RUST RESOURCES LIMITED

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2001

Company Number 02704357

RUST RESOURCES LIMITED

REPORTS AND ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2001

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RUST RESOURCES LIMITED

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 30 SEPTEMBER 2001

The director presents his report and audited financial statements for the year ended 30 September 2001.

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 30.9.01 No.	At 30.9.00 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

28th June, 2002

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 2001 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.

Blueprint Audit Limited

BLUEPRINT AUDIT LIMITED
Registered Auditors
Chartered Accountants

805 Salisbury House
31 Finsbury Circus
LONDON EC2M 5SQ

3 July 2002

RUST RESOURCES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2001

	Note	2001 £	2000 £
GROSS PROFIT		371,028	204,222
Administrative expenses		(409,476)	(201,256)
Other operating income		137,873	169,391
OPERATING PROFIT		99,425	172,357
Interest receivable	2	63,509	73,797
Interest payable	3	(24,675)	(33,120)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	138,259	213,034
Taxation	6	(1,448)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		136,811	213,034
PROFIT AND LOSS ACCOUNT AS AT 1 OCTOBER 2000		1,058,561	845,527
PROFIT AND LOSS ACCOUNT AS AT 30 SEPTEMBER 2001		£1,195,372	£1,058,561

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 2001

	Note	2001 £	2001 £	2000 £	2000 £
FIXED ASSETS					
Tangible assets	7		32,706		2,920
Investments	8		4,743		4,743
			37,449		7,663
CURRENT ASSETS					
Debtors	9	1,358,803		965,526	
Cash at bank and in hand		395,099		827,798	
		1,153,902		1,793,324	
CREDITORS: Amounts falling due within one year	10	595,879		742,326	
NET CURRENT ASSETS			1,158,023		1,050,998
			£1,195,472		£1,058,661
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss account			1,195,372		1,058,561
EQUITY SHAREHOLDERS' FUNDS	12		£1,195,472		£1,058,661

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 27th June 2002

D C Edwards Director

RUST RESOURCES LIMITED

CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2001

	Note	2001 £	2001 £	2000 £	2000 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	14		(224,430)		(30,633)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		63,50		73,797	
Bank interest paid		(24,675)		(33,120)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			38,834		40,677
TAXATION					
Tax paid			-		(3,320)
INVESTING ACTIVITIES					
Payments to acquire fixed assets			(35,886)		(1,345)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	15		£(221,482)		£5,379

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2001

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

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.

1.7 Operating Leases

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

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2001 - continued

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £	2000 £
Loan interest	40,242	42,389
Bank interest	23,267	31,408
	£63,509	£73,797

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank overdrafts and other loans wholly repayable within five years (not by instalments)	15,854	20,993
Other interest	8,821	12,127
	£24,675	£33,120

4. PROFIT ON ORDINARY ACTIVITIES

This is stated after charging the following items of expenditure:

	2001 £	2000 £
Depreciation	6,100	8,887
Auditors' remuneration	7,750	9,000
Director's remuneration - sole director	-	-

5. STAFF INFORMATION

Staff costs (excluding directors)

	2001 £	2000 £
Wages and salaries	1,038,809	746,073
Social security costs	116,932	69,604
Other pension costs	2,886	4,526
	£1,158,627	£820,203

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

	Number	Number
Administration	10	8
Contractors	14	12
	24	20

6. TAXATION

	2001	2000
	£	£
Corporation tax charge		
- UK @ 20%	1,448	-

7. TANGIBLE FIXED ASSETS

	Fixtures, fittings and office equipment
	£
Cost brought forward	67,570
Additions	35,886
Cost carried forward	103,456
Depreciation brought forward	64,650
Charge for year	6,100
Disposals	
Depreciation carried forward	70,750
Net Book Value	
At 30.9.00	£32,706
Net Book Value	
At 30.9.99	£2,920

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2001 - continued

8. INVESTMENTS	**2001**	**2000**
Group undertaking	£4,743	£4,743

The investment represents :

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

	Aggregate share capital and reserves £	**Profit after taxation £**
Rust A/S	25,895	559

The aggregate amount of total investment in share of the subsidiaries under the equity method of valuation is £25,895

9. DEBTORS	**2001 £**	**2000 £**
Trade debtors	604,557	249,796
Amount owed by group undertakings	691,489	666,057
Other debtors	11,517	5,408
Prepayments and accrued income	42,991	36,016
Corporation tax recoverable	8,249	8,249
	£1,358,803	£965,526

10. CREDITORS - Amounts falling due within one year

	2001 £	**2000 £**
Bank overdraft (secured)	110,095	321,312
Trade creditors	130,392	134,688
Other creditors	133,072	213,859
Corporation tax	1,448	-
Social security and other taxes	100,677	37,465
Accruals	120,195	35,002
	595,879	£742,326

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

11. SHARE CAPITAL

	2001	2000
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

	2001	2000
All Equity:	**£**	**£**
Profit for the financial year	136,811	213,034
Shareholders' funds at 30 September 2000	1,058,661	845,627
Shareholders' funds at 30 September 2001	£1,195,472	£1,058,661

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 (2000: £10,020). Included in the balance sheet at 30 September 2001 are outstanding contributions of £nil (2000: £nil).

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

	2001	2000
	£	**£**
Operating profit	99,425	172,357
Depreciation	6,100	8,887
Decrease/(increase) in debtors	(393,277)	(48,594)
Increase/(decrease) in creditors	63,322	(163,283)
	£(224,430)	£(30,633)

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2001 - continued

15. ANALYSIS OF CHANGES IN NET DEBT

	Balance at 1.10.00 £	Movements in the year £	Balance at 30.9.01 £
Cash at bank and in hand	827,798	(432,699)	395,099
Bank overdrafts	(321,312)	211,217	(110,095)
	£506,486	£(221,482)	£285,004

16. CONTINGENCIES

The company has given a cross guarantee in support of a joint overdraft facility with fellow group undertakings. At 30 September 2001 the level of overdraft was £226,649 (2000: £698,896)

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.