

Kennedy & Donkin Overseas Limited

Annual Report

for the 11 months ended 31 December 1994

Registered No: 2058508



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Kennedy & Donkin Overseas Limited

Directors' report for the 11 months ended 31 December 1994

The directors present their report and the audited financial statements for the 10 months ended 31 January 1994.

Principal activity

The company acts as an investment holding company. It is not anticipated that this status will change.

The company was acquired by Rust Limited on 18 February 1994.

Review of business

The results for the period are shown in the profit and loss account on Page 4.

Dividends

The directors do not recommend payment of a dividend for the period ended 31 December 1994 (31 January 1994: £75,000).

Directors

The directors of the company during the 10 months to 31 December 1994 were:

M R Windle

J J Goody (Appointed 18 February 1994)

W C Keightley (Appointed 18 February 1994)

Directors' interests in shares

The directors' interests in shares of Kennedy & Donkin Limited at 31 December 1994 are as follows:

	31 December 1994	10% 'C'	1 February 1994	10% 'C'
	Ordinary shares	Pref Shares	Ordinary shares	Pref Shares
	of 25p each	of £1 each	of 25p each	of £1 each
M N John	nil	nil	115,416	215,420

Other than noted above, no directors had any interest in the shares of the company or any other group company at any time during the period.

Kennedy & Donkin Overseas Limited

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:

- 1 select suitable accounting policies and then apply them consistently;
- 2 make judgements and estimates that are reasonable and prudent;
- 3 state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 4 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.

Auditors

The company adopted an elective resolution pursuant to Section 386 of the Companies Act 1985 on 9 August 1991 to dispense, inter alia, with the obligation to re-appoint the auditors annually. In the absence of a notice proposing that the appointment be terminated, Arthur Andersen will continue in office as auditors.

By the order of the board



P MORRIS
Secretary

Report of the auditors to the shareholders of Kennedy & Donkin Overseas Limited

We have audited the financial statements on pages 4 to 9 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

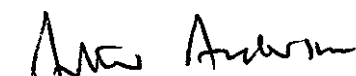
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

The company is exempt from the requirement of Financial Reporting Standard No. 1 to include a cash flow statement as part of its financial statements because its ultimate UK parent company, Rust Limited, which is incorporated in England and Wales, has prepared consolidated financial statements which include the results of the company for the period and which contain a cash flow statement.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London WC2R 2PS

25 January 1995

Kennedy & Donkin Overseas Limited

Profit and loss account
for the 11 months ended 31 December 1994

	Notes	11 mths to 31/12/94 £'000	10 mths to 31/01/94 £'000
Income from shares in group undertaking		-	<u>100</u>
Profit on ordinary activities before taxation	4	-	100
Taxation	5	<u>16</u>	<u>(19)</u>
Profit on ordinary activities after taxation		16	81
Dividends	6	=	<u>(75)</u>
Retained profit for the period		<u>16</u>	<u>6</u>

There are no recognised gains or losses other than the profit for the current period and in the prior period.

The accompanying notes are an integral part of this profit and loss account.

Kennedy & Donkin Overseas Limited

Balance sheet
at 31 December 1994

	Notes	At 31/12/94 £'000	At 31/01/94 £'000
Fixed assets			
Investments	7	<u>811</u>	<u>811</u>
Current assets			
Debtors	8	-	100
Creditors: amounts falling due within one year	9	<u>(771)</u>	<u>(887)</u>
Net current liabilities		<u>(771)</u>	<u>(787)</u>
Total assets less current liabilities		<u>40</u>	<u>24</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>40</u>	<u>24</u>
Shareholders' funds - equity interests		<u>40</u>	<u>24</u>

The financial statements on pages 4 to 9 were approved by the board of directors on 25 January 1996 and were signed on its behalf by:



Director

Kennedy & Donkin Overseas Limited

Notes to the financial statements for the 11 months ended 31 December 1994

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently throughout the period is set out below.

(a) Basis of accounting

The accounts have been prepared in accordance with the historical cost convention.

(b) Taxation

The charge for taxation is based on the profit for the period as adjusted for disallowable items. Provision is made for deferred taxation on all timing differences where it is considered that a liability may arise in the foreseeable future.

(c) Foreign currencies

Foreign currency assets and liabilities are translated at the exchange rate ruling at the balance sheet date with any differences being taken to the profit and loss account for the year then ended. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

(d) Cash Flow Statement

Under the provisions of Financial Reporting Standard No 1, the company has not prepared a cash flow statement because its ultimate UK parent company, Rust Limited, which is incorporated in England and Wales, has prepared consolidated financial statements which include the results of the company for the period and which contain a cash flow statement.

2 Directors' emoluments

The directors of the company were remunerated by the immediate holding company, and received no emoluments in respect of services to the company (10 months to 31 January 1994: £nil).

3 Employee information

The company had no employees during the period (10 months to 31 January 1994: nil).

Kennedy & Donkin Overseas Limited

4 Profit on ordinary activities before taxation

Remuneration of the company's auditors is borne by the immediate holding company, Rust Kennedy & Donkin Limited.

5 Taxation

	11 mths to 31/12/94 £'000	10 mths to 31/01/94 £'000
The following has been charged (credited):		
United Kingdom corporation tax at 33% (1993: 33%)	-	22
Over provision in respect of prior years	<u>(16)</u>	<u>(3)</u>
	<u>(16)</u>	<u>19</u>

6 Dividends

	11 mths to 31/12/94 £'000	10 mths to 31/01/94 £'000
Final proposed of £nil per share (31 January 1994: £37,500 per share)	<u>=</u>	<u>75</u>

7 Investments

	11 mths to 31/12/94 £'000	10 mths to 31/01/94 £'000
Shares in subsidiary undertakings:		
Kennedy & Donkin Middle East Ltd incorporated in Cyprus	811	811
Kennedy & Donkin International Ltd incorporated in Hong Kong	<u>-</u>	<u>-</u>
	<u>811</u>	<u>811</u>

All subsidiary undertakings are wholly owned and act as consulting engineers. Pursuant to Section 228 Companies Act 1985, the company has not prepared group accounts being a wholly owned subsidiary of the ultimate parent company, Rust Limited, a company registered in England and Wales.

Kennedy & Donkin Overseas Limited

8 Debtors

	11 mths to 31/12/94 £'000	10 mths 31/01/94 £'000
Dividends receivable	=	<u>100</u>

9 Creditors: amounts falling due within one year

	11 mths to 31/12/94 £'000	10 mths to 31/01/94 £'000
Amounts owed to group undertakings	699	698
Corporation tax	72	114
Dividends payable	=	<u>75</u>
	<u>771</u>	<u>887</u>

10 Called up share capital

	11 mths to 31/12/94 £	10 mths to 31/01/94 £
Authorised:		
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 Reconciliations of movements in shareholders' funds

	31/12/94 £'000	31/01/94 £'000
Profit for the period	16	6
Opening Shareholders' funds	24	18
Closing Shareholders' funds	<u>40</u>	<u>24</u>

Kennedy & Donkin Overseas Limited

11 Ultimate holding company

The ultimate UK parent company is Rust Limited, a company registered in England and Wales. On 18 February 1994 Kennedy & Donkin Limited was acquired by Rust Limited whose ultimate parent company is WMX Technologies Inc, a company registered in the United States of America.

The consolidated accounts of these groups are available to the public and may be obtained from 3 Shortlands, Hammersmith International Centre, London W6 8RX and 3003 Butterfield Road, Oak Brook, IL 60521, USA, respectively.