

THESSCO LIMITED
REPORT AND ACCOUNTS
31 December 2001

Registered number: 1819860

BAKER TILLY
CHARTERED ACCOUNTANTS
MANCHESTER



THESSCO LIMITED
COMPANY INFORMATION

31 December 2001

DIRECTORS

P J Tear (Chairman)
M Rathbone
P R E Wrench

SECRETARY

J E S Dunn, FCA

REGISTERED OFFICE

Royds Mills
Windsor Street
Sheffield
S4 7WB

BANKERS

HSBC plc
PO Box 181
27/32 Poultry
London
EC2P 2BX

AUDITORS

Baker Tilly
Chartered Accountants
Brazennose House
Lincoln Square
Manchester
M2 5BL

SOLICITORS

Nabarro Nathanson
1 South Quay
Victoria Quays
Wharf Street
Sheffield
S2 5SY

THESSCO LIMITED
DIRECTORS' REPORT
31 December 2001

The directors present their report and the audited accounts for the year ended 31 December 2001.

Principal activities and business review

The principal activities of the company continue to be bullion dealing, refining, manufacturing and fabrication of precious metals.

Results and dividends

The results for the year are shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend.

The company has made a loss before tax of £393,585. This is after some one-off costs. During the year there were 16 redundancies at a cost of £80,465. The company has also incurred £65,000 on repairs to a building to enable the relocation of a group company as well as £91,000 on one-off repair costs for the factory.

The directors believe that after the disappointing result for the year the company is now well placed to return to profitability in the future.

Financial position

The company's balance sheet, as detailed on page 7, shows a satisfactory position with equity shareholders' funds amounting to £ 9,416,230 (2000: £9,811,662).

Directors and their interests

The directors who served during the year were as follows:

P J Tear (Chairman)
M Rathbone
P R E Wrench

None of the directors held an interest in the share capital of the company. The interest of Mr P J Tear in the share capital of the ultimate holding company is shown in the accounts of that company.

Fixed assets

The movements in fixed assets during the year are set out in the notes to the accounts.

THESSCO LIMITED

DIRECTORS' REPORT

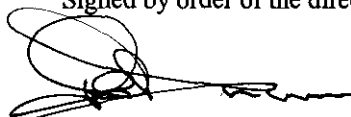
31 December 2001

(continued)

Auditors

Baker Tilly (formerly HLB Kidsons) have agreed to offer themselves for re-appointment as auditors of the company.

Signed by order of the directors

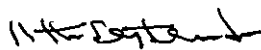


J E S Dunn
Secretary

Registered Office:

Royds Mills
Windsor Street
Sheffield
S4 7WB

Approved by the directors on



2002

THESSCO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31 December 2001

Statement of directors' responsibilities

We are required under company law to prepare accounts 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.

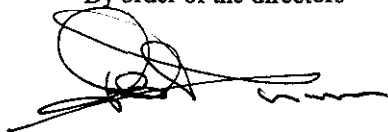
In preparing these accounts we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures; and
- prepare the accounts on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets; and
- taking reasonable steps for the prevention and detection of fraud.

By order of the directors



J E S Dunn
Secretary

Registered Office:

Royds Mills
Windsor Street
Sheffield
S4 7WB

Approved by the directors on 11 September 2002

THESSCO LIMITED**AUDITORS' REPORT****to the members of Thessco Limited**

We have audited the accounts on pages 6 to 14, which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

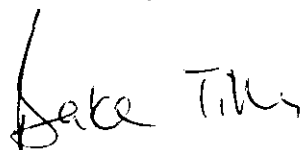
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 accounts give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditors
Chartered Accountants

Brazennose House
Lincoln Square
Manchester
M2 5BL

19 September 2002

THESSCO LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Note	2001 £	2000 £
Turnover	2	22,401,445	20,966,673
Cost of sales		(20,915,110)	(19,184,060)
Gross profit		<u>1,486,335</u>	<u>1,782,613</u>
Net operating expenses			
Distribution costs		(704,544)	(753,605)
Administrative expenses		(1,029,477)	(950,164)
Operating (loss)/profit	3	<u>(247,686)</u>	<u>78,844</u>
Bank interest receivable		32,175	73,892
Interest payable	6	(178,074)	(187,880)
Loss on ordinary activities before taxation		<u>(393,585)</u>	<u>(35,144)</u>
Tax on (loss)/profit on ordinary activities	7	(1,847)	11,018
Retained Loss for the financial year	16	<u>(395,432)</u>	<u>(24,126)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2001

The company has no recognised gains or losses other than the results for the year as set out above.

NOTE OF HISTORICAL COST PROFIT AND LOSSES

for the year ended 31 December 2001

	2001 £	2000 £
Reported (loss)/profit on ordinary activities before taxation	(393,585)	(35,144)
Difference between depreciation charge on an historical cost and revalued basis	9,000	9,000
Historical cost (loss)/profit on ordinary activities before taxation	<u>(384,585)</u>	<u>(26,144)</u>
Historical cost (loss)/profit on ordinary activities after taxation	<u>(386,432)</u>	<u>(15,126)</u>

The notes on pages 8 to 14 form part of these accounts.

THESSCO LIMITED


BALANCE SHEET

at 31 December 2001

	Note	£	£	2001 £	£	£	2000 £
Fixed assets							
Tangible assets	8			3,995,870			3,943,490
Investments	9			400,000			400,000
				<u>4,395,870</u>			<u>4,343,490</u>
Current assets							
Stocks	10		10,206,460			9,861,538	
Debts factored without recourse:							
Gross debts		1,953,633			2,627,284		
Less: non returnable proceeds		(388,177)			-		
Factored debtors			1,565,456			2,627,284	
Other debtors	11		5,789,231			4,427,461	
Cash at bank and in hand			746,118			1,631,088	
			<u>18,307,265</u>			<u>18,547,371</u>	
Creditors: amounts falling due within one year	12		(5,718,644)			(5,089,986)	
Net current assets				12,588,621			13,457,385
Total assets less current liabilities				<u>16,984,491</u>			<u>17,800,875</u>
Creditors: amounts falling due after more than one year	12			(7,549,858)			(7,972,657)
Provisions for liabilities and charges	13			(18,403)			(16,556)
				<u>9,416,230</u>			<u>9,811,662</u>
Capital and reserves							
Called up share capital	15			50,000			50,000
Revaluation reserve	16			3,254,970			3,263,970
Profit and loss account	16			6,111,260			6,497,692
Equity shareholders' funds	14			<u>9,416,230</u>			<u>9,811,662</u>

The accounts on pages 6 to 14 were approved by the board of directors on 11th September 2002.

P J Tear

 Director

The notes on pages 8 to 14 form part of these accounts.

THESSCO LIMITED

NOTES ON ACCOUNTS

31 December 2001

1 Principal accounting policies**Basis of accounting**

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings, and in accordance with applicable accounting standards.

Turnover and cost of sales

Turnover represents the invoiced value, excluding value added tax, of goods sold and services provided to customers. Cost of sales is stated as all those costs directly incurred by the company, including depreciation and an appropriate proportion of overheads, in order to bring each product sold to its saleable condition and to provide services to customers.

The financing of silver involves the purchase of silver from suppliers and the sale and then repurchase from the company's brokers. Sales to the brokers are netted off with the associated purchase.

Depreciation

Depreciation is calculated to write off the cost or valuation of all tangible fixed assets, other than freehold land which is not depreciated, in equal annual instalments over their estimated useful lives at the following rates:

Freehold buildings	2%	straight line
Plant and machinery	15 - 20%	straight line

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

Deferred taxation

Deferred taxation is provided, using the liability method, on all timing differences between the profit computed for taxation purposes and the profit stated in the accounts to the extent that it is probable the liability will crystallise.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction or at the contracted rate, if the transaction is covered by a forward exchange contract. All exchange differences arising are included in the profit and loss account for the year.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is a wholly-owned subsidiary of a parent undertaking, which publishes a consolidated cash flow statement.

Related party transactions

The company has taken advantage of the exemption from disclosing transactions with entities that are part of the same group, conferred by Financial Reporting Standard No. 8, on the grounds that the consolidated financial statements of the group, in which the subsidiary is included, are publicly available.

Leasing transactions

All leases are operating leases. Rentals are charged to the profit and loss account as they fall due.

THESSCO LIMITED
NOTES ON ACCOUNTS
31 December 2001
(continued)

1 Principal accounting policies (cont'd)

Pensions

The company contributes towards individual employee money purchase pension schemes. The company acts solely as an administrator for collecting pension contributions and paying the proceeds to an independent pensions company. The charge in the profit and loss account represents actual contributions payable in the period.

2 Turnover

Turnover relates to the company's continuing activities, as described in the directors' report on page 2. There were no acquisitions or disposals of operations during the current or previous year. An analysis of turnover by geographical market is shown below:

	2001 £	2000 £
United Kingdom	12,637,474	15,110,556
Rest of World	9,763,971	5,856,117
	<u>22,401,445</u>	<u>20,966,673</u>

3 Operating profit/(loss)

	2001 £	2000 £
Operating profit is stated after charging:		
Depreciation	95,839	90,571
Auditors' remuneration	9,000	8,900
	<u> </u>	<u> </u>

4 Directors' remuneration

	2001 £	2000 £
Remuneration for management services	78,613	68,696
	<u> </u>	<u> </u>
Company pension contributions to money purchase schemes	2,121	2,884
	<u> </u>	<u> </u>
	2001 No.	2000 No.
Members of money purchase schemes	1	1
	<u> </u>	<u> </u>

The remaining two directors are remunerated for their services through a fellow subsidiary company.

It is not practical to estimate the remuneration paid to those directors for their services specific to this company.

The directors' remuneration paid to those directors is shown in the holding company of the group.

THESSCO LIMITED

NOTES ON ACCOUNTS

31 December 2001

(continued)

5 Staff costs and employees

	2001 No.	2000 No.
The average number of persons, including directors, employed by the company during the year was:		
Production and sales staff	172	178
Management and administration	19	21
	<u>191</u>	<u>199</u>
	2001 £	2000 £
Staff costs:		
Wages and salaries	2,983,228	2,861,286
Social security costs	419,264	395,321
	<u>3,402,492</u>	<u>3,256,607</u>

6 Interest payable

	2001 £	2000 £
Interest on loans repayable within 5 years:		
Silver leasing interest	178,074	187,880
	<u>178,074</u>	<u>187,880</u>

7 Tax on profit/(loss) on ordinary activities

	2001 £	2000 £
UK corporation tax	-	-
Deferred taxation	1,847	2,456
Group relief	-	(13,474)
Under provision in prior years	-	-
	<u>1,847</u>	<u>(11,018)</u>

THESSCO LIMITED

NOTES ON ACCOUNTS

31 December 2001

(continued)

8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor Vehicles £	Total £
Cost or valuation				
1 January 2001	3,680,289	2,476,910	2,500	6,159,699
Additions	-	148,219	-	148,219
31 December 2001	<u>3,680,289</u>	<u>2,625,129</u>	<u>2,500</u>	<u>6,307,918</u>
Depreciation				
1 January 2001	63,739	2,149,970	2,500	2,216,209
Charge for year	13,488	82,351	-	95,839
31 December 2001	<u>77,227</u>	<u>2,232,321</u>	<u>2,500</u>	<u>2,312,048</u>
Net book amount				
31 December 2001	<u>3,603,062</u>	<u>392,808</u>	<u>-</u>	<u>3,995,870</u>
31 December 2000	<u>3,616,550</u>	<u>326,940</u>	<u>-</u>	<u>3,943,490</u>

Included in freehold land and buildings is land valued at £2,907,195 which is not depreciated. Freehold land and buildings were revalued at 31 December 1996 by the directors on an open market basis.

The company is following the transitional arrangement under FRS 15 and is carrying the assets at the revalued book amount. As a result, the valuation has not been updated.

On the historical cost basis, freehold land and buildings would have been included as follows:

	£
Cost:	
At 1 January 2001	<u>433,110</u>
At 31 December 2001	<u>433,110</u>
Cumulative depreciation based on cost:	
At 1 January 2001	<u>82,722</u>
At 31 December 2001	<u>87,210</u>

THESSCO LIMITED

NOTES ON ACCOUNTS

31 December 2001

(continued)

9 Fixed asset investments

Fixed asset investments comprise long term loans to fellow subsidiary undertakings as follows:

Cost	2001 £	2000 £
1 January 2001 and 31 December 2001	400,000	400,000

10 Stocks

	2001 £	2000 £
Raw materials and consumables	9,759,104	9,354,975
Work in progress	169,296	302,842
Finished goods	278,060	203,721
	<u>10,206,460</u>	<u>9,861,538</u>

11 Debtors

	2001	2000
Trade debtors	1,518,263	435,305
Amounts owed by group companies	4,089,105	3,950,507
Other debtors	105,390	-
Prepayments and accrued income	74,805	41,649
Corporation tax	1,668	-
	<u>5,789,231</u>	<u>4,427,461</u>

12 Creditors

Creditors: amounts falling due within one year	2001 £	2000 £
Bank overdrafts	177,641	216,170
Trade creditors	1,694,813	740,140
Amounts owed to group companies	3,647,077	3,723,071
Other taxes and social security	66,373	163,790
Accruals and deferred income	132,740	246,815
	<u>5,718,644</u>	<u>5,089,986</u>

THESSCO LIMITED

NOTES ON ACCOUNTS

31 December 2001

(continued)

12 Creditors (cont'd)

	2001 £	2000 £
Creditors: amounts falling due after more than one year		
Loans	7,549,858	7,972,657

The company was in receipt of loans of silver, which were recorded in stock and creditors, at a value of £7,549,858 on 31 December 2001 (2000: £7,972,657). The entire amount was secured by a fixed and floating charge over the assets of the following companies: Solpro Manufacturing Limited; Solpro Finance Limited; Solpro Chemicals Company Limited; Thessco Limited and Argentum Limited.

13 Provisions for liabilities and charges

The movements in deferred taxation in the current and previous years are as follows:

	2001 £	2000 £
At 1 January	16,556	14,100
Charge/(credit) for the year (note 7)	1,847	2,456
At 31 December	18,403	16,556

Deferred taxation provided and the amounts not provided are as follows:

	2001 £	Provided 2000 £	2001 £	Not provided 2000 £
Capital allowances in advance of Depreciation	18,403	16,556	-	-

14 Reconciliation of shareholders' funds

	2001 £	2000 £
(Loss) for the financial year	(395,432)	(24,126)
Net addition to shareholders' funds	(395,432)	(24,126)
Opening shareholders' funds	9,811,662	9,835,788
Closing shareholders' funds	9,416,230	9,811,662

THESSCO LIMITED

NOTES ON ACCOUNTS

31 December 2001

(continued)

15 Called up share capital

	2001 No.	Authorised 2000 No.	Allotted, called up and fully paid 2001 No.	2000 No.
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

16 Movement on reserves

	Revaluation Reserves £	Profit & loss account £
At 1 January 2001	3,263,970	6,497,692
Loss for the financial year	-	(395,432)
Transfer of revaluation reserve	(9,000)	9,000
At 31 December 2001	3,254,970	6,111,260

17 Contingent liabilities

- (a) The company is party to a composite accounting system guarantee in respect of the bank overdraft and loans of other group companies. At 31 December 2001 this amounted to £131,290 (2000: £37,823).
- (b) The company is party to a Letter of Consent from HSBC allowing the operation of the bank account of the company.

18 Capital commitments

There are no contracted capital commitments at 31 December 2001 (2000: £nil).

19 Parent undertaking and controlling party

The immediate and ultimate parent undertaking is Solpro Manufacturing Limited, a company incorporated in England.

Mr P J Tear is the ultimate controlling party.