

RUST RESOURCES LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998

Company Number 02704357



RUST RESOURCES LIMITED

**REPORTS AND ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

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RUST RESOURCES LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 30 SEPTEMBER 1998

The director presents his report and audited financial statements for the year ended 30 September 1998.

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 management is satisfied with the performance during the year. 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 £107,066.

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 30.9.98	At 30.9.97
	No.	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.

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

4th June 1998

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 UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 12, together with the financial statements of the company for the year ended 30 September 1997 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 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 12 are properly prepared in accordance with that provision.

805 Salisbury House
31 Finsbury Circus
LONDON EC2M 5SQ

15 June 1999


MORISON STONEHAM

Registered Auditors
Chartered Accountants

RUST RESOURCES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1998

	Note	1998 £	1997 £
GROSS PROFIT		955,044	736,938
Administrative expenses		(811,895)	(633,218)
Other operating income		81,616	84,250
OPERATING PROFIT		204,765	187,970
Interest receivable	2	66,188	53,805
Interest payable	3	(82,257)	(73,485)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	208,396	168,290
Taxation	6	101,330	46,462
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		107,066	121,828
PROFIT AND LOSS ACCOUNT AS AT 1 OCTOBER 1997		703,907	582,079
PROFIT AND LOSS ACCOUNT AS AT 30 SEPTEMBER 1998		<u>£810,973</u>	<u>£703,907</u>

All amounts relate to continuing activities.

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

RUST RESOURCES LIMITED

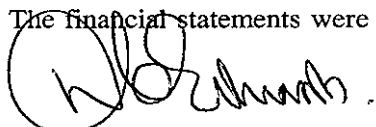
ABBREVIATED BALANCE SHEET AS AT 30 SEPTEMBER 1998

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	7		37,977		56,526
Investments	8		4,743		4,743
			<u>42,720</u>		<u>61,269</u>
CURRENT ASSETS					
Debtors	9	2,110,460		1,868,429	
Cash at bank and in hand		743,272		148,332	
		<u>2,853,732</u>		<u>2,016,761</u>	
CREDITORS: Amounts falling due within one year	10	<u>2,085,379</u>		<u>1,374,023</u>	
NET CURRENT ASSETS			<u>768,353</u>		<u>642,738</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			811,073		704,007
CREDITORS: Amounts falling due after more than one year	11		-		-
			<u>£811,073</u>		<u>£704,007</u>
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Profit and loss account			810,973		703,907
EQUITY SHAREHOLDERS' FUNDS	13		<u>£811,073</u>		<u>£704,007</u>

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

4th June 1999



D C Edwards

Director

RUST RESOURCES LIMITED

**CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

	Note	£	1998 £	£	1997 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	15		203,641		33,195
RETURN ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		66,188		53,805	
Bank interest paid		<u>(82,557)</u>		<u>(73,485)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(16,369)		(19,680)
TAXATION					
Tax paid			8,416		(156,330)
INVESTING ACTIVITIES					
Payments to acquire fixed assets		(6,396)		(66,351)	
Receipts from sale of fixed assets		<u>-</u>		<u>23,750</u>	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			<u>(6,396)</u>		<u>(42,601)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	16		<u>£189,292</u>		<u>£(185,416)</u>

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998

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:

Motor vehicles	- 25% straight line
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

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 Change in Accounting Policy

A number of direct costs associated with the employment of contracts previously included in Administrative Expenses have been included this year in Cost of Sales. The comparative figures have been re-stated to take account of this change.

The change in policy has no impact on reported profits.

1.7 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 1998 - continued

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	1998	1997
	£	£
Loan interest	58,847	51,971
Bank interest	6,107	1,834
Other interest	1,234	
	<u>£66,188</u>	<u>£53,805</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1998	1997
	£	£
Bank overdrafts and other loans wholly repayable within five years (not by instalments)	58,876	37,573
Other interest	11,784	35,912
	<u>£70,660</u>	<u>£73,485</u>

4. PROFIT ON ORDINARY ACTIVITIES

	1998	1997
	£	£
This is stated after charging the following items of expenditure:		
Depreciation	24,945	23,347
Auditors' remuneration	9,800	9,500
Director's remuneration - sole director	7,200	7,800
	<u></u>	<u></u>

5. STAFF INFORMATION

	1998	1997
	£	£
Staff costs (excluding directors)		
Wages and salaries	3,666,162	3,575,651
Social security costs	336,851	328,736
Other pension costs	68,443	68,701
	<u>£4,071,456</u>	<u>£3,973,088</u>

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

	Number	Number
Administration	8	8
Contractors	61	63
	<u>69</u>	<u>71</u>

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 - continued

6. TAXATION

	1998 £	1997 £
Corporation tax charge		
- UK @ 33%	42,045	49,358
Other overseas tax	-	3,138
Payment for group relief	94,527	-
Over provision of prior year tax	(35,242)	(6,034)
	<u>£101,330</u>	<u>£46,462</u>

7. TANGIBLE FIXED ASSETS

	Fixtures, fittings and office equipment £	Motor Vehicles £	Total £
Cost brought forward	59,213	39,175	98,388
Additions	6,396	-	6,396
Disposals	-	-	-
	<u>£65,609</u>	<u>£39,175</u>	<u>£104,784</u>
Cost carried forward			
Depreciation brought forward	32,068	9,794	41,862
Charge for year	15,151	9,794	24,945
Disposals	-	-	-
	<u>£47,219</u>	<u>£19,588</u>	<u>£66,807</u>
Depreciation carried forward			
Net Book Value			
At 30.9.98	<u>£18,390</u>	<u>£19,587</u>	<u>£37,977</u>
Net Book Value			
At 30.9.97	<u>£27,145</u>	<u>£29,381</u>	<u>£56,526</u>

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 - continued

8. INVESTMENTS	1998	1997
Group undertaking	<u>£4,743</u>	<u>£4,743</u>

The investment represents :

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

	Aggregate share capital and reserves £	Profit after taxation £
Rust A/S	178,451	47,050

The aggregate amount of total investment in share of the subsidiaries under the equity method of valuation is £178,451.

9. DEBTORS	1998 £	1997 £
Trade debtors	1,243,220	1,301,486
Amount owed by group undertakings	669,441	381,443
Other debtors	51,542	75,044
Prepayments and accrued income	146,257	110,456
	<u>£2,110,460</u>	<u>£1,868,429</u>

10. CREDITORS - Amounts falling due within one year	1998 £	1997 £
Bank overdraft (secured)	901,263	495,615
Trade creditors	261,329	204,723
Amount owed to group undertakings	490,392	270,283
Other creditors	106,426	106,820
Corporation tax	33,756	49,358
Social security and other taxes	165,064	177,166
Accruals	127,149	70,058
	<u>£2,085,379</u>	<u>£1,374,023</u>

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 1998 - continued

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

	1998	1997
	£	£
Other creditors	-	-
	<u> </u>	<u> </u>

12. SHARE CAPITAL

	1998	1997
Authorised		
100,000 Ordinary shares of £1 each	£100,000	£100,000
	<u> </u>	<u> </u>
Issued and fully paid		
100 Ordinary shares of £1 each	£100	£100
	<u> </u>	<u> </u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
All Equity:		
Profit for the financial year	107,066	121,828
Shareholders' funds at 30 September 1998	704,007	582,179
	<u> </u>	<u> </u>
Shareholders' funds at 30 September 1996	£811,073	£704,007
	<u> </u>	<u> </u>

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 £72,542 (1997: £76,501). Included in the balance sheet at 30 September 1996 are outstanding contributions of £nil (1997: £nil).

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

	1998	1997
	£	£
Operating profit	224,765	187,970
Depreciation	24,945	23,347
Profit on disposal of fixed assets	-	(3,030)
Decrease/(increase) in debtors	(279,562)	162,075
(Decrease)/increase in creditors	233,493	(337,167)
	<u> </u>	<u> </u>
	£203,641	£33,195
	<u> </u>	<u> </u>

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998 - continued

16. ANALYSIS OF CHANGES IN NET DEBT

	Balance at 1.10.97 £	Movements in the year £	Balance at 30.9.98 £
Cash at bank and in hand	148,332	594,940	743,727
Bank overdrafts	(495,615)	(405,648)	(901,263)
	<u>£(347,283)</u>	<u>£189,292</u>	<u>£(157,991)</u>

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.

During the year the company undertook the following transactions with Related parties:-

The company made sales during the year totalling £534,250 (1997 - £208,225) to fellow subsidiary companies.