

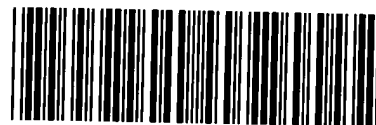
Company Registration No. 02623872 (England and Wales)

**JBR RECOVERY LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

THURSDAY



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# JBR RECOVERY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C L Phipps S L Phipps B J Meddings S R B Meddings A B Ward (Appointed 20 September 2017)
<b>Company number</b>	02623872
<b>Registered office</b>	Argentor House Oldbury Road West Bromwich B70 9BS
<b>Auditor</b>	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
<b>Business address</b>	Argentor House Oldbury Road West Bromwich B70 9BS
<b>Bankers</b>	Barclays Bank plc 15 Colmore Row Birmingham B3 2BH

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# JBR RECOVERY LIMITED

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# JBR RECOVERY LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2018**

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The results for the year show a fall in turnover, gross profit and net profit compared to the previous year due to a number of factors that significantly inhibited the performance of the company.

A decrease in the silver price of over 20.1% and further reductions in the prices of gold and platinum during the year reduced the metal stock values and gross profit by approximately £496,000.

The level of high grade materials received in the year were 40% lower than the previous year and the financial effect of this reduction was approximately £330,000 in the year.

Throughout the year the company invested a large amount on new plant and equipment and upgrading the existing plant which required a major refurbishment. This investment reduced the profit within the year by a further £194,000 and increased fixed assets by £300,000.

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 production for the year was 30% down year on year but should result in future years of higher output.

The loss for the year is after charging £1,232,286 in relation to a claim by HMRC for missing VAT in our supply chain. We were not party to this missing VAT and, though the directors consider it appropriate to provide for this exceptional item in the financial statements, we are appealing against this claim.

The early months of the year 2018/19 have seen JBR complete the planned investment in its facilities resulting in improved efficiency and throughput of production. In 2018/19 JBR have a healthy level of silver bearing stock material being processed and are actively approaching and winning new business from emerging markets.

The main key performance indicators of the Company are those that relate to intakes of materials for refining, and the Company's processing costs of those materials. Comparisons of the above figures for the last two years are as follows:

### Key performance indicators

	2017/18	2016/17
Receipts of materials for refining (tonnes)	6,006	3,745
Production overheads (excluding external costs for non-silver materials)	£3,137,495	£2,635,376
Administration expenses (excluding management fees to holding company)	£1,464,908	£1,898,196
Plant and equipment upgrades	£496,852	£303,312
Silver output excluding re-casting work (tonnes)	79.9	143.7
Production overheads per tonne of silver (excluding re-casting work)	£39,246	£18,339
Total overheads per tonne of silver	£57,570	£31,549

On behalf of the board



B J Meddings

Director

4 December 2018

# **JBR RECOVERY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2018**

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The directors present their report and financial statements for the year ended 31 March 2018.

#### **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

J S Rutherford

(Resigned 30 June 2017)

S R B Meddings

A B Ward

(Appointed 20 September 2017)

#### **Results and dividends**

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

Interim dividends were paid during the year amounting to £nil (2017 - £500,000).

#### **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 2018**

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### **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**

4 December 2018

# JBR RECOVERY LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JBR RECOVERY LIMITED

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### Opinion

We have audited the financial statements of JBR Recovery Limited (the 'company') for the year ended 31 March 2018 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 2018 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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### 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

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#### 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.

#### The purpose of our audit work and to whom we owe our responsibilities

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 (Senior Statutory Auditor)**  
for and on behalf of UHY Hacker Young Manchester LLP

4 December 2018

**Chartered Accountants**  
**Statutory Auditor**

St James Building  
79 Oxford Street  
Manchester  
M1 6HT



# JBR RECOVERY LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	4	35,271,355	69,786,126
Cost of sales		(35,601,154)	(66,508,030)
<b>Gross (loss)/profit</b>		<b>(329,799)</b>	<b>3,278,096</b>
Administrative expenses		(1,615,289)	(1,978,195)
<b>Operating (loss)/profit before exceptional item</b>	5	<b>(1,945,088)</b>	<b>1,299,901</b>
Exceptional item	3	(1,232,286)	-
<b>Operating (loss)/profit</b>	5	<b>(3,177,374)</b>	<b>1,299,901</b>
Interest receivable and similar income	7	364	200
Interest payable and similar expenses	9	(79,008)	(46,873)
<b>(Loss)/profit before taxation</b>		<b>(3,256,018)</b>	<b>1,253,228</b>
Taxation	10	331,313	(232,361)
<b>(Loss)/profit for the financial year</b>		<b>(2,924,705)</b>	<b>1,020,867</b>
<b>Total comprehensive income for the year</b>		<b>(2,924,705)</b>	<b>1,020,867</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

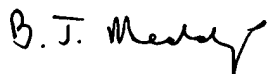
# JBR RECOVERY LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Intangible assets	12		15,183		-
Tangible assets	13		1,651,856		1,680,944
			<u>1,667,039</u>		<u>1,680,944</u>
<b>Current assets</b>					
Stocks	14	2,244,322		4,845,078	
Work in progress and bullion	16	4,578,938		7,997,585	
Debtors	15	2,201,672		2,621,689	
Cash at bank and in hand		758,137		1,122,873	
		<u>9,783,069</u>		<u>16,587,225</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(8,867,741)</u>		<u>(12,658,192)</u>	
Net current assets			915,328		3,929,033
<b>Total assets less current liabilities</b>			<u>2,582,367</u>		<u>5,609,977</u>
<b>Provisions for liabilities</b>	19		-		(102,905)
<b>Net assets</b>			<u><u>2,582,367</u></u>		<u><u>5,507,072</u></u>
<b>Capital and reserves</b>					
Called up share capital	22		350,000		350,000
Share premium account	23		53,683		53,683
Capital redemption reserve	23		240,000		240,000
Profit and loss reserves	23		1,938,684		4,863,389
<b>Total equity</b>			<u><u>2,582,367</u></u>		<u><u>5,507,072</u></u>

The financial statements were approved by the board of directors and authorised for issue on 4 December 2018 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 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2016</b>		350,000	53,683	240,000	4,342,522	4,986,205
<b>Year ended 31 March 2017:</b>						
Profit and total comprehensive income for the year		-	-	-	1,020,867	1,020,867
Dividends	11	-	-	-	(500,000)	(500,000)
<b>Balance at 31 March 2017</b>		350,000	53,683	240,000	4,863,389	5,507,072
<b>Year ended 31 March 2018:</b>						
Loss and total comprehensive income for the year		-	-	-	(2,924,705)	(2,924,705)
<b>Balance at 31 March 2018</b>		350,000	53,683	240,000	1,938,684	2,582,367

# **JBR RECOVERY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **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 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 2017 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 2018

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#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

As disclosed in note 3 to the financial statements, the company is presently subject to 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 and have requested a right to appeal prior to the payment of the claimed amount. At the date of these financial statements the company awaits confirmation of this position.

The HMRC decision resulted in a reduction of the available high grade materials and this, combined with the maintenance and refurbishment of the production plant, whereby production ceased for 3 months, resulted in the company incurring a significant loss for the period ended 31 March 2018.

Trading for the period since 1 April 2018 has been promising and following the refurbishment of the plant, which was completed shortly after the year end, the company has returned to profitable trading. The directors have prepared forecasts for the period to 31 March 2020 and these indicate that the company will remain profitable and generate a positive cash flow for the foreseeable future.

Whilst the directors consider that the refused input vat should not be repayable and intend to appeal, they have considered the ability of the company to repay the demanded amount within the next 12 months. Whilst such demand would be detrimental to the business, the directors consider that negotiation with HMRC, the cash generated from operations and access to third party finance gives them a reasonable expectation that the company can continue in operational existence.

The directors have reviewed the forecast cash position, the available borrowing facilities and the validity of the HMRC claim and have a reasonable expectation that the company will continue in operational existence for the foreseeable future. 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.

##### 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.

##### 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.

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **1 Accounting policies**

**(Continued)**

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).

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **1 Accounting policies**

**(Continued)**

#### **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.

#### **1.9 Cash and cash equivalents**

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

#### **1.10 Financial instruments**

Unless the arrangement constitutes a financing arrangement, debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the 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.

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

#### **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.

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 income 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 lease asset are consumed.

### 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.



# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### 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 work in progress element of the company's overall stock figure involves estimating the grading of the various 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 a minimum level needed to maximise output. Included in work in progress is £4,261,353 (2017 - £7,098,037) which is valued based on such estimates. In respect of "locked-up" stock, quantities are based on directors estimates of quantity and historical information in respect of metal content. Such locked up stock included above amounts to £347,485 (2017 - £18,133).

#### 3 Exceptional costs

	2018 £	2017 £
Refused input tax deduction	1,232,286	-

During the 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 have appealed against the initial decision from HMRC. However, at the date of these financial statements the Directors consider it appropriate to make provision for the full amount refused of £1,232,286 pending resolution of the matter.

#### 4 Turnover and other revenue

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

	2018 £	2017 £
<b>Turnover</b>		
Metal sales	30,560,184	69,721,168
Recasting charges	74,649	64,958
	<u>35,271,355</u>	<u>69,786,126</u>
<b>Other significant revenue</b>		
Interest income	<u>364</u>	<u>200</u>

The total turnover of the company for the year has been derived from its principal activities wholly undertaken in the United Kingdom

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 5 Operating (loss)/profit

	2018 £	2017 £
Operating (loss)/profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	17,000	15,500
Depreciation of owned tangible fixed assets	294,653	237,278
(Profit)/loss on disposal of tangible fixed assets	-	233
Cost of stocks recognised as an expense	32,691,672	63,929,542
Operating lease charges	247,533	268,627
	<u>247,533</u>	<u>268,627</u>

### 6 Employees

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

	2018 Number	2017 Number
Production	29	31
Commercial / administration	8	8
	<u>37</u>	<u>39</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,236,243	1,584,386
Social security costs	124,473	176,019
Pension costs	43,383	98,428
	<u>1,404,099</u>	<u>1,858,833</u>

### 7 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	364	200
	<u>364</u>	<u>200</u>

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 8 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	172,596	536,746
Company pension contributions to defined contribution schemes	17,297	66,261
	<u>189,893</u>	<u>603,007</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 3).

As total directors' remuneration was less than £200,000 in the current year, no disclosure for the highest paid director is required. The prior year highest paid director had remuneration for qualifying services totalling £238,903 and company pension contributions to defined contribution schemes totalling £8,700.

Only the directors are considered to be key management personnel.

### 9 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	<u>79,008</u>	<u>46,873</u>

### 10 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(198,128)	198,128
Group tax relief	(30,280)	16,376
Total current tax	<u>(228,408)</u>	<u>214,504</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(102,905)	22,582
Changes in tax rates	-	(4,725)
Total deferred tax	<u>(102,905)</u>	<u>17,857</u>
Total tax (credit)/charge	<u>(331,313)</u>	<u>232,361</u>

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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

	2018 £	2017 £
(Loss)/profit before taxation	(3,256,018)	1,253,228
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(618,643)	250,646
Tax effect of expenses that are not deductible in determining taxable profit	1,999	1,656
Tax effect of utilisation of tax losses not previously recognised	-	(16,906)
Unutilised tax losses carried forward	309,096	-
Effect of change in corporation tax rate	(47,858)	(4,871)
Research and development tax credit	-	(13,626)
Under/(over) provided in prior years	-	16,376
Deferred tax adjustments in respect of prior years	20,864	-
Other tax adjustments	3,229	(914)
Taxation (credit)/charge for the year	(331,313)	232,361

At 31 March 2018, the company had unrelieved tax losses of £2,100,000 (2017 - £Nil). No deferred tax asset has been recognised on these losses (net of deferred tax liability) and therefore an deferred tax asset of £277,000 is not recognised in these financial statements.

#### 11 Dividends

	2018 £	2017 £
Interim paid	-	500,000

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 12 Intangible fixed assets

	Software £
<b>Cost</b>	
At 1 April 2017	-
Additions - separately acquired	15,183
At 31 March 2018	15,183
<b>Amortisation and impairment</b>	
At 1 April 2017 and 31 March 2018	-
<b>Carrying amount</b>	
At 31 March 2018	15,183
At 31 March 2017	-

### 13 Tangible fixed assets

	Short leasehold land & buildings £	Plant & machinery £	Fixtures fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 April 2017	273,540	5,527,298	223,456	13,225	6,037,519
Additions	-	235,973	12,278	22,750	271,001
Disposals	-	(5,437)	-	-	(5,437)
At 31 March 2018	273,540	5,757,834	235,734	35,975	6,303,083
<b>Depreciation and impairment</b>					
At 1 April 2017	222,422	3,924,841	205,637	3,674	4,356,574
Depreciation charged in the year	8,152	270,522	4,619	11,360	294,653
At 31 March 2018	230,574	4,195,363	210,256	15,034	4,651,227
<b>Carrying amount</b>					
At 31 March 2018	42,966	1,562,471	25,478	20,941	1,651,856
At 31 March 2017	51,117	1,602,457	17,819	9,551	1,680,944

### 14 Stocks

	2018 £	2017 £
Raw materials and consumables	2,244,322	4,845,078

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 15 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	535,038	159,566
Corporation tax recoverable	123,415	-
Amounts owed by group undertakings	34,329	4,698
Other debtors	1,280,915	2,152,745
Prepayments and accrued income	227,975	304,680
	<u>2,201,672</u>	<u>2,621,689</u>

### 16 Work in progress and bullion

	2018 £	2017 £
Bullion	406,939	899,548
Work in progress	4,171,999	7,098,037
	<u>4,578,938</u>	<u>7,997,585</u>

### 17 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	4,128,136	6,616,067
Trade creditors		2,805,812	5,279,095
Amounts owed to group undertakings		168	168
Corporation tax		-	198,128
Other taxation and social security		46,689	43,001
Other creditors		1,650,507	8,215
Accruals and deferred income		236,429	513,518
		<u>8,867,741</u>	<u>12,658,192</u>

### 18 Loans and overdrafts

	2018 £	2017 £
Bank overdrafts	<u>4,128,136</u>	<u>6,616,067</u>
Payable within one year	<u>4,128,136</u>	<u>6,616,067</u>

The bank borrowings represent a silver overdraft which is secured on the bullion and work in progress of the company.

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 19 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	20	-	102,905

### 20 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 2018 £	Liabilities 2017 £
<b>Balances:</b>		
Capital allowances in advance	81,343	107,998
Tax losses	(82,291)	-
Other timing differences	948	(5,093)
	-	102,905
<b>Movements in the year:</b>		2018 £
Liability at 1 April 2017		102,905
Credit to profit or loss		(102,905)
Liability at 31 March 2018		-

### 21 Retirement benefit schemes

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.

The charge to profit or loss in respect of defined contribution schemes was £43,383 (2017 - £98,428).

### 22 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
350,000 Ordinary shares of £1 each	350,000	350,000

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.

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 23 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.

#### Profit and loss reserves

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

### 24 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 2018, the maximum potential liability under this agreement was £844,973 (2017: £1,171,586).

### 25 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:

	2018 £	2017 £
Within one year	108,070	109,893
Between two and five years	603,221	61,372
In over five years	1,203,000	-
	<u>1,914,291</u>	<u>171,265</u>

### 26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £	2017 £
Acquisition of tangible fixed assets	69,154	-
Acquisition of intangible assets	182,870	-
	<u>252,024</u>	<u>-</u>



# **JBR RECOVERY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2018***

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### **27 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.

The company sold goods totalling £nil (2017 - £8,889) to a director in the year. There were no amounts outstanding at the year end.

### **28 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.