

REGISTERED NUMBER: 07176384 (England and Wales)

Financial Statements
for the Year Ended 31 March 2018
for
Isotek Oil And Gas Limited

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for the Year Ended 31 March 2018

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**Company Information
for the Year Ended 31 March 2018**

DIRECTORS:

Doctor M A P Armstrong
Doctor T M Barton
R A Boggs
Dr G R Firth
Mrs T H Fripp
S Z Fripp
J D Rhodes
Professor J D Rhodes
Mrs B M Rhodes

SECRETARY:

C E Schofield

REGISTERED OFFICE:

Unit 9, Clayton Wood Bank
West Park Ring Road
Leeds
West Yorkshire
LS16 6QZ

REGISTERED NUMBER:

07176384 (England and Wales)

AUDITORS:

Lindley Adams Limited Chartered Accountants
Statutory Auditor
28 Prescott Street
Halifax
West Yorkshire
HX1 2LG

Balance Sheet
31 March 2018

	Notes	31.3.18 £	£	31.3.17 £	£
FIXED ASSETS					
Intangible assets	4		159,883		119,495
Tangible assets	5		30,754		28,321
Investments	6		<u>258,454</u>		<u>150,100</u>
			449,091		297,916
CURRENT ASSETS					
Stocks		83,804		55,664	
Debtors	7	1,402,420		1,146,869	
Investments	8	70,860		78,889	
Cash at bank and in hand		<u>374,596</u>		<u>1,307,865</u>	
		1,931,680		2,589,287	
CREDITORS					
Amounts falling due within one year	9	<u>564,738</u>		<u>597,114</u>	
NET CURRENT ASSETS			1,366,942		1,992,173
TOTAL ASSETS LESS CURRENT LIABILITIES			1,816,033		2,290,089
PROVISIONS FOR LIABILITIES			35,523		9,165
NET ASSETS			1,780,510		2,280,924
CAPITAL AND RESERVES					
Called up share capital			93		93
Revaluation reserve	11		16,840		24,869
Retained earnings			<u>1,763,577</u>		<u>2,255,962</u>
			1,780,510		2,280,924

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 11 April 2019 and were signed on its behalf by:

S Z Fripp - Director

Notes to the Financial Statements
for the Year Ended 31 March 2018

1. STATUTORY INFORMATION

Isotek Oil And Gas Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements are presented in £ sterling and rounded to the nearest £.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

Computer software is being amortised evenly over its estimated useful life of three years.

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Patent costs and the attributable development costs are recognised as intangible assets when feasibility has been established. These are measured initially at cost and amortised to the profit and loss account over the estimated useful economic life. The company has committed technical, financial and other resources to complete the development and it is probable that the asset will generate probable future economic benefits. The development costs capitalised include the cost of materials and direct labour costs incurred up to the date the asset is available for use.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- Straight line over 5 years
Fixtures and fittings	- Straight line over 7 years
Computer equipment	- Straight line over 3 years

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Financial instruments

Basic financial instruments are recognised at amortised cost, except for investments in non-puttable ordinary shares which are measured at fair value, with changes recognised in profit or loss.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Fixed asset investments

Investments in joint ventures are measured under the cost model, at cost less impairment.

Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Current asset investments

Investment in listed shares are measured at fair value, with changes recognised in profit or loss.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 19 (2017 - 20).

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

4. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 April 2017	132,772
Additions	<u>61,058</u>
At 31 March 2018	<u>193,830</u>
AMORTISATION	
At 1 April 2017	13,277
Charge for year	<u>20,670</u>
At 31 March 2018	<u>33,947</u>
NET BOOK VALUE	
At 31 March 2018	<u>159,883</u>
At 31 March 2017	<u>119,495</u>

5. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2017	22,990	10,704	48,568	82,262
Additions	<u>4,077</u>	<u>1,662</u>	<u>8,606</u>	<u>14,345</u>
At 31 March 2018	<u>27,067</u>	<u>12,366</u>	<u>57,174</u>	<u>96,607</u>
DEPRECIATION				
At 1 April 2017	8,770	3,526	41,645	53,941
Charge for year	<u>4,640</u>	<u>1,536</u>	<u>5,736</u>	<u>11,912</u>
At 31 March 2018	<u>13,410</u>	<u>5,062</u>	<u>47,381</u>	<u>65,853</u>
NET BOOK VALUE				
At 31 March 2018	<u>13,657</u>	<u>7,304</u>	<u>9,793</u>	<u>30,754</u>
At 31 March 2017	<u>14,220</u>	<u>7,178</u>	<u>6,923</u>	<u>28,321</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

6.	FIXED ASSET INVESTMENTS		Unlisted investments £
	COST		
	At 1 April 2017		150,100
	Additions		108,354
	At 31 March 2018		<u>258,454</u>
	NET BOOK VALUE		
	At 31 March 2018		<u>258,454</u>
	At 31 March 2017		<u>150,100</u>
7.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.3.18	31.3.17
		£	£
	Trade debtors	343,960	303,209
	Other debtors	178,070	172,944
	Isotek Microwave Ltd	698,860	545,334
	Tax recoverable	92,907	48,360
	VAT	22,092	14,849
	Prepayments	66,531	62,173
		<u>1,402,420</u>	<u>1,146,869</u>
8.	CURRENT ASSET INVESTMENTS		
	Listed Investments		
	FAIR VALUE	31.03.18	31.03.17
	At 1 April	78,889	0
	Reclassification/transfer	0	59,400
	Gain / (Loss) on financial asset	(8,029)	19,489
	At 31 March	<u>70,860</u>	<u>78,889</u>
9.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.3.18	31.3.17
		£	£
	Trade creditors	129,032	39,074
	Overseas tax due	2,607	237,426
	Other creditors	24,914	20,093
	Accrued expenses	408,185	300,521
		<u>564,738</u>	<u>597,114</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.18	31.3.17
	£	£
Within one year	77,399	77,496
Between one and five years	191,573	268,972
	<u>268,972</u>	<u>346,468</u>

11. RESERVES

	Revaluation reserve
	£
At 1 April 2017	24,869
Gain/(Loss) on financial asset	(8,029)
At 31 March 2018	<u>16,840</u>

12. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was qualified on the following basis:

Basis for Qualified 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 Auditors' 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 qualified opinion. With respect to the opening stock, where the audit evidence available to us was limited because we did not observe the counting of the physical stock at 31 March 2017 due to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the opening stock quantities by using other audit procedures. The company's investment in 4C Solutions AS, a foreign joint venture is shown at a cost of £258,454 on the balance sheet. We were unable to obtain sufficient appropriate audit evidence on the impairment of the investment at 31st March 2018 as we did not have access to financial information on 4C Solutions AS at this date. Consequently, we were unable to determine whether any impairment adjustment to the amount was necessary at that date. Included in Debtors is a £698,860 loan due to the company from Isotek Microwave Limited, a company under common control. There is no provision against the loan in these accounts. In our opinion, recoverability of this loan is doubtful and a provision is needed against all of the loan value.

Matters required to report by exception

In respect solely of the limitation on our work relating to the impairment of the fixed asset investment, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

- we were unable to determine whether adequate accounting records had been kept.

David Adams FCA (Senior Statutory Auditor)
for and on behalf of Lindley Adams Limited Chartered Accountants

13. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date there were unpaid contributions of £25,025 (2017: £19,762) due to the fund, these are included in other creditors.

14. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Total financial commitments, guarantees and contingencies which are not included in the balance sheet amount to £586,848 (2017 - £671,268).

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases of £268,973.

GUARANTEES

The company has entered into a back to back guarantee in respect of its joint venture, 4C Solutions AS. Under the terms of a customer contract, 4C Solutions AS has been required to provide an advance payment bond. SR-Bank ASA has provided the advance payment guarantee and overdraft facilities to 4C Solutions AS. The bank has conditioned the provision of the payment guarantee and overdraft facilities on a surety of NOK 14 000 000 (£1,271,500), the surety has been provided by Randaberg Industries AS, one of the four shareholders in 4C Solutions AS.

The guarantee by Isotek Oil and Gas Limited provides Randaberg Industries AS security for any payment obligations under the surety to the bank. At the balance sheet date Isotek Oil and Gas Limited had a liability of 25% (£317,875). In December 2018 the company sold all of its shares in 4C Solutions AS and no longer has any liabilities under the back to back guarantee agreement.

15. RELATED PARTY DISCLOSURES

Professor J D Rhodes and his immediate family hold 66% of the issued ordinary shares in Isotek Microwave Limited and 55% of the issued ordinary shares in this company.

Included in debtors is a loan to Isotek Microwave Limited amounting to £698,860 with an interest rate of 3.5%. In addition to this, during the year the company recharged £28,860 in respect of management charges to Isotek Microwave Limited. Also, £15,000 was recharged for the costs of a building sub-let to Isotek Microwave Limited by the company.

16. POST BALANCE SHEET EVENTS

Fixed Asset Investment

At September 2018 the joint venture requested further investments from each of its shareholders to bolster its financial position. As a result of this, the joint venture increased its share capital and raised 15,000,000NOK (£1,391,476), new shares were subscribed by the company through a debt to equity conversion. The cost to the company of the debt to equity conversion was £157,000. The result of this was the company reduced its shareholding in the joint venture from 25% to 15% and increased the cost of its investment to £415,454. By December 2018 the financial position of the joint venture deteriorated and the company's investment in the joint venture became impaired. In December 2018, the company sold all of its shares in the joint venture to Randaberg Havnelager AS for £36,000 resulting in a loss to the company of £379,454. From December 2018 the back to back guarantee agreement (disclosed under the Guarantees and Other Financial Commitments note to the accounts) was terminated.

Current Asset Investment

In October 2018 the company sold all of its listed investments for a consideration of £160,896.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.