

JBR RECOVERY LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1995

HACKER YOUNG
Chartered Accountants



JBR RECOVERY LIMITED
REPORT OF THE DIRECTORS

The Directors submit their report and financial statements for the year ended 31 August 1995.

RESULTS AND DIVIDENDS

The Group profit for the year, after taxation amounted to £297422 (1994 - Profit £283904).

The Directors paid interim dividends of £20000 and now recommend payment of final dividends amounting to £138200.

The profit has been added to retained reserves.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group's principal activity during the year was to provide a waste recovery service to manufacturers, processors and major users of photographic chemicals and materials, whereby their waste products are disposed of in an environmentally - sound and economic manner and valuable material, such as silver, is recovered.

As mentioned last year, the introduction of EC 259/93 in May 1994 caused considerable concern and some disruption to business. Most of these problems have now been successfully overcome.

The import of material from The Netherlands continues to be difficult as a result of the way the Dutch Waste Plan is being interpreted. After considerable discussions with the relevant authorities in the UK, The Netherlands and Brussels, the Company issued a formal complaint to the European Commission claiming that the Dutch Waste Plan is in breach of European legislation.

The Company has been registered with and controlled by Her Majesty's Inspectorate of Pollution for many years and JBR moved on to the next stage of its environmental programme with the submission of its application for Integrated Pollution Control on schedule during the year.

FIXED ASSETS

The changes in fixed assets during the year are summarised in the notes to the financial statements.

JBR RECOVERY LIMITED

REPORT OF THE DIRECTORS

- CONTINUED -

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and their beneficial interests in the share capital of the Company, were as follows:

	<u>At 31.8.95</u>	<u>At 31.8.94</u>
	<u>Ordinary Shares</u>	<u>Ordinary Shares</u>
Dr C Phipps	-	-
Mr R Pendleton	30000	30000
Mr S Phipps	140000	140000
Mr A Tiley	-	-
Mr R Punt	-	-
Mr M Green	-	-

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

SUBSTANTIAL SHAREHOLDINGS

At the date of the report the Company had been notified of the following interest in the issued share capital:-

	<u>'A' Ordinary</u>	<u>Cumulative</u>
	<u>Share</u>	<u>Preference Share</u>
		<u>Capital</u>
3i Group Plc	120000	160000

EMPLOYEES

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

The Company makes every effort to provide the same opportunities to disabled persons as to others and does not discriminate between employees on the grounds of race, ethnic origin or sex. Equal opportunity is given to all job applicants.

JBR RECOVERY LIMITED

REPORT OF THE DIRECTORS

- CONTINUED -

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TAXATION STATUS

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

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

Signed on behalf of
the Board of Directors:



Secretary: M Green

Approved by the Board: 24 NOVEMBER 1995

AUDITORS' REPORT TO THE MEMBERS OF

JBR RECOVERY LIMITED

We have audited the financial statements on pages 6 to 31 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 and 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 August 1995 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HACKER YOUNG

Registered Auditor
Chartered Accountants
St James Building
79 Oxford Street
Manchester M1 6HT

24 NOVEMBER 1995

JBR RECOVERY LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER	2		
Continuing		19691969	12569822
Acquisitions		-	632680
		<u>19691969</u>	<u>13202502</u>
Cost of sales		17607994	11567358
GROSS PROFIT		<u>2083975</u>	<u>1635144</u>
Distribution costs	8546		8036
Administrative expenses	1502903		1248333
		<u>1511449</u>	<u>1256369</u>
OPERATING PROFIT/(LOSS)	3		
Continuing businesses	572526		405199
Acquisitions	-		(26424)
		<u>572526</u>	<u>378775</u>
Interest receivable	5 (23972)		(18880)
Interest payable	6 92344		75801
		<u>68372</u>	<u>56921</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	504154	321854
Taxation	7	<u>206732</u>	<u>37950</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		297422	283904
Dividends	8 158200		119815
Other appropriations	8 1163		1932
		<u>159363</u>	<u>121747</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	19	<u>138059</u>	<u>162157</u>
EARNINGS PER SHARE	9		
- ORDINARY		<u>128.0p</u>	<u>126.8p</u>
- INSTITUTE OF INVESTMENT MANAGERS AND RESEARCHERS DEFINITION		<u>137.9p</u>	<u>124.6p</u>

STATEMENT OF RECOGNISED GAINS AND LOSSES

	<u>1995</u> £	<u>1994</u> £
Profit for the financial year	138059	162157
Prior year adjustment (note 24)	-	-
Total recognised gains and losses	<u>138059</u>	<u>162157</u>

The notes on pages 11 to 31 form part of these financial statements.

JBR RECOVERY LIMITED

HOLDING COMPANY PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER	2	17745957	12569822
Cost of sales		15881103	11014037
GROSS PROFIT		1864854	1555785
Administrative expenses		1293911	1183566
OPERATING PROFIT	3	570943	372219
Interest receivable	5	(23177)	(18664)
Interest payable	6	87683	73770
		64506	55106
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	506437	317113
Taxation	7	198856	33209
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		307581	283904
Dividends	8	158200	119815
Other appropriations	8	1163	1932
		159363	121747
RETAINED PROFIT FOR THE FINANCIAL YEAR		148218	162157

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the above two financial years.

STATEMENT OF RECOGNISED GAINS AND LOSSES

	<u>1995</u> £	<u>1994</u> £
Profit for the financial year	148218	162157
Prior year adjustment (note 24)	-	-
Total recognised gains and losses	148218	162157

The notes on pages 11 to 31 form part of these financial statements.

JBR RECOVERY LIMITED

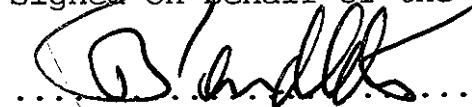
GROUP BALANCE SHEET AT 31 AUGUST 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
<u>FIXED ASSETS</u>			
Tangible assets	10	1694972	1639697
<u>CURRENT ASSETS</u>			
Stock and work in progress	12	2833218	2883992
Debtors - Due after more than one year	13	379041	386161
Debtors - Due within one year	14	1233746	595967
Cash at bank and in hand		173891	57706
		<u>4619896</u>	<u>3923826</u>
<u>CREDITORS</u> - Amounts falling due within one year	15	<u>4858116</u>	<u>4038730</u>
<u>NET CURRENT LIABILITIES</u>		<u>(238220)</u>	<u>(114904)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>1456752</u>	<u>1524793</u>
<u>CREDITORS</u> - Amounts falling due after more than one year	16	492841	679384
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	17	106300	47020
		<u>599141</u>	<u>726404</u>
		<u>857611</u>	<u>798389</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	18	410000	470000
Share premium account	19	-	2464
Profit and loss account	19	447611	325925
Shareholders' funds	20	<u>857611</u>	<u>798389</u>

Shareholders funds comprise £676811 (1994 - £510389) equity interests and £180800 (1994 - £288000) non equity interests.

These financial statements were approved by the Board of Directors on 24 November 1995.

Signed on behalf of the Board of Directors:



..... R Pendleton, Director

The notes on pages 11 to 31 form part of these financial statements.

JBR RECOVERY LIMITED

HOLDING COMPANY BALANCE SHEET AT 31 AUGUST 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
<u>FIXED ASSETS</u>			
Tangible assets	10	1391550	1421993
Investments	11	100	-
		<u>1391650</u>	<u>1421993</u>
<u>CURRENT ASSETS</u>			
Stock and work in progress	12	2667912	2769928
Debtors - Due after more than one year	13	574041	581161
Debtors - Due within one year	14	1272096	588187
Cash at bank and in hand		160318	57605
		<u>4674367</u>	<u>3996881</u>
<u>CREDITORS</u> - Amounts falling due within one year	15	4658392	3921098
<u>NET CURRENT ASSETS</u>		<u>15975</u>	<u>75783</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>1407625</u>	<u>1497776</u>
<u>CREDITORS</u> - Amounts falling due after more than one year	16	446172	657108
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	17	93683	42279
		<u>539855</u>	<u>699387</u>
		<u>867770</u>	<u>798389</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	18	410000	470000
Share premium account	19	-	2464
Profit and loss account	19	457770	325925
Shareholders' funds		<u>867770</u>	<u>798389</u>

Shareholders funds comprise £686970 (1994 - £510389) equity interests and £180800 (1994 - £288000) non equity interests.

These financial statements were approved by the Board of Directors on 24 November 1995.

Signed on behalf of the Board of Directors:

..... R Pendleton, Director

The notes on pages 11 to 31 form part of these financial statements.

JBR RECOVERY LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	26	902686	609798
<u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>			
Interest received	25465	13987	
Interest paid	(90174)	(74417)	
Dividends paid	(115015)	(122788)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(179724)	(183218)
<u>TAXATION</u>			
Corporation tax paid (including advance corporation tax)		(38709)	(46526)
<u>INVESTING ACTIVITIES</u>			
Purchase of fixed assets	(290431)	(551701)	
Sales of tangible fixed assets	500	11600	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(289931)	(540101)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		394322	(160047)
<u>FINANCING</u>			
New loans	-	200000	
Net repayment of amounts borrowed	(197615)	(159286)	
Redemption of cumulative preference shares	(80000)	(80000)	
NET CASH OUTFLOW FROM FINANCING	29	(277615)	(39286)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	27/28	116707	(199333)

The notes on pages 11 to 31 form part of these financial statements.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

1 ACCOUNTING POLICIES

a Accounting Convention

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

JBR Recovery Limited has adopted Financial Reporting Standard Number 4 (FRS4) - 'Capital Instruments', the objective of which is to ensure that financial statements provide a clear, coherent and consistent treatment of capital instruments.

In accordance with FRS4, non-equity shareholders' funds attributable to preference shareholders are disclosed separately in the 1994 balance sheet.

b Basis of Consolidation

The Group financial statements incorporate the audited results of the holding company and its subsidiary made up to a common accounting date, using the acquisition method of accounting.

c Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life as follows:

Short leasehold property	...	Evenly over the lease period
Plant and machinery	...	10% - 50% on cost
Motor vehicles	...	25% on a reducing balance basis
Fixtures and fittings	...	10 - 33 1/3% on cost

d Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and the year end 'spot' price of silver. The only exception to this is where an element of work in progress is paid for after the year end at a higher price due to a strengthening in the price of silver. In these circumstances, the amount of the ultimate liability is used in the valuation of work in progress. Cost is defined as raw materials and variable costs, plus an appropriate proportion of overheads.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

1 ACCOUNTING POLICIES - CONTINUED -

e Deferred Taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

f Finance Leases and Hire Purchase Contracts

Assets obtained under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their expected useful lives.

Interest on finance leases and hire purchase contracts is charged in the Profit and Loss account on a straight line basis over the period of the contract.

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

g Pensions

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

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

h Foreign Currencies

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

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover represents the invoiced amount of goods sold and services provided (stated net of value added tax) during the year.

The turnover and pre-tax profit are attributable to the Group's principal activity within the United Kingdom.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

3 OPERATING PROFIT

	<u>Group</u>	
a <u>This is stated after charging/(crediting):</u>	1995	1994
	£	£
Directors' remuneration (see b)	312551	285943
Auditors' remuneration		
- audit services	16025	15000
- non audit services	1300	7775
Depreciation of owned assets	201600	153047
Depreciation of assets held under finance leases	63860	53383
Amortisation of goodwill	-	1
Operating leases - land and buildings	179492	151332
Operating leases - other assets	13815	9323
Loss/(profit) on disposal of fixed assets	16796	(1824)
	<u> </u>	<u> </u>
	<u>Holding Company</u>	
	1995	1994
	£	£
Directors' remuneration (see b)	312551	285943
Auditors' remuneration		
- audit services	14000	13000
- non audit services	1300	7775
Depreciation of owned assets	164373	136338
Depreciation of assets held under finance leases	53408	50383
Operating leases - land and buildings	144617	131816
Operating leases - other assets	13569	9077
Loss/(profit) on disposal of fixed assets	16796	(1824)
Exceptional item provision in respect of subsidiary undertaking	(32980)	32980
	<u> </u>	<u> </u>

b Directors' Remuneration

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

	1995	1994
	£	£
Fees	290201	265795
Pension contributions	9360	9000
Other emoluments	12990	11148
	<u> </u>	<u> </u>
	312551	285943
	<u> </u>	<u> </u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

3 OPERATING PROFIT - CONTINUED -

b Directors' Remuneration - continued

	1995 £	1994 £
Emoluments of Chairman excluding pension contributions	<u>64750</u>	<u>81982</u>
Emoluments of highest paid Director excluding pension contributions	<u>69741</u>	<u>81982</u>

The emoluments of the Chairman and another related Director were paid to a Company controlled by the family. The emoluments of two other Directors were paid to a business in which they are partners.

Other Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1995 No	1994 No
£10001 - £15000	-	1
£25001 - £30000	1	1
£35001 - £40000	1	-
£45001 - £50000	-	2
£50001 - £55000	2	-
£60001 - £65000	-	1

4 STAFF COSTS - DIRECTORS AND EMPLOYEES

	1995 £	Group 1994 £
Wages and salaries	1228908	1057769
Social security costs	97641	88254
Other pension costs	33181	29366
	<u>1359730</u>	<u>1175389</u>

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

	No	No
Production	44	43
Commercial/administration	15	16
	<u>59</u>	<u>59</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

4 STAFF COSTS - DIRECTORS AND EMPLOYEES - CONTINUED -

	<u>Holding Company</u>	
	1995	1994
	£	£
Wages and salaries	1086811	989862
Social security costs	84295	82106
Other pension costs	33181	29366
	<u>1204287</u>	<u>1101334</u>

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

	No	No
Production	38	39
Commercial/administration	12	12
	<u>50</u>	<u>51</u>

5 INTEREST RECEIVABLE

	<u>Group</u>	
	1995	1994
	£	£
Bank interest	22037	18433
Interest on advanced payments	1935	447
	<u>23972</u>	<u>18880</u>

	<u>Holding Company</u>	
	1995	1994
	£	£
Bank interest	21242	18217
Interest on advanced payments	1935	447
	<u>23177</u>	<u>18664</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

6 INTEREST PAYABLE

	<u>Group</u>	
	1995	1994
	£	£
Silver overdraft interest	5408	1853
Loan interest	54778	53594
Finance lease interest	3884	2703
Hire purchase interest	24030	13763
Other interest	4244	3888
	<u>92344</u>	<u>75801</u>

	<u>Holding Company</u>	
	1995	1994
	£	£
Silver overdraft interest	5408	1853
Loan interest	54778	53594
Finance lease interest	1860	1485
Hire purchase interest	21456	13250
Other interest	4181	3588
	<u>87683</u>	<u>73770</u>

7 TAXATION

	<u>Group</u>	
	1995	1994
	£	£
Based on the results for the year:		
Corporation tax at 31.54% (1994 - 26.7%)	136656	43572
Transfer to/(from) deferred taxation	20738	(5622)
Underprovision in respect of prior years:		
Deferred tax	49338	-
	<u>206732</u>	<u>37950</u>

	<u>Holding Company</u>	
	1995	1994
	£	£
Based on the results for the year:		
Corporation tax at 31.54% (1994 - 26.7%)	136656	43572
Transfer to/(from) deferred taxation	12862	(10363)
Underprovision in respect of prior years:		
Deferred tax	49338	-
	<u>198856</u>	<u>33209</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

8 DIVIDENDS AND OTHER APPROPRIATIONS

<u>Group and Holding Company</u>	1995 £	1994 £
<u>Dividends</u>		
Non-equity dividends:		
<u>Paid</u> 12% Preference	12800	17600
<u>Proposed</u> 12% Preference	9600	14400
Equity dividends:		
<u>Paid</u>		
'A' Ordinary interim (6p per share)	7200	7200
<u>Proposed</u>		
'A' Ordinary final [46.83p per share (1994 - 24.28p)]	48993	29135
- Ordinary final [46.85p per share (1994 24.28p)]	79607	51480
	<u>158200</u>	<u>119815</u>
 <u>Other Appropriations</u>		
Non-equity:		
Amortisation of issue costs on redeemable preference shares	<u>1163</u>	<u>1932</u>

9 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of £217666 (1994 - £213637) and issued ordinary shares of £170000 (1994 - £170000). The effect on earnings per £1 ordinary share of the issue of shares under option would not be material.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

9 EARNINGS PER SHARE - CONTINUED -

Calculation of earnings per share:-

Institute of investment managers and researchers definition.

	1995 £	1994 £
Consolidated profit after tax	297422	283904
<u>Less:</u> Preference dividends	22400	32000
'A' ordinary dividends	56193	36335
Appropriations	1163	1932
	<u>(79756)</u>	<u>(70267)</u>
(Profit)/loss on disposal of fixed assets	16796	(1824)
	<u>234462</u>	<u>211813</u>
Number of shares	<u>170000</u>	<u>170000</u>

10 TANGIBLE ASSETS
Group

	<u>Short Leasehold Land and Buildings</u> £	<u>Plant and Machinery</u> £	<u>Motor Vehicles</u> £	<u>Fixtures and Fittings</u> £	<u>Total</u> £
<u>Cost</u>					
At 1 September 1994	119192	1804599	120712	31730	2076233
Additions	3615	328460	-	5956	338031
Disposals	-	(30220)	-	-	(30220)
At 31 August 1995	<u>122807</u>	<u>2102839</u>	<u>120712</u>	<u>37686</u>	<u>2384044</u>
<u>Depreciation</u>					
At 1 September 1994	27035	355525	36364	17612	436536
Charge for the year	13316	225728	21087	5329	265460
On disposals	-	(12924)	-	-	(12924)
At 31 August 1995	<u>40351</u>	<u>568329</u>	<u>57451</u>	<u>22941</u>	<u>689072</u>
<u>Net Book Value</u>					
At 31 August 1995	<u>82456</u>	<u>1534510</u>	<u>63261</u>	<u>14745</u>	<u>1694972</u>
At 31 August 1994	<u>92157</u>	<u>1449074</u>	<u>84348</u>	<u>14118</u>	<u>1639697</u>

The net book value of fixed assets above includes an amount of £346261 in respect of assets held under finance leases and hire purchase agreements.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

10 TANGIBLE ASSETS - CONTINUED -

Holding Company

	<u>Short Leasehold Land and Buildings</u>	<u>Plant and Machinery</u>	<u>Motor Vehicles</u>	<u>Fixtures and Fittings</u>	<u>Total</u>
	£	£	£	£	£
<u>Cost</u>					
At 1 September 1994	119192	1569452	120712	29464	1838820
Additions	-	200834	-	3300	204134
Disposals	-	(29595)	-	-	(29595)
At 31 August 1995	119192	1740691	120712	32764	2013359
<u>Depreciation</u>					
At 1 September 1994	27035	336230	36364	17198	416827
Charge for the year	13242	178923	21087	4529	217781
On disposals	-	(12799)	-	-	(12799)
At 31 August 1995	40277	502354	57451	21727	621809
<u>Net Book Value</u>					
At 31 August 1995	78915	1238337	63261	11037	1391550
At 31 August 1994	92157	1233222	84348	12266	1421993

The net book value of fixed assets above includes an amount of £276100 in respect of assets held under finance leases and hire purchase agreements.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

11 FIXED ASSETS - INVESTMENTS

Holding Company

Subsidiary
Undertaking
£

Investment in subsidiary undertaking	100
--------------------------------------	-----

Particulars of the subsidiary undertaking which is wholly owned, are as follows:

<u>Name of Subsidiary</u>	<u>Nature of Business</u>	<u>Country of Registration Incorporation and Operation</u>
Recoup Metals Limited	Copper recovery	England

12 STOCKS

Stocks comprise:

	1995 £	<u>Group</u> 1994 £
Raw materials	563782	897507
Work in progress	2161605	1684698
Finished goods and goods for resale	107831	301787
	<u>2833218</u>	<u>2883992</u>

	1995 £	<u>Holding Company</u> 1994 £
Raw materials	439204	798013
Work in progress	2151205	1684698
Finished goods and goods for resale	77503	287217
	<u>2667912</u>	<u>2769928</u>

The Directors are of the opinion that the replacement cost of stock is not materially different from the book value.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

13 DEBTORS - FALLING DUE AFTER MORE THAN ONE YEAR

	1995	<u>Group</u>	1994
	£		£
Silver advance to customer (see creditors - Silver overdraft)	379041		386161

	<u>Holding Company</u>		<u>Holding Company</u>
	1995		1994
	£		£
Silver advance to customer (see creditors - Silver overdraft)	379041		386161
Amounts owed by group undertaking	195000		195000
	<u>574041</u>		<u>581161</u>

14 DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995	<u>Group</u>	1994
	£		£
Trade debtors	1145307		496688
Other debtors	2728		14607
Prepayments and accrued income	85711		84672
	<u>1233746</u>		<u>595967</u>

	<u>Holding Company</u>		<u>Holding Company</u>
	1995		1994
	£		£
Amounts owed by group undertaking	107714		60830
Trade debtors	1085594		447580
Other debtors	800		4117
Prepayments and accrued income	77988		75660
	<u>1272096</u>		<u>588187</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

15 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995	<u>Group</u>	1994
	£		£
Bank overdraft	-		522
Silver overdraft (see below)	379041		386161
Loans (see notes 16 and 25(b))	138333		98333
Obligations under finance leases and hire purchase contracts	91277		94749
Trade creditors	3176883		2790144
Corporation tax	107902		9955
Other taxes and social security costs	608124		390415
Other creditors	4375		4624
Accruals	213981		168812
Proposed dividends	138200		95015
	<u>4858116</u>		<u>4038730</u>

	<u>Holding Company</u>	
	1995	1994
	£	£
Silver overdraft (see below)	379041	386161
Loans (see notes 16 and 25(b))	138333	98333
Obligations under finance leases and hire purchase contracts	72603	86786
Trade creditors	3013830	2690094
Corporation tax	107902	9955
Other taxes and social security costs	599723	388044
Other creditors	4375	4624
Accruals	204385	162086
Proposed dividends	138200	95015
	<u>4658392</u>	<u>3921098</u>

The Silver overdraft is used to provide a corresponding silver advance to a customer (see debtors falling due after more than one year).

Security on the silver overdraft is provided by a letter of credit from the Royal Bank of Scotland. The interest on the Silver overdraft is at 2.0% per annum.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

16 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995	<u>Group</u>	1994
	£		£
Loans (see note 25(b))	356668		495001
Obligations under finance leases and hire purchase contracts	136173		184383
	<u>492841</u>		<u>679384</u>

	<u>Holding Company</u>		<u>Holding Company</u>
	1995		1994
	£		£
Loans (see note 25(b))	356668		495001
Obligations under finance leases and hire purchase contracts	89504		162107
	<u>446172</u>		<u>657108</u>

	<u>Group and</u>		<u>Group and</u>
	<u>Holding Company</u>		<u>Holding Company</u>
	1995		1994
	£		£
Between 1 and 2 years	138333		138333
Between 2 and 5 years	218335		316668
In 5 years or more	-		40000
	<u>356668</u>		<u>495001</u>

Loans repayable by instalments amount to £495001. Loans totalling £440000 are secured by fixed and floating charges over the Company's assets.

Interest is charged on the loans on specific dates, at 3% over the higher of 5% and the 3 month London Interbank operating rate.

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

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

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

Finance leases and hire purchase obligations are repayable as follows:

	1995	<u>Group</u>	1994
	£		£
Within one year	91277		94749
Between 2 and 5 years	136173		184383
	<u>227450</u>		<u>279132</u>

	<u>Holding Company</u>	
	1995	1994
	£	£
Within one year	72603	86786
Between 2 and 5 years	89504	162107
	<u>162107</u>	<u>248893</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

17 DEFERRED TAXATION

	<u>Group</u> £
At 1 September 1994	70774
Profit and loss account	70076
	<hr/>
At 31 August 1995	140850
	<hr/> <hr/>

The deferred taxation balance relates to:

	1995 £	1994 £
Capital allowances in advance of depreciation	139583	71354
Other timing differences	1267	(580)
	<hr/>	<hr/>
	140850	70774
	<hr/>	<hr/>
ACT recoverable	(34550)	(23754)
	<hr/>	<hr/>
	106300	47020
	<hr/> <hr/>	<hr/> <hr/>

Holding Company
£

At 1 September 1994	66033
Profit and loss account	62200
	<hr/>
At 31 August 1995	128233
	<hr/> <hr/>

The deferred taxation balance relates to:

	1995 £	1994 £
Capital allowances in advance of depreciation	126966	66613
Other timing differences	1267	(580)
	<hr/>	<hr/>
	128233	66033
	<hr/>	<hr/>
ACT recoverable	(34550)	(23754)
	<hr/>	<hr/>
	93683	42279
	<hr/> <hr/>	<hr/> <hr/>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

18 SHARE CAPITAL
Group and Holding Company

	<u>Authorised</u>		<u>Allotted, Called Up and Fully Paid</u>	
	1995	1994	1995	1994
	No	No	£	£
'A' Ordinary shares of £1 each	120000	120000	120000	120000
Ordinary shares of £1 each	180000	180000	170000	170000
Redeemable cumulative preference shares of 75p each	400000	400000	120000	180000
	<u>700000</u>	<u>700000</u>	<u>410000</u>	<u>470000</u>

During the year the Company redeemed 80000 75p cumulative preference shares at a premium of twenty five pence per share.

The remaining redeemable cumulative preference shares are redeemable at a premium of twenty five pence per share, as follows:

<u>Date</u>	<u>No of Shares</u>
31 December 1995	80000
31 December 1996	80000

The redeemable preference shares have been categorised as non equity shares as they fulfil the following two of the characteristics cited in Financial Reporting Standard Number 4.

- a) any of the rights of the shares to receive payments (whether in respect of dividends, in respect of redemption or otherwise) are for a limited amount that is not calculated by reference to the Company's assets or profits, or the dividends on any class of equity share;
- b) the shares are redeemable either according to their term, or because the holder or any party other than the issuer, can require their exemption.

The shares have no voting rights attached to them, and upon winding up, the assets of the Company remaining after the payments of its liabilities shall first be applied in paying out to the holders of the preference shares £1 per share together with a sum equal to any arrears or accruals of the preference dividend calculated down to the date of the return of capital.

The Company has granted options to two Directors to subscribe for 5000 £1 ordinary shares at £1.50 per share exercisable either between 18 December 1995 and 18 December 1999 or, at any time if the offer is accepted by shareholders for a majority of the issued share capital of the Company.

The Company has granted options to ten Directors and senior managers to subscribe for 11000 £1 ordinary shares at £5.60 per share exercisable between 20 June 1998 and 20 June 2002.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

19 RESERVES

	<u>Group</u>	<u>Share</u>
	<u>Profit and</u>	<u>Premium</u>
	<u>Loss Account</u>	<u>Account</u>
	£	£
At 1 September 1994	325925	2464
Prior year adjustment	(9323)	9323
Restated reserves brought forward	316602	11787
Retained profit for the year	138059	-
Other appropriations added back	-	1163
Premium on redemption of preference shares	(7050)	(12950)
At 31 August 1995	<u>447611</u>	<u>-</u>

	<u>Holding Company</u>	<u>Share</u>
	<u>Profit and</u>	<u>Premium</u>
	<u>Loss Account</u>	<u>Account</u>
	£	£
At 1 September 1994	325925	2464
Prior year adjustment	(9323)	9323
Restated reserves brought forward	316602	11787
Retained profit for the year	148218	-
Other appropriations added back	-	1163
Premium on redemption of preference shares	(7050)	(12950)
At 31 August 1995	<u>457770</u>	<u>-</u>

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	£	£
Profit attributable to members of the Group	297422	283904
Dividends	(158200)	(119815)
Redemption of preference shares	(80000)	(80000)
Net increase in shareholders' funds	<u>59222</u>	<u>84089</u>
Opening shareholders' funds	798389	714300
Closing shareholders' funds	<u>857611</u>	<u>798389</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

21 CAPITAL COMMITMENTS

	<u>Group</u>	
	1995	1994
	£	£
Contracted for but not provided in the financial statements	Nil	Nil
Authorised but not contracted for	60000	17000
	<u> </u>	<u> </u>
	<u>Holding Company</u>	
	1995	1994
	£	£
Contracted for but not provided in the financial statements	Nil	Nil
Authorised but not contracted for	50000	15000
	<u> </u>	<u> </u>

22 COMMITMENTS UNDER OPERATING LEASES

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

	<u>Group</u>	
	1995	1994
	£	£
Leases expiring in over five years	152542	149333
	<u> </u>	<u> </u>
	<u>Holding Company</u>	
	1995	1994
	£	£
Leases expiring in over five years	116042	119333
	<u> </u>	<u> </u>

23 PENSION COMMITMENTS

The Company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £33181 (1994 - £29366). Contributions totalling £3768 (1994 - £3711) were payable to the fund at the year end and are included in creditors.

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

24 PRIOR YEAR ADJUSTMENT

	1995	
	<u>Profit and</u>	<u>Share</u>
	<u>Loss Account</u>	<u>Premium</u>
	<u>Reserves</u>	<u>Account</u>
	£	£
Change in accounting policy to transfer issue costs on non equity shares to comply with Financial Reporting Standard Number 4	(9323)	9323
	<u> </u>	<u> </u>

25 TRANSACTIONS WITH DIRECTORS

a) Group and Holding Company

Arms length provision of some goods and services were provided by Prior Court Associates, a company in which two of the Directors are interested as partners.

b) Holding Company

- i Included in loans is an amount of £55001 due to Phipps and Company Limited, a company controlled by the family of Dr C Phipps and Mr S Phipps.

The capital and interest are payable under normal commercial terms.

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

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

	1995	1994
	£	£
Operating profit	572526	378775
Depreciation charges	265460	206430
Amortisation of goodwill	-	1
Loss/(profit) on disposal of assets	16796	(1824)
Decrease/(increase) in stock	50774	(531746)
Increase in debtors	(639272)	(58425)
Increase in creditors	636402	616587
	<u> </u>	<u> </u>
Net cash inflow from operating activities	902686	609798
	<u> </u>	<u> </u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

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

	1995 £	1994 £
Balance at beginning of year	57184	256517
Net cash inflow/(outflow)	116707	(199333)
Balance at end of year	<u>173891</u>	<u>57184</u>

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

	Change In Year £	1995 £	1994 £
Cash at bank and in hand	116185	173891	57706
Bank overdrafts	522	-	(522)
	<u>116707</u>	<u>173891</u>	<u>57184</u>

29 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>Share Capital</u> <u>(including Premium)</u> £	<u>Loans,</u> <u>Finance Leases</u> <u>and</u> <u>Hire Purchase</u> <u>Contracts</u> £
Balance at 1 September 1994	472464	872466
Net cash outflow from financing	(62464)	(197615)
Inception of finance leases and hire purchase contracts	-	47600
Balance at 31 August 1995	<u>410000</u>	<u>722451</u>

JBR RECOVERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 AUGUST 1995

30 MAJOR NON CASH TRANSACTIONS

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £47600.

31 SUBSIDIARY CONTRIBUTION TO GROUP CASH FLOW

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

	£
(i) Net cash inflow from operating activities	115213
(ii) Net cash outflow from returns on investment and servicing of finance	2926
(iii) Payments for investing activities	85797
(iv) Net repayment of amounts borrowed	<u>12496</u>