

Company Registration No. 2623872 (England and Wales)

**JBR RECOVERY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 1999**



# **JBR RECOVERY LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	R Pendleton S L Phipps A Tiley R Punt M Green J Rutherford
<b>Secretary</b>	J Rutherford
<b>Company number</b>	2623872
<b>Registered office</b>	Argentor House Oldbury Road West Bromwich West Midlands B70 9BS
<b>Auditors</b>	Hacker Young St James Building 79 Oxford Street Manchester M1 6HT
<b>Business address</b>	Argentor House Oldbury Road West Bromwich West Midlands B70 9BS
<b>Bankers</b>	The Royal Bank of Scotland 79 - 83 Colmore Row Birmingham West Midlands B3 2AP
<b>Solicitors</b>	Osborne Clark 50 Queen Charlotte Street Bristol B51 4HE

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# JBR RECOVERY LIMITED

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## JBR RECOVERY LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1999

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The directors present their report and financial statements for the year ended 31 August 1999.

#### Principal activities and review of the business

The company'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.

Most of the company's income derives from the processing charges levied on its customers. As the majority of these are based in Continental Europe, the company's margins have been further eroded by the continued high level of sterling. As reported last year, the company responded by seeking higher volumes of materials at slim margins, in order to protect its market position as well as reducing its cost base. This has been successful, and with the introduction of the new blast furnace shift pattern in October 1998, the company was able to increase its throughput and turnover.

Production of silver was 241 tonnes compared with 226 tonnes in the preceding year.

The company continues to invest in new plant and equipment both to increase productivity and to improve further its environmental performance.

#### Results and dividends

The results for the year are set out on page 4.

#### Year 2000

We have identified the key risks to the business and have developed a plan to minimise their impact. We have considered not only our own systems but also those of our major suppliers and customers. Although no organisation can guarantee that no year 2000 problems will arise, we believe that, having identified and removed the major risks to the business in accordance with the plan we have developed, it will be possible to quickly resolve any such problems as may arise without significant additional costs.

The total cost of modifications to our computer and other systems has been £13,000.

Since the company is part of a supply chain involving many others, the failure of third party enterprises to deal with the year 2000 issue is also a risk. The company has taken all practical and reasonable steps to reduce its exposure to such events.

#### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 August 1999	1 September 1998
R Pendleton	-	-
S L Phipps	-	-
A Tiley	-	-
R Punt	-	-
M Green	-	-
J Rutherford	-	-

The interests of the directors in the ultimate holding company are disclosed in the financial statements of that company.

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## **JBR RECOVERY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1999**

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#### **Creditor payment policy**

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 62 (1998 - 78) days' purchases.

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Hacker Young be reappointed as auditors of the company will be put to the Annual General Meeting.

#### **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.

By order of the board



R Pendleton

**Director**

1 November 1999

## **JBR RECOVERY LIMITED**

### **AUDITORS' REPORT TO THE SHAREHOLDERS OF JBR RECOVERY LIMITED**

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We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

#### **Respective responsibilities of directors and auditors**

As described on page 2 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 the company's affairs as at 31 August 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Hacker Young**

1 November 1999

Chartered Accountants  
Registered Auditor

# JBR RECOVERY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1999

	Notes	1999 £	1998 £
<b>Turnover</b>	<b>2</b>	21,504,923	19,792,403
Cost of sales		(19,574,231)	(18,033,657)
<b>Gross profit</b>		1,930,692	1,758,746
Administrative expenses		(1,713,116)	(1,396,962)
<b>Operating profit</b>	<b>3</b>	217,576	361,784
Other interest receivable and similar income	<b>4</b>	8,738	5,194
Interest payable and similar charges	<b>5</b>	(42,947)	(40,261)
<b>Profit on ordinary activities before taxation</b>		183,367	326,717
Tax on profit on ordinary activities	<b>6</b>	74,710	(136,851)
<b>Profit on ordinary activities after taxation</b>		258,077	189,866
Dividends	<b>7</b>	-	(350,000)
<b>Retained profit/(loss) for the year</b>	<b>16</b>	258,077	(160,134)

The company's operation in the year continued unchanged; no operations were disposed of or acquired.

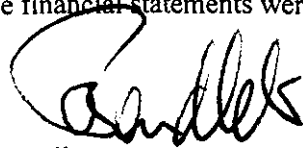
There are no recognised gains and losses other than those passing through the profit and loss account.

# JBR RECOVERY LIMITED

## BALANCE SHEET AS AT 31 AUGUST 1999

	Notes	1999 £	£	1998 £	£
<b>Fixed assets</b>					
Tangible assets	8		2,278,943		2,254,932
<b>Current assets</b>					
Stocks	9	3,495,049		4,960,738	
Debtors	10	1,068,117		1,238,743	
Cash at bank and in hand		710,418		395,121	
		<u>5,273,584</u>		<u>6,594,602</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(5,746,107)</u>		<u>(7,288,925)</u>	
<b>Net current liabilities</b>			<u>(472,523)</u>		<u>(694,323)</u>
<b>Total assets less current liabilities</b>			1,806,420		1,560,609
<b>Creditors: amounts falling due after more than one year</b>	12		(253,758)		(190,571)
<b>Provisions for liabilities and charges</b>	13		(194,042)		(269,495)
			<u>1,358,620</u>		<u>1,100,543</u>
<b>Capital and reserves</b>					
Called up share capital	15		350,000		350,000
Share premium account	16		53,683		53,683
Other reserves	16		240,000		240,000
Profit and loss account	16		714,937		456,860
<b>Shareholders' funds - equity interests</b>	17		<u>1,358,620</u>		<u>1,100,543</u>

The financial statements were approved by the Board on 1 November 1999

  
R Pendleton  
Director



# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999

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### 1 Accounting policies

#### 1.1 Basis of preparation

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary of a parent company which itself publishes a consolidated cash flow statement.

#### 1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold land & buildings	evenly over the lease period
Plant & machinery	10% on a straight line basis
Fixtures fittings & equipment	10 - 33 1/3% on a straight line basis
Motor vehicles	25% on a reducing balance basis

#### 1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income as incurred.

#### 1.6 Stock and work in progress

Raw materials are valued on an individual job cost basis.

Work in progress is calculated by reference to the year end spot price of silver and includes an appropriate portion of attributable overheads.

Finished goods are stated at selling price.

#### 1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999

### 1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

### 2 Turnover

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

3 Operating profit	1999 £	1998 £
Operating profit is stated after charging:		
Depreciation of tangible assets	406,182	348,177
Operating lease rentals	284,511	253,248
Auditors' remuneration	11,968	9,775
Remuneration of auditors for non-audit work	1,600	200

4 Other interest receivable and similar income	1999 £	1998 £
Bank interest	4,919	1,029
Other interest	3,819	4,165
	8,738	5,194

5 Interest payable	1999 £	1998 £
On bank loans and overdrafts	15,388	16,099
On other loans wholly repayable within 5 years	-	740
Hire purchase interest	27,559	23,422
	42,947	40,261

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999

6	Taxation	1999	1998
		£	£
	<b>UK current year taxation</b>		
	UK corporation tax at 21% (1998 - 25%)	186	-
	Payment in respect of group relief	-	78,559
	Deferred taxation	(75,453)	7,904
		<u>(75,267)</u>	<u>86,463</u>
	<b>Prior years</b>		
	UK corporation tax	557	50,388
		<u>(74,710)</u>	<u>136,851</u>
7	Dividends	1999	1998
		£	£
	Ordinary interim paid	-	350,000

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999

### 8 Tangible fixed assets

	Short leasehold land & buildings £	Plant & machinery £	Fixtures fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 September 1998	174,906	3,164,326	80,019	193,924	3,613,175
Additions	47,939	366,305	12,345	8,007	434,596
Disposals	-	(5,219)	(12,710)	(12,675)	(30,604)
	<u>222,845</u>	<u>3,525,412</u>	<u>79,654</u>	<u>189,256</u>	<u>4,017,167</u>
<b>Depreciation</b>					
At 1 September 1998	84,481	1,175,647	37,728	60,387	1,358,243
On disposals	-	(3,870)	(12,710)	(9,621)	(26,201)
Charge for the year	17,446	351,340	11,580	25,816	406,182
	<u>101,927</u>	<u>1,523,117</u>	<u>36,598</u>	<u>76,582</u>	<u>1,738,224</u>
<b>Net book value</b>					
At 31 August 1999	<u>120,918</u>	<u>2,002,295</u>	<u>43,056</u>	<u>112,674</u>	<u>2,278,943</u>
At 31 August 1998	<u>90,425</u>	<u>1,988,679</u>	<u>42,291</u>	<u>133,537</u>	<u>2,254,932</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant & machinery £
<b>Net book values</b>	
At 31 August 1999	<u>529,407</u>
At 31 August 1998	<u>345,901</u>
<b>Depreciation charge for the year</b>	
31 August 1999	<u>82,418</u>
31 August 1998	<u>67,033</u>

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999

9	Stocks and work in progress	1999 £	1998 £
	Raw materials and consumables	968,510	674,962
	Work in progress	2,256,763	3,106,674
	Finished goods and goods for resale	269,776	1,179,102
		<u>3,495,049</u>	<u>4,960,738</u>

10	Debtors	1999 £	1998 £
	Trade debtors	589,013	771,533
	ACT recoverable	2,431	48,653
	Other debtors	357,974	320,799
	Prepayments and accrued income	118,699	97,758
		<u>1,068,117</u>	<u>1,238,743</u>

Amounts falling due after more than one year and included in the debtors above are:

	1999 £	1998 £
Other debtors	<u>-</u>	<u>320,499</u>

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999

11 Creditors: amounts falling due within one year	1999 £	1998 £
Bank loans and overdrafts	362,755	324,253
Net obligations under finance lease and hire purchase contracts	99,766	108,234
Trade creditors	3,709,556	5,246,555
Amounts owed to parent and fellow subsidiary undertakings	879,067	739,067
Corporation tax	186	-
Other taxes and social security costs	654,786	823,495
Other creditors	4,184	5,195
Accruals and deferred income	35,807	42,126
	<u>5,746,107</u>	<u>7,288,925</u>

Included in bank loans and overdrafts is £349,391 relating to a silver overdraft, used to provide a corresponding silver advance to a customer (disclosed in other debtors).

Security on the silver overdraft is provided by a letter of credit from the Royal Bank of Scotland. The interest on the silver overdraft is at variable silver lease rates.

The bank overdraft is secured by a debenture dated 14 August 1992 with an unlimited inter company composite guarantee dated 28 November 1996.

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999

12 Creditors: amounts falling due after more than one year	1999 £	1998 £
Bank loans	43,364	4,090
Net obligations under finance leases and hire purchase agreements	210,394	186,481
	<u>253,758</u>	<u>190,571</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	56,728	13,039
	<u>56,728</u>	<u>13,039</u>
Included in current liabilities	(13,364)	(8,949)
	<u>43,364</u>	<u>4,090</u>
<b>Loan maturity analysis</b>		
Between one and two years	10,249	4,090
Between two and five years	33,115	-
	<u>10,249</u>	<u>4,090</u>
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	99,766	108,234
Repayable between one and five years	210,394	186,481
	<u>310,160</u>	<u>294,715</u>
Included in liabilities falling due within one year	(99,766)	(108,234)
	<u>210,394</u>	<u>186,481</u>

The first bank loan is repayable over three years by equal annual instalments, including interest, of £368.84 commencing on 11 January 1998.

The second bank loan is repayable over five years by equal annual instalments, including interest, of £1,121.26 commencing on 13 June 1999. This loan is secured by a fixed charge dated 15 April 1999.

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999

### 13 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 September 1998	269,495
Profit and loss account	(75,453)
	<u>194,042</u>
Balance at 31 August 1999	<u>194,042</u>

Deferred tax is provided at 20% (1998 - 21%) analysed over the following timing differences:

	Fully provided 1999 £	1998 £
Accelerated capital allowances	194,726	296,538
Other timing differences	(684)	(24,612)
Tax losses available	-	(2,431)
	<u>194,042</u>	<u>269,495</u>

### 14 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £38,369 (1998 - £39,188). Contributions totalling £3,421 (1998 - £4,395) were payable to the fund at the year end and are included in creditors.

### 15 Share capital

	1999 £	1998 £
<b>Authorised</b>		
350,000 Ordinary shares of £1 each	<u>350,000</u>	<u>350,000</u>
<b>Allotted, called up and fully paid</b>		
350,000 Ordinary shares of £1 each	<u>350,000</u>	<u>350,000</u>



# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999

### 16 Statement of movements on reserves

	Share premium account £	Other reserves £	Profit and loss account £
Balance at 1 September 1998	53,683	240,000	456,860
Retained profit for the year	-	-	258,077
Balance at 31 August 1999	<u>53,683</u>	<u>240,000</u>	<u>714,937</u>

### 17 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year	258,077	189,866
Dividends	-	(350,000)
Net addition to/(depletion in) shareholders' funds	<u>258,077</u>	<u>(160,134)</u>
Opening shareholders' funds	1,100,543	1,260,677
Closing shareholders' funds	<u>1,358,620</u>	<u>1,100,543</u>

### 18 Contingent liabilities

There are unlimited cross guarantees in respect of the bank accounts between the company and the group. The company's maximum potential liability in respect of the guarantee at 31 August 1999 was £1,165,142.

### 19 Financial commitments

At 31 August 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1999 £	1998 £	1999 £	1998 £
Expiry date:				
Within one year	11,000	25,835	6,870	-
Between two and five years	116,350	141,350	-	15,825
In over five years	13,500	13,500	-	-
	<u>140,850</u>	<u>180,685</u>	<u>6,870</u>	<u>15,825</u>

# JBR RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999

20 Capital commitments	1999 £	1998 £
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At 31 August 1999 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	10,000	50,000
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21 Directors' emoluments	1999 £	1998 £
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Emoluments for qualifying services	167,174	136,154
Company pension contributions to money purchase schemes	14,516	13,580
	<u>181,690</u>	<u>149,734</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (1998 - 3).

## 22 Employees

### Number of employees

The average monthly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Production	44	36
Commercial / administration	12	11
	<u>56</u>	<u>47</u>

### Employment costs

	£	£
Wages and salaries	1,169,362	959,745
Social security costs	113,778	95,721
Other pension costs	38,369	39,188
	<u>1,321,509</u>	<u>1,094,654</u>

# **JBR RECOVERY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1999**

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### **23 Control**

The ultimate parent company is Recycling Services Group Plc, a company registered in England and Wales.

Recycling Services Group Plc prepares group financial statements and copies can be obtained from the Registered office.

### **24 Related party transactions**

The company has taken advantage of the exemptions under Financial Reporting Standard 8 whereby 90% owned subsidiaries need not disclose related party transactions with group companies for which consolidated accounts have been prepared.