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**MAYER COHEN INDUSTRIES LIMITED**

**DIRECTORS REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER, 1988.**



**WATTS GREGORY & DANIEL CHARTERED ACCOUNTANTS**



MAVER CONDEN INDUSTRIES LIMITED

CHAIRMAN'S REPORT

During the year we made two major investments at Cross Keys. The first was a Ring Shredder specifically installed to process electronic scrap from a single major contract. Unfortunately, we had to stop handling this material for reasons beyond our control. This involved us in considerable losses which have all been written off during the year.

The second major investment was a Plastic Compounding line which was being commissioned at the end of the year.

I think we have all learned some lessons during the year. Our management team has been strengthened and I am pleased to report that both the Ring Shredder and the Compounding line are now operating profitably.

Our first three months this year have been encouraging and I look forward to a year of solid growth. Your Company is now in a good position in both equipment and personnel to take advantage of the present "Green" attitude in the country.

May I take this opportunity to thank all those involved for their efforts during what has been a trying year.



J. L. Cookson

Chairman

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, 1988.

Results and dividend

The results for the year are set out on page 5. 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 independant 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 7.

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  
J. L. Cookson [Chairman] ] Mayer Newman & Company Ltd.  
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



26th June, 1989

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

We have audited the financial statements on pages 5 to 14 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared on the basis of accounting policies set out on page 8 give a true and fair view of the state of affairs of the company at 31st December, 1988 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.

26th June, 1989

MAYER COHEN INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st DECEMBER, 1988

1987

Turnover [Note 2]	2242061	1644831
Cost of sales	488601	306827
	<u>1753460</u>	<u>1338004</u>
Operating costs [Note 3]	1680903	1119172
	<u>72557</u>	<u>218832</u>
Other operating income	17525	12365
Operating profit	<u>90082</u>	<u>231197</u>
Income from fixed asset investments	9608	441
	<u>99690</u>	<u>231638</u>
Interest payable and similar charges [Note 5]	129415	101152
[Loss] on ordinary activities before taxation	[29725]	130486
Tax on [loss]/profit on ordinary activities [Note 6]	[10094]	37670
[Loss]/profit on ordinary activities after taxation	[19631]	92816
Proposed dividend	-	-
Retained [loss]/profit for year	[19631]	92816
Retained profit brought forward	92816	-
Retained profit carried forward	<u>£73185</u>	<u>£92816</u>

MAYER COHEN INDUSTRIES LIMITED

BALANCE SHEET

AS AT 31st DECEMBER, 1988

1987

FIXED ASSETS

Tangible assets - per schedule	2249100	815066
Investments [Note 7]	328166	328166
	<u>2577266</u>	<u>1143232</u>

CURRENT ASSETS

Stocks [Note 8]	640398	171456
Debtors [Note 9]	320621	284894
Cash at bank and in hand	419	9466

	961438	465816
CREDITORS - amounts falling due within one year [Note 10]	1119807	359937

NET CURRENT [LIABILITIES]/ASSETS	<u>[158369]</u>	<u>105879</u>
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TOTAL ASSETS LESS CURRENT LIABILITIES	2418897	1249111
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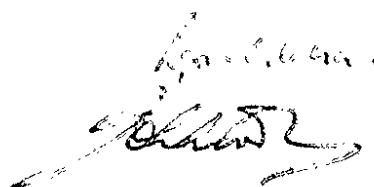
CREDITORS - amounts falling due after more than one year [Note 11]	1136245	879390
	<u>1282652</u>	<u>369721</u>

PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation [Note 12]	25119	13945
	<u>£1257533</u>	<u>£355776</u>

CAPITAL AND RESERVES

Called up share capital [Note 13]	342960	262960
Revaluation reserve	841388	-
Profit and loss account	73185	92816
	<u>£1257533</u>	<u>£355776</u>


 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
<b>Cost</b>				
At 31st December, 1987	531205	308911	14811	854927
Additions during year	10520	667669	38400	716589
Less S.F.A. grant	[14642]	[43641]	[1717]	[60000]
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December, 1988	£527083	£932939	£51494	£1511516
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 31st December, 1987	9287	27789	2785	39861
Provision for year	9184	49468	5291	63943
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December, 1988	£18471	£77257	£8076	£103804
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31st December, 1987	£521918	£281122	£12026	£815066
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December, 1988	508612	855682	43418	1407712
Revaluation surplus	841388	-	-	841388
	<hr/>	<hr/>	<hr/>	<hr/>
	£1350000	£855682	£43418	£2249100
	<hr/>	<hr/>	<hr/>	<hr/>

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

Cost	250000
S.F.A. grant	46162
	<hr/>
Net cost	£203838
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The freehold land and buildings were revalued by professional valuers on the 22nd June, 1988 at £1,350,000.



MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER, 1988

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, 1988

1987

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	1058732	613000
Depreciation	63943	39861
Auditors remuneration	3780	3600
Equipment hire	10512	2140
Other operating costs	543936	460571
	<hr/>	<hr/>
	£1680903	£1119172
	<hr/>	<hr/>

4. Staff costs

Wages and salaries	958263	565398
Social security costs	75262	45932
Other pension costs	25207	1670
	<hr/>	<hr/>
	£1058732	£613000
	<hr/>	<hr/>

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

Factory	152	100
Office and management	10	7
	<hr/>	<hr/>
	162	107
	<hr/>	<hr/>

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

Salary and bonus	32224	33636
Pension contribution	6300	1670
	<hr/>	<hr/>
	£38524	£35306
	<hr/>	<hr/>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS [CONTINUED]

YEAR ENDED 31ST DECEMBER, 1988

1987

5. Interest payable and similar charges

On bank loans, overdrafts and other loans wholly repayable within five years	122994	96565
Finance leases and hire purchase	6421	4587
	<hr/>	<hr/>
	£129415	£101152
	<hr/>	<hr/>

6. Tax on [loss]/profit on ordinary activities

The tax charge is made up as follows -

Corporation tax	[23725]	23725
Deferred tax	11174	13945
Tax credit on dividends	2457	-
	<hr/>	<hr/>
	[£10094]	£37670
	<hr/>	<hr/>

7. Investments

49250 Ordinary shares of 20p each in A. Cohen & Co. PLC At cost	£328166	£328166
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The shares are listed and are dealt on a recognised stock exchange. The market value at 31st December, 1988 was £443,250

8. Stocks

Raw materials and consumables	19054	27957
Work in progress	525153	115696
Finished goods	96191	27803
	<hr/>	<hr/>
	£640398	£171456
	<hr/>	<hr/>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31ST DECEMBER, 1988

1987

9. Debtors

Trade debtors	271920	264308
Prepayments and accrued income	21177	17466
Other debtors	3799	3120
Corporation tax refund due	23725	
	<hr/>	<hr/>
	£320621	£284894
	<hr/>	<hr/>

10. Creditors - amounts falling due within one year

Bank overdraft	170111	-
Trade creditors	698693	130466
Accruals	33147	28046
Corporation tax	-	23725
Other taxes and social security costs	52699	39386
Short term loan -		
British Coal Enterprise Ltd.	60000	60000
Amount due to Mayer Newman & Co. Ltd.	-	50000
Other creditors	67157	28314
Loans due within one year	38000	-
	<hr/>	<hr/>
	£1119807	£359937
	<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, 1988

1987

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]	100000	-
Bank loan - E.C.S.C.	[d]	125000	-
Bank loan - re plant	[e]	81958	-
Amounts due to shareholder companies		-	80000
Hire purchase creditors		69287	39390
		<hr/>	<hr/>
		£1136245	£879390
		<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, 1988. 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

12. Deferred taxation

Deferred tax is provided on the following timing differences -

Accelerated capital allowances	60410	15957
Short term items	[749]	[2012]
Tax losses carried forward	[34542]	-
	<hr/>	<hr/>
	£25119	£13945
	<hr/>	<hr/>

MAYER COMEN INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS [CONTINUED]

YEAR ENDED 31ST DECEMBER, 1988

1987

13. Share capital

Ordinary shares of £1 each	£600000	£600000
Authorised		
Issued and fully paid	£342960	£252960

Amounts due to shareholder companies of £80,000 were converted to share capital on the 10th February, 1988.

14. Capital commitments

Contracted	£16047	£20174
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.

## MAYRE COHEN INDUSTRIES LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31ST DECEMBER, 1988

1987

## SOURCE OF FUNDS

[Loss]/profit for the year before taxation	[29725]	130486
Adjustments for items not involving the flow of funds -		
Depreciation	63943	39861

## FUNDS GENERATED FROM OPERATIONS

34218 170347

## OTHER SOURCES

S.F.A. grant [Regional Selective Assistance]	60000	120000
Bank loans	260000	760000
Share capital	80000	262960
Increase amounts due to shareholder companies	-	130000
Short term loan	60000	60000
Hire purchase/lease finance	82245	77395
British Coal Enterprise Loan	100000	-

676463 1580702

## APPLICATION OF FUNDS

Purchase fixed assets	716589	974927
Hire purchase repayments [capital]	27581	18061
Purchase investments	-	328166
Repayment short term loan	60000	-
Payment of corporation tax	23725	-
Decrease amounts due to shareholder companies	130000	-
Loan repayments [capital]	15042	-
Tax credit on dividends received	2456	-

975393 1321154

## [DECREASE]/INCREASE IN WORKING CAPITAL

[£298930] £259548

## MOVEMENT IN WORKING CAPITAL ITEMS

Increase in stocks	468942	171456
Increase in debtors [excl. corporation tax]	12002	284894
[Increase] in creditors [excl. corporation tax, loans and hire purchase creditor]	[600716]	[206268]

## Movement in net liquid funds:

[Decrease]/increase bank and cash balances	[9047]	9466
[Increase] bank overdraft	[170111]	-

[£298930] £259548