

MAYER COHEN INDUSTRIES LIMITED

**DIRECTORS REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

31ST DECEMBER, 1989.



WATTS GREGORY & DANIEL CHARTERED ACCOUNTANTS

MAYER COHEN INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts of the company for the year ended 31st December, 1989.

Results and dividend

The results for the year are set out on page 4. No dividend is proposed.

Principal activity

The principal activity of the company is the recycling of plastic and electronic scrap with a view to recovering plastic, precious metals, ferrous and non-ferrous metals.

Review of the business and future prospects

A review of the year and future prospects are set out in the Chairman's statement.

Share capital

Details of changes in share capital are set out in note 13.

Market value of land and buildings

The freehold property was valued on 22nd June, 1988 by independent valuers at £1350,000. Accordingly the revalued amount is now shown in the balance sheet.

Fixed assets

Changes in the fixed assets during the year are set out on page 6.

Exports

The value of exports made in the year was £480,303.

MAYER COHEN INDUSTRIES LIMITED

REPORT OF THE DIRECTORS [CONTINUED]

Shareholder companies

The share capital of the company is owned equally by A. Cohen & Co. [Great Britain] Limited and Mayer Newman & Company Limited, both companies registered in the U.K.

Directors and their interests

The directors who served during the year were as follows -

R. O. Cohen	-	Director of A. Cohen & Co. PLC
D.A.H. Davies	-	Director of A. Cohen & Co. PLC
J. B. Roberts] Directors of Mayer Newman & Company Ltd.
J. L. Cookson [Chairman]		
M. S. Burstall	-	Managing Director

No director had any direct interest in the share capital of the company. Their interests in the share capital of the shareholder companies are shown in the accounts of those companies.

In accordance with the Articles of Association all directors retire at the next Annual General Meeting and being eligible offer themselves for re-election.

Auditors

A resolution to reappoint the auditors, Watts Gregory & Daniel will be put to the members at the Annual General Meeting.



By Order of the Board

A. B. Leck

Company Secretary

27th September, 1990

REPORT OF THE AUDITORS
TO THE MEMBERS OF
MAYER COHEN INDUSTRIES LIMITED

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements, which have been prepared on the basis of accounting policies set out on page 7 give a true and fair view of the state of affairs of the company at 31st December, 1989 and of the loss and source and application of funds for the year ended on that date and comply with the Companies Act 1985.

Watts Gregory Daniel

WATTS GREGORY & DANIEL
Chartered Accountants,
12, Museum Place,
Cardiff.

28th September, 1990

MAYER COHEN INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st DECEMBER, 1989

1988

Turnover [Note 2]	3185548	2242061
Cost of sales	1278125	488601
	<hr/>	<hr/>
	1907423	1753460
Operating costs [Note 3]	1830795	1680903
	<hr/>	<hr/>
	76628	72557
Other operating income	26649	17525
	<hr/>	<hr/>
Operating profit	103277	90082
Income from fixed asset investments	13790	9608
	<hr/>	<hr/>
	117067	99690
Interest payable and similar charges [Note 5]	197012	129415
	<hr/>	<hr/>
[Loss] on ordinary activities before taxation	[79945]	[29725]
Tax on [loss] on ordinary activities [Note 6]	[16575]	[10094]
	<hr/>	<hr/>
[Loss] on ordinary activities after taxation	[63370]	[19631]
Proposed dividend	-	-
	<hr/>	<hr/>
Retained [loss] for year	[63370]	[19631]
Retained profit brought forward	73185	92816
	<hr/>	<hr/>
Retained profit carried forward	£9815	£73185
	<hr/>	<hr/>

MAYER COHEN INDUSTRIES LIMITED

BALANCE SHEET

AS AT 31st DECEMBER, 1989

1988

FIXED ASSETS

Tangible assets - per schedule	2214952	2249100
Investments [Note 7]	328166	328166
	<u>2543118</u>	<u>2577266</u>

CURRENT ASSETS

Stocks [Note 8]	422109	640398
Debtors [Note 9]	408826	320621
Cash at bank and in hand	299	419
	<u>831234</u>	<u>961438</u>

CREDITORS - amounts falling due within one year [Note 10]	963300	1119807
	<u>963300</u>	<u>1119807</u>

NET CURRENT [LIABILITIES]	[132066]	[158369]
	<u>[132066]</u>	<u>[158369]</u>

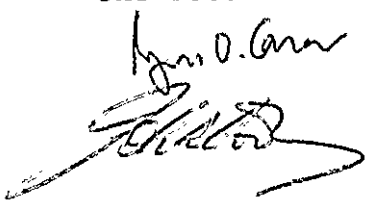
TOTAL ASSETS LESS CURRENT LIABILITIES	2411052	2418897
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CREDITORS - amounts falling due after more than one year [Note 11]	1120868	1136245
	<u>1120868</u>	<u>1136245</u>
	1290184	1282652

PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation [Note 12]	[32021]	[25119]
	<u>[32021]</u>	<u>[25119]</u>
	£1258163	£1257533
	<u>£1258163</u>	<u>£1257533</u>

CAPITAL AND RESERVES		
Called up share capital [Note 13]	406960	342960
Revaluation reserve	841388	841388
Profit and loss account	9815	73185
	<u>491163</u>	<u>491533</u>
	£1258163	£1257533
	<u>£1258163</u>	<u>£1257533</u>

The accounts were approved by the Board on the 27th September, 1990.



R. O. Cohen]
 J. L. Cookson] Directors

MAYER COHEN INDUSTRIES LIMITED

SCHEDULE OF TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant machinery & equipment	Motor vehicles	Total
Cost or valuation				
At 31st December, 1988	1368471	932939	51494	2352904
Additions during year	1967	132403	22532	156902
Less S.F.A. grant	-	[56737]	[3263]	[60000]
Disposals during year	-	-	[2283]	[2283]
At 31st December, 1989	<u>£1370438</u>	<u>£1008605</u>	<u>£68480</u>	<u>£2447523</u>
Depreciation				
At 31st December, 1988	18471	77257	8076	103804
Provision for year	9405	105660	15224	130289
Provision re disposals	-	-	[1522]	[1522]
At 31st December, 1989	<u>£27876</u>	<u>£182917</u>	<u>£21778</u>	<u>£232571</u>
Net book value				
At 31st December, 1988	<u>£1350000</u>	<u>£855682</u>	<u>£43418</u>	<u>£2249100</u>
At 31st December, 1989	<u>£1342562</u>	<u>£825688</u>	<u>£46702</u>	<u>£2214952</u>

Freehold land and buildings includes the cost of land which has not been depreciated.

Cost	250000
S.F.A. grant	46162
Net cost	<u>£203838</u>

The freehold land and buildings were revalued by professional valuers on the 22nd June, 1989 at £1,350,000.

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER, 1989

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention modified by the revaluation of freehold property.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or revalued amount less estimated residual value of each asset evenly over its expected useful life, as follows -

Freehold buildings	- 35 years
Plant, machinery & equipment	- 3 to 10 years
Motor vehicles	- 3 to 4 years

Government grants

These are only accounted for when received and are then deducted from the cost of the fixed assets to which they relate.

Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of work in progress and finished goods, cost includes attributable production overheads based on normal activity levels.

Research and development

Research and development expenditure is written off when incurred.

Deferred taxation

Deferred taxation is provided on the liability method on all short term and long term timing differences, except for those which are not expected to reverse in the future.

Deferred taxation has not been provided for in respect of the unrealised revaluation surplus.

Leased assets

Assets held under finance leases are capitalised and depreciated in accordance with the depreciation accounting policy. Future capital payments are included as a liability.

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS [CONTINUED]

YEAR ENDED 31ST DECEMBER, 1989

1988

2. Turnover

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

3. Operating costs

Staff costs	1104133	1058732
Depreciation	130289	63943
Auditors remuneration	5000	3780
Equipment hire	10861	10512
Other operating costs	580512	543936
	<hr/>	<hr/>
	£1830795	£1680903
	<hr/>	<hr/>

4. Staff costs

Wages and salaries	993075	958263
Social security costs	70700	75262
Other pension costs	40358	25207
	<hr/>	<hr/>
	£1104133	£1058732
	<hr/>	<hr/>

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

Factory	144	152
Office and management	14	10
	<hr/>	<hr/>
	158	162
	<hr/>	<hr/>

Directors remuneration [included in staff costs] comprised the following -

Salary and bonus	34105	32224
Pension contribution	2387	6300
	<hr/>	<hr/>
	£36492	£38524
	<hr/>	<hr/>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS [CONTINUED]

YEAR ENDED 31ST DECEMBER, 1989

1988

5. Interest payable and similar charges

On bank loans, overdrafts and other loans wholly repayable within five years	184641	122994
Finance leases and hire purchase	12875	6421
Inland Revenue repayment supplement	[504]	-
	<hr/>	<hr/>
	£197012	£129415
	<hr/>	<hr/>

6. Tax on [loss] on ordinary activities

The taxation charge is made up as follows -

Corporation tax - consortium relief	[20856]	[23725]
Deferred tax	[6902]	11174
Tax credit on dividends	-	2457
Previous overprovision	[2621]	-
	<hr/>	<hr/>
	[£16575]	[£10094]
	<hr/>	<hr/>

7. Investments

49250 Ordinary shares of 20p each in A. Cohen & Co. PLC At cost	£328166	£328166
	<hr/>	<hr/>

The shares are listed and are dealt on a recognised stock exchange. The market value at 31st December, 1989 was £455,562

8. Stocks

Raw materials and consumables	35273	19054
Work in progress	283107	525153
Finished goods	103729	96191
	<hr/>	<hr/>
	£422109	£640398
	<hr/>	<hr/>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS [CONTINUED]

YEAR ENDED 31ST DECEMBER, 1989

1988

9. Debtors

Trade debtors	351803	271920
Prepayments and accrued income	20499	21177
Other debtors	12221	3799
Corporation tax refund due	24303	23725
	<hr/>	<hr/>
	£408826	£320621
	<hr/>	<hr/>

10. Creditors - amounts falling due within one year

Bank overdraft	268903	170111
Trade creditors	411630	698693
Accruals	34744	33147
Corporation tax	-	-
Other taxes and social security costs	95810	52699
Short term loan - British Coal Enterprise Ltd.	-	60000
Amount due to Mayer Newman & Co. Ltd.	-	-
Other creditors	82213	67157
Loans due within one year	70000	33000
	<hr/>	<hr/>
	£963300	£1119807
	<hr/>	<hr/>

The loan from British Coal Enterprise Ltd. was repaid on 4th April, 1989 on receipt of further SFA grant monies of £60,000. Interest is charged at 10% p.a.

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS [CONTINUED]

YEAR ENDED 31ST DECEMBER, 1989

1988

11. Creditors - amounts falling due after more than one year

Bank mortgage loan	[a]	460000	460000
Bank loan	[b]	300000	300000
Loan - British Coal Enterprise	[c]	75000	100000
Bank loan - E.C.S.C.	[d]	125000	125000
Bank loan - re plant	[e]	36486	81958
Amounts due to shareholder companies		80000	-
Hire purchase creditors		44382	69287
		<hr/>	<hr/>
		£1120868	£1136245
		<hr/>	<hr/>

- a) Repayable in full in November, 1990. Interest rate 11.125%
- b) Repayable in full in November, 1990. Interest 2% over bank base rate.
- c) Repayable over 4 years from January, 1990. Interest 7.5% year 1, 8.5% year 2, 11% thereafter. Secured by guarantees from the shareholder companies.
- d) Repayable over 4 years from December, 1992. Interest rate 6.5%
- e) Repayable over 4 years from July, 1989. Interest rate 1% over bank base rate.

Bank borrowings are secured by a legal mortgage over the freehold premises and a memorandum of deposit over 44,000 shares in A. Cohen & Co. PLC

It is anticipated that the borrowings referred to in [a] and [b] above will be replaced in November, 1990 with further long term finance.

12. Deferred taxation

Deferred tax is provided on the following timing differences -

Accelerated capital allowances	79853	60410
Short term items	[221]	[749]
Tax losses carried forward	[47611]	[34542]
	<hr/>	<hr/>
	£32021	£25119
	<hr/>	<hr/>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS [CONTINUED]

YEAR ENDED 31ST DECEMBER, 1989

1988

13. Share capital

Ordinary shares of £1 each	£600000	£600000
Authorised Issued and fully paid	£406960	£342960

Amounts due to shareholder companies of £64,000 were converted to share capital on the 5th December, 1989.

Amounts due to shareholder companies at 31st December, 1989 of £80,000 are to be converted to share capital in 1990.

14. Capital commitments

Contracted	Nil	£16047
Authorised but not contracted	Nil	Nil

15. Contingent liabilities

There were no contingent liabilities at the year end.

16. Transactions involving directors

A number of the directors are also directors of companies who entered into transactions with the company. All these transactions were entered into on an arms length basis.

MAYER COHEN INDUSTRIES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31ST DECEMBER, 1989

1988

SOURCE OF FUNDS

[Loss] for the year before taxation	[79945]	[29725]
Adjustments for items not involving the flow of funds -		
Depreciation less profit on sale	129900	63943

FUNDS GENERATED FROM OPERATIONS

49955 34218

OTHER SOURCES

S.F.A. grant [Regional Selective Assistance]	60000	60000
Bank loans	-	260000
Share capital	64000	80000
Increase amounts due to shareholder companies	80000	-
Short term loan	-	60000
Hire purchase/lease finance	29600	82245
British Coal Enterprise Loan	-	100000
Corporation tax refund	26346	-
Sale proceeds of fixed assets	1150	-

311051 676463

APPLICATION OF FUNDS

Purchase fixed assets	156902	716589
Hire purchase repayments [capital]	49646	27581
Repayment short term loan	60000	60000
Payment of corporation tax	-	23725
Decrease amounts due to shareholder companies	-	130000
Loan repayments [capital]	38472	15042
Tax credit on dividends received	3447	2456

308467 975393

INCREASE/[DECREASE] IN WORKING CAPITAL

£2584 [£298930]

MOVEMENT IN WORKING CAPITAL ITEMS

[Decrease]/increase in stocks	[218289]	468942
Increase in debtors [excl. corporation tax]	87627	12002
[Increase] in creditors [excl. corporation tax, loans and hire purchase creditor]	232158	[600716]

Movement in net liquid funds:

[Decrease]/increase bank and cash balances	[120]	[9047]
[Increase] bank overdraft	[98792]	[170111]

£2584 [£298930]

LIST OF PAST AND PRESENT MEMBERS

SCHEDULE TO FORM 303

Company Number: 2372710		Account of Shares		Remarks
Company Name: GIL MORTGAGE INVESTMENT SERVICES INC		Number of shares or amount of stock held by existing members at date of this return.	Particulars of shares transferred since the date of the last return, or, in the case of the first return, since the incorporation of the company, by (a) persons who are still members, and (b) persons who have ceased to be members.	
Name	Address		Number	Date of Registration of Transfer
V. M. HUNTER	THE GARZE HOUSE, UNDERHILL	99		
	THRESEFIELD, SUSSEX			
G. D. HUNTER	THE GARZE HOUSE, UNDERHILL	1		
	THRESEFIELD, SUSSEX			

Continued overleaf