

Registered number: 02704357

RUST RESOURCES LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2018

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RUST RESOURCES LIMITED

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RUST RESOURCES LIMITED

Company Information

Directors

R Fielding
L M Guiliano
D E Spencer
G Lennox
H M Smith

Registered number

02704357

Registered office

32 Anyards Road
Cobham
England
KT11 2LA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

RUST RESOURCES LIMITED

Directors' Report For the Year Ended 31 December 2018

The directors present their annual report and the audited financial statements of Rust Resources Limited (the "Company") for the year ended 31 December 2018.

Principal activity

The principle activity of the Company continued to be that of recruitment of personnel and consultants to the oil and gas industry.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated were:

M J Clayton (resigned 25 January 2018)
R Fielding
L M Guiliano
D E Spencer
G Lennox
H M Smith

Principal risks and uncertainties

The Company faces a number of risks and uncertainties as a result of operating in a competitive market that is heavily influenced by oil and gas commodity prices. A sustained fall in commodity prices can present a risk to the business in the form of downward pressure on prices and margins from those customers that rely on oil and gas as their main income stream. This can be mitigated by careful management of the cost base and some diversification in the mix of customers. Sensible pricing can also mitigate risks. Fixing prices to be competitive but deliver a high quality service in challenging market conditions is fundamental to managing business risk.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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. In preparing the 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 applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The directors 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.

RUST RESOURCES LIMITED

Directors' Report (continued)

For the Year Ended 31 December 2018

Directors' confirmations

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditor

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. In addition, the Company has taken advantage of the exemption available and has not presented a Strategic Report.

This report was approved by the board and signed on its behalf by:



L M Guiliano
Director

Date: 26 September 2019

Independent Auditors' Report to the Members of Rust Resources Limited

Report on the audit of the financial statements

Opinion

In our opinion Rust Resources Limited's 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Statement of Income and Retained Earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

RUST RESOURCES LIMITED

Independent Auditors' Report to the Members of Rust Resources Limited (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the Members of Rust Resources Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

L Gartside

Lucy Gartside (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
Date: 26 September 2019

RUST RESOURCES LIMITED

Statement of Income and Retained Earnings For the Year Ended 31 December 2018

	2018 £	2017 £
Turnover	-	193,069
Cost of sales	-	(177,351)
Gross profit	-	15,718
Administrative expenses	(137,459)	(213,050)
Other operating income	167,295	185,526
Profit/(loss) before taxation	29,836	(11,806)
Tax on profit/(loss)	-	(43,004)
Profit/(loss) for the financial year	29,836	(54,810)
Retained earnings:		
Retained earnings at the beginning of the financial year	645,493	700,303
Profit/(loss) for the financial year	29,836	(54,810)
Retained earnings at the end of the financial year	675,329	645,493

The notes on pages 9 to 15 form part of these financial statements.

RUST RESOURCES LIMITED
Registered number: 02704357

Balance Sheet
As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	5	-	-
Current assets			
Debtors: amounts falling due after more than one year	6	1,477	1,477
Debtors: amounts falling due within one year	6	1,222,270	1,192,432
Cash at bank and in hand		6,665	12,388
		<u>1,230,412</u>	<u>1,206,297</u>
Creditors: amounts falling due within one year	7	(554,983)	(560,704)
Net current assets		<u>675,429</u>	<u>645,593</u>
Total assets less current liabilities		<u>675,429</u>	<u>645,593</u>
Capital and reserves			
Called up share capital		100	100
Retained earnings		675,329	645,493
Total shareholders' funds		<u>675,429</u>	<u>645,593</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements on pages 7 to 15 were approved and authorised for issue by the board and were signed on its behalf by:



L M Guilliano
Director

Date: *26th September 2019*

The notes on pages 9 to 15 form part of these financial statements.

RUST RESOURCES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2018

1. General information

Rust Resources Limited (the "Company") is a private company limited by shares and is incorporated in England. The address of its registered office is 32 Anyards Road, Cobham, England, KT11 2LA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on going concern basis, under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Turnover

Turnover is measured as the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and value added taxes.

The Company recognises the turnover when (a) the significant risk and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the services; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when specific criteria relating to the services have been met as described below.

Sales of services

The Company recruits personnel to the oil and gas industry. Turnover is recognised in the accounting period in which the services are rendered when the outcome of the contract can be estimated reliably.

2.3 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	25%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

2. Accounting policies (continued)

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

2. Accounting policies (continued)

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

RUST RESOURCES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>9,734</u>	<u>9,450</u>
Fees payable to the Company's auditors in respect of:		
Taxation compliance services	3,000	3,000
All other services	<u>1,450</u>	<u>1,545</u>

4. Employees

The average monthly number of employees, including directors, during the year was 1 (2017: 2).

RUST RESOURCES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2018

5. Tangible assets

	Fixtures, fittings and equipments £
Cost	
At 1 January 2018	9,324
Disposals	(762)
At 31 December 2018	<u>8,562</u>
Accumulated depreciation	
At 1 January 2018	9,324
Disposals	(762)
At 31 December 2018	<u>8,562</u>
Net book value	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>-</u>

6. Debtors

	2018 £	2017 £
Due after more than one year		
Deferred tax asset	<u>1,477</u>	<u>1,477</u>
Due within one year		
Trade debtors	-	28,535
Amounts owed by group undertakings	1,209,800	1,148,096
Other debtors	11,942	15,801
Prepayments and accrued income	528	-
	<u>1,222,270</u>	<u>1,192,432</u>

RUST RESOURCES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2018

6. Debtors (continued)

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Within the current year, management determined that to provide additional supplementary information with regards the 2017 comparative information, an amount was represented from 'prepayments and accrued income' to 'amounts owed by group undertakings' to better reflect the nature of the balance. This representation has no impact on the profit of the Company, its net assets or any figure within the primary statements.

7. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	4,441	20,289
Amounts owed to group undertakings	394,699	394,699
Other taxation and social security	1,589	4,147
Other creditors	96	34,506
Accruals and deferred income	154,158	107,063
	<u>554,983</u>	<u>560,704</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

8. Deferred taxation

	2018 £
At beginning of year	1,477
Charged to profit or loss	-
Movement on unrecognised tax losses	-
Adjustment in respect of prior years	-
At end of year	<u>1,477</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	<u>1,477</u>	<u>1,477</u>

At 31 December 2018, the directors assessed the carrying value of the deferred tax asset on losses carried forwards (2018: £239,218) and determined that the recognition of these losses as an asset could not be supported at present based on future forecasts for the Company. As such, the balance should be therefore classified as an unrecognised deferred tax asset on losses.

RUST RESOURCES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2018

9. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amount to £3,407 (2017: £3,407).

10. Related party transactions

The Company has taken advantage of the exemption of Section 33 Related party Disclosures paragraph 33.7 of FRS 102 whereby it has not disclosed transactions with the immediate parent company or any wholly owned subsidiary undertaking of the group.

Within administrative expenses are consultancy fees of £55,000 (2017: £38,800) payable to certain directors for their services.

Within other debtors at 31 December 2018 is an amount of £1,457 (2017: £1,457) due from Falkland Islands Oil Services Limited, a company for which D.E Spencer is a director and Rust Resources Holdco Limited holds 49% of the share capital.

Within other creditors at 31 December 2018 are amounts for £Nil (2017: £34,444) due to Oil Consultants Limited. The Company received recharges from Oil Consultants Limited of £276.61 (2017: £44,957). Additionally within other creditors is an amount for £21 (2017: £62) due to Pre-Eminent Solutions LLP. Both creditors share mutual directors with the Company.

Within accruals and deferred income at 31 December 2018 is an amount for £98,940 (2017: £74,111) due to Oil Consultants Limited which shares mutual directors with the Company.

11. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Rust Resources Holdco Limited, a company registered in England and Wales. The Directors do not consider there to be any one controlling party.