

# **Air Resources Limited**

Report and Financial Statements

Year Ended

31 December 2016

Company Number 01427732

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## **Air Resources Limited**

**Report and financial statements  
for the year ended 31 December 2016**

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#### **Directors**

J G Dymott  
J B Marx  
P W Searle  
G T Taylor

#### **Registered office**

Delphian House, 4th Floor, Riverside, New Bailey Street, Manchester M3 5FS

#### **Company number**

01427732

#### **Auditors**

BDO LLP, 55 Baker St, London W1U 7EU

## Air Resources Limited

### Strategic Report for the year ended 31 December 2016

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The Directors present their Strategic Report together with the audited Financial Statements for the year ended 31 December 2016.

The company has prepared the financial statements in accordance with United Kingdom Accounting Standards, specifically FRS 100 Application of Financial Reporting Requirements and FRS 101 Reduced Disclosure Framework. More information on the preparation of the financial statements is disclosed within note 2 of the financial statements.

#### Principal activity

The principal activity of the company is the provision of global manpower solutions to the oil and gas industry.

#### Business review and future developments

2016 was a year of significant change as the group, which the company was part of, merged with the Swift group on 20 January 2016. The Air and the Swift businesses were combined to form the Airswift business. We also made a number of strategic changes in the group. This included several strategic initiatives to widen our customer base and enhance efficiency by improving team processes and increasing the productivity of our sales force throughout the business.

2016 saw turnover decrease from last year by £41,345,000 largely due to reduced project activity. Operating profits increased by £6,083,000 due to focus on control, rationalisation of overhead costs and a foreign exchange retranslation gain of £5,087,000 which was offset by lower gross profit, due to the mix of client projects and other one off costs. The company incurred £2,522,000 of exceptional costs primarily related to the group re-organisation.

The directors believe that the company is well positioned to meet the needs of our customers and grow our business in 2017. We implemented a very successful group wide cost saving programme during 2016 aimed at achieving our synergy savings. We expect to see the benefits of this programme for a full year in 2017.

#### Principal risks & uncertainties

The global market in the Oil & Gas Industry remains highly competitive. The company seeks to manage the risk of losing customers by providing a customised service whilst working in partnership with our clients and maintaining a strong relationship throughout the world.

The company's presentation currency is pounds sterling, however, during the year the company had exposure to currencies of other countries in which it trades. Appropriate steps are taken to cover this risk and wherever practicable, the company matches payments and receipts in the same currency.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and reviewing existing customers payments against contractual agreements.

In order to ensure that sufficient funds are available for on-going operations and future developments, the company uses short-term credit facilities which can be drawn upon on demand when needed. The Board closely monitors the amount of facilities drawn, particularly with respect to complying with all covenant restrictions. The liquidity risk of each group entity is managed centrally by the group treasury function. Where facilities of group entities need to be increased, approval must be sought from the Board.

#### Key performance indicators

The primary key performance indicators used by management are:

- Gross profit as a proportion of revenue - 9.8% (2015 - 9.5%)
- Operating profit (excluding exceptional items) as a proportion of revenue - 7.1% (2015 - 2.7%)
- EBITDA (excluding exceptional items) - £12,618,000 (2015 - £6,467,000)

#### Approved on behalf of the Board

  
J G Dymott  
Director

Date 12<sup>th</sup> SEPTEMBER 2017

## **Air Resources Limited**

### **Report of the directors for the year ended 31 December 2016**

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The directors present their report together with the audited financial statements for the year ended 31 December 2016.

#### **Results and dividends**

The results for the year and financial position of the company are as shown in the attached financial statements and a detailed review is set out in the strategic report.

No dividends were paid or declared during the year (2015 - £Nil).

#### **Financial instruments**

The company's operations are financed by a mixture of retained profits and invoice discounting facilities for ongoing working capital and intercompany funding. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the company's operations.

#### **Going concern**

After making enquiries, and based on the assumptions outlined in note 2 to the financial statements, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### **Directors**

The directors of the company during the year were as follows:

J G Dymott (appointed 1 April 2016)  
D A Gregson (resigned 1 April 2016)  
I M Langley (resigned 1 April 2016)  
G Lewis (resigned 1 October 2016)  
J B Marx (appointed 1 April 2016)  
K Mcpherson (resigned 8 August 2016)  
P W Searle (appointed 1 April 2016)  
G T Taylor (resigned 1 April 2016, appointed 1 February 2017)

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they 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.

## Air Resources Limited

Report of the directors  
for the year ended 31 December 2016

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### Statement of directors' responsibilities (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable UK Accounting Standards, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

By order of the Board



J G Dymott  
Director

Date 12<sup>TH</sup> SEPTEMBER 2017

## **Air Resources Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR RESOURCES LIMITED for the year ended 31 December 2016**

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We have audited the financial statements of Air Resources Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit;

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## Air Resources Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR RESOURCES LIMITED for the year ended 31 December 2016

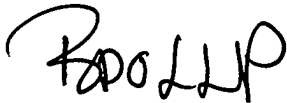
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#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Iain Henderson (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date 12<sup>th</sup> September 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Air Resources Limited

### Statement of Comprehensive Income for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Revenue	3	166,267	207,612
Cost of sales	6	(149,896)	(187,843)
<b>Gross Profit</b>		<b>16,371</b>	<b>19,769</b>
Administrative expenses		(4,640)	(14,089)
<b>Operating profit before exceptional items</b>		<b>11,731</b>	<b>5,680</b>
Exceptional items	5	(2,522)	(2,554)
<b>Operating profit</b>	4	<b>9,209</b>	<b>3,126</b>
Finance costs and similar charges	8	(988)	(678)
<b>Profit on ordinary activities before taxation</b>		<b>8,221</b>	<b>2,448</b>
Taxation on profit from ordinary activities	9	(1,054)	(137)
<b>Profit on ordinary activities after taxation</b>		<b>7,167</b>	<b>2,311</b>
Exchange loss on retranslation of foreign branches		(890)	(690)
<b>Total comprehensive income for the year</b>		<b>6,277</b>	<b>1,621</b>

All activity has arisen from continuing operations.

Notes 1 to 22 form part of these financial statements.



## Air Resources Limited

### Statement of financial position at 31 December 2016

<i>Company Number 01427732</i>	Note	2016 £000	2015 £000
<b>Non-current assets</b>			
Intangible assets	11	1,326	1,307
Property, plant and equipment	12	373	592
Investments	13	160	50
Deferred tax asset	10	202	188
		<b>2,061</b>	<b>2,137</b>
<b>Current assets</b>			
Trade and other receivables	14	55,668	50,549
Cash and cash equivalents		1,195	282
		<b>56,863</b>	<b>50,831</b>
<b>Total assets</b>		<b>58,924</b>	<b>52,968</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	15	(16,053)	(14,009)
Borrowings	16	(12,790)	(15,158)
		<b>(28,843)</b>	<b>(29,167)</b>
<b>Net current assets</b>		<b>28,020</b>	<b>21,664</b>
<b>Total assets less current liabilities</b>		<b>30,081</b>	<b>23,801</b>
<b>Net assets</b>		<b>30,081</b>	<b>23,801</b>
<b>Capital and reserves</b>			
Called up share capital	18	-	-
Capital contribution reserve	19	3	-
Foreign exchange reserve	19	(2,211)	(1,321)
Retained earnings	19	32,289	25,122
<b>Total equity</b>		<b>30,081</b>	<b>23,801</b>

Notes 1 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 12<sup>th</sup> September 2017



J G Dymott  
Director

## Air Resources Limited

### Statement of changes in equity for the year ended 31 December 2016

	Share Capital £000	Capital contribution reserve £000	Retained Earnings £000	Foreign Exchange Reserve £000	Total Equity £000
Balance as at 1 January 2015	-	-	22,811	(631)	22,180
Profit for the year	-	-	2,311	-	2,311
Exchange differences on translating foreign operations	-	-	-	(690)	(690)
Total comprehensive income for the year	-	-	2,311	(690)	1,621
Balance as at 31 December 2015	-	-	25,122	(1,321)	23,801
Profit for the year	-	-	7,167	-	7,167
Exchange differences on translating foreign operations	-	-	-	(890)	(890)
Waiver of intercompany loan with parent company	-	3	-	-	3
Total comprehensive income for the year	-	3	7,167	(890)	6,280
Balance as at 31 December 2016	-	3	32,289	(2,211)	30,081

Notes 1 to 22 form part of these financial statements.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016

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### 1 General Information

Air Resources Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the contents page. The nature of the Company's operations and its principal activities are set out in the strategic report and the directors' report. These financial statements are presented in sterling because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated. Foreign operations are included in accordance with the policies set out below in note 2.

### 2 Significant accounting policies

The principal accounting policies adopted are set out below.

#### *Basis of accounting*

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

#### *Consolidated accounts*

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 400 of the Companies Act 2006 as the company is included in the consolidated financial statements of Airswift Holdings Limited, a company incorporated in the United Kingdom. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### *Disclosure exemptions adopted*

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Airswift Holdings Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Airswift Holdings Limited. These financial statements do not include certain disclosures in respect of:

- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

The financial statements of Airswift Holdings Limited can be obtained from the registered office given on the contents page.

#### *Going concern*

Having considered the financial results of the business, the directors are pleased with both the years trading and confident that the outlook remains strong. The directors consider that the Company can continue in operation as a going concern for the foreseeable future. This, together with the letter of support from the ultimate parent, mean the directors consider the going concern basis appropriate.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016

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### 2 Significant accounting policies (continued)

#### *Revenue recognition*

Revenue represents amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Revenue from the sales of services is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the services are delivered to the buyer. Where the buyer has a right of return, the Company defers recognition of revenue until the right to return has lapsed.

Services provided include recoverable travelling expenses incurred by contractors where the Company acts as principal. Revenue from the provision of manpower resources is recognised upon provision of the service.

Provided the amount of revenue can be measured reliably and it is probable that the Company will receive any consideration, revenue for services is recognised in the period in which they are rendered.

#### *Goodwill*

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to one cash-generating units and is tested for impairment annually, or more frequently when there is an indication that it may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly- controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### *Impairment of tangible and intangible assets excluding goodwill*

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the estimates the recoverable amount of each cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### *Intangible assets - computer software*

The Company recognises an intangible asset in respect of computer software. An asset arising from the Company's software development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Computer software is amortised over its useful economic life, which is estimated at three years.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016

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### 2 Significant accounting policies (continued)

#### *Operating leases*

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

#### *Foreign currencies*

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into sterling at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### *Borrowing costs*

Directly attributable costs of a new debt instrument are capitalised and spread over the term of the instrument. All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

#### *Retirement benefit costs*

The Company operates a defined contribution pension schemes for a number of its staff and directors. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The pension balance owing at year end is £3,000 (2015 - £3,000).

#### *Taxation*

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, unless otherwise indicated, on the following bases:

Leasehold improvements - 15% per annum straight line  
Computer equipment - 25% per annum straight line  
Fixtures & Fittings - 15% per annum straight line

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016

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### 2 Significant accounting policies (continued)

#### *Financial instruments*

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

#### *Financial assets*

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### *Investments*

Investments are initially recorded at cost and are reviewed for impairment on an annual basis.

#### *Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### *Impairment of financial assets*

Loans and receivables are assessed for indicators of impairment at each balance sheet date. They are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For trade receivables, assets that are assessed not to be, impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with impairment for a portfolio of receivables could include the default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### *Cash and bank balances*

Cash and bank balances comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016

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### 2 Significant accounting policies (continued)

#### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### *Financial liabilities*

The Company holds no financial liabilities classified as 'at FVTPL' and hence all of its financial liabilities are classified as 'other financial liabilities'.

#### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

#### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

#### *Exceptional items*

Exceptional items are those that the directors consider need to be disclosed separately in the financial statements to provide a true and fair view by virtue of their size or incidence; all exceptional items are charged or credited in arriving at operating profit in the financial statements.

#### *Critical accounting judgements and key sources of estimation uncertainty*

about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There are no key assumptions at the statement of financial position date that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016

### 3 Segmental reporting

All revenue arises from the provision of services. Turnover, profit before taxation, assets and liabilities are attributable to the activity of hiring out and permanent placement of personnel to provide engineering services, and additionally for the provision of project management and project engineering services. In the opinion of the directors, disclosure of Segmental Analysis would be seriously prejudicial to the interests of the company. Consequently, the analysis has not been disclosed.

### 4 Operating profit

	2016 £000	2015 £000
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	419	331
Amortisation of intangible assets	468	456
Hire of plant and machinery - operating leases	18	25
Hire of other assets - operating leases	511	551
Auditors' remuneration:		
Fees payable for the auditing of the Group's annual accounts	26	26
Fees payable for taxation advisory services	10	10
Gain on foreign exchange transactions	(5,087)	(566)

### 5 Exceptional items

	2016 £000	2015 £000
Restructuring costs	1,924	594
Merger transaction costs	359	1,960
Other one off costs	239	-
	<b>2,522</b>	<b>2,554</b>

Exceptional restructuring costs are in relation to redundancy and closure costs as part of a group wide restructuring programme. Merger transaction costs are those relating to the merger with another group on 20 January 2016. Other one off costs are other non-recurring costs.

### 6 Staff costs

	2016 £000	2015 £000
Staff costs (including directors) consist of:		
Wages and salaries	6,027	7,244
Social security costs	487	529
Other pension costs	35	31
	<b>6,549</b>	<b>7,804</b>

The average number of employees (including directors) during the year was as follows:

	2016 Number	2015 Number
Administration	121	172



## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016

### 7 Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	950	829
Emoluments of the highest paid director were:	389	225

Contributions in the year into the company's defined contribution pension scheme for directors were £1,078 (2015 - £1,457).

### 8 Finance costs and similar charges

	2016 £000	2015 £000
Bank loans and overdrafts	93	111
All other loans including invoice discounting	632	477
Amortisation of finance costs	263	90
	988	678

### 9 Taxation

	2016 £000	2015 £000
Current tax	803	256
Withholding tax	265	
Deferred tax (note 10)	(14)	(119)
Total income tax charge/(credit)	1,054	137

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	8,221	2,448
Taxation on profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	1,644	496
Effects of:		
Adjustments in respect of prior periods	(34)	255
Adjustment in respect of deferred tax rate changes	14	
Expenses not deductible for tax purposes	7	400
Foreign tax	-	155
Group relief claimed	(884)	(1,013)
Other permanent timing differences	-	(156)
Withholding tax paid	273	-
Fixed asset differences	33	-
Current income tax charge for the year	1,054	137

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016

### 10 Deferred taxation

The following are the major deferred tax assets and liabilities recognised by the Company in the year.

	Accelerated capital allowances	Other short term timing differences	Total
	£000	£000	£000
At 1 January 2015	29	40	69
Credited/(debited) to income statement	123	(4)	119
At 1 January 2016	<u>152</u>	<u>36</u>	<u>188</u>
Credited/(debited) to income statement	14	-	14
At 31 December 2016	<u>166</u>	<u>36</u>	<u>202</u>

Deferred tax assets and liabilities have been offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	2016 £000	2015 £000
Deferred tax assets	<u>174</u>	<u>188</u>
Net deferred tax liability	<u>174</u>	<u>188</u>

### 11 Intangible assets

	Goodwill	Intellectual property rights	Computer software	Total
	£000	£000	£000	£000
<i>Cost or valuation</i>				
At 1 January 2016	1,243	115	1,668	3,026
Additions	-	-	487	487
At 31 December 2016	<u>1,243</u>	<u>115</u>	<u>2,155</u>	<u>3,513</u>
<i>Amortisation and impairment</i>				
At 1 January 2016	860	115	744	1,719
Charge for the year	-	-	468	468
At 31 December 2016	<u>860</u>	<u>115</u>	<u>1,212</u>	<u>2,187</u>
<i>Carrying amount</i>				
At 31 December 2016	<u>383</u>	<u>-</u>	<u>943</u>	<u>1,326</u>
At 31 December 2015	<u>383</u>	<u>-</u>	<u>924</u>	<u>1,307</u>

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016

### 12 Property, plant and equipment

	Leasehold improvements £000	Computer equipment £000	Fixtures, and fittings £000	Total £000
<b>Cost</b>				
At 1 January 2016	521	1,260	218	1,999
Additions	37	106	38	181
Exchange adjustments	21	7	26	54
At 31 December 2016	<u>579</u>	<u>1,373</u>	<u>282</u>	<u>2,234</u>
<b>Depreciation</b>				
At 1 January 2016	389	875	143	1,407
Provision for the period	117	265	37	419
Exchange adjustments	17	4	14	35
At 31 December 2016	<u>523</u>	<u>1,144</u>	<u>194</u>	<u>1,861</u>
<b>Net book value</b>				
At 31 December 2016	<u>56</u>	<u>229</u>	<u>88</u>	<u>373</u>
At 31 December 2015	<u>132</u>	<u>385</u>	<u>75</u>	<u>592</u>

### 13 Investments

Investments in subsidiary undertakings

	2016 £000	2015 £000
<b>Cost</b>		
At 1 January	50	126
Intra group transfers	110	(76)
At 31 December	<u>160</u>	<u>50</u>

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
<b>Subsidiary undertakings</b>			
Air Resources Qatar WLL	Qatar *	49%	Provision of global manpower solutions to the Oil & Gas Industry ("PGMS")
Air Energi KSA	Saudi Arabia *	49%	PGMS
Air Energi UAE LLC	United Arab Emirates *	49%	PGMS

\* is treated as a subsidiary undertaking because the company has the contractual power to exercise dominant influence and control over it.

For all undertakings listed above, the country of operation is the same as the country of incorporation or registration. The registered addresses are shown in note 22.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2016

### 14 Trade and other receivables

	2016 £000	2015 £000
Trade receivables	36,503	36,803
Amounts owed by group undertakings	13,742	7,183
Corporation Tax	-	590
Prepayments and accrued income	5,423	5,973
	<b>55,668</b>	<b>50,549</b>

Trade debtors above are shown net of £85,000 (2015: £198,000) provision for bad and doubtful debts. The bad debt expense charged in the year is £Nil (2015: £Nil).

The directors consider that the carrying amount of the above assets approximates to their fair value.

All amounts shown under trade and other receivables fall due for payment within one year.

### 15 Trade and other payables

	2016 £000	2015 £000
Trade payables	11,902	8,695
VAT	416	-
Corporation Tax	365	-
Other creditors and accruals	3,370	5,314
	<b>16,053</b>	<b>14,009</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The current financial liabilities shown above arise from the normal trading activities of the Group and are payable in line with normal terms of trade which, on average, are 30 days. The directors consider that the carrying amount of trade payables approximates to their fair value.

### 16 Borrowings

	2016 £000	2015 £000
Invoice discounting facilities (secured)	12,790	15,158
	<b>12,790</b>	<b>15,158</b>

Invoice discounting facilities are secured against trade receivables.

### 17 Operating lease arrangements

The company had commitments under non-cancellable operating leases as set out below:

	Land and Buildings 2016 £000	Other 2016 £000	Land and Buildings 2015 £000	Other 2015 £000
Operating leases which expire:				
Within one year	493	16	273	22
Between two and five years	1,600	3	657	23
In more than five years	352	-	-	-
	<b>2,445</b>	<b>19</b>	<b>930</b>	<b>45</b>

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2015

### 18 Called-up share capital

	2016	2015
Authorised, allotted, called up and fully paid	£	£
71 Ordinary equity shares of £1 each	71	71

### 19 Reserves

The capital contribution reserve arises from the waiver of an intercompany loan payable to a parent company.

The foreign exchange reserve represents foreign exchange differences arising on the retranslation of opening equity and results for overseas operations at closing spot rates on consolidation.

Accumulated losses/retained earnings represent retained profits/(losses) for the current and prior reporting periods.

### 20 Related party transactions

The company has taken advantage of the exemption conferred by FRS 101 paragraph 8(j) and 8(k) not to disclose key management personnel compensation or transactions and amounts due to and from fellow group companies that are wholly owned by the ultimate parent company.

### 21 Ultimate parent company and controlling party

The immediate parent company is Air Energi Group Limited, a company registered in England and Wales. At 31 December 2016, the ultimate controlling party was Legal and General group PLC, a company incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Legal and General Group PLC. Copies of the consolidated accounts of the ultimate holding company, Legal and General Group PLC, are available on the group website, [www.legalandgeneralgroup.com](http://www.legalandgeneralgroup.com) or from the Company Secretary at the Registered Office, One Coleman Street, London, EC2R 5AA. The smallest such group is headed by Airswift Holdings Limited.

### 22 Registered addresses of subsidiary undertakings

Subsidiary undertaking	Registered address
Air Resources Qatar WLL	3rd Floor, Qatar First Investment Bank, Al Jazeera Finance Building, Ring Road C, Doha, Qatar
Air Energi KSA	King Abdullah Road, Dhahran Street, Middle East Commercial Center, Al Khobar 31952, Saudi Arabia
Air Energi UAE LLC	Office 903, 9th Floor, Al Falah Exchange Building, Electra Street, Abu Dhabi, United Arab Emirates