

ROK GLOBAL PLC
Annual Report and Group Accounts
For the year ended 31 March 2017

Company number 06253633



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ROK GLOBAL PLC

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For the year ended 31 March 2017

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ROK GLOBAL PLC

COMPANY INFORMATION

For the year ended 31 March 2017

Directors:	Mr J L Kendrick Mr J M Kendrick
Secretary:	David Venus & Company LLP 42-50 Hersham Road Walton-on-Thames Surrey KT12 1RZ UK
Registrars:	SLC Registrars Ashley Park House 42-50 Hersham Road Walton-on-Thames Surrey KT12 1RZ UK
Auditors:	Edwards Chartered Accountants 34 High Street Aldridge Walsall West Midlands WS9 8LZ UK
Company Registration Number:	06253633
Registered Office:	ROK House Kingswood Business Park Holyhead Road Albrighton Staffordshire WV7 3AU UK

ROK GLOBAL PLC

STRATEGIC REPORT

For the year ended 31 March 2017

The financial statements contain information about ROK Global PLC (the "Company") and its subsidiary undertakings (the "Group") on a consolidated basis.

The directors present their Strategic Report on the Group for the year ended 31 March 2017.

Review of the business

In the year ended 31 March 2017 the principal trading activity of the Group derived from the final release of deferred revenue on long-term web-based language translation application contracts.

The Group has developed a leading-edge security application, ROK Homeland Security, which is a unique and highly advanced mobile phone-based security and policing technology product. It provides cost-effective real-time, secure two-way data flow technologies to assist government and law enforcement agencies, security officers, business and industry in the gathering and management of information. This is done in a variety of formats including encrypted data-based communications and cutting-edge spatial awareness capabilities. The product is scalable to a client's requirements and has been commended by potential clients following demonstrations and trials as being a high quality product. The time taken, however, for these government departments to make commercial decisions regarding the uptake of the service has proved lengthy which has hindered sales growth.

The Group still receives a lot of interest in its Homeland Security product but no contracts have been signed in the year but this product is still where the Group believes that its future lies. It is currently pursuing initiatives for several police forces in the UK and Ireland. Further UK trials have been delayed due to implementation by government of nationwide wireless network changes but trials are anticipated to recommence in the short to medium term. The directors remain confident of the acceptance of supply and service contracts in the future.

Results and performance

The results of the Group for the year, as set out on pages 8 and 9, show a loss on ordinary activities before tax of £7.4m (2016: loss of £3.8m). The Group has a deficit of shareholders' funds of £41.4m (2016: deficit of £34.0m).

Business environment

The Group operates in the very competitive and fast moving marketplace of mobile technology and bespoke security applications. It competes with overseas development companies who often have a lower cost base and larger marketing budgets.

Strategy

The Group's success is dependent on the proper selection and pricing of its products for distribution and ongoing management of the risks it accepts. The Group aims to concentrate its efforts on achieving growth in its existing market segments as well as expanding, where possible, being aware of, and being ready to react to, new developments and trends in the market.

Going concern

The Company and the Group continue to meet their day to day working capital requirements from cash generated by the business and the support of the Company's founders and shareholders. The planned business levels indicate that in the short term the Company and the Group will require additional funding. The amount of additional funding required will be dictated by the performance of the Group.

The directors understand that the founders will not demand repayment of their outstanding loan balances within the next twelve months and that additional funding may be available. The planned business levels and the availability

ROK GLOBAL PLC

STRATEGIC REPORT

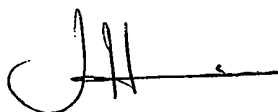
For the year ended 31 March 2017

of additional funding from founders and shareholders indicate the existence of material uncertainties which may cast doubt over the Group's ability to continue as a going concern.

However, the Board expects that the Company and the Group will continue to have adequate funds available to them to be able to continue in operational existence for the foreseeable future.

Accordingly, the going concern basis has been adopted in preparing these accounts which do not include the adjustments that would result if the Group was unable to continue as a going concern.

This report was approved by the board on 18 August 2017 and signed by its order.

A handwritten signature in black ink, consisting of a stylized 'J' followed by 'L' and 'K', with a horizontal line extending to the right.

Mr J L Kendrick
Director

ROK GLOBAL PLC

DIRECTORS' REPORT

For the year ended 31 March 2017

The directors present their report and audited accounts for the year ended 31 March 2017.

Future developments

Likely future developments in the business of the Group are discussed in the Strategic Report.

Results and dividends

The results for the year are set out on pages 8 and 9. The directors of the Company do not recommend a dividend.

Directors

The names of the current directors of the Company are listed on page 1. All held office throughout the year.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

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

Auditors

In accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Edwards as auditor of the Company.

Post reporting date events

There are no matters to report as post statement of financial position events.

Statement of directors' responsibilities

The directors are responsible for preparing 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 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 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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.

ROK GLOBAL PLC

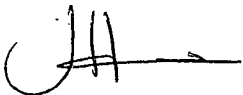
DIRECTORS' REPORT

For the year ended 31 March 2017

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 to 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.

The directors are responsible for the maintenance and integrity of the Group web site, www.rokglobal.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the board on 18 August 2017 and signed by its order.

A handwritten signature in black ink, appearing to be 'J L Kendrick', with a horizontal line extending to the right.

Mr J L Kendrick
Director

ROK GLOBAL PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROK GLOBAL PLC

For the year ended 31 March 2017

TO THE MEMBERS OF ROK GLOBAL PLC

We have audited the Group and parent Company financial statements of ROK Global PLC for the year ended 31 March 2017 (the "accounts") which comprise the consolidated income statement, the consolidated and Company statement of financial position, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities within the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2017 and of the Group's loss 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the Group and parent Company's ability to continue as a going concern.

The Group incurred a net loss of £7,400,729 and the parent Company a net loss of £575 for the year ended 31 March 2017 and, at that date, the Group had net liabilities of £41,425,226 and the parent Company had net assets of £51,614. These conditions along with other matters explained in note 2 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Group and parent Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group or parent Company was unable to continue as a going concern.

ROK GLOBAL PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROK GLOBAL PLC

For the year ended 31 March 2017

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

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 and Directors' Report.

Matters on which we are required to report by exception

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



David Webb FCA
Senior Statutory Auditor
for and on behalf of
Edwards Chartered Accountants
Statutory Auditors

18 August 2017

34 High Street
Aldridge
Walsall
West Midlands
WS9 8LZ
UK

ROK GLOBAL PLC**CONSOLIDATED INCOME STATEMENT**

For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover		5	32
Cost of sales		-	(5)
Gross profit		<u>5</u>	<u>27</u>
Administrative expenses (net)		211	287
Operating profit	4	<u>216</u>	<u>314</u>
Exceptional item	5	(5,451)	(2,377)
Interest payable	7	(2,166)	(1,741)
Loss on ordinary activities before taxation		<u>(7,401)</u>	<u>(3,804)</u>
Tax on loss on ordinary activities	8	-	-
Loss on ordinary activities after taxation		<u>(7,401)</u>	<u>(3,804)</u>
Loss for the financial year attributable to:			
Non-controlling interests		(183)	(8)
Owners of the parent company		(7,218)	(3,796)
		<u>(7,401)</u>	<u>(3,804)</u>

There is no separate statement for comprehensive income. The loss after taxation made in the year is the total comprehensive income figure.

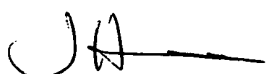
ROK GLOBAL PLC

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2017

	Note	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Fixed assets					
Intangible fixed assets	9	-	-	-	-
Tangible fixed assets	10	-	-	-	-
Investments	11	50	50	50	50
		<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
Current assets					
Debtors	12	53	54	-	11
Cash and cash equivalents		17	-	9	-
		<u>70</u>	<u>54</u>	<u>9</u>	<u>11</u>
Creditors: Amounts falling due within one year	13	(170)	(811)	(7)	(8)
Net current assets/(liabilities)		<u>(100)</u>	<u>(757)</u>	<u>2</u>	<u>3</u>
Total assets less current liabilities		(50)	(707)	52	53
Creditors: Amounts falling due after one year	14	(41,375)	(33,317)	-	-
Net assets/(liabilities)		<u>(41,425)</u>	<u>(34,024)</u>	<u>52</u>	<u>53</u>
Capital and reserves					
Called up share capital	15	5,834	5,834	5,834	5,834
Share premium account	16	11,600	11,600	11,600	11,600
Share based payments	17	1,526	1,526	1,526	1,526
Profit and loss account	18	(58,914)	(51,696)	(18,908)	(18,907)
Equity attributable to owners of the parent company		<u>(39,954)</u>	<u>(32,736)</u>	<u>52</u>	<u>53</u>
Non-controlling interests		(1,471)	(1,288)	-	-
		<u>(41,425)</u>	<u>(34,024)</u>	<u>52</u>	<u>53</u>

The Company's result for the financial year was a loss of £575 (2016 – £15,249 profit).



Mr J L Kendrick

Director, approved by the board on 18 August 2017

Company number 06253633

ROK GLOBAL PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Note	Group 2017 £'000	Group 2016 £'000
Cash flows from operating activities			
Profit for the financial year		216	314
Adjustments for:			
Decrease in debtors		1	46
Decrease in creditors		(197)	(360)
Net cash from operating activities		<u>(196)</u>	<u>(314)</u>
 Cash flows from financing activities			
Loans		<u>(3)</u>	<u>-</u>
Net cash from financing activities		<u>(3)</u>	<u>-</u>
 Net increase in cash and cash equivalents		17	-
 Cash and cash equivalents at the beginning of the year		<u>-</u>	<u>-</u>
 Cash and cash equivalents at the end of the year	20	<u>17</u>	<u>-</u>

ROK GLOBAL PLC

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

Group

	Called-up share capital £'000	Share premium account £'000	Share based payments reserve £'000	Profit and loss account £'000	Amount attributable to owners of the parent £'000	Non- controlling interests £'000	Total £'000
At 1 April 2015	5,834	11,600	1,526	(47,900)	(28,940)	(1,280)	(30,220)
Loss for the year	-	-	-	(3,796)	(3,796)	(8)	(3,804)
At 31 March 2016	5,834	11,600	1,526	(51,696)	(32,736)	(1,288)	(34,024)
Loss for the year	-	-	-	(7,218)	(7,218)	(183)	(7,401)
At 31 March 2017	<u>5,834</u>	<u>11,600</u>	<u>1,526</u>	<u>(58,914)</u>	<u>(39,954)</u>	<u>(1,471)</u>	<u>(41,425)</u>

Company

	Called-up share capital £'000	Share premium account £'000	Share based payments reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2015	5,834	11,600	1,526	(18,922)	38
Profit for the year	-	-	-	15	15
At 31 March 2016	5,834	11,600	1,526	(18,907)	53
Loss for the year	-	-	-	(1)	(1)
At 31 March 2017	<u>5,834</u>	<u>11,600</u>	<u>1,526</u>	<u>(18,908)</u>	<u>52</u>

ROK GLOBAL PLC

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

1 Company information

ROK Global PLC is a public limited company limited by shares, incorporated and registered in England and Wales under company number 06253633 with a registered office address at ROK House, Kingswood Business Park, Holyhead Road, Albrighton, Staffordshire, WV7 3AU, UK.

2 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain assets as specified in the accounting policies and notes to the accounts.

The group financial statements (the "Group") consolidate the financial statements of ROK Global PLC (the "Company") and all its subsidiary undertakings for the year ended 31 March 2017 using the acquisition method of accounting. The results of the subsidiary undertakings are included from the date of acquisition.

The financial statements are presented in Sterling (£), which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds Sterling (£).

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The Company's loss for the year was £575 (2016 - £15,249 profit).

The individual accounts of the Company have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes; and
- financial instrument disclosures including categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments and exposure to and management of financial risks.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The Company and the Group continue to meet their day to day working capital requirements from cash generated by the business and the support of the Company's founders and shareholders. The planned business levels indicate that in the short term the Company and the Group will require additional funding. The amount of additional funding required will be dictated by the performance of the Group. The directors understand that the founders will not demand repayment of their outstanding loan balances within the next twelve months and that additional funding may be available. Accordingly, the going concern basis has been adopted in preparing these accounts.

The planned business levels and the availability of additional funding from founders and shareholders indicate the existence of material uncertainties which may cast doubt over the Group's ability to continue as a going concern. However, the Board expects that the Company and the Group will continue to have adequate funds available to them to be able to continue in operational existence for the foreseeable future.

Accordingly, the going concern basis has been adopted in preparing these accounts which do not include the adjustments that would result if the Group was unable to continue as a going concern.

ROK GLOBAL PLC

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

2 Accounting policies (continued)

Business combinations

Subsidiaries acquired during the year are consolidated using the acquisition method of accounting. The cost of the business combination is measured at the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued or other consideration given by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess, negative goodwill, is immediately accounted for in the income statement.

The results of subsidiaries are incorporated from the date that control passes with uniform accounting policies adopted throughout the Group and all profits or losses arising on inter-group transactions are eliminated.

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation rate of that asset is revised to reflect the new expectations.

Tangible fixed assets

Fixed assets are stated at historic purchase cost less accumulated depreciation and any accumulated impairment losses, where historic cost includes the original purchase price of the asset and the costs attributable in bringing the asset to its present location and working condition for its intended use. Depreciation is provided on all fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life.

Impairment of assets

At each reporting date all assets, whether intangible, fixed or current, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, a provision is made and the carrying amount is reduced to its estimated recoverable amount and the impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the 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 immediately in income statement.

Investments

Long term investments held by the Company and the Group comprise investments in equity instruments of subsidiaries and non-associated companies. These investments are measured at fair value with changes to fair value being recognised in the income statement. Fair value is estimated by using a valuation technique or market value where shares are publically traded.

ROK GLOBAL PLC

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

2 Accounting policies (continued)

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the statement of financial position. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve an effective rate of interest on the remaining balance of the liability. Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis. Liabilities on assets held under finance leases or hire purchase are secured against the assets to which they relate.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

ROK GLOBAL PLC

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

2 Accounting policies (continued)

Taxation (continued)

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. With the exception of changes arising on the initial recognition of a business combination, the tax expense (or income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (or income). Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are only offset if:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Turnover

Turnover is recognised on the date goods are despatched to customers or when services are provided to customers. Where services are contracted for and supplied over a period of time revenue is recognised equally over the period of the contract with any unrecognised revenue being recorded within creditors as deferred income. Where services are provided in advance of invoice then revenues are recognised in line with the work done and recorded through debtors as accrued income. Revenues are valued net of applicable sales taxes and discounts.

Foreign currencies

Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the country or area in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

Transactions in currencies other than Sterling (£) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation of subsidiaries reporting in the functional currency are included in the income statement for the period. Gains and losses of subsidiaries reporting in other currencies are taken to reserves.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Exceptional item

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide a further understanding of the financial performance of the Group. They are material either because of their size or nature.

ROK GLOBAL PLC

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

2 Accounting policies (continued)

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the estimated vesting period. Fair value is determined using an appropriate pricing model.

At each statement of financial position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement, with a corresponding entry in equity. Where an equity-settled award is cancelled, this is recognised in the income statement.

Critical accounting estimates and judgements

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Investments

The amounts stated as investments have been reviewed and compared to their historical cost and current market value. Provisions have been made where considered appropriate and the directors believe that the current carrying value is fairly stated for each investment held.

Share based payments

The Company's employees have been granted share options. The share options have been calculated on the Black Scholes model. See note 17 for the disclosures relating to share based payments.

3 Audit exemption and result of the Company

The Company has taken advantage of section 477 of the Companies Act 2006 (the "Act") not to require its subsidiaries to conduct an audit on their accounts. In the opinion of the directors, the subsidiaries qualify under section 479A of the Act with a guarantee to be given to ROK Investment Group Limited (company number - 05289644), ROK Operations Limited (company number - 05120484) and ROK Office Limited (company number - 04613354).

ROK GLOBAL PLC

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

4 Operating profit

	Group 2017 £'000	Group 2016 £'000
This is stated after charging/(crediting):		
Operating lease rentals – land and buildings	68	72
Foreign currency exchange	(959)	(125)
Gain on disposal of subsidiaries	(317)	(680)
Auditors' remuneration - audit services	<u>6</u>	<u>6</u>

5 Exceptional item

	Group 2017 £'000	Group 2016 £'000
Currency exchange on related party loans	<u>5,451</u>	<u>2,377</u>

6 Directors' emoluments

No director received any remuneration from the Group during the year (2016 - nil).

7 Interest payable

	Group 2017 £'000	Group 2016 £'000
Interest payable on loans	<u>2,166</u>	<u>1,741</u>

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NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

8 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

Factors affecting tax charge/(credit) for year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	Group 2017 £'000	Group 2016 £'000
Loss on ordinary activities before tax	(7,401)	(3,804)
Standard rate of UK corporation tax	20%	20%
	£'000	£'000
Loss on ordinary activities multiplied by the standard rate of corporation tax	(1,480)	(761)
Effects of:		
Disallowable expenses	535	349
Losses in the year	945	412
Total tax charge for year	-	-

	Intellectual property rights £'000
9 Intangible fixed assets	
Group	
Cost	
At 1 April 2016 and 31 March 2017	22,775
Provisions	
At 1 April 2016 and 31 March 2017	22,775
Amortisation	
At 1 April 2016 and 31 March 2017	-
Net book value	
At 31 March 2017	-
At 31 March 2016	-

The Company has no intangible fixed assets during the current year or the prior year.

ROK GLOBAL PLC**NOTES TO THE ACCOUNTS**

For the year ended 31 March 2017

10 Tangible fixed assets	Improvements to leasehold property £'000	Plant and equipment £'000	Total £'000
Group			
Cost			
At 1 April 2016	2	31	33
Disposals	(1)	-	(1)
At 31 March 2017	<u>1</u>	<u>31</u>	<u>32</u>
Depreciation			
At 1 April 2016	2	31	33
Eliminated	(1)	-	(1)
At 31 March 2017	<u>1</u>	<u>31</u>	<u>32</u>
Net book value			
At 31 March 2017	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2016	<u>-</u>	<u>-</u>	<u>-</u>

The Company has no intangible fixed assets during the current year or prior year.

11 Investments	Group Other Investments £'000	Company Interests in subsidiaries £'000	Company Other investments £'000	Company Total £'000
Cost				
At 1 April 2016 and 31 March 2017	<u>50</u>	<u>-</u>	<u>50</u>	<u>50</u>
Fair value				
At 31 March 2017	<u>50</u>	<u>-</u>	<u>50</u>	<u>50</u>
At 31 March 2016	<u>50</u>	<u>-</u>	<u>50</u>	<u>50</u>

During the year the Company disposed of ROK Payments Limited, a company that was subject to insolvency proceedings, for nil consideration. The Group realised a gain on disposal of £316,638.

Other investments

The Company holds 2 million ordinary shares in Alpha Prospects PLC, a company which was listed on the GXG First Quote Market until it closed on 18 August 2015. Based on the latest information available this represents a shareholding of 0.56%. The price at acquisition was 2.5 pence per share and the last traded price of these ordinary shares was 3.0 pence per share. The directors consider that the carrying value of this investment at cost is fairly stated.

ROK GLOBAL PLC

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

11 Investments (continued)

Interests in subsidiaries

At the year end the Company held 20% or more of the share capital of the following company:

Company	%	Class of shares held	Country of registration	Nature of business
ROK Investment Group Limited	100	Ordinary	UK	Holding company

12 Debtors	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade debtors	-	3	-	-
Other debtors	11	10	-	9
Prepayments and accrued income	42	41	-	2
	<u>53</u>	<u>54</u>	<u>-</u>	<u>11</u>

13 Creditors: Amounts falling due within one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade creditors	115	350	1	2
Other taxes and social security costs	-	377	-	-
Other creditors	2	46	-	-
Accruals and deferred income	53	38	6	6
	<u>170</u>	<u>811</u>	<u>7</u>	<u>8</u>

14 Creditors: Amounts falling due after one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Other creditors	<u>41,375</u>	<u>33,317</u>	<u>-</u>	<u>-</u>

Included within Other creditors are amounts due to related parties, as disclosed in note 21.

15 Share capital

	Nominal Value	2016 Number	Group and Company 2017 £'000	Group and Company 2016 £'000
Allotted, called up and fully paid:				
Ordinary shares	£0.01 each	583,377,224	<u>5,834</u>	<u>5,834</u>

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For the year ended 31 March 2017

16 Share premium	Group and Company 2017 £'000	Group and Company 2016 £'000
Share premium	<u>11,600</u>	<u>11,600</u>

17 Share based payments	Group and Company 2017 £'000	Group and Company 2016 £'000
Share based payments	<u>1,526</u>	<u>1,526</u>

Share options to subscribe for shares at par value using a cash less settlement principle, through a calculated reduction in allotted shares, were initially granted to subcontracted employees and consultants on 17 February 2011 and then to employees of the Group on 5 January 2012. The options have a contractual life of 10 years and allow 50% of an option holder's total number of shares to be exercised immediately and 50% on the first anniversary of the grant. Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	17 February 2011	5 January 2012
Share price at date of grant	Not quoted	€0.028
Estimated fair value at date of grant	€0.75	€0.028
Exercise price	£0.01	£0.01
Number of grants	46	1
Shares under option	2,352,784	2,000,000
Vesting period (years)	2	2
Expected volatility	120.0%	223.1%
Option life (years)	10	10
Expected life (years)	2	2
Risk-free interest rate	0.91%	0.91%
Expected dividends expressed as a dividend yield	0.00%	0.00%
Fair value per option	£1.01	£0.01

Given the nature of these share options, expected volatility does not have a material impact hence the observed volatility over the last 16 months is used. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

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NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

17 Share based payments (continued)

Date of grant	Shares at date of grant (number)	Shares under option 1 April 2016 (number)	Exercised in year (number)	Cancelled, lapsed or became ineligible in year (number)	Shares under option 31 March 2017 (number)
17 February 2011	2,352,784	2,245,415	-	-	2,245,415
5 January 2012	2,000,000	2,000,000	-	-	2,000,000
	<u>4,352,784</u>	<u>4,245,415</u>	<u>-</u>	<u>-</u>	<u>4,245,415</u>

The total equity-settled share based payment charge for the year was £nil (2016 – £nil).

18 Profit and loss account

	Group £'000	Company £'000
At 1 April 2016	(51,696)	(18,907)
Loss for the year	<u>(7,218)</u>	<u>(1)</u>
At 31 March 2017	<u>(58,914)</u>	<u>(18,908)</u>

19 Other financial commitments

The Group had future minimum rentals payable under non-cancellable operating leases as set out below:

	Land and buildings 2017 £'000	Land and buildings 2016 £'000
Future minimum payments due:		
Within one year	25	25
Within two to five years	<u>8</u>	<u>34</u>
	<u>33</u>	<u>59</u>

20 Cash and cash equivalents

	Group 2017 £'000	Group 2016 £'000
Cash and cash equivalents	<u>17</u>	<u>-</u>

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NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

21 Related party transactions

Included within "Creditors: amounts falling due after one year" are the following amounts with related parties:

Group	2017 £'000	2016 £'000
Mr J P DeJoria	40,549	32,849
Mr J M Kendrick	770	411
Mr J L Kendrick	<u>56</u>	<u>57</u>

The amount payable to Mr J P DeJoria, co-founder and shareholder of the Company, represents the capital amounts of monies loaned and accrued interest at 10% per annum. The capital and interest amounts of these loans are denominated in United States dollars and amount to \$50,456,359 as at 31 March 2017. The amounts payable to Mr J M Kendrick, co-founder, and Mr J L Kendrick, both directors of the Company, represents the capital amounts of monies loaned and accrued interest at 3% above base rate per annum. The directors understand that repayment of these amounts will not be demanded within one year and so these balances are recorded as amounts falling due after one year.