

Company number
04559022

RUN ENERGY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2005



Run Energy Limited**Directors**

D.J. Liew
S. Bond

Secretary and Registered Office

D.J. Liew
Suite 10, 29 Harley Street, London, W1G 9QR

Accountants

Moore Stephens LLP
Chartered Accountants
St. Paul's House, Warwick Lane, London, EC4M 7BP

Report of the Directors

The directors present their report and the unaudited financial statements for the year ended 31st March 2005.

Review of Activities

The principal activities of the company are those related to the provision of consultancy and contract services to the energy industry.

The directors expect the activities of the company will continue to expand and that the company will trade profitably in the current year.

Results and Dividends

The loss for the financial year amounted to £39,851 (2004 - Loss of £30,433) and this amount has been debited to reserves. The directors do not recommend the payment of a dividend.

Directors and Directors' Interests

The interests, as defined by the Companies Act 1985, of the directors in the £1 ordinary issued share capital of the company at the beginning and end of the year were:

	31st March <u>2004</u>	31st March <u>2005</u>
S. Bond	2	2

Run Energy Limited**Report of the Directors (Continued)****Statement of Directors' Responsibilities**

Company law requires the directors 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 directors are 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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.

This report and the attached financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.



By Order of the Board

D.J. LIEW - Company Secretary

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of Run Energy Limited

In accordance with the engagement letter dated 3rd August 2004, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made solely to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet for the year ended 31st March 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



St. Paul's House
London, EC4M 7BP

MOORE STEPHENS LLP

Chartered Accountants

31 January 2006

Run Energy Limited

Profit and Loss Account
For the year ended 31st March 2005

	<u>Note</u>	<u>2005</u> (12 months)	<u>2004</u> (18 months)
Turnover	1(b)	375,190	373,629
Cost of sales		(29,239)	-
Gross Profit		345,951	373,629
Administrative expenses		(390,085)	(399,986)
Operating Loss	2	(44,134)	(26,357)
Other interest receivable and similar income		645	496
Loss on Ordinary Activities before Taxation		(43,489)	(25,861)
Taxation on ordinary activities	4	3,638	(4,572)
Loss for the Financial Year		£ (39,851)	£ (30,433)
Summary of Retained Losses			
At 31st March 2004		(30,433)	-
Retained loss for the financial year		(39,851)	(30,433)
At 31st March 2005		£ (70,284)	£ (30,433)

There are no recognised gains or losses other than those included in the profit and loss account.

All of the above relate to continuing operations.

Run Energy Limited

Balance Sheet - 31st March 2005

	Note	2005	2004
Fixed Assets			
Tangible assets	5	36,192	4,407
Current Assets			
Debtors	6	63,800	35,020
Cash at bank and in hand		34,278	59,367
		98,078	94,387
Creditors, amounts falling due within one year	7	(161,540)	(94,222)
Net Current (Liabilities)/ Assets		(63,462)	165
Total Assets Less Current Liabilities		(27,270)	4,572
Creditors, amounts falling due after more than one year	8	(43,009)	(35,000)
		£ (70,279)	£ (30,428)
Equity Capital and Reserves			
Share capital	11	5	5
Profit and loss account		(70,284)	(30,433)
Equity Shareholders' Deficit	12	£ (70,279)	£ (30,428)

Directors' Statement

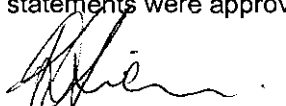
In the opinion of the directors, the company is entitled to the exemption in subsection (1) of section 249A of the Companies Act 1985 for the year ended 31st March 2005. No notice has been deposited under subsection (2) of section 249B of the Companies Act 1985.

The directors are responsible for keeping proper accounting records in accordance with section 221 of the Companies Act 1985 which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with that Act.

The directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of its financial period and of its profit or loss for that financial period in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirement of the Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 applicable to small companies.

These financial statements were approved by the Board on 26th January, 2006.


D.J. LIEW - Director

Run Energy Limited

Financial Statements for the year ended 31st March 2005

Notes

1. Principal Accounting Policies

(a) Basis of accounting

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

(b) Turnover

Turnover represents the amount invoiced to customers excluding Value Added Tax.

(c) Foreign exchange translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The resulting differences are dealt with in the profit and loss account.

(d) Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis as follows:

Computer equipment	-	50% per annum
Office furniture and fittings	-	50% per annum
Office equipment	-	33% per annum
Operational equipment and motor vehicles	-	25% per annum

(e) Leased assets

Where assets are financed by finance leases the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of the capital repayments outstanding. Rentals under operating leases are charged to the profit and loss account as incurred.

(f) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(g) Pension costs

The company contributes towards individual stakeholder pension schemes set up for individual employees. The contributions made by the company are charged to the profit and loss account as incurred.

Run Energy Limited

Financial Statements for the year ended 31st March 2005

Notes (Continued)

2. Operating Loss

	<u>2005</u>	<u>2004</u>
	£	£
Operating loss is stated after charging:		
Depreciation	9,372	1,514
Operating lease payments	10,723	17,035
Exchange differences	-	205
	<u> </u>	<u> </u>

3. Directors and Employees

	<u>2005</u>	<u>2004</u>
	£	£
Wages and salaries	134,396	132,434
Social security costs	15,989	14,519
Pension contributions	(9,900)	10,750
	<u> </u>	<u> </u>
£	140,485	£ 157,703
	<u> </u>	<u> </u>

The average number of persons employed was 2, both of whom were employed in an administrative capacity.

Directors' emoluments for the year amounted to £62,050 (2004: £63,423). Pension contributions paid for the directors amounted to £850 (2004: Nil).

4. Taxation on Ordinary Activities

Current taxation:

	<u>2005</u>	<u>2004</u>
	£	£
Corporation tax (credit)/charge for the year	(1,962)	4,572
Over-provision in prior period	(1,676)	-
	<u> </u>	<u> </u>
£	(3,638)	£ 4,572
	<u> </u>	<u> </u>

The effective rate of tax is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>2005</u>	<u>2004</u>
	£	£
Loss on ordinary activities before tax	£ (43,489)	£ (25,861)
	<u> </u>	<u> </u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(13,047)	(7,758)
Effects of:		
Capital allowances falling short/(in excess) of depreciation	2,812	(34)
Disallowed expenses	124	6,659
Timing difference on provisions	(2,216)	5,705
Losses carried back	9,230	-
Small company relief	1,135	-
	<u> </u>	<u> </u>
Current taxation (credit)/charge for the year	£ (1,962)	£ 4,572
	<u> </u>	<u> </u>

Run Energy Limited

Financial Statements for the year ended 31st March 2005

Notes (Continued)

5. Tangible Fixed Assets

		Operational Equipment and Motor <u>Vehicles</u>		Computer <u>Equipment</u>		Office Furniture and <u>Fittings</u>		<u>Total</u>
Cost								
As at 31st March 2004		-		4,193		1,728		5,921
Additions		34,686		723		5,748		41,157
As at 31st March 2005	£	34,686	£	4,916	£	7,476	£	47,078
Depreciation								
As at 31st March 2004		-		1,298		216		1,514
Charge for the year		4,100		2,252		3,020		9,372
As at 31st March 2004	£	4,100	£	3,550	£	3,236	£	10,886
Net book value								
As at 31st March 2005	£	30,586	£	1,366	£	4,240	£	36,192
As at 31st March 2004	£	-	£	2,895	£	1,512	£	4,407

Included in fixed assets are newly acquired motor vehicles held under finance leases with net book values of £19,771 and depreciation charges in the year of £3,955.

6. Debtors due within one year

	<u>2005</u>	<u>2004</u>
Trade debtors	50,265	26,003
Other debtors	3,480	-
Prepayments	1,360	9,017
Amounts owed by related parties	5,057	-
Corporation tax recoverable	3,638	-
	£ 63,800	£ 35,020

7. Creditors, amounts falling due within one year

	<u>2005</u>	<u>2004</u>
Trade creditors	20,297	-
Amounts owed to related parties	107,713	57,701
Other taxes and social security	15,259	12,929
Accruals	11,206	19,020
Other creditors	1,951	-
Corporation tax payable	-	4,572
Obligations under finance leases (note 9)	5,114	-
	£ 161,540	£ 94,222

Run Energy Limited

Financial Statements for the year ended 31st March 2005

Notes (Continued)

8. Creditors, amounts falling due after more than one year

	<u>2005</u>	<u>2004</u>
Loan from a related party	35,000	35,000
Non-current lease liability (note 9)	8,009	-
	<u>£ 43,009</u>	<u>£ 35,000</u>

The loan from a related party represents advances from a company controlled by the ultimate controlling parties, which is unsecured and interest free. The loan has no fixed date of repayment but the lender has confirmed that it will not seek repayment for at least one year from the balance sheet date.

9. Obligations Under Finance Leases

The company had annual commitments under finance leases which expire:

	<u>2005</u>	<u>2004</u>
Within one year	5,114	-
Two to five years	8,009	-
	<u>£ 13,123</u>	<u>£ Nil</u>

10. Deferred Taxation

The unprovided deferred tax asset is analysed as follows:

	<u>2005</u>	<u>2004</u>
Capital allowances falling short/(in excess) of depreciation	2,778	(34)
Timing differences in respect of provisions	3,488	5,706
Trading losses	9,230	-
	<u>£ 15,496</u>	<u>£ 5,672</u>

11. Share Capital

Authorised		
100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
Allotted, called up and fully paid		
5 ordinary shares of £1 each	<u>£ 5</u>	<u>£ 5</u>

Run Energy Limited

Financial Statements for the year ended 31st March 2005

Notes (Continued)

12. Equity Shareholders' Deficit

	<u>2005</u>	<u>2004</u>
Balance as at 31st March 2004	(30,428)	-
Share capital issued	-	5
Loss for the period	(39,851)	(30,433)
Balance as at 31st March 2005	£ <u>(70,279)</u>	£ <u>(30,428)</u>

13. Obligations Under Operating Leases

The company's obligations under operating leases relate solely to land and buildings, all of which are cancellable with one month's notice.

14. Ultimate Controlling Parties

The ultimate controlling parties of the company are Mr. and Mrs. W. Pahor.

15. Related Party Transactions

Balances with related parties are shown in notes 6, 7 and 8.

The company incurred income and expenses of £63,511 and £97,111, respectively, with companies under common control of the directors and shareholders during the year.