

**Air Resources Limited**

Report and Financial Statements

Year Ended

31 December 2018

Company Number 01427732



# **Air Resources Limited**

## **Report and financial statements for the year ended 31 December 2018**

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#### **Directors**

T Briant  
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, 3 Hardman Street, Manchester, M3 3AT

# Air Resources Limited

## Strategic Report for the year ended 31 December 2018

The Directors present their Strategic Report together with the audited Financial Statements for the year ended 31 December 2018.

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

2018 saw turnover increase from last year by £28,860,000 to £169,826,000 due to increased project activity. In addition the company generated £1,059,000 greater gross profit, although at a lower gross profit percentage of turnover, 8.6% from 9.7% due to the blended mix of project activity. Adjusted EBITDA\* was similar to last year and operating profits decreased by £612,000. The company incurred £1,530,000 (2017: £1,112,000) of exceptional costs primarily relating to group re-organisations and legal and advisory costs.

The net assets of the company has increased by £636,000 to £30,185,000. The directors believe that the company is well positioned to meet the needs of our customers and grow our business in 2019.

### 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 presentations 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 - 8.6% (2017 - 9.7%)
- Adjusted EBITDA\* - £4,950,000 (2017: £4,965,000)
- Adjusted EBITDA as a proportion of revenue - 2.9% (2017: 3.5%)

### Approved on behalf of the Board

J B Marx  
Director  
Date



12 September 2019

\* Adjusted EBITDA is defined as operating profit before exceptional items, depreciation, amortisation and exchange (losses)/gains.

## **Air Resources Limited**

### **Report of the directors for the year ended 31 December 2018**

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The directors present their report together with the audited financial statements for the year ended 31 December 2018.

#### **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 (2017 - £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 (resigned 18 January 2018)  
J B Marx  
P W Searle  
G T Taylor  
T Briant

#### **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 2018

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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.

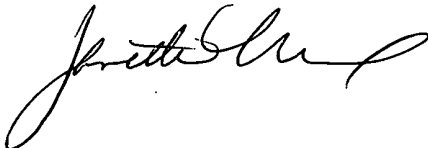
#### Auditors

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 B Marx  
Director



Date 12 September 2019

## **Air Resources Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR RESOURCES LIMITED for the year ended 31 December 2018**

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We have audited the financial statements of Air Resources Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Air Resources Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR RESOURCES LIMITED for the year ended 31 December 2018**

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#### **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.

#### **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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

#### **Responsibilities of Directors**

As explained more fully in the Report of the directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Air Resources Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR RESOURCES LIMITED for the year ended 31 December 2018**

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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.

*BDO LLP*

**Steven Roberts (Senior Statutory Auditor)**  
For and on behalf of BDO LLP, Statutory Auditor  
Manchester  
United Kingdom

Date *26/9/19*

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 2018

	Note	2018 £000	2017 £000
Revenue	3	169,826	140,965
Cost of sales	6	(155,158)	(127,357)
<b>Gross Profit</b>		<b>14,668</b>	<b>13,609</b>
Administrative expenses		(13,207)	(11,535)
<b>Operating profit before exceptional items, depreciation, amortisation and exchange losses ('Adjusted EBITDA')</b>		<b>4,950</b>	<b>4,965</b>
Exceptional items	5	(1,530)	(1,113)
Depreciation	4	(140)	(214)
Amortisation	4	(1,280)	(566)
Exchange losses	4	(539)	(999)
<b>Operating profit</b>	<b>4</b>	<b>1,461</b>	<b>2,073</b>
Finance costs and similar charges	8	(1,768)	(1,004)
<b>(Loss)/Profit on ordinary activities before taxation</b>		<b>(307)</b>	<b>1,070</b>
Taxation on (loss)/profit from ordinary activities	9	636	(1,694)
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>330</b>	<b>(624)</b>
Other comprehensive income			
Exchange gain on retranslation of foreign branches		305	417
<b>Total comprehensive income/(loss) for the year</b>		<b>635</b>	<b>(207)</b>

All activity has arisen from continuing operations.

Notes 1 to 23 form part of these financial statements.

## Air Resources Limited

### Statement of financial position at 31 December 2018

<b>Company Number 01427732</b>	<b>Note</b>	<b>2018 £000</b>	<b>Restated (see note 24) 2017 £000</b>
<b>Non-current assets</b>			
Intangible assets	11	4,021	4,284
Property, plant and equipment	12	322	356
Investments	13	169	160
Deferred tax asset	10	-	238
		<b>4,512</b>	<b>5,038</b>
<b>Current assets</b>			
Trade and other receivables	14	67,253	51,871
Cash and cash equivalents		210	1,022
		<b>67,463</b>	<b>52,893</b>
<b>Total assets</b>		<b>71,975</b>	<b>57,931</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	15	(19,156)	(17,461)
Deferred tax liability	10	(216)	-
Borrowings	16	(22,418)	(10,920)
		<b>(41,790)</b>	<b>(28,381)</b>
<b>Net current assets</b>		<b>25,673</b>	<b>24,512</b>
<b>Total assets less current liabilities</b>		<b>30,185</b>	<b>29,550</b>
<b>Net assets</b>		<b>30,185</b>	<b>29,550</b>
<b>Capital and reserves</b>			
Called up share capital	18	-	-
Capital contribution reserve	19	3	3
Foreign exchange reserve	19	(1,489)	(1,794)
Retained earnings	19	31,671	31,341
<b>Total equity</b>		<b>30,185</b>	<b>29,550</b>

Notes 1 to 23 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 12 September 2019

J B Marx  
Director



## Air Resources Limited

### Statement of changes in equity for the year ended 31 December 2018

	Share Capital	Capital contribution reserve	Retained Earnings	Foreign Exchange Reserve	Total Equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2017	-	3	32,289	(2,211)	30,081
Loss for the year	-	-	(624)	-	(624)
Exchange differences on translating foreign operations	-	-	-	417	417
Total comprehensive income/(expense) for the year	-	-	(624)	417	(207)
Balance as at 31 December 2017	-	3	31,665	(1,794)	29,874
Restatement for IFRS 9 (note 24)	-	-	(324)	-	(324)
Balance as at 31 December 2017 - as restated	-	3	31,341	(1,794)	29,550
Profit for the year	-	-	330	-	330
Exchange differences on translating foreign operations	-	-	-	305	305
Total comprehensive income for the year	-	-	330	305	635
Balance as at 31 December 2018	-	3	31,671	(1,489)	30,185

Notes 1 to 23 form part of these financial statements.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018

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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*

As at 31 December 2018 the company had net assets and net current assets. After reviewing forecasts and projections, the directors have a reasonable expectation that the company can continue in operation as a going concern for the foreseeable future. The group therefore adopts a going concern basis in preparing its financial statements.

#### *Adoption of new and revised standards*

a) New standards, interpretations and amendments effective from 1 January 2018

New standards have been adopted in the annual financial statements for the year ended 31 December 2018 (and have been retrospectively applied), and which have given rise to changes in the Group's accounting policies are:

IFRS 9 Financial Instruments (IFRS 9); and  
IFRS 15 Revenue from Contracts with Customers (IFRS 15)

Details of adopting IFRS 9 and the impact on the prior period are given in note 24. The company evaluated the impact of IFRS 15 and concluded that its existing accounting policies are in line with IFRS 15. As a provider of manpower services, the company earns its revenues through the provision of contractors and placement of direct hires as well as executives. On transition, there is no material impact as the point at which control passes and performance obligations are satisfied and these have been determined to be the same point risks and rewards passed under IAS 18.

In practice, the amounts of revenue recognised under IAS 18 and IFRS 15 in this respect are not materially different.

With effect from 1 January 2018, the company has also applied IFRS 9, Financial Instruments.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018

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### 2 Significant accounting policies (continued)

#### *Revenue recognition*

Revenue represents amounts receivable for goods and 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 Group has satisfied its performance obligations to the buyer. This criterion are considered to be met when the services are delivered to the buyer.

Revenue from the provision of manpower resources included Direct Hire placements, Executive Search and Temporary Worker placements. Revenue arising from the placement of Direct Hire candidates is recognised at the time the candidate commences employment. Revenue from Executive Search is recognised when customer contractual obligations are met over the course of an assignment, usually after providing a short list of candidates and at the completion of the assignment. Revenue arising from temporary placements is recognised over the period that temporary workers are provided. Where the Group is acting as a principal, revenue represents the amounts billed for the services of the temporary workers, including the remuneration costs and recoverable travel expenses of the temporary workers.

#### *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 2018

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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*

The presentation and functional currency of Air Resources Limited is UK Sterling.

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 £37,000 (2017 - £23,000).

#### *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 2018

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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.

Impairment provisions for receivables from and to group undertakings are recognised based on a forward looking expected credit loss model. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

#### *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 2018

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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*

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions 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.

The directors consider that the key accounting judgements and estimation applied to these financial statements are estimating Expected Future Credit Losses as required by IFRS 9 (see note 24), identification of separable intangible assets (note 11), the amortisation period applied to these intangible assets (see intangible accounting policy) and that the directors believe that the business is one cash generating unit for the purpose of goodwill impairment testing (see note 11).



## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018

### 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

	2018 £000	2017 £000
This is arrived at after charging:		
Depreciation of tangible fixed assets	140	214
Amortisation of intangible assets	1,280	566
Hire of plant and machinery - operating leases	27	11
Hire of other assets - operating leases	313	501
Auditors' remuneration:		
Fees payable for the auditing of the Group's annual accounts	26	26
Fees payable for taxation advisory services	10	10
Loss on foreign exchange transactions	539	999

### 5 Exceptional items

	2018 £000	2017 £000
Restructuring costs	240	509
Merger and other transaction costs	95	52
Legal and advisory costs	783	482
Office set up and exit costs	33	49
Other one off costs	380	21
	<b>1,530</b>	<b>1,113</b>

Restructuring costs are in relation to redundancy, consultancy and closure costs as part of the group wide restructuring programme enabling the group to achieve its desired operating structure. Redundancy costs are not separately identified in exceptional costs, however costs incurred as part of a group wide restructuring programme have been separately identified.

Merger and other transaction costs are professional and bank fees in relation to shareholder transactions and changes to bank contracts. These costs are typically one off in nature.

Legal and advisory costs include fees incurred with advisors on large litigation or board matters. Legal costs on day to day matters are not separately identified in exceptional costs, however costs in relation to defending legal actions brought against the group are separately identified.

Office set up and exit costs relate to costs incurred on the exit and relocation of offices. Office set up costs include costs associated with the establishment and initial set up of new offices including rent, overhead expenses, pre-opening to support the site in the initial period following opening. Exit costs include direct and indirect costs to close down a facility.

Other one off costs are other non-recurring costs that the directors believe are exceptional and do not form part of the underlying trading.

### 6 Staff costs

	2018 £000	2017 £000
Staff costs (including directors) consist of:		
Wages and salaries	7,542	6,130
Social security costs	708	636
Other pension costs	172	78
	<b>8,421</b>	<b>6,844</b>

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

	2018 Number	2017 Number
Administration	151	136

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018

### 7 Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	927	1,113
Emoluments of the highest paid director were:	354	422

Contributions in the year into the company's defined contribution pension scheme for directors were £24,837 (2017 - £11,146).

### 8 Finance costs and similar charges

	2018 £000	2017 £000
Bank loans and overdrafts	826	317
All other loans including invoice discounting	942	687
	1,768	1,004

### 9 Taxation

	2018 £000	2017 £000
Taxation on (loss)/profit on ordinary activities		
Corporation Tax:		
UK Tax	(1,178)	360
Foreign tax	15	-
Withholding tax	73	1,215
Adjustment in respect of prior period	-	155
Deferred Tax:		
Deferred tax charge/(credit) (note 10)	454	(36)
Tax (credit)/charge on (loss)/profit on ordinary activities	(636)	1,694

The tax (credit)/ charge for the year can be reconciled to the loss per the income statement as follows:

	2018 £000	2017 £000
(Loss)/ Profit on ordinary activities before tax	(307)	1,070
Taxation on (loss)/ profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	(58)	206
Effects of:		
Adjustments in respect of prior periods	1,048	120
Adjustments in respect of prior periods (deferred tax)	465	(1)
Expenses not deductible for tax purposes	27	336
Group relief claimed	(104)	(292)
Other timing differences	(377)	-
Foreign exchange differences	-	10
Withholding tax	73	1,215
Difference in tax rates and unrelieved tax losses	(1,716)	-
Fixed asset differences	6	99
Total tax (credit)/charge for the year	(636)	1,694

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018

### 10 Deferred taxation

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

	Accelerated capital allowances £000	Other short term timing differences £000	Total £000
At 1 January 2017	166	36	202
Credited to income statement	36	-	36
At 1 January 2018	202	36	238
Charged to income statement	(454)	-	(454)
At 31 December 2018	(252)	36	(216)

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.

	2018 £000	2017 £000
Deferred tax (liability)/assets	(216)	238
Net deferred tax (liability)/asset	(216)	238

### 11 Intangible assets

	Goodwill £000	Intellectual property rights £000	Computer software £000	Total £000
<i>Cost</i>				
At 1 January 2018	1,243	115	5,679	7,037
Additions	-	-	1,017	1,017
At 31 December 2018	1,243	115	6,696	8,054
<i>Amortisation and impairment</i>				
At 1 January 2018	860	115	1,778	2,753
Charge for the year	-	-	1,280	1,280
At 31 December 2018	860	115	3,058	4,033
<i>Carrying amount</i>				
At 31 December 2018	383	-	3,638	4,021
At 31 December 2017	383	-	3,901	4,284

The Company carries out its impairment testing as at 31 December each year. The impairment test that was carried out at 31 December 2018 and used the Board approved 2019 budgeted cash flows and applied a weighted cost of capital of 11.9% and growth of 2% after the budget period to calculate the recoverable amount. The directors do not believe that there is any impairment of the goodwill. If weighted cost of capital was increased by more than 3% or growth reduced to 0% after the budget period this would still not result in any impairment.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018

### 12 Property, plant and equipment

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
	£000	£000	£000	£000
<i>Cost</i>				
At 1 January 2018	689	1,458	279	2,426
Additions	-	104	-	104
Exchange adjustments	8	4	7	19
At 31 December 2018	<u>697</u>	<u>1,566</u>	<u>286</u>	<u>2,549</u>
<i>Depreciation</i>				
At 1 January 2018	574	1,280	216	2,070
Provision for the period	37	85	18	140
Exchange adjustments	8	3	6	17
At 31 December 2018	<u>619</u>	<u>1,368</u>	<u>240</u>	<u>2,227</u>
<i>Net book value</i>				
At 31 December 2018	<u>78</u>	<u>198</u>	<u>46</u>	<u>322</u>
At 31 December 2017	<u>115</u>	<u>178</u>	<u>63</u>	<u>356</u>

### 13 Investments

Investments in subsidiary undertakings		
	2018	2017
	£000	£000
<i>Cost</i>		
At 1 January	160	160
Foreign exchange on revaluation	9	-
At 31 December	<u>169</u>	<u>160</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
<i>Subsidiary undertakings</i>			
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 23.

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018

### 14 Trade and other receivables

	2018 £000	2017 £000 (Restated see note 24)
Trade receivables	35,942	23,762
Amounts owed by group undertakings	13,565	19,559
Corporation Tax	404	-
VAT	679	275
Prepayments and accrued income	16,664	8,274
	<b>67,253</b>	<b>51,871</b>

Trade debtors above are shown net of £972,000 (2017: £882,000) provision for bad and doubtful debts. The bad debt expense charged in the year is £Nil (2017: £Nil).

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

At 31 December 2018, the Expected Lifetime Credit Losses are as follows:

	More than 90 days aged	Between 60-90 days aged	Between 30-60 days aged	Less than 30 days aged
Gross amount - £'000	5,381	4,678	9,257	17,599
Expected Loss rate	3%	1.5%	0.8%	0.2%

The group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for significant trade receivables that are aged. The expected loss rates are based on the Group's historical credit losses experienced over the last year and also for discounting of aged receivables to the net present value allowing for inflation. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

### 15 Trade and other payables

	2018 £000	2017 £000
Trade payables	625	1,625
Corporation Tax	-	799
Other creditors and accruals	18,531	15,036
	<b>19,156</b>	<b>17,461</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The trade payables shown above arise in the normal trading activities of the group and are payable in line with normal terms of trade which, on average, are 30 days.

### 16 Borrowings

	2018 £000	2017 £000
Invoice discounting facilities (secured)	22,418	10,920
	<b>22,418</b>	<b>10,920</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 2018 £000	Other 2018 £000	Land and Buildings 2017 £000	Other 2017 £000
Operating leases which expire:				
Within one year	630	4	327	4
Between two and five years	1,268	-	1,659	-
	<b>1,898</b>	<b>4</b>	<b>1,986</b>	<b>4</b>

## Air Resources Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018

### 18 Called-up share capital

	2018	2017
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. On 20 January 2018, Legal and General Group PLC sold its entire shareholding resulting in there being no ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by Air Energi Group Holdings Limited. Copies of the consolidated accounts are available on Companies House. The smallest such group is headed by Airswift Holdings Limited

### 22 Post balance sheet event

There were no post balance sheet events that require disclosure or adjustment to these financial statements.

### 23 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

## Air Resources Limited

Notes forming part of the financial statements  
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### 24 Explanation of transition to IFRS for the year ended 31 December 2018

The company adopted IFRS 9 in the year ended 31 December 2018 with differences being recorded in opening retained earnings.

	As reported as at 31 December 2017 £'000	Effect of IFRS 9 £'000	As restated as at 31 December 2017 £'000
<b>Non-current assets</b>			
Intangible assets	4,284	-	4,284
Property, plant and equipment	356	-	356
Investments	160	-	160
Deferred tax asset	238	-	238
	<b>5,038</b>	<b>-</b>	<b>5,038</b>
<b>Current assets</b>			
Trade and other receivables	52,195	(324)	51,871
Cash and cash equivalents	1,022	-	1,022
	<b>53,216</b>	<b>(324)</b>	<b>52,893</b>
<b>Total assets</b>	<b>58,255</b>	<b>(324)</b>	<b>57,931</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	(17,461)	-	(17,461)
Borrowings	(10,920)	-	(10,920)
	<b>(28,381)</b>	<b>-</b>	<b>(28,381)</b>
<b>Net current assets</b>	<b>24,837</b>	<b>(324)</b>	<b>24,512</b>
<b>Total assets less current liabilities</b>	<b>29,874</b>	<b>(324)</b>	<b>29,550</b>
<b>Net assets</b>	<b>29,874</b>	<b>(324)</b>	<b>29,550</b>
<b>Capital and reserves</b>			
Called up share capital	-	-	-
Capital contribution reserve	3	-	3
Foreign exchange reserve	(1,794)	-	(1,794)
Retained earnings	31,665	(324)	31,341
<b>Total equity</b>	<b>29,874</b>	<b>(324)</b>	<b>29,550</b>

The group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for significant trade receivables that are aged. The expected loss rates are based on the Group's historical credit losses experienced over the last year and also for discounting of aged receivables to the net present value allowing for inflation.

The group evaluated the impact of IFRS 15 and concluded that its existing accounting policies are in line with IFRS 15. As a provider of manpower services, the Group earns its revenues through the provision of contractors and placement of direct hires as well as executives. On transition, there is no material impact as the point at which control passes and performance obligations are satisfied and these have been determined to be the same point risks and rewards passed under IAS 18.