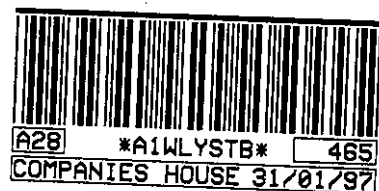


**RUST RESOURCES LIMITED**  
**ABBREVIATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 1996**



**RUST RESOURCES LIMITED**

**REPORTS AND ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

<b>CONTENTS</b>	<b>PAGE</b>
Director's report	1
Statement of the responsibilities of the director	2
Auditors' report	3
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Cashflow statement	7
Notes forming part of the abbreviated financial statements	8 - 14

# **RUST RESOURCES LIMITED**

## **REPORT OF THE DIRECTOR FOR THE YEAR ENDED 30 SEPTEMBER 1996**

The director presents his report and audited financial statements for the year ended 30 September 1996.

### **PRINCIPAL ACTIVITIES**

The activity of the company is that of a contractor to the engineering industry in the UK and overseas.

### **REVIEW OF THE COMPANY'S ACTIVITIES**

The profit and loss account for the period is set out on page 5. The management is satisfied with the performance in the second period of trading. The company has obtained a number of contracts in the UK and overseas which provides a good foundation for future trading.

The retained profit for the year to be transferred to reserves is £278,980.

The director does not recommend the payment of a dividend.

### **DIRECTORS**

The director who held office during the year and his beneficial interest in the shares of the company are as follows :

**At 30.9.96**  
**No.**

**At 30.9.95**  
**No.**

D C Edwards

-

-

### **FIXED ASSETS**


The movements of fixed assets are set out in note 7 to the financial statements.

### **AUDITORS**

A resolution to re-appoint the auditors, Morison Stoneham will be proposed at the Annual General Meeting.

**BY ORDER OF THE BOARD**

P A Edwards



Secretary

28 January 1997

## **RUST RESOURCES LIMITED**

### **STATEMENT OF THE RESPONSIBILITIES OF THE DIRECTOR**

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

## **RUST RESOURCES LIMITED**

### **AUDITORS' REPORT TO RUST RESOURCES LIMITED PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements on pages 5 to 14 together with the financial statements of Rust Resources Limited prepared under section 226 of the Companies Act 1985 for the year ended 30 September 1996.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 6 and whether the abbreviated financial statements have been properly prepared in accordance with that Schedule.

#### **Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated financial statements have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

#### **Opinion**

In our opinion the company is entitled under sections 246, 247 and 249 of the Companies Act 1985 to the exemption conferred by Section B, Part III of Schedule 8 to that Act, in respect of the year ended 30 September 1996, and the abbreviated financial statements on pages 5 to 14 have been properly prepared in accordance with that Schedule.

#### **Other information**

On 29 January 1997 we reported as auditors of Rust Resources Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30 September 1996, and our audit report was as follows:

'We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### **Respective responsibilities of directors and auditors**

As described on page 2, the company's director is responsible for the preparation of the 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.

**RUST RESOURCES LIMITED**

**AUDITORS' REPORT TO RUST RESOURCES LIMITED  
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985**

**Other information - continued**

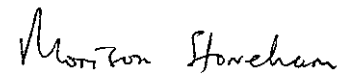
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 the company's affairs as at 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'

805 Salisbury House  
31 Finsbury Circus  
LONDON EC2M 5SQ

29 January 1997



**MORISON STONEHAM**

Registered Auditors  
Chartered Accountants

# **RUST RESOURCES LIMITED**

## **ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	Note	1996 £	1995 £
<b>GROSS PROFIT</b>		965,688	892,631
Administrative expenses		(620,543)	(593,743)
Other operating income		87,647	42,686
<b>OPERATING PROFIT</b>		432,792	341,574
Interest receivable	2	61,269	41,655
Interest payable	3	(59,081)	(78,663)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	434,980	304,566
Taxation	6	156,000	110,503
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		278,980	194,063
<b>PROFIT AND LOSS ACCOUNT AS AT 1 OCTOBER 1995</b>		303,099	109,036
<b>PROFIT AND LOSS ACCOUNT AS AT 30 SEPTEMBER 1996</b>		<u>£582,079</u>	<u>£303,099</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

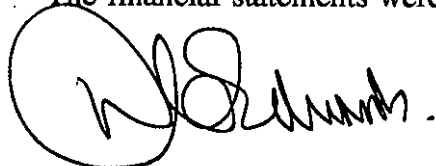
# RUST RESOURCES LIMITED

## ABBREVIATED BALANCE SHEET AS AT 30 SEPTEMBER 1996

	Note	1996 £	1995 £
<b>FIXED ASSETS</b>			
Tangible assets	7	34,242	43,677
Investments	8	4,743	4,743
		<u>38,985</u>	<u>48,420</u>
<b>CURRENT ASSETS</b>			
Debtors	9	2,027,608	1,886,237
Cash at bank and in hand		224,820	153,170
		<u>2,252,428</u>	<u>2,039,407</u>
<b>CREDITORS:</b> Amounts falling due within one year	10	1,599,234	1,634,628
		<u>653,194</u>	<u>404,779</u>
<b>NET CURRENT ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		692,179	453,199
<b>CREDITORS:</b> Amounts falling due after more than one year	11	110,000	150,000
		<u>£582,179</u>	<u>£303,199</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	100
Profit and loss account		582,079	303,099
<b>EQUITY SHAREHOLDER'S FUNDS</b>	13	<u>£582,179</u>	<u>£303,199</u>

The director has taken advantage of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 and has done so on the grounds that, in his opinion, the company qualifies as a medium-sized company.

The financial statements were approved by the Director on 28 January 1997.



D C Edwards

Director



# **RUST RESOURCES LIMITED**

## **CASHFLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	Note	1996 £	1995 £
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	16	413,839	(230,832)
<b>RETURN ON INVESTMENT AND SERVICING OF FINANCE</b>			
Interest received		6,010	41,655
Bank interest paid		(59,081)	(78,663)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(53,071)	(37,008)
<b>TAXATION</b>			
Tax paid		(63,426)	(35,059)
<b>INVESTING ACTIVITIES</b>			
Payments to acquire fixed assets		(1,978)	(30,778)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		(1,978)	(30,778)
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		295,364	(333,677)
<b>FINANCING</b>			
Repayment of loan		(40,000)	(30,000)
<b>NET CASH OUTFLOW FROM FINANCING</b>	19	(40,000)	(30,000)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	17	£255,364	£(363,677)

# **RUST RESOURCES LIMITED**

## **NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996**

### **1. ACCOUNTING POLICIES**

#### **1.1 Basis of Accounting**

The financial statements have been prepared on a historical cost basis and in accordance with applicable accounting standards.

#### **1.2 Depreciation**

Depreciation is charged at rates calculated to write off fixed assets over their anticipated useful lives as follows:

Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance
Office equipment	- 25% reducing balance

#### **1.3 Turnover**

Turnover represents the gross amounts billed on contracts earned net of value added tax.

#### **1.4 Foreign Currencies**

Foreign currency transactions are recorded in sterling at the rate ruling at the end of the month of transaction.

The foreign currency balances existing at the balance sheet date are converted at the rates ruling at that date.

#### **1.5 Deferred Taxation**

Deferred taxation is provided only where a liability for such payment is expected to arise in the foreseeable future. At the balance sheet date no liability arises.

#### **1.6 Consolidated Financial Statements**

These financial statements present information about the company as an individual undertaking.

The company is exempt from the obligations to prepare group financial statements as the group qualifies as a medium-sized group as defined by Section 249 of the Companies Act 1985.

**RUST RESOURCES LIMITED****NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1996 - continued****2. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Loan interest (inter-company)	47,734	38,457
Bank interest	13,535	3,198
	<u>£61,269</u>	<u>£41,655</u>

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Bank overdrafts and other loans wholly repayable within five years (not by instalments)	35,139	45,130
Other interest	23,942	33,533
	<u>£59,081</u>	<u>£78,663</u>

**4. PROFIT ON ORDINARY ACTIVITIES**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
This is stated after charging the following items of expenditure:		
Depreciation	11,413	14,559
Auditors' remuneration	9,000	10,300
Director's remuneration - sole director	5,700	53,406
	<u></u>	<u></u>

# RUST RESOURCES LIMITED

## NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996 - continued

### 5. STAFF INFORMATION

	1996 £	1995 £
Staff costs (excluding directors)		
Wages and salaries	3,338,750	3,147,065
Social security costs	331,536	304,001
Other pension costs	69,445	2,020
	<u>£3,739,731</u>	<u>£3,453,086</u>

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

	Number	Number
Administration	7	5
Contractors	62	49
	<u>69</u>	<u>54</u>

### 6. TAXATION

	1996 £	1995 £
Corporation tax charge - UK at 33%	156,000	101,117
Other overseas tax	114,896	75,498
UK double tax relief	(114,896)	(65,863)
Over provision of prior year tax	-	(249)
	<u>£156,000</u>	<u>£110,503</u>

# **RUST RESOURCES LIMITED**

## **NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996 - continued**

### **7. TANGIBLE FIXED ASSETS**

	<b>Fixtures, fittings and office equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
Cost brought forward	30,059	36,833	66,892
Additions	1,978	-	1,978
	<u>32,037</u>	<u>36,833</u>	<u>68,870</u>
Cost carried forward			
	<u>32,037</u>	<u>36,833</u>	<u>68,870</u>
Depreciation brought forward	14,007	9,208	23,215
Charge for year	4,508	6,905	11,413
	<u>18,515</u>	<u>16,113</u>	<u>34,628</u>
Depreciation carried forward			
	<u>18,515</u>	<u>16,113</u>	<u>34,628</u>
<b>Net Book Value</b>			
At 30.9.96	<u>£13,522</u>	<u>£20,720</u>	<u>£34,242</u>
<b>Net Book Value</b>			
At 30.9.95	<u>£16,052</u>	<u>£27,625</u>	<u>£43,677</u>

### **8. INVESTMENTS**

	<b>1996</b>	<b>1995</b>
Group undertaking	<u>£4,743</u>	<u>£4,743</u>

The investment represents :

<b>Name</b>	<b>Country of incorporation</b>	<b>Proportion of share capital held</b>	<b>Nature of business</b>
Rust A/S	Norway	100%	Contractors

# RUST RESOURCES LIMITED

## NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996 - continued

### 8. INVESTMENTS - continued

	Aggregate capital and reserves £	Profit after taxation £
Rust A/S	99,254	60,089

The aggregate amount of total investment in shares of the subsidiaries under the equity method of valuation is £99,254.

### 9. DEBTORS

	1996 £	1995 £
Trade debtors	1,242,639	1,260,613
Amounts owed by group undertakings	608,026	412,570
Other debtors	64,367	55,157
Prepayments and accrued income	112,576	157,897
	<u>£2,027,608</u>	<u>£1,886,237</u>

### 10. CREDITORS - Amounts falling due within one year

	1996 £	1995 £
Bank overdraft (secured)	386,687	570,401
Trade creditors	339,974	267,222
Amounts owed to group undertakings	205,992	157,843
Other creditors	103,237	101,819
Corporation tax	239,017	146,443
Social security and other taxes	246,149	245,694
Accruals	78,178	145,206
	<u>£1,599,234</u>	<u>£1,634,628</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

### 11. CREDITORS: Amounts falling due after more than one year

	1996 £	1995 £
Other creditors	<u>110,000</u>	<u>150,000</u>

# RUST RESOURCES LIMITED

## NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996 - continued

### 12. SHARE CAPITAL

	1996	1995
Authorised		
100,000 Ordinary shares of £1 each	£100,000	£100,000
Issued and fully paid		
100 Ordinary shares of £1 each	£100	£100

### 13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
All Equity:		
Profit for the financial year	278,980	194,063
Shareholders' funds at 30 September 1995	303,199	109,136
Shareholders' funds at 30 September 1996	£582,179	£303,199

### 14. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in a trustee administered fund. The pension cost for the year was £75,145 (1995: £56,920). Included in the balance sheet at 30 September 1996 are outstanding contributions of £6,970 (1995: £ -).

### 15. ULTIMATE HOLDING COMPANY

The ultimate holding company is Rust Services Limited, a company registered in England.

### 16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit	432,792	341,574
Depreciation	11,413	14,559
Increase in debtors	(86,112)	(378,378)
(Increase)/decrease in creditors	55,746	(208,587)
	£413,839	£(230,832)

# **RUST RESOURCES LIMITED**

## **NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996 - continued**

### **17. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

	<b>1996</b> <b>£</b>	<b>1995</b> <b>£</b>
Balance at 1 October 1995	(417,231)	(53,554)
Net cash inflow/(outflow)	255,364	(363,677)
	<u>          </u>	<u>          </u>
Balance at 30 September 1996	<u>£(161,867)</u>	<u>£(417,231)</u>

### **18. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	<b>Balance at 1.10.95 £</b>	<b>Movements in the year £</b>	<b>Balance at 30.9.96 £</b>
Cash at bank and in hand	153,170	71,650	224,820
Bank overdrafts	(570,401)	183,714	(386,687)
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>£(417,231)</u>	<u>£255,364</u>	<u>£(161,867)</u>

### **19. ANALYSIS OF CHANGES IN FINANCE DURING THE YEAR**

	<b>1996</b>	
	<b>Share capital £</b>	<b>Loan £</b>
Balance at 1 October 1995	100	150,000
Repayment of loan	-	(40,000)
	<u>          </u>	<u>          </u>
Balance at 30 September 1996	<u>£100</u>	<u>£110,000</u>