

**ROVCO LIMITED**

**UNAUDITED**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

ROVCO LIMITED  
REGISTERED NUMBER:09742877

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	5	5,807	-
Tangible assets	6	1,901,857	730,034
		<u>1,907,664</u>	<u>730,034</u>
<b>Current assets</b>			
Stocks		9,133	-
Debtors: amounts falling due within one year	7	3,016,988	884,851
Cash at bank and in hand	8	2,559,026	3,367,648
		<u>5,585,147</u>	<u>4,252,499</u>
Creditors: amounts falling due within one year	9	(3,675,022)	(541,836)
<b>Net current assets</b>		<u>1,910,125</u>	<u>3,710,663</u>
<b>Total assets less current liabilities</b>		<u>3,817,789</u>	<u>4,440,697</u>
Creditors: amounts falling due after more than one year	10	(2,361,366)	-
<b>Provisions for liabilities</b>			
Other provisions	13	(129,151)	-
<b>Net assets</b>		<u>1,327,272</u>	<u>4,440,697</u>
<b>Capital and reserves</b>			
Called up share capital		282	282
Share premium account	14	7,292,089	7,292,089
Other components of equity	14	402,865	2,865
Profit and loss account	14	(6,367,964)	(2,854,539)
		<u>1,327,272</u>	<u>4,440,697</u>

**ROVCO LIMITED**  
**REGISTERED NUMBER:09742877**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

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The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

**B J Allen**  
Director

Date: 21 October 2021

The notes on form part of these financial statements.

## ROVCO LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Share premium account £	Revaluation reserve £	Other components of equity £	Profit and loss account £	Total equity £
At 1 September 2018	156	1,304,041	106,737	-	(357,694)	1,053,240
<b>Comprehensive income for the period</b>						
Loss for the 16 month period	-	-	-	-	(2,494,869)	(2,494,869)
<b>Contributions by and distributions to owners</b>						
Shares issued during the period	126	5,988,048	-	-	-	5,988,174
Share based payment charge	-	-	-	2,865	(2,865)	-
Correction of prior period error	-	-	(106,737)	-	889	(105,848)
At 1 January 2020	282	7,292,089	-	2,865	(2,854,539)	4,440,697
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(3,513,425)	(3,513,425)
Issue of convertible debt	-	-	-	400,000	-	400,000
At 31 December 2020	<u>282</u>	<u>7,292,089</u>	<u>-</u>	<u>402,865</u>	<u>(6,367,964)</u>	<u>1,327,272</u>

The notes on form part of these financial statements.

ROVCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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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 The Quorum, Bond Street South, BS1 3AE.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 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.

2.3 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:

**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:

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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.

ROVCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. ACCOUNTING POLICIES (continued)

2.4 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.

2.5 RESEARCH AND DEVELOPMENT

Research and development expenditure is expensed as incurred.

2.6 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.

2.7 INTEREST INCOME

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

2.8 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.

2.9 BORROWING COSTS

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

2.10 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.

ROVCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. ACCOUNTING POLICIES (continued)

2.11 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 Statement of financial position 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.

2.12 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.

2.13 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.

2.14 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.



**ROVCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (continued)**

**2.14 TANGIBLE FIXED ASSETS (CONTINUED)**

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:

Plant and machinery	- 10 years
Motor vehicles	- 5 years
Office equipment	- 2-4 years
Other fixed assets	- 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.

**2.15 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.

**2.16 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.

**2.17 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.

**2.18 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.

ROVCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. ACCOUNTING POLICIES (continued)

2.19 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.20 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**ROVCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (continued)**

**2.21 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.

**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.

**4. EMPLOYEES**

The average monthly number of employees, including directors, during the year (2019: 16 month period) was 50 (2019: 30).

ROVCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

5. INTANGIBLE ASSETS

	Patents £
<b>COST</b>	
Additions	6,278
At 31 December 2020	<u>6,278</u>
<b>AMORTISATION</b>	
Charge for the year on owned assets	471
At 31 December 2020	<u>471</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u><u>5,807</u></u>
At 31 December 2019	<u><u>-</u></u>

## ROVCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 6. TANGIBLE FIXED ASSETS

	Plant and machinery	Motor vehicles	Office equipment	Other fixed assets	Total
	£	£	£	£	£
<b>COST OR VALUATION</b>					
At 1 January 2020	681,340	23,250	202,198	36,834	943,622
Additions	1,340,365	-	63,810	23,688	1,427,863
Disposals	(15,364)	-	-	-	(15,364)
At 31 December 2020	<u>2,006,341</u>	<u>23,250</u>	<u>266,008</u>	<u>60,522</u>	<u>2,356,121</u>
<b>DEPRECIATION</b>					
At 1 January 2020	103,549	7,750	85,421	16,868	213,588
Charge for the year on owned assets	138,018	4,650	84,206	14,570	241,444
Disposals	(768)	-	-	-	(768)
At 31 December 2020	<u>240,799</u>	<u>12,400</u>	<u>169,627</u>	<u>31,438</u>	<u>454,264</u>
<b>NET BOOK VALUE</b>					
At 31 December 2020	<u>1,765,542</u>	<u>10,850</u>	<u>96,381</u>	<u>29,084</u>	<u>1,901,857</u>
At 31 December 2019	<u>577,791</u>	<u>15,500</u>	<u>116,777</u>	<u>19,966</u>	<u>730,034</u>

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

	2020 £	2019 £
Plant and machinery	<u>1,187,294</u>	-



ROVCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

7. DEBTORS

	2020 £	2019 £
Trade debtors	800,722	169,981
Other debtors	660,085	429,989
Prepayments and accrued income	1,556,181	284,881
	<u>3,016,988</u>	<u>884,851</u>

8. CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank and in hand	2,559,026	3,367,648
	<u>2,559,026</u>	<u>3,367,648</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	2,685,397	429,124
Other taxation and social security	298,150	55,310
Obligations under finance lease and hire purchase contracts	191,426	-
Other creditors	29,578	54,902
Accruals and deferred income	470,471	2,500
	<u>3,675,022</u>	<u>541,836</u>

ROVCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Other loans	1,528,923	-
Net obligations under finance leases and hire purchase contracts	832,443	-
	<u>2,361,366</u>	<u>-</u>

The following liabilities were secured:

	2020 £	2019 £
Hire purchase contracts secured against the assets against which they relate	1,023,869	-
	<u>1,023,869</u>	<u>-</u>

Details of security provided:

Hire purchase liabilities are secured against the assets to which relate

Other loans include a convertible loan from UK FF Nominees Limited (the "Future Fund") and other individual lenders. The loan accrues interest at 8% per annum and the loan is repayable at the earlier of either 3 years or a conversion event occurring.

11. LOANS

Analysis of the maturity of loans is given below:

	2020 £	2019 £
<b>AMOUNTS FALLING DUE AFTER 1 YEAR</b>		
Other loans	1,528,923	-
	<u>1,528,923</u>	<u>-</u>
	<u>1,528,923</u>	<u>-</u>



ROVCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

12. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	191,426	-
Between 1-5 years	832,443	-
	<u>1,023,869</u>	<u>-</u>

13. PROVISIONS

Provisions  
£

Charged to profit or loss	129,151
<b>AT 31 DECEMBER 2020</b>	<b><u>129,151</u></b>

This is a provision for future losses on contracts. This represents management's best estimate of losses expected to be incurred as at 31 December 2020, and these crystallised in early 2021.

14. 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.

15. SHARE BASED PAYMENTS

During the year 172,448 share options were issued to employees of the company. At the year end 163,424 remain outstanding.

16. 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 £95,422 (16 month period ended 31 December 2019: £70,310). Contributions totalling £23,767 (2019: £19,782)

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were payable to the fund at the reporting date and are included in creditors.

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**ROVCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**17. RELATED PARTY TRANSACTIONS**

During the year the company paid £12,000 (16 month period ended 31 December 2019: £117,000) to Foresight Group LLP, a company under common control, for management services rendered. No amount was outstanding at the year end (2019: £Nil).

During the year directors subscribed to convertible debt issued, as detailed in note 10, totalling £20,000.

During the year the company paid its key management personnel total remuneration of £163,778 (16 month period ended 31 December 2019: £221,586), including employers national insurance contributions and employers pension contributions.