

**RUST RESOURCES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

**Company Registration Number 02704357**

**Tenon Limited**  
66 Chiltern Street  
London  
W1U 4JT

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**RUST RESOURCES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**RUST RESOURCES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 30 SEPTEMBER 2008**

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|                          |  |
|--------------------------|--|
| <b>The director</b>      | D C Edwards  |
| <b>Company secretary</b> | P A Edwards  |
| <b>Business address</b>  | 1st Floor<br>31 High Street<br>Cobham<br>Surrey<br>KT11 3DP                          |
| <b>Registered office</b> | 1st Floor<br>31 High Street<br>Cobham<br>Surrey<br>KT11 3DP                          |
| <b>Auditor</b>           | Tenon Audit Limited<br>Registered Auditor<br>66 Chiltern Street<br>London<br>W1U 4JT |
| <b>Accountants</b>       | Tenon Limited<br>66 Chiltern Street<br>London<br>W1U 4JT                             |

**RUST RESOURCES LIMITED**  
**THE DIRECTOR'S REPORT**  
**YEAR ENDED 30 SEPTEMBER 2008**

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The director presents his report and the financial statements of the company for the year ended 30 September 2008.

**Principal activities and business review**

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

The profit and loss account for the period is set out on page 6. The company has obtained a number of new contracts in the UK and overseas which provide a good foundation for future trading.

**Director**

The director who served the company during the year was as follows:

D C Edwards

**Director's responsibilities**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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; and
- 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 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.

In so far as the director is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Tenon Audit Limited, will be deemed to be reappointed for each succeeding financial year.

**RUST RESOURCES LIMITED**  
**THE DIRECTOR'S REPORT** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2008**

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**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

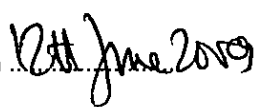
Registered office:  
1st Floor  
31 High Street  
Cobham  
Surrey  
KT11 3DP

Signed by



P A EDWARDS

Company Secretary

Approved by the director on 

**RUST RESOURCES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUST**  
**RESOURCES LIMITED**  
**YEAR ENDED 30 SEPTEMBER 2008**

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We have audited the financial statements of Rust Resources Limited on pages 6 to 14 for the year ended 30 September 2008. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of director and auditor**

As described in the statement of director's responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 director 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.

**RUST RESOURCES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUST**  
**RESOURCES LIMITED** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2008**

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**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

*Tenon Audit Limited*

Tenon Audit Limited  
Registered Auditor  
66 Chiltern Street  
London  
W1U 4JT

23 June 2009

**RUST RESOURCES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 SEPTEMBER 2008**

|  | Note | 2008<br>£      | 2007<br>£      |
|--|------|----------------|----------------|
| <b>Turnover</b>                                      | 2    | 1,744,756      | 1,835,469      |
| Cost of sales  |      | (1,635,698)    | (1,692,067)    |
| <b>Gross profit</b>                                  |      | <u>109,058</u> | <u>143,402</u> |
| Administrative expenses                              |      | (512,504)      | (516,636)      |
| Other operating income                               | 3    | 500,000        | 410,000        |
| <b>Operating profit</b>                              | 4    | <u>96,554</u>  | <u>36,766</u>  |
| Interest receivable and similar income               |      | 20,287         | 14,950         |
| Interest payable and similar charges                 |      | (10,778)       | (14,855)       |
| <b>Profit on ordinary activities before taxation</b> |      | <u>106,063</u> | <u>36,861</u>  |
| Tax on profit on ordinary activities                 | 6    | 7,324          | (7,048)        |
| <b>Profit for the financial year</b>                 |      | <u>113,387</u> | <u>29,813</u>  |

All of the activities of the company are classed as continuing.

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

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



# RUST RESOURCES LIMITED

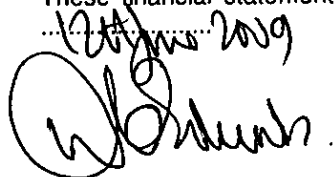
## BALANCE SHEET

30 SEPTEMBER 2008

|   | Note | 2008<br>£        | £              | 2007<br>£        | £              |
|---|------|------------------|----------------|------------------|----------------|
| <b>Fixed assets</b>                                   |      |                  |                |                  |                |
| Tangible assets                                       | 7    |                  | 6,066          |                  | 10,297         |
| <b>Current assets</b>                                 |      |                  |                |                  |                |
| Debtors   | 8    | 940,815          |                | 845,751          |                |
| Cash at bank and in hand                              |      | 176,034          |                | 53,950           |                |
|   |      | <u>1,116,849</u> |                | <u>899,701</u>   |                |
| <b>Creditors: Amounts falling due within one year</b> | 9    | <u>(441,399)</u> |                | <u>(341,869)</u> |                |
| <b>Net current assets</b>                             |      |                  | 675,450        |                  | 557,832        |
| <b>Total assets less current liabilities</b>          |      |                  | <u>681,516</u> |                  | <u>568,129</u> |
| <b>Capital and reserves</b>                           |      |                  |                |                  |                |
| Called-up share capital                               | 14   |                  | 100            |                  | 100            |
| Profit and loss account                               | 15   |                  | 681,416        |                  | 568,029        |
| <b>Shareholders' funds</b>                            | 16   |                  | <u>681,516</u> |                  | <u>568,129</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved and signed by the director and authorised for issue on

12th June 2009  


D C Edwards  
Director

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

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**1. Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

**Cash flow statement**

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

**Turnover**

Turnover represents amounts receivable during the year, exclusive of Value Added Tax, in relation to services performed during the accounting period.

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|   |                                     |
|---|-------------------------------------|
| Leasehold Property                      | - term of lease (8 years 10 months) |
| Fixtures, fittings and office equipment | - 25% straight line                 |

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2008**

**2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

|                | 2008<br>£        | 2007<br>£        |
|----------------|------------------|------------------|
| United Kingdom | 1,018,734        | 330,900          |
| Europe         | 588,053          | 794,017          |
| Asia/USA       | 137,969          | 710,552          |
|                | <u>1,744,756</u> | <u>1,835,469</u> |

**3. Other operating income**

|                        | 2008<br>£      | 2007<br>£      |
|------------------------|----------------|----------------|
| Other operating income | <u>500,000</u> | <u>410,000</u> |

**4. Operating profit**

Operating profit is stated after charging/(crediting):

|  | 2008<br>£     | 2007<br>£     |
|--|---------------|---------------|
| Director's emoluments                                      | —             | —             |
| Depreciation of owned fixed assets                         | 4,540         | 6,001         |
| Operating lease costs:                                     |               |               |
| -Other   | 32,477        | 30,891        |
| Net (profit)/loss on foreign currency translation          | (62,909)      | 61,192        |
| Auditor's remuneration                                     | <u>9,000</u>  | <u>9,000</u>  |
|  | <br>2008<br>£ | <br>2007<br>£ |
| Auditor's remuneration - audit of the financial statements | <u>9,000</u>  | <u>9,000</u>  |

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**5. Particulars of employees**

The average number of staff employed by the company during the financial year amounted to:

|                                | <b>2008</b> | <b>2007</b> |
|--------------------------------|-------------|-------------|
|                                | <b>No</b>   | <b>No</b>   |
| Number of contractors          | 5           | 7           |
| Number of administrative staff | 7           | 7           |
|                                | <u>12</u>   | <u>14</u>   |

The aggregate payroll costs of the above were:

|                       | <b>2008</b>    | <b>2007</b>      |
|-----------------------|----------------|------------------|
|                       | <b>£</b>       | <b>£</b>         |
| Wages and salaries    | 894,514        | 1,031,529        |
| Social security costs | 92,897         | 105,766          |
| Other pension costs   | 3,407          | 3,406            |
|                       | <u>990,818</u> | <u>1,140,701</u> |

**6. Taxation on ordinary activities**

**(a) Analysis of charge in the year**

|  | <b>2008</b>    | <b>2007</b>  |
|--|----------------|--------------|
|  | <b>£</b>       | <b>£</b>     |
| UK Corporation tax based on the results for the year at 29% (2007 - 20%) | -              | 7,324        |
| Over provision in prior year   | (7,324)        | (276)        |
|  | <u>(7,324)</u> | <u>7,048</u> |

The company has an unrecognised deferred tax asset of £2,838 (2007: £2,110)

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2008**

**6. Taxation on ordinary activities (continued)**

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 29% (2007 - 20%).

|   | 2008<br>£ | 2007<br>£ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation | 106,063   | 36,861    |
| Profit on ordinary activities by rate of tax  | 30,758    | 7,372     |
| Effects of:                                   |           |           |
| Prior year adjustment                         | (7,324)   | -         |
| Expenses not deductible for tax purposes      | 276       | 523       |
| Group relief                                  | (30,798)  | -         |
| Depreciation in excess of capital allowances  | (120)     | (384)     |
| Other short term timing differences           | (116)     | -         |
| Marginal relief                               | -         | (276)     |
| Sundry tax adjusting items                    | -         | (187)     |
| Total current tax (note 6(a))                 | (7,324)   | 7,048     |

**7. Tangible fixed assets**

|                       | Property<br>Lease<br>£ | Fixtures,<br>fittings and<br>office<br>furniture<br>£ | Total<br>£ |
|-----------------------|------------------------|---|------------|
| <b>Cost</b>           |                        |   |            |
| At 1 October 2007     | 7,500                  | 29,469  | 36,969     |
| Additions             | -                      | 309   | 309        |
| At 30 September 2008  | 7,500                  | 29,778  | 37,278     |
| <b>Depreciation</b>   |                        |   |            |
| At 1 October 2007     | 5,379                  | 21,293  | 26,672     |
| Charge for the year   | 852                    | 3,688   | 4,540      |
| At 30 September 2008  | 6,231                  | 24,981  | 31,212     |
| <b>Net book value</b> |                        |   |            |
| At 30 September 2008  | 1,269                  | 4,797   | 6,066      |
| At 30 September 2007  | 2,121                  | 8,176   | 10,297     |

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2008**

**8. Debtors**

|                                    | 2008           | 2007           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Trade debtors                      | 392,595        | 207,072        |
| Amounts owed by group undertakings | 509,631        | 602,445        |
| Corporation tax repayable          | —              | 7,164          |
| VAT recoverable                    | —              | 421            |
| Other debtors                      | 296            | 472            |
| Prepayments and accrued income     | 38,293         | 28,177         |
|                                    | <u>940,815</u> | <u>845,751</u> |

**9. Creditors: Amounts falling due within one year**

|   | 2008           |         | 2007           |
|---|----------------|---------|----------------|
|   | £              | £       | £              |
| Trade creditors   | 96,284         |         | 78,377         |
| Amounts owed to group undertakings                      | 82,250         |         | 17,625         |
| Other creditors including taxation and social security: |                |         |                |
| PAYE and social security                                | 70,285         | 91,397  |                |
| VAT   | 4,930          | —       |                |
| Other creditors   | 138,781        | 114,677 |                |
| Accruals and deferred income                            | 48,869         | 39,793  |                |
|   | <u>262,865</u> |         | <u>245,867</u> |
|   | <u>441,399</u> |         | <u>341,869</u> |

The bank has a fixed and floating charge over the assets of the company.

**10. Deferred taxation**

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows:

|   | 2008         | 2007         |
|---|--------------|--------------|
|   | £            | £            |
| Excess of taxation allowances over depreciation on fixed assets | <u>2,838</u> | <u>2,110</u> |

**11. Commitments under operating leases**

At 30 September 2008 the company had annual commitments under non-cancellable operating leases as set out below.

|                                | Land and<br>buildings<br>2008<br>£ | Land and<br>buildings<br>2007<br>£ |
|--------------------------------|------------------------------------|------------------------------------|
| Operating leases which expire: |                                    |                                    |
| Within 2 to 5 years            | <u>28,475</u>                      | <u>28,475</u>                      |

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2008**

**12. Contingencies**

The company has given a cross guarantee in support of a joint overdraft facility with fellow group undertakings. At 30 September 2008 the level of overdraft was £nil. (2007: £nil)

**13. Related party transactions**

During the year the company charged Rust Resources Inc £500,000 (2007: £410,000) for management services provided. Total sales of £277,366 (2007: £395,579) were also made to Rust Resources Inc. Amounts of £120,000 (2007: £60,000) were paid to Rust Services Limited for management services provided to Rust Resources Limited.

At the year end Rust Resources Inc owed Rust Resources Limited £509,264 (2007: £602,442) interest receivable of £16,373 (2007: £14,621) has been charged on this debt. At the year end there was also an amount of £82,250 (2007: £17,625) owed to Rust Services Limited.

At the year end the company owed LKH Properties £15 (2007: £nil).

The director of Rust Resources Limited (David Edwards) is also a director of Rust Services Limited, Rust Resources Inc and LKH Properties Limited.

**14. Share capital**

**Authorised share capital:**

|                                    | <b>2008</b>    | <b>2007</b>    |
|------------------------------------|----------------|----------------|
|                                    | <b>£</b>       | <b>£</b>       |
| 100,000 Ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> |

**Allotted, called up and fully paid:**

|                            | <b>2008</b> |            | <b>2007</b> |
|----------------------------|-------------|------------|-------------|
|                            | <b>No</b>   | <b>£</b>   | <b>No</b>   |
|                            | <b>100</b>  | <b>100</b> | <b>100</b>  |
| Ordinary shares of £1 each | <u>100</u>  | <u>100</u> | <u>100</u>  |

**15. Profit and loss account**

|                               | <b>2008</b>    | <b>2007</b>    |
|-------------------------------|----------------|----------------|
|                               | <b>£</b>       | <b>£</b>       |
| Balance brought forward       | 568,029        | 538,216        |
| Profit for the financial year | <u>113,387</u> | <u>29,813</u>  |
| Balance carried forward       | <u>681,416</u> | <u>568,029</u> |

**16. Reconciliation of movements in shareholders' funds**

|                               | <b>2008</b>    | <b>2007</b>    |
|-------------------------------|----------------|----------------|
|                               | <b>£</b>       | <b>£</b>       |
| Profit for the financial year | 113,387        | 29,813         |
| Opening shareholders' funds   | <u>568,129</u> | <u>538,316</u> |
| Closing shareholders' funds   | <u>681,516</u> | <u>568,129</u> |

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**17. Ultimate parent company**

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