

RUST RESOURCES LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002



Company Number 02704357

RUST RESOURCES LIMITED

**REPORTS AND ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002**

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RUST RESOURCES LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 30 SEPTEMBER 2002

The director presents his report and audited financial statements for the year ended 30 September 2002.

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 4. The company has obtained a number of new contracts in the UK and overseas which have boosted turnover and which provides a good foundation for future trading.

The retained profit for the year is to be transferred to reserves.

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 30.9.02 No.	At 30.9.01 No.
D C Edwards	-	-

FIXED ASSETS

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

AUDITORS

The auditors, Blueprint Audit Limited, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

ABBREVIATED ACCOUNTS

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

BY ORDER OF THE BOARD

P A Edwards

Secretary

1st July 2003



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

INDEPENDENT AUDITORS' REPORT TO RUST RESOURCES LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 13, together with the financial statements of the company for the year ended 30 September 2002 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did 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 to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 13 are properly prepared in accordance with that provision.

66 Chiltern Street
London
W1U 4JT

4 July 2003



BLUEPRINT AUDIT LIMITED
Registered Auditors
Chartered Accountants

RUST RESOURCES LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2002**

	Note	2002 £	2001 £
GROSS PROFIT		562,047	371,028
Administrative expenses		(508,823)	(409,476)
Other operating income		1,788	137,873
		<hr/>	<hr/>
OPERATING PROFIT		55,012	99,425
Interest receivable	2	94,680	63,509
Interest payable	3	(14,765)	(24,675)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	134,927	138,259
Taxation	6	(55,965)	(1,448)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		78,962	136,811
PROFIT AND LOSS ACCOUNT AS AT 1 OCTOBER 2001		1,195,372	1,058,561
Dividends		(500,000)	-
		<hr/>	<hr/>
PROFIT AND LOSS ACCOUNT AS AT 30 SEPTEMBER 2002		<u>£774,334</u>	<u>£1,195,372</u>

All amounts relate to continuing activities.

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

RUST RESOURCES LIMITED

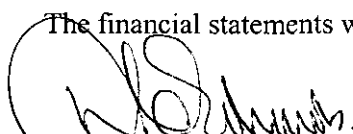
ABBREVIATED BALANCE SHEET AS AT 30 SEPTEMBER 2002

	Note	£	2002	£	£	200	£
FIXED ASSETS							
Tangible assets	7		25,754			32,706	
Investments	8		4,743			4,743	
			30,497			37,449	
CURRENT ASSETS							
Debtors	9	1,463,036		1,358,803			
Cash at bank and in hand		263,683		395,099			
			1,726,719		1,153,902		
CREDITORS: Amounts falling due within one year	10	982,782		595,879			
NET CURRENT ASSETS			743,937			1,158,023	
			£774,434			£1,195,472	
CAPITAL AND RESERVES							
Called up share capital	11		100			100	
Profit and loss account			773,334			1,195,372	
EQUITY SHAREHOLDERS' FUNDS	12		£774,434			£1,195,472	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act relating to medium sized companies.

The financial statements were approved by the Director on

1st July 2003


D.C. Edwards

Director

RUST RESOURCES LIMITED

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £	2001 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	14	(152,279)	(224,430)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		94,680	63,509
Bank interest paid		(14,765)	(24,675)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		79,915	38,834
TAXATION			
Tax paid		(5,351)	-
INVESTING ACTIVITIES			
Payments to acquire fixed assets		(844)	(35,886)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	15	£(78,559)	£(221,482)

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

1. ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements have been prepared on an 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:

Fixtures and fittings	- 25% straight line
Office equipment	- 25% straight line

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

The accounting policy in respect of deferred tax for the year ended 30 September 2002 has changed from that used in prior years due to the adoption of FRS 19 'Deferred Tax'.

Deferred tax was previously provided in respect of the tax effect of all timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future as the rates of tax expected to apply when the timing differences reverse. FRS 19, which applies to accounts ending on or after 23rd January 2002, now recognises deferred tax on a full provision basis on all timing differences which have originated, but not reversed, as the balance sheet date. The directors have made no provision for deferred tax on the grounds the amounts involved are immaterial (see note 6).

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 2002 - continued****1.7 Operating Leases**

Rentals payable under operating leases are charged in the profit and loss account over the lease term.

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002	2001
	£	£
Loan interest	88,452	40,242
Bank interest	6,228	23,267
	<hr/>	<hr/>
	£94,680	£63,509

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank overdrafts and other loans wholly repayable within five years (not by instalments)	11,826	15,854
Other interest	2,939	8,821
	<hr/>	<hr/>
	£14,765	£24,675

4. PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£	£
This is stated after charging the following items of expenditure:		
Depreciation	7,796	6,100
Auditors' remuneration	8,000	7,750
Director's remuneration - sole director	-	-
	<hr/>	<hr/>

5. STAFF INFORMATION

	2002	2001
	£	£
Staff costs (excluding directors)		
Wages and salaries	1,669,624	1,038,809
Social security costs	171,023	116,932
Other pension costs	4,420	2,886
	<hr/>	<hr/>
	£1,845,067	£1,158,627

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002 - continued

5. STAFF INFORMATION - continued

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

	Number	Number
Administration	11	10
Contractors	16	14
	<hr/>	<hr/>
	27	24
	<hr/>	<hr/>

6. TAXATION

	2002 £	2001 £
UK Corporation tax has been charged at 30% on profits for the year	£	£
<i>Current tax:</i>		
Tax on profits of the year	43,813	1,448
Prior year adjustments	12,152	-
	<hr/>	<hr/>
	55,965	1,448
	<hr/>	<hr/>
The tax assessed for the year is different from the UK corporation tax of 30%. The differences are explained below:-		
Profit on ordinary activities before taxation	134,927	138,259
	<hr/>	<hr/>
Current tax on profit on ordinary activities calculated at standard rate of corporation tax in the UK of 30% (2001:20%)	40,478	27,652
Expenses not deductible for tax purposes:	6,020	1,623
Income not chargeable for tax purposes:	-	(31,518)
Small company relief:	(3,257)	-
Capital allowances in excess of depreciation	572	3,691
	<hr/>	<hr/>
	£43,813	£1,448
	<hr/>	<hr/>

The company has an unrecognised deferred tax asset of £2,066 (2001: £1,494)

RUST RESOURCES LIMITED**NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002 - continued****7. TANGIBLE FIXED ASSETS**

Fixtures, fittings and office equipment	2002 £	2001 £
Cost brought forward	103,456	67,570
Additions	844	35,886
	<hr/>	<hr/>
Cost carried forward	104,300	103,456
	<hr/>	<hr/>
Depreciation brought forward	70,750	64,650
Charge for year	7,796	6,100
Disposals		
	<hr/>	<hr/>
Depreciation carried forward	78,546	70,750
	<hr/>	<hr/>
Net Book Value		
At 30.9.01	£25,754	£32,706
	<hr/>	<hr/>
Net Book Value		
At 30.9.00	£32,706	£2,920
	<hr/>	<hr/>

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002 - continued

8. INVESTMENTS	2002	2001
Group undertaking	£4,743	£4,743

The investment represents :	Country of capital held	Proportion of share business	Nature of
Name incorporation			
Rust A/S	Norway	100%	Contractors

	Aggregate share capital and reserves £	Profit after taxation £
Rust A/S	28,556	415

The aggregate amount of total investment in share of the subsidiaries under the equity method of valuation is £28,556

9. DEBTORS	2002 £	2001 £
Trade debtors	270,695	604,557
Amount owed by group undertakings	1,156,296	691,489
Other debtors	2,471	11,517
Prepayments and accrued income	33,574	42,991
Corporation tax recoverable	-	8,249
	£1,463,036	£1,358,803

10. CREDITORS - Amounts falling due within one year

	2002 £	2001 £
Bank overdraft (secured)	57,238	110,095
Trade creditors	64,468	130,392
Other creditors	103,224	133,072
Corporation tax	43,813	1,448
Social security and other taxes	84,126	100,677
Proposed dividend	500,000	-
Accruals	105,021	120,195
Amounts owed to group undertakings	24,892	-
	£982,782	£595,879

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

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002 - continued

11. SHARE CAPITAL

	2002	2001
Authorised		
100,000 Ordinary shares of £1 each	£100,000	£100,000
Issued and fully paid		
100 Ordinary shares of £1 each	£100	£100

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002	2001
All Equity:	£	£
Profit for the financial year	78,962	136,811
Dividend	(500,000)	-
Shareholders' funds at 30 September 2000	1,195,472	1,058,661
Shareholders' funds at 30 September 2001	£774,434	£1,195,472

13. 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 £nil (2001: £nil). Included in the balance sheet at 30 September 2002 are outstanding contributions of £nil (2001: £nil).

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

	2002	2001
	£	£
Operating profit	55,012	99,425
Depreciation	7,796	6,100
Decrease/(increase) in debtors	(112,482)	(393,277)
Increase/(decrease) in creditors	(102,605)	63,322
	£(152,279)	£(224,430)

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002 - continued

15. ANALYSIS OF CHANGES IN NET DEBT

	Balance at 1.10.01 £	Movements in the year £	Balance at 30.9.02 £
Cash at bank and in hand	395,099	(131,416)	263,683
Bank overdrafts	(110,095)	52,857	(57,238)
	<hr/>	<hr/>	<hr/>
	285,004	(78,559)	206,445
	<hr/>	<hr/>	<hr/>

16. CONTINGENCIES

The company has given a cross guarantee in support of a joint overdraft facility with fellow group undertakings. At 30 September 2002 the level of overdraft was £230,183 (2001: £226,649)

17. RELATED PARTY TRANSACTIONS

The ultimate parent undertaking is Rust Services Limited, a company registered in England and Wales. The ultimate controlling party is Mr DC Edwards and his spouse Mrs PA Edwards who together own 90% of the share capital of the parent undertaking.