

COMPANY NUMBER
3791808

ROCK DEFORMATION RESEARCH LIMITED

ACCOUNTS
for the year ended
31 July 2007

MONDAY



A17

A8ABDVR2

24/12/2007

COMPANIES HOUSE

229

ROCK DEFORMATION RESEARCH LIMITED

ACCOUNTS

for the year ended 31 July 2007

CONTENTS

1 to 2	REPORT OF THE DIRECTORS
3	INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROCK DEFORMATION RESEARCH LIMITED
4	PROFIT AND LOSS ACCOUNT
5	BALANCE SHEET
6 to 7	ACCOUNTING POLICIES
8 to 11	NOTES TO THE FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31 July 2007

PRINCIPAL ACTIVITIES

The Company's principal activity is the production, sale and marketing of fault seal products and the provision of services to the oil industry. The activities include research and development of products

DIRECTORS

The director who served during the year were

P. Locke
Professor R. J. Knipe
Professor B. W. Yardley
Professor P. Mackie

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting

SMALL COMPANIES EXEMPTIONS

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

APPROVED BY THE BOARD and signed on its behalf



H M Smith
Company Secretary
31 October 2007

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgments and estimates that are reasonable and prudent,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROCK DEFORMATION RESEARCH LIMITED

We have audited the financial statements of Rock Deformation Research Limited for the year ended 31 July 2007 which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 described in the statement of directors' responsibilities the company's directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds

18 December 2007

ROCK DEFORMATION RESEARCH LIMITED

PROFIT AND LOSS ACCOUNT
 for the year ended 31 July 2007

	Note	2007	2006
TURNOVER		2,336,440	1 837 686
Cost of sales		(1,032,490)	(877 024)
GROSS PROFIT		<u>1,303,950</u>	<u>960 662</u>
Administrative expenses	1	(1,253,764)	(782,772)
OPERATING PROFIT		<u>50,186</u>	<u>177 890</u>
Interest receivable		25,974	11 325
Interest payable		(1,453)	(940)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	<u>74,707</u>	<u>188,275</u>
Tax on profit on ordinary activities	4	(21,873)	(36 000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION and FOR THE FINANCIAL YEAR		<u>£ 52,834</u>	<u>£ 152,275</u>

All amounts relate to continuing operations

There are no recognised gains or losses other than as disclosed above and accordingly, no statement of total recognised gains and losses is shown

ROCK DEFORMATION RESEARCH LIMITED

BALANCE SHEET

31 July 2007

	Note	2007	2006
FIXED ASSETS			
Tangible assets	5	64,587	36,187
Intangible assets	6	-	-
		<u>64,587</u>	<u>36,187</u>
CURRENT ASSETS			
Stocks		5,535	9,506
Debtors	7	1,066,131	914,067
Cash at bank and in hand		488,650	443,432
		<u>1,560,316</u>	<u>1,367,005</u>
CREDITORS - amounts falling due within one year			
Trade creditors		51,217	28,041
Payments received on account		409,407	284,010
Corporation tax		17,000	26,000
Amounts owed to ultimate holding company	10	-	97,489
Amount owed to subsidiary undertaking		20,523	32,850
Other taxation and social security		20,985	34,157
Other creditors		12,468	11,114
Accruals and deferred income		562,278	411,340
		<u>1,093,878</u>	<u>925,001</u>
NET CURRENT ASSETS		<u>466,438</u>	<u>442,004</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ 531,025</u>	<u>£ 478,191</u>
Representing			
CAPITAL AND RESERVES			
Called up share capital	11	300,000	300,000
Profit and loss account	12	231,025	178,191
SHAREHOLDERS' FUNDS - equity interests	13	<u>£ 531,025</u>	<u>£ 478,191</u>

The financial statements were approved by the Board on 31 October 2007


P. Locke
Director

ROCK DEFORMATION RESEARCH LIMITED

ACCOUNTING POLICIES

for the year ended 31 July 2007

The following accounting policies have been applied consistently in the year and the preceding year

CONVENTION

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

For all tangible fixed assets depreciation is calculated to write off their cost by equal instalments over the period of their estimated economic lives as follows -

Fixtures, fittings, tools and equipment - 3 to 4 years

INTANGIBLE FIXED ASSETS AND AMORTISATION

For all intangible assets amortisation is calculated to write off their cost by equal instalments over 20 years

In compiling the annual financial statements regard is given generally as to whether there has been a likelihood of impairment due to particular market trends or other known circumstances

LEASE CONTRACTS

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term

FOREIGN CURRENCY

Where supplies are obtained on terms denominated in foreign currency, the liability is initially recognised in the financial statements at the rate of exchange ruling at the date of the transaction. The liability is reflected in the financial statements at the rate of exchange ruling at the balance sheet date or at the amount to be paid where currency purchase arrangements have been made at the balance sheet date. Disparities between the amount reflected in the financial statements and the amount of sterling subsequently required to settle the liability are reflected in the reported results of the subsequent period

PENSION SCHEMES

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the scheme

TAXATION

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

ROCK DEFORMATION RESEARCH LIMITED

ACCOUNTING POLICIES

for the year ended 31 July 2007

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred

TURNOVER

Turnover represents the income receivable, excluding value added tax, in the ordinary course of business for services provided

Where arrangements are made for invoices to be raised in advance of the company fulfilling its obligations then an estimate of the invoiced amounts attributable to work undertaken by the company before the balance sheet date based on the progress of the projects is included. To the extent that the invoiced amounts exceed the amounts attributable to work undertaken then payments received on account are reflected in the balance sheet

In respect of long term contracts, revenue is recognised based on the value of work carried out during the year with reference to the total sales value and stage of completion of these contracts

GROUP ACCOUNTS

The financial statements present information about the company as an individual undertaking and not as a group. This is because the company has taken advantage of the exemption available within Section 228 of the Companies Act 1985 not to prepare consolidated group accounts on the basis that it is an intermediate holding company. As such the accounts present only information on the company

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2007

	2007	2006
1 PROFIT ON ORDINARY ACTIVITY BEFORE TAXATION		
is arrived at after charging -		
Depreciation	£ 33,319	£ 26,224
Operating leases		
Rental costs of land and building	£ 33,852	£ 33,853
Equipment	£ 3,339	£ 3,301
Auditors remuneration	£ 3,899	£ 4,825
Research and development	£ 61,900	£ 57,000

In the opinion of the directors disclosure of geographical markets supplied would seriously prejudice the company and details are therefore not disclosed

	2007	2006
2 DIRECTORS AND RELATED PARTY TRANSACTIONS		
Aggregate amount of emoluments	£ 36,483	£ 27,210
Aggregate amount paid to third parties for directors' services	£ 284,130	£ 140,889

Included above are emoluments of the highest paid director of £284,130 (2006 £140,889). There were no contributions to pension schemes for the highest paid director (2006 £ Nil)

	2007	2006
3 EMPLOYEES		
The average number employed by the company (including directors) was	23	23
The costs incurred were		
Wages and salaries	892,974	789,657
Social security costs	96,309	55,754
Other pension costs	109,789	95,962
	£ 1,099,072	£ 941,373

At the balance sheet date unpaid pension contributions amounted to £12,468, (2006 £8,189)

	2007	2006
4 TAXATION		
Based on the results of the year -		
UK Corporation Tax		
On profits of the year	17,000	26,000
Under-provision for previous year	1,873	-
Total current tax	18,873	26,000
Deferred tax at an average rate of 30% (2006 30%)		
Timing differences	3,000	10,000
Total deferred tax	3,000	10,000
Tax charge/(credit)	£ 21,873	£ 36,000
Factors affecting tax charge for year -		
Profit on ordinary activities before taxation	£ 74,707	£ 188,275

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2007

4 TAXATION (continued)	2007	2006
Profit on ordinary activities before taxation multiplied by 30% (2006 30%)	22,412	56,483
Effects of		
Permanent differences - overprovision for previous year	562	-
Permanent differences - expenses not deductible for tax purposes	2,864	-
Permanent differences - expenses enhanced for tax purposes	(4,828)	(3,782)
Depreciation for the period in excess of capital allowances	(2,137)	(2,138)
Losses (available) for relief in future period	-	(24,563)
Current tax charge for the year	<u>£ 18,873</u>	<u>£ 26,000</u>

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988

5 TANGIBLE FIXED ASSETS	Fixtures, fittings, tools and equipment
COST	
At 1 August 2006	106,572
Additions	61,719
Disposals	-
At 31 July 2007	<u>168,291</u>
DEPRECIATION	
At 1 August 2006	70,385
Charge for the year	33,319
Disposals	-
At 31 July 2007	<u>103,704</u>
NET BOOK VALUE	
At 31 July 2007	<u>£ 64,587</u>
At 1 August 2006	<u>£ 36,187</u>

6 INTANGIBLE FIXED ASSETS	Intellectual property Rights
COST	
At 1 August 2006 and 31 July 2007	200,000
AMORTISATION	
At 1 August 2006 and 31 July 2007	200,000
NET BOOK VALUE	
At 31 July 2007	<u>£ -</u>
At 1 August 2006	<u>£ -</u>

7 DEBTORS	2007	2006
Trade debtors	820,391	771,800
Other debtors	2,710	962
Amounts owed by ultimate holding company	6,358	-
Deferred tax	17,000	20,000
Prepayments and accrued income	219,672	121,305
	<u>£ 1,066,131</u>	<u>£ 914,067</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2007

8 DEFERRED TAX	2007	2006
ASSET		
Capital allowances	17,000	20,000
Losses available for relief against future profits	-	-
	<u>£ 17,000</u>	<u>£ 20,000</u>
At 1 August 2006	20,000	30,000
(Charge) to profit and loss account for the period	(3,000)	(10,000)
At 31 July 2007	<u>£ 17,000</u>	<u>£ 20,000</u>

In deriving these amounts the anticipated rate of Corporation Tax to be applicable is 30% (2006 30%)
No discounting for timing of future reversals is reflected in these figures

9 SUBSIDIARY UNDERTAKING

The company owns all the shares of Rock Deformation Research USA Inc, a company incorporated in the USA which is a contractor for services to the oil industry

The company has taken advantage of the exemption available within Section 228 of the Companies Act 1985 not to prepare consolidated group accounts on the basis that it is an intermediate holding company. As such, the accounts present only information on the company

At 31 July 2007 the aggregate surplus of the share capital and reserves of Rock Deformation Research USA Inc amounted to £39,963 and its reported loss for the year ended 31 July 2007 was £11,732

10 ULTIMATE CONTROLLING PARTY

In the opinion of the directors, the ultimate parent and controlling party is the University of Leeds
The company is a subsidiary of The University of Leeds which is registered in England and Wales

The immediate controlling party is the University of Leeds

Copies of the consolidated financial statements of the group into which the company is consolidated are available from University of Leeds, Leeds LS2 9JT

11 SHARE CAPITAL	2007	2006
Authorised		
3,000,000 ordinary shares of £0.10 each (2006 3,000,000)	300,000	300,000
1 "A" share of £0.10 (2006 1)	-	-
	<u>£ 300,000</u>	<u>£ 300,000</u>
Allotted, called up and fully paid		
3,000,000 ordinary shares of £0.10 each (2006 3,000,000)	300,000	300,000
1 "A" share of £0.10 (2006 1)	-	-
	<u>£ 300,000</u>	<u>£ 300,000</u>

The ordinary shares and the "A" share rank equally for rights to dividends, their priority and the amount receivable on a winding up and voting rights. The holder of the "A" share is entitled to appoint one person as a director to the Board.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2007

12 SHAREHOLDERS' FUNDS - EQUITY INTEREST

	Share capital	Profit and loss account
At 1 August 2006	300,000	178,191
Profit for the year	-	52,834
At 31 July 2007	£ 300,000	£ 231,025

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007	2006
Profit for the financial year and net addition to shareholders' funds	52,834	152,275
Opening shareholders' funds	478,191	325,916
CLOSING SHAREHOLDERS' FUNDS	£ 531,025	£ 478,191

14 CASH FLOW

The company qualifies as a small company under the terms of S247 of the Companies Act 1985

As a consequence it is exempt from the requirement to publish a cash flow statement

15 FINANCIAL COMMITMENTS

The company is required to make payments during the twelve months following the Balance Sheet date as a consequence of operating leases

	2007		2006	
	Land and Buildings	Other	Land and Buildings	Other
Expiring in less than one year	£ 3,050	£ -	£ 3,050	£ -
Expiring in two to five years	£ -	£ 3,340	£ -	£ 3,340
Expiring after five years	£ 30,800	£ -	£ 30,800	£ -