing the decision, as progress with HMRC to date has been limited, the directors have judged that provision for the £1,232,286 should be made in these financial statements of which £835,814 remains unpaid. At the date of approval of these financial statements, the directors remain confident that the appeal will be successful but provision is made in these financial statements for the full amount claimed.

The directors did not identify any other critical judgments in preparing the accounts apart from those involving estimates disclosed below.

Going concern

In order to assess whether it is appropriate for the company to be reported as a going concern, the Directors have applied judgement, having made the appropriate enquiries and having considered the business activities and the Company's principal risks and uncertainties. In arriving at this judgement there are a large number of estimates and assumptions involved in calculating the future cash flow projections. These include managements estimates of revenue, production levels, future capital expenditure and the continuance of existing finance facilities.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of work in progress

The valuation of work in progress, shown in the balance sheet, involves an element of estimating the costs to complete for the various stages and types of that stock included in work in progress. Estimates are therefore made to reflect the element of profit deferred and the further refining costs required to convert it into bullion. The company uses historical results and applies a consistent method to estimate this, while also reviewing any changes that are required from time to time. In addition, the directors aim to ensure work in progress is kept to the minimum level needed to maximise output.

Also included in work in progress is "locked-up" stock, the quantities of which are based on directors estimates of quantity and historical information in respect of metal content. Such locked-up stock included above amounts to £41,175 (2018 - £330,302).

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

3 Exceptional costs/(income)

	2019 £	2018 £
Refused input tax deduction	-	1,232,286

During the previous year, the Company received notification of a refusal to the right to deduct input vat on high grade silver bearing raw materials acquired in the period. The Directors consider that the claim to deduct input tax was valid and having appealed against the initial decision from HMRC are vigorously defending the claims made by HMRC. At the date of these financial statements, there has been no change in the position of the input VAT and the Directors do not anticipate resolution of the matter in the near future.

4 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Metal sales	30,764,754	35,196,706
Recasting charges	4,183	74,649
	<u>30,768,937</u>	<u>35,271,355</u>

	2019 £	2018 £
Other significant revenue		
Interest income	822	364

	2019 £	2018 £
Turnover analysed by geographical market		
UK Sales	29,933,475	35,271,355
EU Sales	835,462	-
	<u>30,768,937</u>	<u>35,271,355</u>

5 Operating loss

	2019 £	2018 £
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	19,000	17,000
Depreciation of owned tangible fixed assets	360,727	294,653
Operating lease charges	350,577	247,533

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Production	35	29
Commercial / administration	7	8
	<u>42</u>	<u>37</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,394,528	1,236,243
Social security costs	143,519	124,473
Pension costs	54,758	43,383
	<u>1,592,805</u>	<u>1,404,099</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	197,386	172,596
Company pension contributions to defined contribution schemes	19,200	17,297
	<u>216,586</u>	<u>189,893</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 3).

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

Only the directors are considered to be key management personnel.

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	<u>822</u>	<u>364</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on bank overdrafts and loans	94,325	79,008

10 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(198,128)
Group tax relief	(124,215)	(30,280)
Total current tax	(124,215)	(228,408)
Deferred tax		
Origination and reversal of timing differences	-	(102,905)
Total tax credit	(124,215)	(331,313)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Loss before taxation	(2,486,482)	(3,256,018)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(472,432)	(618,643)
Tax effect of expenses that are not deductible in determining taxable profit	3,128	1,999
Unutilised tax losses carried forward	296,864	309,096
Effect of change in corporation tax rate	17,945	(47,858)
Deferred tax adjustments in respect of prior years	30,280	20,864
Other tax adjustments	-	3,229
Taxation credit for the year	(124,215)	(331,313)

At 31 March 2019, the company had unrelieved tax losses of £3,815,000 (2018 - £2,100,000). No deferred tax asset has been recognised on these losses (net of deferred tax liability) and therefore an deferred tax asset of £648,000 is not recognised in these financial statements.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11 Intangible fixed assets

	Software £
Cost	
At 1 April 2018	15,183
Additions	119,165
At 31 March 2019	134,348
Amortisation and impairment	
At 1 April 2018 and 31 March 2019	-
Carrying amount	
At 31 March 2019	134,348
At 31 March 2018	15,183

The company commenced the implementation of a new software system in the period and amortisation of the software will commence when the software is fully implemented.

12 Tangible fixed assets

	Short leasehold land & buildings £	Plant & machinery £	Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2018	273,540	5,757,834	235,734	35,975	6,303,083
Additions	-	292,984	21,286	-	314,270
At 31 March 2019	273,540	6,050,818	257,020	35,975	6,617,353
Depreciation and impairment					
At 1 April 2018	230,574	4,195,363	210,256	15,034	4,651,227
Depreciation charged in the year	8,153	335,270	5,313	11,991	360,727
At 31 March 2019	238,727	4,530,633	215,569	27,025	5,011,954
Carrying amount					
At 31 March 2019	34,813	1,520,185	41,451	8,950	1,605,399
At 31 March 2018	42,966	1,562,471	25,478	20,941	1,651,856

13 Stocks

	2019 £	2018 £
Raw materials and consumables	2,920,477	2,244,322

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

14 Work in progress and bullion

	2019 £	2018 £
Bullion	-	406,939
Work in progress	4,263,479	4,171,999
	<u>4,263,479</u>	<u>4,578,938</u>

15 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	314,999	535,038
Corporation tax recoverable	-	123,415
Amounts owed by group undertakings	4,049	34,329
Other debtors	205,599	1,280,915
Prepayments and accrued income	230,332	227,975
	<u>754,979</u>	<u>2,201,672</u>

16 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	17	3,937,321	4,128,136
Trade creditors		4,157,692	2,805,812
Amounts owed to group undertakings		375,785	168
Taxation and social security		47,174	46,689
Other creditors		884,903	1,650,507
Accruals and deferred income		306,976	236,429
		<u>9,709,851</u>	<u>8,867,741</u>

17 Loans and overdrafts

	2019 £	2018 £
Bank overdrafts	<u>3,937,321</u>	<u>4,128,136</u>
Payable within one year	<u>3,937,321</u>	<u>4,128,136</u>

The bank overdrafts include a silver overdraft of £2,436,514 (2018 - £4,128,136). The bank overdrafts are secured on assets of the company with the silver overdraft being secured on the the bullion and work in progress. Additionally, the borrowings re secured by way of a charge on the freehold property of the parent company.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Balances:				
ACAs	65,949	81,343	-	-
Tax losses	(64,672)	(82,291)	-	-
Other timing differences	(1,277)	948	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

There were no deferred tax movements in the year.

19 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>54,758</u>	<u>43,383</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
350,000 Ordinary shares of £1 each	<u>350,000</u>	<u>350,000</u>

Share capital represents the nominal value of shares that have been issued. The company has one class of share which does not carry the right to a fixed dividend.

21 Reserves

Share premium

Represents the excess over nominal value received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

21 Reserves

(Continued)

Profit and loss reserves

Profit and loss account - includes all current and prior period profits and losses net of dividends paid.

22 Financial commitments, guarantees and contingent liabilities

The company has entered into a Composite Accounting Agreement dated 2 December 2005 whereby, in certain circumstances, the bank may utilise the bank balances of the company and apply them in reduction of liabilities of parties to the agreement. At 31 March 2019, the maximum potential liability under this agreement was £251,269 (2018: £844,973).

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	124,377	108,070
Between two and five years	359,500	603,221
In over five years	1,203,000	1,203,000
	<u>1,686,877</u>	<u>1,914,291</u>

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	-	69,154
Acquisition of intangible assets	63,705	182,870
	<u>63,705</u>	<u>252,024</u>

25 Related party transactions

The company has taken advantage of the exemptions available in FRS102 not to disclose transactions with group companies which are wholly owned members of the group.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

26 Ultimate controlling party

The immediate parent company and the ultimate parent company is Phipps & Company Limited, a company registered in England and Wales.

Phipps & Company Limited prepares group financial statements and copies can be obtained from the registered office at Mathon Court, Mathon, Malvern, Worcestershire, WR13 5NZ.