

Registered number: 09742877

# ROVCO LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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COMPANIES HOUSE



**ROVCO LIMITED**

**COMPANY INFORMATION**

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**DIRECTORS**

B J Allen  
A Bloxam  
K Dempsey (appointed 12 June 2023)  
F Gugen (appointed 1 March 2023)  
K M K Johansson (appointed 14 October 2022)  
N Boorman (resigned 28 April 2023)  
J Bromley (resigned 17 July 2023)  
T Egeland (appointed 31 March 2022, resigned 14 October 2022)  
R Longdon (resigned 31 October 2022)  
G Maher (appointed 31 March 2022, resigned 7 June 2022)

**COMPANY SECRETARY**

OHS Secretaries Limited

**REGISTERED NUMBER**

09742877

**REGISTERED OFFICE**

Bridgewater House  
Counterslip  
Bristol  
BS1 6BX

**INDEPENDENT AUDITORS**

Bishop Fleming LLP  
Chartered Accountants & Statutory Auditors  
10 Temple Back  
Bristol  
BS1 6FL

**ROVCO LIMITED**

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## **ROVCO LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **INTRODUCTION**

Rovco leads the way in ROV and Hydrographic Services supported by proprietary AI-based technology. Our purpose is to accelerate the energy transition with deep tech solutions.

#### **BUSINESS REVIEW**

Rovco delivered strong growth in 2022 with revenue up 70% on 2021.

The investment in AI-based technology continued at pace in 2022 within our Vaarst technology unit:

- Vaarst achieved level 3 autonomy with our SubSLAM Supervised Autonomy system, ready for full use offshore for the 2023 season.
- We successfully hit all the milestones on our SEAMless IUK funding for fully autonomous survey project.
- We achieved repeat SubSLAM sales and improved the robustness of the product. We designed our SubSLAM Deeper system ready for testing in 2023.
- Our Atlas cloud platform was released to be used by Rovco and customers, and we released a beta version of our Atlas AI cloud tool.

During the year Rovco Ltd raised £22m of Series B equity funding underlining the strength of our technology.

Rovco Ltd takes a prudent approach and does not capitalise its R&D spend. Development of new technology is therefore a cost to the business in our accounts. £3.0m of opex in 2022 was due to spend on technology development.

The business has greatly strengthened its ability to deliver complex projects offshore. However, in 2022 there was £2.1m of avoidable additional cost incurred in delivering offshore projects. Root causes were established and incorporated into our lessons-learned process. In 2023 we have targeted improvement in cost of poor quality as a key business objective and at the half year such costs are below target and tracking below 5% of revenue.

We are pleased to report that the revenue growth trajectory is continuing in 2023.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

**Credit risk** – due to the relatively short duration and rapid mobilisation a significant proportion of contract value may be outstanding at any time. Invoicing and debt collection is monitored constantly as part of our project review process to minimise exposure.

**Project Cost Estimation** – Projects go through tender review and sign-off process and costs are tracked as part of a live project review process. Every project goes through a lessons-learned review at completion.

**Asset failure** - Failure of vessel or major equipment has the ability to result in significant additional cost or to restrict revenue generation. The company mitigates this with insurance policies for key equipment, strategic spares and tracking availability of replacement vessels and equipment. As the company grows and operates more assets, risk is further diversified.

**Cashflow** - Liquidity is monitored as part of the day to day financial control procedures. Regular cash forecasts are prepared for forward visibility and cash management.

**ROVCO LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**FINANCIAL KEY PERFORMANCE INDICATORS**

Turnover in 2022 grew by 70%, the main area of growth in revenue being in ROV and Hydrographic services.

The balance sheet was strengthened significantly by the successful equity raise of £22m.

We continued to invest in people, equipment and processes to support our growth plans and development of technology.

<b>KPI</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>
Turnover	£13.7m	£8.0m	£5.7m
Net assets	£11.2m	(£1.6m)	£12.8m
Cash	£8.5m	£2.4m	£6.1m

This report was approved by the board on 31st August 2023 and signed on its behalf.

DocuSigned by:  
*Brian Allen*  
A27E2DD797AE49B  
**B J Allen**  
Director

## **ROVCO LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present their report and the financial statements for the year ended 31 December 2022.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £8,707,834 (2021: loss £2,937,584).

No dividends were paid during the year (2021: £Nil).

#### **DIRECTORS**

The directors who served during the year were:

B J Allen  
A Bloxam  
K M K Johansson (appointed 14 October 2022)  
N Boorman (resigned 28 April 2023)  
J Bromley (resigned 17 July 2023)  
T Egeland (appointed 31 March 2022, resigned 14 October 2022)  
R Longdon (resigned 31 October 2022)  
G Maher (appointed 31 March 2022, resigned 7 June 2022)

#### **MATTERS COVERED IN THE STRATEGIC REPORT**

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires a Strategic Report to be prepared. Where mandatory disclosures are considered by the directors to be of strategic importance, these have been included in the Strategic Report rather than the Directors' Report.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

#### **POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

#### **AUDITORS**

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**ROVCO LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

DocuSigned by:  
*Brian Allen*  
A27E2DD797AE49B

**B J Allen**  
Director

Date: 8/31/2023

Bridgewater House  
Counterslip  
Bristol  
BS1 6BX

**ROVCO LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting 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 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.

## **ROVCO LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROVCO LIMITED**

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#### **OPINION**

We have audited the financial statements of Rovco Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity, Analysis of net debt and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its 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.

#### **BASIS FOR 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 United Kingdom, including the Financial Reporting Council'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 opinion.

#### **CONCLUSIONS RELATING TO GOING CONCERN**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **OTHER INFORMATION**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **ROVCO LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROVCO LIMITED (CONTINUED)**

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#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the 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.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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 or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **ROVCO LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROVCO LIMITED (CONTINUED)**

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#### **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

##### Identifying and assessing potential risks related to irregularities

- We have considered the nature of the industry and sector, control environment and business performance.
- We have considered the results of our enquiries of management, including the Finance Director, about their own identification and assessment of the risk of irregularities.
- For any matters identified we have obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risk of fraud and whether they have knowledge of actual, suspected, or alleged fraud; and,
  - The internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, and incorrect recognition of revenue was identified as the greatest potential areas for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included:

- Health and safety; and
- Employment legislation.

##### Audit response to risks identified

- Performing specific audit procedures in relation to revenue in order to address the risks identified;
- Enquiring of management concerning actual and potential litigation claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement or fraud; and

## ROVCO LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROVCO LIMITED (CONTINUED)

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- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

#### USE OF OUR REPORT

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 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.

*Bishop Fleming LLP*

John Talbot FCA (Senior statutory auditor)  
for and on behalf of

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
10 Temple Back

Bristol  
BS1 6FL

Date: *1 September 2023*

## ROVCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022 £	2021 £
Turnover	1	13,653,711	8,046,015
Cost of sales		(10,738,654)	(6,442,561)
<b>Gross profit before exceptional cost of sales</b>		<b>2,915,057</b>	<b>1,604,354</b>
Exceptional cost of sales	12	(2,103,253)	-
<b>Gross profit</b>		<b>811,804</b>	<b>1,604,354</b>
Administrative expenses		(9,291,822)	(4,668,598)
Other operating income	5	275,813	668,825
<b>Operating loss</b>		<b>(8,204,205)</b>	<b>(2,395,419)</b>
Interest receivable and similar income		36	52
Interest payable and similar expenses	10	(481,737)	(542,217)
<b>Loss before tax</b>		<b>(8,685,906)</b>	<b>(2,937,584)</b>
Tax on loss	11	(21,928)	-
<b>Loss for the financial year</b>		<b>(8,707,834)</b>	<b>(2,937,584)</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.


There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 15 to 34 form part of these financial statements.

**ROVCO LIMITED**  
**REGISTERED NUMBER:09742877**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	42,316	5,179
Tangible assets	14	4,734,852	1,937,619
		<u>4,777,168</u>	<u>1,942,798</u>
<b>Current assets</b>			
Stocks		-	58,384
Debtors: amounts falling due within one year	15	3,410,419	999,767
Cash at bank and in hand	16	8,494,137	2,400,034
		<u>11,904,556</u>	<u>3,458,185</u>
Creditors: amounts falling due within one year	17	(3,139,975)	(2,874,592)
<b>Net current assets</b>		<u>8,764,581</u>	<u>583,593</u>
<b>Total assets less current liabilities</b>		<u>13,541,749</u>	<u>2,526,391</u>
Creditors: amounts falling due after more than one year	18	(2,378,267)	(4,136,703)
<b>Net assets/(liabilities)</b>		<u>11,163,482</u>	<u>(1,610,312)</u>
<b>Capital and reserves</b>			
Called up share capital	21	520	282
Share premium account	22	28,563,859	7,292,089
Other components of equity	22	402,858	402,865
Profit and loss account	22	(17,803,755)	(9,305,548)
		<u>11,163,482</u>	<u>(1,610,312)</u>

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

DocuSigned by:  
  
A27E2DD797AE49B

**B J Allen**  
Director

Date: 8/31/2023

The notes on pages 15 to 34 form part of these financial statements.

**ROVCO LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Other components of equity £	Profit and loss account £	Total equity £
<b>At 1 January 2021</b>	<b>282</b>	<b>7,292,089</b>	<b>402,865</b>	<b>(6,367,964)</b>	<b>1,327,272</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	<b>(2,937,584)</b>	<b>(2,937,584)</b>
<b>At 1 January 2022</b>	<b>282</b>	<b>7,292,089</b>	<b>402,865</b>	<b>(9,305,548)</b>	<b>(1,610,312)</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	<b>(8,707,834)</b>	<b>(8,707,834)</b>
<b>Contributions by and distributions to owners</b>					
Shares issued during the year	<b>238</b>	<b>21,271,770</b>	<b>(400,000)</b>	<b>209,627</b>	<b>21,081,635</b>
Share based payment charge	-	-	<b>399,993</b>	-	<b>399,993</b>
<b>At 31 December 2022</b>	<b>520</b>	<b>28,563,859</b>	<b>402,858</b>	<b>(17,803,755)</b>	<b>11,163,482</b>

The notes on pages 15 to 34 form part of these financial statements.

**ROVCO LIMITED****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	<b>(8,707,834)</b>	(2,937,584)
<b>Adjustments for:</b>		
Amortisation of intangible assets	<b>4,816</b>	628
Depreciation of tangible assets	<b>411,168</b>	339,992
Loss on disposal of tangible assets	<b>(15,125)</b>	-
Interest paid	<b>481,737</b>	542,217
Interest received	<b>(36)</b>	(52)
Taxation charge	<b>21,928</b>	-
Decrease/(increase) in stocks	<b>58,384</b>	(49,251)
(Increase)/decrease in debtors	<b>(2,432,580)</b>	2,017,221
Increase/(decrease) in creditors	<b>31,001</b>	(1,198,880)
Increase/(decrease) in provisions	<b>-</b>	(129,151)
Share based payment charge	<b>399,993</b>	-
<b>Net cash generated from operating activities</b>	<b>(9,746,548)</b>	(1,414,860)
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	<b>(41,953)</b>	-
Purchase of tangible fixed assets	<b>(2,498,683)</b>	(375,754)
Sale of tangible fixed assets	<b>18,611</b>	-
Interest received	<b>36</b>	52
<b>Net cash from investing activities</b>	<b>(2,521,989)</b>	(375,702)

**ROVCO LIMITED****STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	19,162,959	-
Other new loans	-	2,235,000
Repayment of other loans	(68,507)	(112,632)
Repayment of/new finance leases	(276,135)	(191,426)
Interest paid	(455,677)	(299,372)
<b>Net cash used in financing activities</b>	<b>18,362,640</b>	<b>1,631,570</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,094,103</b>	<b>(158,992)</b>
Cash and cash equivalents at beginning of year	2,400,034	2,559,026
<b>Cash and cash equivalents at the end of year</b>	<b>8,494,137</b>	<b>2,400,034</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	8,494,137	2,400,034
	<b>8,494,137</b>	<b>2,400,034</b>

**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	At 1 January 2022 £	Cash flows £	New finance leases £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	2,400,034	6,094,103	-	-	8,494,137
Debt due after 1 year	(3,514,684)	-	-	2,052,459	(1,462,225)
Debt due within 1 year	(136,607)	68,507	-	(367,667)	(435,767)
Finance leases	(832,443)	276,135	(713,204)	-	(1,269,512)
	<b>(2,083,700)</b>	<b>6,438,745</b>	<b>(713,204)</b>	<b>1,684,792</b>	<b>5,326,633</b>

The notes on pages 15 to 34 form part of these financial statements.

## **ROVCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1. GENERAL INFORMATION**

Rovco Limited is a company limited by shares and incorporated in England and Wales. The address of its registered office is Bridgewater House, Counterslip, Bristol, BS1 6BX, United Kingdom.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 GOING CONCERN**

The Directors assess whether the use of the going concern basis of preparation of the financial statements is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Directors make this assessment in respect of a period of 12 months from the date of approval of the financial statements.

The Directors have prepared forecasts which demonstrate that the business will have access to adequate working capital for at least 12 months from the date of approval of the financial statements. As referred to in note 21, during the year the company issued new shares for a consideration of £22.2m.

In the Directors' view this provides adequate working capital for at least 12 months from the date of approval of the financial statements to enable the business to realise its assets and discharge liabilities in the normal course of business, as well as providing adequate contingency in the event of any significant adverse events that may arise in that period. Therefore the Directors consider that the company remains a going concern and that there are no factors reasonably foreseen that are expected to materially impact that assessment, as such the financial statements have been prepared on a going concern basis.

**ROVCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. ACCOUNTING POLICIES (continued)**

**2.3 FOREIGN CURRENCY TRANSLATION**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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

## **ROVCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **2. ACCOUNTING POLICIES (continued)**

##### **2.4 REVENUE**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### **Provision of licences**

Licence revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Licence revenue is recognised on a straight-line basis over the period of the agreement.

##### **2.5 OPERATING LEASES: THE COMPANY AS LESSEE**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### **2.6 RESEARCH AND DEVELOPMENT**

Research and development expenditure is expensed as incurred.

## **ROVCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **2. ACCOUNTING POLICIES (continued)**

##### **2.7 GOVERNMENT GRANTS**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

##### **2.8 INTEREST INCOME**

Interest income is recognised in profit or loss using the effective interest method.

##### **2.9 FINANCE COSTS**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.10 BORROWING COSTS**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

##### **2.11 PENSIONS**

###### **DEFINED CONTRIBUTION PENSION PLAN**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

##### **2.12 SHARE-BASED PAYMENTS**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

## **ROVCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **2. ACCOUNTING POLICIES (continued)**

##### **2.13 TAXATION**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

##### **2.14 EXCEPTIONAL ITEMS**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

##### **2.15 INTANGIBLE ASSETS**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

##### **2.16 TANGIBLE FIXED ASSETS**

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

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

Depreciation is provided on the following basis:

Long-term leasehold property	- 5 years
Plant and machinery	- 10 years
Motor vehicles	- 5 years
Office equipment	- 2-4 years
Computer equipment	- 3-6 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

## **ROVCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **2. ACCOUNTING POLICIES (continued)**

##### **2.17 STOCKS**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **2.18 DEBTORS**

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

##### **2.19 CASH AND CASH EQUIVALENTS**

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

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

##### **2.20 CREDITORS**

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

##### **2.21 FINANCIAL INSTRUMENTS**

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

**ROVCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. ACCOUNTING POLICIES (continued)**

**2.22 CONVERTIBLE DEBT**

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the Statement of financial position.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

## ROVCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

The critical judgments and sources of estimation uncertainty made by management that have a significant effect on the amounts recognised in the financial statements are described below.

##### Critical judgements

###### Convertible debt

In valuing the liability component of the Company's convertible debt, management must make judgements regarding the discount rate, expected maturity date of the debt, and equity value at the date of conversion. Management have considered available market data to make this assessment, including the typical range of convertible loan note coupon rates, price volatility for comparable companies listed on public markets, and probabilities of share price movements up and down.

###### Likelihood of event triggering a share option expense

The company has issued share options to certain employees as part of their remuneration package. The share options include conditions which are required to be fulfilled before the options can be exercised to acquire share capital. At the reporting date management make an assessment as to whether the conditions have been met, and therefore whether a share based payment charge in relation to those options should be recognised.

##### Key sources of estimation uncertainty

###### Stage of completion of contracts

Contract revenue is recognised by reference to the stage of completion of the contract. Management make an assessment of the stage of completion of customer contracts determined by the value of the services provided at the balance sheet date as a proportion of the total value of the contract.

###### Accuracy of share based payment charge

Management use a Black-Scholes option pricing model to determine the fair value of the options granted to employees, and derive a share based payment charge. A key input to the option pricing model is the share price at the date of grant. Management use available data, including recent equity fund raises, and share class rights, to determine the share price at the date of grant.

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****4. TURNOVER**

An analysis of turnover by class of business is as follows:

	<b>2022</b>	2021
	£	£
Projects	<b>13,391,553</b>	7,495,807
SubSLAM	<b>262,158</b>	551,108
	<b><u>13,653,711</u></b>	<b><u>8,046,915</u></b>

All turnover arose within the United Kingdom.

**5. OTHER OPERATING INCOME**

	<b>2022</b>	2021
	£	£
R&D Tax Credit	-	290,335
Government grants receivable	<b>275,813</b>	378,490
	<b><u>275,813</u></b>	<b><u>668,825</u></b>

**6. OPERATING LOSS**

The operating loss is stated after charging:

	<b>2022</b>	2021
	£	£
Research & development charged as an expense	<b>2,968,381</b>	1,397,987
Exchange differences	<b>48,391</b>	(24,122)
Other operating lease rentals	<b>268,737</b>	123,602
	<b><u>2,968,381</u></b>	<b><u>1,397,987</u></b>

The research and development charged as an expense disclosed relating to 2021 of £1,397,987 reflects the same basis of cost allocation that the directors have used in 2022, and reflects the company's research and development activities. The figure disclosed in the previous year's accounts of £115k used a different allocation approach, but the directors consider this revised approach to be a better reflection of this expenditure. This had no other impact on the statement of comprehensive income

**7. AUDITORS' REMUNERATION**

During the year, the Company obtained the following services from the Company's auditors:

	<b>2022</b>	2021
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	<b>17,500</b>	14,000

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****8. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	5,715,275	3,014,351
Social security costs	634,570	331,545
Cost of defined contribution scheme	200,031	115,042
	<u>6,549,876</u>	<u>3,460,938</u>

Included in the wages and salaries cost above is a share based payment charge of £399,993 (2021: £Nil).

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Employees	<u>88</u>	<u>57</u>

**9. DIRECTORS' REMUNERATION**

	2022 £	2021 £
Directors' emoluments	283,750	425,433
Company contributions to defined contribution pension schemes	24,136	5,753
	<u>307,886</u>	<u>431,186</u>

During the year retirement benefits were accruing to 2 directors (2021: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £142,500 (2021: £97,155).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,886 (2021: £5,603).

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022 £	2021 £
Loan interest payable	481,737	542,217
	<u>481,737</u>	<u>542,217</u>

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****11. TAXATION**

	2022 £	2021 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	21,928	-
<b>TOTAL CURRENT TAX</b>	<u>21,928</u>	<u>-</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>21,928</u>	<u>-</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(8,685,906)</u>	<u>(2,937,584)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(1,731,983)	(558,141)
<b>EFFECTS OF:</b>		
Other items leading to an increase in the tax charge	21,928	-
Deferred tax not recognised	1,731,983	558,141
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>21,928</u>	<u>-</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

As enacted by the Government on 24 May 2021, the main rate of corporation tax will increase from 19% to 25% with effect from 1 April 2023.

**12. EXCEPTIONAL ITEMS**

	2022 £	2021 £
Exceptional expenses	2,103,253	-
	<u>2,103,253</u>	<u>-</u>

In 2022 there was £2.1m of avoidable additional cost incurred in delivering offshore projects.

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****13. INTANGIBLE ASSETS**

	<b>Computer software f</b>
<b>COST</b>	
At 1 January 2022	6,278
Additions	41,953
At 31 December 2022	<u>48,231</u>
<b>AMORTISATION</b>	
At 1 January 2022	1,099
Charge for the year on owned assets	4,816
At 31 December 2022	<u>5,915</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>42,316</u>
At 31 December 2021	<u>5,179</u>

## ROVCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
<b>COST OR VALUATION</b>						
At 1 January 2022	8,897	2,383,243	23,250	42,359	274,126	2,731,875
Additions	346,119	2,572,061	-	96,242	197,465	3,211,887
Disposals	-	(3,486)	-	-	-	(3,486)
At 31 December 2022	<u>355,016</u>	<u>4,951,818</u>	<u>23,250</u>	<u>138,601</u>	<u>471,591</u>	<u>5,940,276</u>
<b>DEPRECIATION</b>						
At 1 January 2022	1,746	530,831	17,050	25,983	218,646	794,256
Charge for the year on owned assets	23,339	311,989	4,650	13,640	57,550	411,168
At 31 December 2022	<u>25,085</u>	<u>842,820</u>	<u>21,700</u>	<u>39,623</u>	<u>276,196</u>	<u>1,205,424</u>
<b>NET BOOK VALUE</b>						
At 31 December 2022	<u>329,931</u>	<u>4,108,998</u>	<u>1,550</u>	<u>98,978</u>	<u>195,395</u>	<u>4,734,852</u>
At 31 December 2021	<u>7,151</u>	<u>1,852,412</u>	<u>6,200</u>	<u>16,376</u>	<u>55,480</u>	<u>1,937,619</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant and machinery	-	1,062,315
	<u>-</u>	<u>1,062,315</u>

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****15. DEBTORS**

	<b>2022</b>	2021
	£	£
Trade debtors	<b>2,346,566</b>	616,953
Other debtors	<b>735,003</b>	240,808
Prepayments and accrued income	<b>328,850</b>	142,006
	<b>3,410,419</b>	999,767

**16. CASH AND CASH EQUIVALENTS**

	<b>2022</b>	2021
	£	£
Cash at bank and in hand	<b>8,494,137</b>	2,400,034
	<b>8,494,137</b>	2,400,034

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2022</b>	2021
	£	£
Other loans	<b>435,767</b>	136,607
Trade creditors	<b>1,471,126</b>	1,423,836
Other taxation and social security	<b>231,072</b>	352,320
Obligations under finance lease and hire purchase contracts	<b>353,470</b>	210,424
Other creditors	<b>62,676</b>	38,213
Accruals and deferred income	<b>585,864</b>	713,192
	<b><u>3,139,975</u></b>	<u>2,874,592</u>

The following liabilities were secured:

	<b>2022</b>	2021
	£	£
Obligations under finance lease and hire purchase contracts	<b>353,470</b>	210,424
Other loans (1)	<b>435,767</b>	136,607
	<b><u>789,237</u></b>	<u>347,031</u>

Details of security provided:

Hire purchase liabilities are secured against the assets to which relate.

Other loans (1) is secured by way of a fixed and floating charge over the assets of the company in favour of Growth Lending 2021 Limited.

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2022</b>	2021
	£	£
Other loans	<b>1,462,225</b>	3,514,684
Net obligations under finance leases and hire purchase contracts	<b>916,042</b>	622,019
	<b><u>2,378,267</u></b>	<u>4,136,703</u>

The following liabilities were secured:

	<b>2022</b>	2021
	£	£
Net obligations under finance leases and hire purchase contracts	<b>916,042</b>	622,019
Other loans (1)	<b>1,462,225</b>	1,863,393
Other loans (2)	-	1,651,291
	<b><u>2,378,267</u></b>	<u>4,136,703</u>

Details of security provided:

Hire purchase liabilities are secured against the assets to which relate.

Other loans (1) is secured by way of a fixed and floating charge over the assets of the company in favour of Growth Lending 2021 Limited.

Other loans (2) included a convertible loan from UK FF Nominees Limited (the "Future Fund") and other individual lenders. The loan accrued interest at 8% per annum and the loan is repayable at the earlier of either 3 years or a conversion event occurring. The loan was converted into equity in the year.

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****19. LOANS**

Analysis of the maturity of loans is given below:

	<b>2022</b>	2021
	£	£
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Other loans	<b>435,767</b>	136,607
	<b>435,767</b>	136,607
<b>AMOUNTS FALLING DUE 1-2 YEARS</b>		
Other loans	<b>483,791</b>	3,514,684
	<b>483,791</b>	3,514,684
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>		
Other loans	<b>978,434</b>	-
	<b>978,434</b>	-
	<b>1,897,992</b>	3,651,291

**20. HIRE PURCHASE AND FINANCE LEASES**

Minimum lease payments under hire purchase fall due as follows:

	<b>2022</b>	2021
	£	£
Within one year	<b>353,470</b>	210,424
Between 1-5 years	<b>916,042</b>	622,019
	<b>1,269,512</b>	832,443

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****21. SHARE CAPITAL**

	<b>2022</b>	2021
	£	£
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
658,784 (2021: 658,784) A Ordinary shares of £0.0001 each	<b>66</b>	66
1,682,292 (2021: 1,732,292) B Ordinary shares of £0.0001 each	<b>168</b>	173
229,296 (2021: 229,296) C Ordinary shares of £0.0001 each	<b>23</b>	23
200,000 (2021: 200,000) Deferred shares of £0.0001 each	<b>20</b>	20
2,425,982 (2021: Nil) E Ordinary shares of £0.0001 each	<b>243</b>	-
	<hr/> <b>520</b> <hr/>	<hr/> 282 <hr/>

On 1 April 2022 the company allotted 1,859,429 E Ordinary shares each with a nominal value of £0.0001 for cash consideration of £9.563 per share.

On 15 July 2022 the company issued 466,656 E Ordinary shares each with a nominal value of £0.0001 for cash consideration of £9.563 per share.

On 15 July 2022 the company re-designated 50,000 B Ordinary shares and 2,328 D Ordinary shares as E Ordinary shares.

On 13 October 2022 the company issued 47,569 E Ordinary shares each with a nominal value of £0.0001 for cash consideration of £9.563 per share.

**22. RESERVES****Share premium account**

The share premium account includes the consideration received for the issue of share capital, less the nominal value of the shares issued and attributable issue costs.

**Other component of equity**

Other components of equity includes the equity recognised on the issuance of convertible debt and the cumulative fair value of unexercised share options granted before the year end.

**Profit and loss account**

The profit and loss account includes all current and prior periods retained profits and losses.

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****23. SHARE BASED PAYMENTS**

The company operates an Enterprise Management Incentives (EMIs) share option scheme for certain employees of the company. Options vest over time and are exercisable on the occurrence of certain future events.

	<b>Weighted average exercise price (pence) 2022</b>	<b>Number 2022</b>	<b>Weighted average exercise price (pence) 2021</b>	<b>Number 2021</b>
Outstanding at the beginning of the year	29.6	172,156	29.6	129,816
Granted during the year	29.6	-	29.6	98,840
Forfeited during the year	29.6	(6,500)	29.6	(56,500)
<b>OUTSTANDING AT THE END OF THE YEAR</b>	<b>29.6</b>	<b>165,656</b>	<b>29.6</b>	<b>172,156</b>

The fair value of the share options at the grant date was calculated using the Black-Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

	<b>2022 £</b>	<b>2021 £</b>
Equity-settled schemes	<b>399,993</b>	-
	<b>399,993</b>	-

There was a re-assessment of the conditions relating to the share option agreements in the current year, which resulted in the recognition of a share based payment charge in the current period.

**24. PENSION COMMITMENTS**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £200,031 (2021: £115,042). Contributions totalling £62,676 (2021: £29,226) were payable to the fund at the reporting date and are included in creditors.

**ROVCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****25. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	<b>235,198</b>	98,947
Later than 1 year and not later than 5 years	<b>1,030,701</b>	58,731
Later than 5 years	<b>1,116,594</b>	-
	<b><u>2,382,493</u></b>	<b><u>157,678</u></b>

**26. RELATED PARTY TRANSACTIONS**

During the year the company paid £12,000 (2021: £12,000) to Foresight Group LLP, a company under common control, for management services rendered. No amount was outstanding at the year end (2021: £Nil).

The directors are considered to be the key management personnel of the company, their remuneration is disclosed in note 9 to the financial statements.

During the year B Allen, a director, purchased 2,796 E Ordinary shares for consideration of £22,174, settled through the conversion of a convertible loan note.

During the year Foresight LLP, a shareholder, subscribed to 219,596 E Ordinary shares for consideration of £2,100,000.