

ROTECH SUBSEA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2024**

ROTECH SUBSEA LIMITED

COMPANY INFORMATION

Directors	Dr D Stewart M H Graham S G Cochrane M C Hill K Cargill K M Stewart
Company secretary	Stronachs Secretaries Limited
Registered number	SC451221
Registered office	Rotech House Whitemyres Avenue Mastrick Industrial Estate Aberdeen AB16 6HQ
Independent auditors	AAB Audit & Accountancy Limited Kingshill View Prime Four Business Park Kingswells Aberdeen AB15 8PU

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

Introduction

The principal activity of the company is the provision of subsea excavation services for the offshore energy industries.

Business model and strategy

Rotech Subsea Limited is a specialist provider of advanced subsea excavation services, primarily supporting the global offshore energy sector. Our core offering focuses on the precision excavation of the seabed, which is essential for enabling the installation, maintenance, and decommissioning of critical infrastructure.

Strategic Pillars:

- **Leading the Energy Transition:** Prioritise investment and service delivery to support the rapid growth of the offshore renewable sector.
- **Asset-Led Growth:** As part of the Rotech group, the company continually invests in and expands its fleet of patented subsea excavation equipment to drive capacity and technological differentiation.
- **Global Penetration:** Expand our presence in high-growth international markets to diversify revenue streams. Our business model successfully executes this by targeting international contracts, with 87.7% of turnover generated outside the UK.

Principal risks and uncertainties

The Board has assessed the principal risks that could affect the company's future development:

- **Market Concentration Risk:** The high concentration of revenue in the offshore wind sector (81%) exposes the company to risks from changes in regulatory and investment policy within that single market. The company actively mitigates this exposure by pursuing contracts in diversified sectors (e.g., Energy Transition and Power & Utilities) and through continued geographical expansion, which mitigates reliance on any single national regulatory regime. Furthermore, the company leverages its core technology for decommissioning and maintenance services within the mature Oil & Gas sector, providing a stable, counter-cyclical revenue stream.
- **Geopolitical Risk:** Geopolitical tensions have the potential to disrupt international activity. However, the company is able to mitigate against localised uncertainties and regulatory hurdles due to the inherent mobility of its fleet and its operational capability to re-deploy assets across multiple global geographies as required.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

Fair review of the business

Performance Summary

The financial year 2024 represented a period of exceptional growth and successful strategic execution, validating the group's investment strategy into fleet expansion through Rotech Engineering Limited.

Key Performance Indicators (KPIs)	2024	2023	Change (%)
Turnover	£17.2m	£10.6m	+62%
New Equipment Investment	£3.0m	£2.4m	+25%
Total Equipment Investmet	£14.9m	£11.9m	+25%

Geographical Analysis

The company's strong performance is underpinned by its successful execution across international markets. A total of 87.7% of turnover was generated outside the UK during the period, demonstrating both the global demand for our specialised services and the successful execution of our global penetration strategy. Overseas growth was particularly pronounced, with turnover in Asia increasing by 74% and Europe by 31%.

Analysis of Financial Performance

Turnover increased by an impressive 62%. This significant uplift is seen by the Directors as a direct validation that the increased investment in the fleet is successfully capturing market share and meeting rising international demand.

Segmental Review

Our focus on the offshore energy industries yielded the following revenue split:

- **Offshore Wind:** Maintained its dominant position, accounting for 81% of total turnover, reinforcing the company's alignment with the global energy transition.
- **Energy Transition, Power and Utilities:** Contributed the remaining 19%, encompassing services related to specialized seabed preparation for inter-connector cables, power infrastructure, and other energy transition projects.

Position and Investment

As part of the Rotech Group, capital continues to be committed to secure future growth.

Fleet Investment

During 2024, £3.00m (£2.40m in 2023) was committed to the construction of new equipment. This brings the cost of building our subsea excavation fleet to £14.87m. This investment is central to Rotech's strategy, as it ensures we have the capacity and technological capability to win large-scale, international contracts.

Competitive Advantage

Our competitive differentiation is primarily derived from our strong portfolio of international patents covering our subsea excavation equipment. This intellectual property barrier provides a significant advantage in terms of unmatched efficiency and operational capability.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Business outlook

The Directors are highly optimistic following the exceptional performance of 2024. The significant investment in the fleet is validated by the 62% turnover growth, and market fundamentals, particularly in offshore wind, remain strong. The focus for 2025 and beyond will be to expand the size and breadth of the subsea excavation fleet and optimise its utilisation, while continuing to penetrate high-growth International markets to maintain a high-growth trajectory.

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

K M Stewart

Director

Date: 24 December 2025

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

The directors present their report and the financial statements for the year ended 31 December 2024.

Results and dividends

The profit for the year, after taxation, amounted to £1,167,820 (2023 - £1,432,857).

Directors

The directors who served during the year were:

Dr D Stewart
M H Graham
S G Cochrane
M C Hill
K Cargill
K M Stewart

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.

Auditors

The auditors, AAB Audit & Accountancy Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

K M Stewart

Director

Date: 24 December 2025

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROTECH SUBSEA LIMITED

Opinion

We have audited the financial statements of Rotech Subsea Limited (the 'company') for the year ended 31 December 2024, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity 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 2024 and of its profit 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROTECH SUBSEA LIMITED (CONTINUED)

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROTECH SUBSEA LIMITED (CONTINUED)

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:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets;
- Manipulation of the timing and completeness of revenue recognition; and
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading

Our audit procedures to respond to these risks included:

- Vouching a sample of journal entries and other adjustments for appropriateness;
- Vouching a sample of sales to source documents and review of revenue recognition around year end;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing judgments made by management in their calculation of accounting estimates for potential management bias;
- Enquiries of management about litigation and claims and inspection of relevant correspondence; and
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations.

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.

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. This description forms part of our Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROTECH SUBSEA LIMITED (CONTINUED)

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.

Graeme Penman (Senior statutory auditor)

for and on behalf of

AAB Audit & Accountancy Limited

Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

24 December 2025

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

		2024 £	2023 £
Turnover	4	17,202,748	10,627,836
Cost of sales		(13,914,001)	(7,867,176)
Gross profit		<u>3,288,747</u>	<u>2,760,660</u>
Administrative expenses		(1,864,460)	(1,142,882)
Operating profit	5	<u>1,424,287</u>	<u>1,617,778</u>
Interest payable and similar expenses		(16,188)	(14,439)
Profit before tax		<u>1,408,099</u>	<u>1,603,339</u>
Tax on profit		(240,279)	(170,482)
Profit for the year		<u><u>1,167,820</u></u>	<u><u>1,432,857</u></u>

There was no other comprehensive income for 2024 (2023:£NIL).

The notes on pages 13 to 26 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	11	6,751	2,868
Investments		80,584	-
		<u>87,335</u>	<u>2,868</u>
Current assets			
Stocks	13	450,299	844,882
Debtors: Amounts falling due after more than one year	14	-	1,306,203
Debtors: Amounts falling due within one year	14	3,823,045	1,602,565
Cash at bank and in hand	15	4,807,336	3,444,112
		<u>9,080,680</u>	<u>7,197,762</u>
Total assets		<u>9,168,015</u>	<u>7,200,630</u>
Capital and reserves			
Called up share capital	21	10,000	10,000
Profit and loss account		6,333,258	6,665,438
Liabilities		6,343,258	6,675,438
Creditors: Amounts Falling Due Within One Year	16	602,855	400,192
Creditors: Amounts Falling Due After More Than One Year	17	2,221,902	125,000
Total		<u>9,168,015</u>	<u>7,200,630</u>

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

K M Stewart
Director

Date: 24 December 2025

The notes on pages 13 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2023	10,000	5,232,581	5,242,581
Profit for the year	-	1,432,857	1,432,857
At 1 January 2024	10,000	6,665,438	6,675,438
Profit for the year	-	1,167,820	1,167,820
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,500,000)	(1,500,000)
At 31 December 2024	<u>10,000</u>	<u>6,333,258</u>	<u>6,343,258</u>

The notes on pages 13 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

1. General information

Rotech Subsea Limited is a private limited company incorporated in Scotland. The registered office is Rotech House, Whitemyres Avenue, Mastrick Industrial Estate, Aberdeen, AB16 6HQ.

The principal activity of the company is the provision of Controlled Flow Excavation services for the offshore oil and renewable energy industries.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of Freehold Property and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied.

2.2 Going concern

The directors, having made due and careful enquiry, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months.

This assessment is underpinned by projected profitable post year end trading and cash generation by the wider Rotech International group along with the continued support of the group's loan note holders which has been provided. This projection is based on the investments made in the group in recent years. As part of this assessment management have considered possible downside scenarios and concluded that there are adequate reserves in place to meet obligations as they fall due.

Given these circumstances, the directors consider it appropriate to prepare the financial statements on a going concern basis.

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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:

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.

2.5 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.

2.6 Borrowing costs

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

2.7 Pensions

Defined contribution pension plan

The company contributes to 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 the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 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:

Fixtures & fittings	- 5 years straight line
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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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. Accounting policies (continued)

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet 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.

2.12 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.

2.13 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.

2.14 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. Accounting policies (continued)

2.15 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable 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 payables or receivables, 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Income statement.

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, 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.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. Analysis of turnover

Analysis of turnover by country of destination:

	2024 £	2023 £
United Kingdom	2,163,684	1,453,485
Rest of Europe	3,935,010	3,189,825
Rest of the world	11,104,054	5,984,526
	<u>17,202,748</u>	<u>10,627,836</u>

5. Operating profit

The operating profit is stated after charging:

	2024 £	2023 £
Exchange differences	<u>110,116</u>	<u>6,323</u>

6. Auditors' remuneration

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

	2024 £	2023 £
Fees payable to the company's auditors for the audit of the company's financial statements	<u>11,500</u>	<u>10,400</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

7. Employees

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

	2024 £	2023 £
Wages and salaries	4,430,273	3,158,812
Social security costs	470,744	324,731
Cost of defined contribution scheme	109,904	89,466
	<u>5,010,921</u>	<u>3,573,009</u>

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

	2024 No.	2023 No.
Administration	11	8
Production	37	30
	<u>48</u>	<u>38</u>

8. Directors' remuneration

	2024 £	2023 £
Directors' emoluments	381,476	141,181
Company contributions to defined contribution pension schemes	18,938	20,231
	<u>400,414</u>	<u>161,412</u>

During the year retirement benefits were accruing to 2 directors (2023 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £204,731 (2023 - £141,181).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,251 (2023 - £20,231).

9. Interest payable and similar expenses

	2024 £	2023 £
Bank interest payable	11,996	14,439
Finance leases and hire purchase contracts	4,192	-
	<u>16,188</u>	<u>14,439</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

10. Taxation

	2024 £	2023 £
Corporation tax		
Adjustments in respect of previous periods	(22,348)	-
	<u>(22,348)</u>	<u>-</u>
Foreign tax		
Foreign tax on income for the year	262,026	169,278
	<u>262,026</u>	<u>169,278</u>
Total current tax	<u>239,678</u>	<u>169,278</u>
Deferred tax		
Origination and reversal of timing differences	601	1,204
Total deferred tax	<u>601</u>	<u>1,204</u>
Tax on profit	<u>240,279</u>	<u>170,482</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2023 - the same as) the standard rate of corporation tax in the UK of 25% (2023 - 23.52%) as set out below:

	2024 £	2023 £
Profit on ordinary activities before tax	<u>1,408,099</u>	<u>1,603,339</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 23.52%)	352,025	377,105
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,220	7,910
Adjustments to tax charge in respect of prior periods	(22,348)	-
Group relief	(96,618)	(214,533)
Total tax charge for the year	<u>240,279</u>	<u>170,482</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

11. Tangible fixed assets

	Fixtures & fittings £
Cost or valuation	
At 1 January 2024	19,175
Additions	8,074
At 31 December 2024	27,249
Depreciation	
At 1 January 2024	16,307
Charge for the year on owned assets	4,191
At 31 December 2024	20,498
Net book value	
At 31 December 2024	6,751
At 31 December 2023	2,868

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	80,584
At 31 December 2024	<u>80,584</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Class of shares	Holding
Rotech Subsea LLC	838 Walker Road 21-2 Dover Kent County DE 199044	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2024 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name

13. Stocks

	2024 £	2023 £
Raw materials and consumables	<u>450,299</u>	<u>844,882</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

14. Debtors

	2024 £	2023 £
Due after more than one year		
Amounts owed by group undertakings	-	1,306,203

Amounts due by group undertakings are not under a formal lending arrangement, however the directors believe the material element of this balance will be receivable in greater than one year and therefore have been included within assets due after more than one year.

	2024 £	2023 £
Due within one year		
Trade debtors	3,588,444	1,154,012
Other debtors	68,920	62,880
Prepayments and accrued income	164,240	383,631
Deferred taxation	1,441	2,042
	<u>3,823,045</u>	<u>1,602,565</u>

15. Cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	<u>4,807,336</u>	<u>3,444,112</u>

16. Creditors: Amounts falling due within one year

	2024 £	2023 £
Bank loans	50,000	50,000
Trade creditors	167,648	69,209
Other taxation and social security	164,251	70,885
Other creditors	31,511	34,877
Accruals and deferred income	189,445	175,221
	<u>602,855</u>	<u>400,192</u>

A third party holds a floating charge over the whole assets of the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

17. Creditors: Amounts falling due after more than one year

	2024 £	2023 £
Bank loans	75,000	125,000
Amounts owed to group undertakings	<u>2,146,902</u>	<u>-</u>

Amounts due to group undertakings are not under a formal lending arrangement, however the directors believe the material element of this balance will be payable in greater than one year and therefore have been included within liabilities due after more than one year.

18. Loans

Analysis of the maturity of loans is given below:

	2024 £	2023 £
Amounts falling due within one year		
Bank loans	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Amounts falling due 1-2 years		
Bank loans	75,000	50,000
	<u>75,000</u>	<u>50,000</u>
Amounts falling due 2-5 years		
Bank loans	-	75,000
	<u>-</u>	<u>75,000</u>
	<u>125,000</u>	<u>175,000</u>

No capital repayments or interest payments were made in the first 12 months of this loan, after which payments commenced in June 2022 consisting of 60 monthly instalments. Interest is charged at a margin of 2.68% over base rate.

19. Financial instruments

	2024 £	2023 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>4,807,336</u>	<u>3,444,112</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

20. Deferred taxation

	2024 £
At beginning of year	2,042
Charged to profit or loss	(601)
At end of year	1,441

The deferred tax asset is made up as follows:

	2024 £	2023 £
Accelerated capital allowances	1,441	2,042
	<u>1,441</u>	<u>2,042</u>

21. Share capital

	2024 £	2023 £
Allotted, called up and fully paid		
10,000 (2023 - 10,000) Ordinary shares of £1.00 each	<u>10,000</u>	<u>10,000</u>

22. 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 £109,904 (2023 - £89,466). Contributions totalling £16,735 (2023 - £12,529) were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 31 December 2024 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2024 £	2023 £
Total	<u>92,028</u>	<u>40,263</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

24. Related party transactions

The company is a wholly owned subsidiary of the Rotech International Limited group and has taken advantage of the exemptions within FRS 102, Section 1AC.35 (Related Party Disclosure) which allows exemption from the disclosure of related party transactions with other group companies.

During the year the company made purchases totalling £91,371 (2023 - £93,500) from a company with a common shareholder. There was an outstanding balance of £16,375 (2023 - £12,529) between the parties at the year end.

25. Controlling party

The directors consider Rotech International Limited, a company incorporated in Scotland, to be the company's ultimate parent company, and controlling party. The registered address and principal place of business of Rotech International Limited is Rotech House, Whitemyres Avenue, Mastrick Industrial Estate, Aberdeen, AB16 6HQ.

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