

Company Registration No. SC181158 (Scotland)

ADROK LIMITED
DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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ADROK LIMITED

COMPANY INFORMATION

Directors

Dr C Stove
G C Stove
M Robinson
C Joudrie
W McLucas

Secretary

Burness Paull LLP

Company number

SC181158

Registered office

50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

Accountants

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE

ADROK LIMITED

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ADROK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the year ended 31 December 2014.

Principal activities

Adrok is passionate about helping to make the world a better place by helping to better understand what lies beneath the earth.

Adrok develops and uses advanced technology to supply geophysical services for locating, identifying and mapping subsurface natural resources (oil, gas, water, minerals).

We provide our clients with measurements of the subsurface natural resources, rock types and rock sequences before drilling.

We call our technology Atomic Dielectric Resonance. We call our services Predrilling Virtual Logging ®.

Directors

The following directors have held office since 1 January 2014:

Dr C Stove

G C Stove

M Robinson

C Joudrie

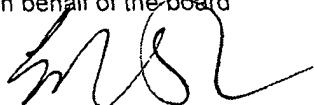
A Faichney

(Resigned 29 September 2014)

W McLucas

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



G C Stove

Director

14 August 2015

ADROK LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF ADROK LIMITED FOR THE YEAR ENDED 31 DECEMBER 2014

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Adrok Limited for the year ended 31 December 2014 as set out on pages 3 to 15 from the company's accounting records and from the information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants of Scotland we are subject to its ethical and other professional requirements which are detailed at <http://www.icas.org.uk/accountspreparationguidance>.

This report is made solely to the board of directors of Adrok Limited, as a body, in accordance with the terms of our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Adrok Limited and its board of directors as a body, for our work or for this report.

Our work has been undertaken in accordance with the requirements of the Institute of Chartered Accountants of Scotland as detailed at <http://www.icas.org.uk/accountspreparationguidance>:

It is your duty to ensure that Adrok Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Adrok Limited. You consider that Adrok Limited is exempt from the statutory audit requirement for the year.

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


Johnston Carmichael LLP

Chartered Accountants

18/8/2015

7-11 Melville Street
Edinburgh
EH3 7PE

ADROK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
	Notes	£	as restated £
Turnover	2	465,705	1,217,272
Cost of sales		(67,699)	(110,147)
Gross profit		398,006	1,107,125
Administrative expenses		(1,329,654)	(1,500,504)
Other operating income		27,357	30,000
Operating loss	3	(904,291)	(363,379)
Other interest receivable and similar income	4	16,717	24,617
Interest payable and similar charges		(9,217)	(7,131)
Loss on ordinary activities before taxation		(896,791)	(345,893)
Tax on loss on ordinary activities	5	169,131	110,872
Loss for the year	15	(727,660)	(235,021)

ADROK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
	Notes	£	as restated £
Loss for the financial year		(727,660)	(235,021)
Prior year adjustment	15/1.11	<u>246,457</u>	<u>-</u>
Total gains and losses recognised since last financial statements		<u>(481,203)</u>	<u>(235,021)</u>

ADROK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2014

		2014		2013 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	6		82,582		94,082
Tangible assets	7		667,078		571,262
Investments	8		824		-
			<u>750,484</u>		<u>665,344</u>
Current assets					
Debtors	9	945,519		398,617	
Cash at bank and in hand		<u>657,468</u>		<u>2,092,843</u>	
		1,602,987		2,491,460	
Creditors: amounts falling due within one year	10	<u>(147,800)</u>		<u>(239,979)</u>	
Net current assets			<u>1,455,187</u>		<u>2,251,481</u>
Total assets less current liabilities			<u>2,205,671</u>		<u>2,916,825</u>
Creditors: amounts falling due after more than one year	11		(13,716)		(13,259)
Accruals and deferred income	12		<u>(16,049)</u>		<u>-</u>
			<u>2,175,906</u>		<u>2,903,566</u>
Capital and reserves					
Called up share capital	14		1,693		1,693
Share premium account	15		3,446,301		3,446,301
Profit and loss account	15		<u>(1,272,088)</u>		<u>(544,428)</u>
Shareholders' funds			<u>2,175,906</u>		<u>2,903,566</u>

ADROK LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2014

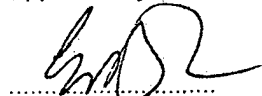
For the financial year ended 31 December 2014 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on 16 August 2015



G C Stove
Director

Company Registration No. SC181158

ADROK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Turnover

Turnover represents amounts receivable for research and design of radar applications net of VAT and trade discounts.

1.3 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	10 years straight line
Plant and machinery	10 years straight line
Computer equipment	5 years straight line
Fixtures, fittings & equipment	5 years straight line
Motor vehicles	4 years straight line

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of directors and qualifying employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

ADROK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2014**

1 Accounting policies

(Continued)

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.12 Prior year adjustment

In preparing the financial statements the company has corrected the accounting treatment for certain historic expenditure. This expenditure should have been capitalised as it related to the construction of assets for the company's use. Consequently, shareholders funds at 1 January 2013 have increased by £160,477 and funds at 1 January 2014 have increased by £85,980. Fixed assets have therefore been restated by £293,653 and depreciated by £47,196 in line with company policies.

1.13 Consolidation exemption

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts.

ADROK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

2 Turnover

In the year to 31 December 2014 100% (2013 - 100%) of the company's turnover was to markets outside the United Kingdom.

3 Operating loss	2014 £	2013 £
Operating loss is stated after charging:		
Amortisation of intangible assets	18,853	17,691
Depreciation of tangible assets	89,423	68,267
Directors' remuneration	219,786	204,543
and after crediting:		
Government grants	19,351	30,000
Royalties	8,006	-
	<u>27,357</u>	<u>30,000</u>

4 Investment income	2014 £	2013 £
Bank interest	16,717	24,617
	<u>16,717</u>	<u>24,617</u>

5 Taxation	2014 £	2013 £
Domestic current year tax		
U.K. corporation tax	(169,131)	(108,705)
Adjustment for prior years	-	(2,167)
Total current tax	<u>(169,131)</u>	<u>(110,872)</u>

The company has estimated losses of £ 437,754 (2013 - £ 280,000) available for carry forward against future trading profits.

ADROK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

6 Intangible fixed assets

	Patents £	Trademarks £	Total £
Cost			
At 1 January 2014	174,196	8,741	182,937
Additions	2,400	4,953	7,353
At 31 December 2014	176,596	13,694	190,290
Amortisation			
At 1 January 2014	86,556	2,299	88,855
Charge for the year	17,635	1,218	18,853
At 31 December 2014	104,191	3,517	107,708
Net book value			
At 31 December 2014	72,405	10,177	82,582
At 31 December 2013	87,640	6,442	94,082

Costs directly related to the registration of Patents and Trade Marks are capitalised and amortised over 10 years. Annual renewal costs are charged to the Profit & Loss Account.

7 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £ as restated	Total £ as restated
Cost			
At 1 January 2014	30,915	820,295	851,210
Additions	2,805	182,434	185,239
At 31 December 2014	33,720	1,002,729	1,036,449
Depreciation			
At 1 January 2014	516	279,432	279,948
Charge for the year	3,373	86,050	89,423
At 31 December 2014	3,889	365,482	369,371
Net book value			
At 31 December 2014	29,831	637,247	667,078
At 31 December 2013	30,399	540,863	571,262

ADROK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

7 Tangible fixed assets

(Continued)

The net book value of other tangible fixed assets includes £94,737 (2013 - £88,282) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £11,200 (2013 - £10,922) for the year.

8 Fixed asset investments

	Unlisted investments £
Cost	
At 1 January 2014	-
Additions	824
At 31 December 2014	824
Net book value	
At 31 December 2014	824

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Adrok Canada Inc	Canada	Ordinary	100.00
Adrok Asia Limited	UK	Ordinary	100.00
Adrok PGM Limited	UK	Ordinary	100.00
Adrok Medical Limited	UK	Ordinary	100.00
Adrok Geosciences LLC	USA	Ordinary	100.00

ADROK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

8 Fixed asset investments

(Continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2014 £	Profit/(loss) for the year 2014 £
	Principal activity		
Adrok Canada Inc	Radar application	(2,732)	(2,783)
Adrok Asia Limited	Dormant company	1	-
Adrok PGM Limited	Dormant company	1	-
Adrok Medical Limited	Dormant company	10	-
Adrok Geosciences LLC	Radar application	(114,305)	3,173
		<u></u>	<u></u>

9 Debtors

	2014 £	2013 £
Trade debtors	415,911	262,681
Amounts owed by group undertakings and undertakings in which the company has a participating interest	290,515	-
Other debtors	239,093	135,936
	<u>945,519</u>	<u>398,617</u>

10 Creditors: amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	5,202	8,577
Net obligations under hire purchase contracts	18,345	32,672
Trade creditors	107,609	120,678
Taxation and social security	-	28,408
Other creditors	16,644	49,644
	<u>147,800</u>	<u>239,979</u>

Hire purchase and finance lease obligations are secured over the assets to which they relate.

ADROK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

11 Creditors: amounts falling due after more than one year	2014 £	2013 £
Bank loans	-	5,202
Net obligations under hire purchase contracts	13,716	8,057
	<u>13,716</u>	<u>13,259</u>
Analysis of loans		
Wholly repayable within five years	5,202	13,779
Included in current liabilities	(5,202)	(8,577)
	<u>-</u>	<u>5,202</u>

Hire purchase and finance lease obligations are secured over the assets to which they relate.

12 Accruals and deferred income

	Government grants £
Grants received during the year	20,076
Amortisation in the year	(4,027)
Balance at 31 December 2014	<u>16,049</u>

13 Pension costs

Defined contribution

	2014 £	2013 £
Contributions payable by the company for the year	<u>36,012</u>	<u>32,893</u>

ADROK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

14	Share capital	2014 £	2013 £
	Allotted, called up and fully paid		
	139,724 A Ordinary shares of 1p each	1,397	1,397
	29,639 B Ordinary shares of 1p each	296	296
		<u>1,693</u>	<u>1,693</u>

15 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2014 as previously reported	3,446,301	(790,885)
Prior year adjustment	-	246,457
Balance at 1 January 2014 as restated	3,446,301	(544,428)
Loss for the year	-	(727,660)
Balance at 31 December 2014	<u>3,446,301</u>	<u>(1,272,088)</u>

16 Contingent liabilities

The company received grants which contain provision for repayment up to 3 years after receipt of payment under specific conditions, such as inter alia, insolvency, creditors arrangements, winding up, ownership or control changes. This liability is secured by a floating charge.

There were no other contingent liabilities at the year end.

17 Financial commitments

At 31 December 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2015:

	2014 £	2013 £
Operating leases which expire:		
Within one year	<u>23,904</u>	<u>23,904</u>

ADROK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2014**

18 Control

In the opinion of the directors the ultimate controlling party is Dr G C Stove by virtue of his and his associates shareholdings.

19 Related party relationships and transactions

During the year Royalties were paid to Dr G Colin Stove, a director and principal shareholder in the company, amounting to £20,483 (2013 - £45,648) and to G Stove, also a director and shareholder, amounting to £6,828 (2013 - £15,216). No balance was outstanding as at 31st December 2014.

As at the year end a balance of £5,739 (2013 - £23,264), was owed to Dr G Colin Stove, director.

As at the year end a balance of £2,163 (2013 - £15,878), was owed to G Stove, director.

As at the year end an inter company balance of £1 (2013 - £Nil) was owed to Adrok PGM Limited by the company.

As at the year end an inter company balance of £1 (2013 - £Nil) was owed to Adrok Asia Limited by the company.

As at the year end an inter company balance of £100 (2013 - £Nil) was owed by Adrok Medical Limited by the company

As at the year end an inter company balance of £118,036 (2013 - £Nil) was owed by Adrok Geosciences LLC to the company.

As at the year end an inter company balance of £172,579 (2013 - £Nil) was owed by Adrok Canada Inc. to the company.

The above loans are interest free and have no fixed repayment terms.