

RUST RESOURCES LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997

Company Number 02704357



RUST RESOURCES LIMITED

**REPORTS AND ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

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RUST RESOURCES LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 30 SEPTEMBER 1997

The director presents his report and audited financial statements for the year ended 30 September 1997.

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 £121,828.

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 30.9.97 No.	At 30.9.96 No.
D C Edwards	-	-

FIXED ASSETS

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

AUDITORS

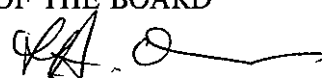
A resolution to re-appoint the auditors, Morison Stoneham will be proposed at the Annual General Meeting.

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

30 April 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

6 May 1998



MORISON STONEHAM

Registered Auditors
Chartered Accountants

RUST RESOURCES LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

	Note	1997 £	1996 £
GROSS PROFIT		736,938	889,150
Administrative expenses		(633,218)	(544,005)
Other operating income		84,250	87,647
OPERATING PROFIT		187,970	432,792
Interest receivable	2	53,805	61,269
Interest payable	3	(73,485)	(59,081)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	168,290	434,980
Taxation	6	46,462	156,000
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		121,828	278,980
PROFIT AND LOSS ACCOUNT AS AT 1 OCTOBER 1996		582,079	303,099
PROFIT AND LOSS ACCOUNT AS AT 30 SEPTEMBER 1997		<u>£703,907</u>	<u>£582,079</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 1997

	Note	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	7		56,526		34,242
Investments	8		4,743		4,743
			<u>61,269</u>		<u>38,985</u>
CURRENT ASSETS					
Debtors	9	1,868,429		2,027,608	
Cash at bank and in hand		148,332		224,820	
		<u>2,016,761</u>		<u>2,252,428</u>	
CREDITORS: Amounts falling due within one year	10	1,374,023		1,599,234	
NET CURRENT ASSETS			<u>642,738</u>		<u>653,194</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			704,007		692,179
CREDITORS: Amounts falling due after more than one year	11		-		110,000
			<u>£704,007</u>		<u>£582,179</u>
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Profit and loss account			703,907		582,079
EQUITY SHAREHOLDERS' FUNDS	13		<u>£704,007</u>		<u>£582,179</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 30 April 1998

D C Edwards

Director

RUST RESOURCES LIMITED

**CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

	Note	1997 £	1996 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	15	33,195	413,839
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		53,805	6,010
Bank interest paid		(73,485)	(59,081)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(19,680)	(53,071)
TAXATION			
Tax paid		(156,330)	(63,426)
INVESTING ACTIVITIES			-
Payments to acquire fixed assets		(66,351)	(1,978)
Receipts from sale of fixed assets		23,750	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(42,601)	(1,978)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING USE OF LIQUID RESOURCES AND FINANCING		(185,416)	295,364
FINANCING			
Repayment of loan		-	(40,000)
NET CASH OUTFLOW FROM FINANCING		-	(40,000)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	16	£(185,416)	£255,364

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

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 1997 - continued

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997	1996
	£	£
Loan interest	51,971	47,734
Bank interest	1,834	13,535
	<u>£53,805</u>	<u>£61,269</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1997	1996
	£	£
Bank overdrafts and other loans wholly repayable within five years (not by instalments)	37,573	35,139
Other interest	35,912	23,942
	<u>£73,485</u>	<u>£59,081</u>

4. PROFIT ON ORDINARY ACTIVITIES

	1997	1996
	£	£
This is stated after charging the following items of expenditure:		
Depreciation	23,347	11,413
Auditors' remuneration	9,500	9,000
Director's remuneration - sole director	7,800	5,700
	<u>£39,647</u>	<u>£26,113</u>

5. STAFF INFORMATION

	1997	1996
	£	£
Staff costs (excluding directors)		
Wages and salaries	3,575,651	3,338,750
Social security costs	328,736	331,536
Other pension costs	68,701	69,445
	<u>£3,973,088</u>	<u>£3,739,731</u>

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

	Number	Number
Administration	8	7
Contractors	63	62
	<u>71</u>	<u>69</u>

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 - continued

6. TAXATION

	1997 £	1996 £
Corporation tax charge		
- UK @ 33%	49,358	156,000
Other overseas tax	3,138	114,896
UK double tax relief	-	(114,896)
Over provision of prior year tax	(6,034)	-
	<u>£46,462</u>	<u>£156,000</u>

7. TANGIBLE FIXED ASSETS

	Fixtures, fittings and office equipment £	Motor Vehicles £	Total £
Cost brought forward	32,037	36,833	68,870
Additions	27,176	39,175	66,351
Disposals	-	(36,833)	(36,833)
Cost carried forward	<u>59,213</u>	<u>39,175</u>	<u>98,388</u>
Depreciation brought forward	18,515	16,113	34,628
Charge for year	13,553	9,794	23,347
Disposals	-	(16,113)	(16,113)
Depreciation carried forward	<u>32,068</u>	<u>9,794</u>	<u>41,862</u>
Net Book Value			
At 30.9.97	<u>£27,145</u>	<u>£29,381</u>	<u>£56,526</u>
Net Book Value			
At 30.9.96	<u>£13,522</u>	<u>£20,720</u>	<u>£34,242</u>

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 - continued

8. INVESTMENTS	1997	1996
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	144,295	56,259

The aggregate amount of total investment in share of the subsidiaries under the equity method of valuation is £144,295.

9. DEBTORS	1997 £	1996 £
Trade debtors	1,301,486	1,242,639
Amount owed by group undertakings	381,443	608,026
Other debtors	75,044	64,367
Prepayments and accrued income	110,456	112,576
	<u>£1,868,429</u>	<u>£2,027,608</u>

10. CREDITORS - Amounts falling due within one year	1997 £	1996 £
Bank overdraft (secured)	495,615	386,687
Trade creditors	204,723	339,974
Amount owed to group undertakings	270,283	205,992
Other creditors	106,820	103,237
Corporation tax	49,358	239,017
Social security and other taxes	177,166	246,149
Accruals	70,058	78,178
	<u>£1,374,023</u>	<u>£1,599,234</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 1997 - continued

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

	1997	1996
	£	£
Other creditors	-	110,000
	<u> </u>	<u> </u>

12. SHARE CAPITAL

	1997	1996
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

	1997	1996
	£	£
All Equity:		
Profit for the financial year	121,828	278,980
Shareholders' funds at 30 September 1996	582,179	303,199
	<u> </u>	<u> </u>
Shareholders' funds at 30 September 1997	£704,007	£582,179
	<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 £76,501 (1996: £75,145). Included in the balance sheet at 30 September 1996 are outstanding contributions of £nil (1996: £6,970).

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

	1997	1996
	£	£
Operating profit	187,970	432,792
Depreciation	23,347	11,413
Profit on disposal of fixed assets	(3,030)	-
Decrease/(increase) in debtors	162,075	(86,112)
(Decrease)/increase in creditors	(337,167)	55,746
	<u> </u>	<u> </u>
	£33,195	£413,839
	<u> </u>	<u> </u>

RUST RESOURCES LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997 - continued

16. ANALYSIS OF CHANGES IN NET DEBT	Balance at 1.10.96 £	Movements in the year £	Balance at 30.9.97 £
Cash at bank and in hand	224,820	(76,488)	148,332
Bank overdrafts	(386,687)	(108,928)	(495,615)
	<u>£(161,867)</u>	<u>£(185,416)</u>	<u>£(347,283)</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 £208,225 to fellow subsidiary companies.