

FoundOcean Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number SC159257

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FoundOcean Limited

Company Information

Directors	J Bell A Venn H Hunter M Hardy I Ronald
Company secretary	H Hunter
Registered number	SC159257
Registered office	Units 3 & 4 Telford Square Business Park Telford Square Livingston EH54 5PQ
Independent auditors	BDO LLP 2 Atlantic Square 31 York Street Glasgow G2 8NJ
Solicitors	The Head Partnership Solicitors LLP 2 Duke Street Henley on Thames Oxon RG9 1UP

FoundOcean Limited

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FoundOcean Limited

Strategic Report For the Year Ended 31 December 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

FoundOcean Limited ("the company") specialises in providing offshore grouting services to offshore installation contractors worldwide. FoundOcean Limited is one of the largest specialist grouting services providers to the Offshore Renewables and other Offshore Energy markets in the world.

Company strategy

The strategy of the company is to continue to grow the business in core activities and increase turnover through the following initiatives:

- Global penetration in core services - There are certain geographical regions in which FoundOcean Limited has traditionally been under represented, despite a demand for its services. FoundOcean Limited is active through its US entity, with the aim of generating more grouting revenues in the region.
- Market growth in high growth offshore windfarm opportunities - The number of offshore windfarm installations is expected to grow significantly over the next few years, around the globe. FoundOcean Limited is already seen as a market leader in offshore windfarm grouting and will continue to consolidate or even increase its market share in the UK, Europe, Taiwan and to penetrate the emerging markets worldwide.

Review of business

The company was acquired by Venterra Group plc during October 2021 signalling a new and exciting phase in its development.

Turnover - Turnover in 2021 was £12,515,429 (2020 - £2,930,873). With COVID abating the delay in projects in 2020 unwound allowing us to fulfil orders during 2021. The increased windfarm activity assisted the company's margin.

Operating profit / (loss) - Operating profit was £621,798 compared to losses of £1,711,156 for the previous year.

Adjusted EBITDA - The directors monitor the performance of the company based both on sales and an internal definition of adjusted EBITDA. As at the year end adjusted EBITDA profit / (loss) was £1,332,149 (2020 - (£739,513) loss). This adjusted EBITDA measure excludes adjusting items which are deducting of non-recurring bank charges, currency losses of £Nil (2020 - £98,469) and deduction of bad debts of £28,517 (2020 - £148,357).

Future developments

The planned increase in activity in 2021 has continued into 2022 and is set to continue into 2023 as planned windfarm projects progress and, given the global energy crisis, are expected to increase in future years.

The company is well positioned to assist the well-publicised drive by governments to increase reliance on renewable energies in the coming years, with the billions of pounds worth of investment planned. The company has a significant order book for 2023. In addition the company continues to pursue projects in oil and gas, decommissioning and jetty sectors. Due to a strong order book, appropriate cost base and active prospects for 2022/2023 the directors expect the profitability to improve further in the coming years.

FoundOcean Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Key performance indicators

Management considers turnover and an internal definition of adjusted EBITDA, which excludes share-based payments, intra group and non-recurring items, to be the main KPIs for the company, both of which are monitored closely. Turnover was up from £2,930,873 in 2020 to £12,515,429 for the current year, and adjusted EBITDA which is discussed above.

Principal risks and uncertainties

The company operates in a niche market where standards of service and maintaining the company's reputation are key to success. The principal risks and uncertainties facing the company in applying the above strategy are considered to be the following:

- Loss of focus on its core activities - In diversifying from its core activities, there is a risk that FoundOcean Limited could become less attractive to future investors. FoundOcean Limited must therefore ensure that any organic growth or acquisition is closely associated with the core service provisions and the value of the FoundOcean brand is enhanced rather than reduced by a move into any future new vector.
- Activity in the Offshore Renewables Sector is forecast to grow in the coming years but the relatively small number of windfarm projects are subject to individual government policies and installation timing subject to the processes of Government approval. FoundOcean Limited considers that it is well placed to optimise its market share in this sector.
- Visibility in future activity as a result of the oil price volatility - the prior low oil price has been well documented with the recent increases and potential stability welcome. We also continue to monitor the potential effects of Brexit.
- Reliance on key contracts - as with all project based businesses the company is reliant on a number of key contracts, which by nature the timing and value may vary from forecasts. FoundOcean Limited considers that it has the resources and sufficient funding to manage any deviations from forecast.
- International matters - The company has no exposure to operations in Russia. At the date of signing the accounts, the UK economy is less affected by COVID-19 but continues to monitor the situation. The company continues to monitor effects from the cost of living crisis, inflationary environment and general supply-side issues.

The company has seen off the pandemic and has a significant order book for 2023 with a substantial qualified pipeline given the number of windfarm projects over the next few years per the discussion above. Nevertheless, COVID-19 and inflationary environment presents an inherent economic uncertainty, which may affected the company's future performance and financial results despite the relative strength of the company's customers end-markets.

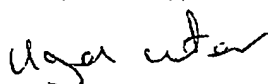
The company was financed via bank loans, directors' loans and asset finance over certain fixed assets and due to the effects of COVID the company has taken on £4m of government backed long term loans. Following the acquisition of the company by Venterra Group plc the directors' loans and asset finance were repaid and replaced with an inter-company loan. Subsequent to the year end the government backed loan was also repaid and replaced by an inter-company loan. These inter-company loans are repayable on demand therefore the company has obtained a letter of support from its parent company confirming these will not be demanded for at least the next 12 months from sign off of these financial statements.

FoundOcean Limited

Strategic Report (continued)
For the Year Ended 31 December 2021

The directors have undertaken a stress test considering some stretching scenarios. The company has sufficient liquidity and has actions and strategies available to further preserve that liquidity. A reverse stress test is not considered appropriate given the substantial order book for 2023. Based on this analysis and in the scenarios assessed, the directors believe that the company has a secure financial position that enable it to continue operating for a period of at least 12 months from the approval of the financial statements.

This report was approved by the board on 14/2/23 and signed on its behalf.



H Hunter
Director

FoundOcean Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

The company is a leading supplier of construction grouting and related civil engineering services to the offshore oil, gas and renewable energy sectors. The principal activity is the installation, of new permanent offshore structures.

Results and dividends

The profit for the year, after taxation, amounted to £2,076,381 (2020 - loss £1,776,803).

The directors do not propose or recommend payment of a final dividend (2020 - £Nil).

Directors

The directors who served during the year were:

J Bell
A Venn
H Hunter
K Miller (resigned 14 December 2021)
M Hardy
I Ronald (appointed 25 October 2021)

Future developments

Details of future developments can be found in the strategic report and form part of this report by cross-reference.

Going concern

As detailed in the strategic report, the directors have also completed an assessment of the impact of COVID-19 and the current economic environment and in making the going concern assessment the directors have taken into account the capital structure and liquidity of the company.

The company has cash reserves, is free of external debt and any associated covenants and has a letter of support from its parent company.

The directors have assessed that the facilities available, and the actions and strategies available to them to mitigate business threats. The directors consider the going concern basis to be appropriate following their assessment of the company's financial position and its ability to meet its obligations as and when they fall due.

Based on this analysis and in the scenarios assessed, the directors have a reasonable expectation that the company will be able to continue to operate for a period of at least 12 months from the approval of the financial statements. As a result, the financial statements have been prepared on a going concern basis.

Employees

The company involves all employees in the performance and development of the company.

The company gives full consideration to applications for employment, from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

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Directors' Report (continued) For the Year Ended 31 December 2021

Financial risk management policies

The company's activities expose it primarily to the following financial risks:

Liquidity risk

The company has a comprehensive forecasting and monitoring process in place to manage cash and minimise liquidity risk. The company has in place short-term and medium-term financing facilities which it is constantly reviewing to ensure sufficient funding is available for working capital needs. The company is in constant dialogue with its bankers to ensure that the facilities provided are sufficient for its required level of liquidity.

Foreign currency risk

Where possible, the company minimises exchange rate risk by ensuring materials and services are purchased in the contract currency. To the extent this is not possible, the company is exposed to both Euro and US Dollar exchange rate risk. With increasing numbers of contracts being denominated in Euros or US Dollars the company is in the process of reviewing its hedging strategy. However, as at the year end there are no active hedging instruments in place.

Credit risk

The company's principal financial assets are cash and trade debtors. The amounts presented in the statement of financial position are net of allowances for specific doubtful debts identified on a project-by-project basis. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

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

Subsequent to the year end, the CBILS loan has been repaid in full. The balance of the CBILS loan as at the year end was £3,633,334 and was included in bank loans.

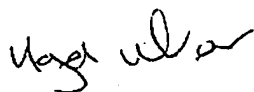
Auditors

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

This report was approved by the board on

14/2/23

and signed on its behalf.



H Hunter
Director

FoundOcean Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2021

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

FoundOcean Limited

Independent Auditors' Report to the Members of FoundOcean Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its result 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.

We have audited the financial statements of FoundOcean Limited ("the company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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).

Basis for opinion on the financial statements

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 auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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

FoundOcean Limited

Independent Auditors' Report to the Members of FoundOcean Limited (continued)

are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the strategic and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic and directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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.

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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.

The procedures we designed and executed included:

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Independent Auditors' Report to the Members of FoundOcean Limited (continued)

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- assessing the design and implementation of the control environment to identify areas of material weakness to focus the design of our testing;
- assessing the design and implementation of controls over the IT Systems relevant to financial reporting;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with 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);
- identifying whether there are instances of potential bias in areas with significant degrees of judgement and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business; design appropriate procedures around the revenue cut off, deferral and accrual and manual override of revenue;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 December 2021; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

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 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Mark McCluskey

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Mark McCluskey (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow
United Kingdom
14 February 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FoundOcean Limited

Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	12,515,429	2,930,873
Cost of sales		(8,765,284)	(2,325,950)
Gross profit		3,750,145	604,923
Administrative expenses		(3,128,347)	(2,648,070)
Other operating income	5	-	331,991
Operating profit/(loss)	6	621,798	(1,711,156)
Income from fixed assets investments		58,781	-
Interest receivable and similar income	9	-	33
Interest payable and similar charges	10	(420,198)	(429,706)
Profit/(loss) before taxation		260,381	(2,140,829)
Tax on profit/(loss)	11	1,816,000	364,026
Profit/(loss) for the financial year		2,076,381	(1,776,803)

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 14 to 35 form part of these financial statements.

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Registered number: SC159257

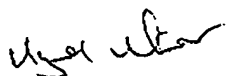
Statement of Financial Position
As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	12		6,469,436		6,406,129
Investments	13		8		3,007
			<u>6,469,444</u>		<u>6,409,136</u>
Current assets					
Stocks	14	2,363,804		2,077,434	
Debtors: amounts falling due after more than one year	15	1,341,000		-	
Debtors: amounts falling due within one year	15	6,136,290		2,164,405	
Cash at bank and in hand	16	1,337,410		1,512,466	
			<u>11,178,504</u>	<u>5,754,305</u>	
Creditors: amounts falling due within one year	17	(9,208,228)		(4,049,114)	
Net current assets			<u>1,970,276</u>		<u>1,705,191</u>
Total assets less current liabilities	18		<u>8,439,720</u>		<u>8,114,327</u>
Creditors: amounts falling due after more than one year			(2,833,342)		(4,584,330)
Net assets			<u>5,606,378</u>		<u>3,529,997</u>
Capital and reserves					
Called up share capital	21		2,008,825		2,008,825
Share premium account	22		2,316,540		2,316,540
Capital redemption reserve	22		100,044		100,044
Profit and loss account	22		1,180,969		(895,412)
Total equity			<u>5,606,378</u>		<u>3,529,997</u>

FoundOcean Limited
Registered number: SC159257

Statement of Financial Position (continued)
As at 31 December 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 February, 2023.



H Hunter
Director

The notes on pages 14 to 35 form part of these financial statements.

FoundOcean Limited

Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	2,008,825	2,316,540	100,044	(895,412)	3,529,997
Comprehensive income for the year					
Profit for the year	-	-	-	2,076,381	2,076,381
Total comprehensive income for the year	-	-	-	2,076,381	2,076,381
At 31 December 2021	2,008,825	2,316,540	100,044	1,180,969	5,606,378

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	2,008,825	2,316,540	100,044	881,391	5,306,800
Comprehensive loss for the year					
Loss for the year	-	-	-	(1,776,803)	(1,776,803)
Total comprehensive loss for the year	-	-	-	(1,776,803)	(1,776,803)
At 31 December 2020	2,008,825	2,316,540	100,044	(895,412)	3,529,997

The notes on pages 14 to 35 form part of these financial statements.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

FoundOcean Limited is a private company limited by shares, incorporated in Scotland under the Companies Act. The address of the registered office and the company's registered number are given on the company information page. The nature of the company's principal activities is set out in the directors' report.

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 functional currency of the company is considered to be pounds sterling because that is the currency of the economic environment in which the company operates. Amounts included in the financial statements have been rounded to the nearest whole pound sterling.

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 accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Venterra Group plc as at as at 31 December 2021 and these financial statements may be obtained from the Registrar of Companies.

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

As detailed in the strategic report, the directors have also completed an assessment of the impact of COVID-19 and the current economic environment and in making the going concern assessment the directors have taken into account the capital structure and liquidity of the company.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Going concern (continued)

The company has cash reserves, is free of external debt and any associated covenants and has a letter of support from its parent company.

The directors have assessed that the facilities available, and the actions and strategies available to them mitigate business threats. The directors consider the going concern basis to be appropriate following their assessment of the company's financial position and its ability to meet its obligations as and when they fall due.

Based on this analysis and in the scenarios assessed, the directors have a reasonable expectation that the company will be able to continue to operate for a period of at least 12 months from the approval of the financial statements. As a result, the financial statements have been prepared on a going concern basis.

2.5 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

The company operates ongoing service contracts. Turnover represents the value of time and material used in the provision of services and is recognised over time in line with the service provided to the end consumer. The related costs are recognised in profit or loss when they are incurred.

Rendering of services

Turnover 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 turnover 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.

2.6 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.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.6 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.

The estimated useful lives range as follows:

Long-term leasehold property	- Over the lease term
Plant and machinery	- 5.00% - 33.33% straight line
Office equipment	- 10.00% - 20.00% straight line

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 the statement of comprehensive income.

Assets under construction are not depreciated. They will begin to depreciate when available for use.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stock comprises raw materials and consumables used in the supply of construction grouting and related civil engineering services. All stocks and work-in-progress are stated at cost and provision is made for obsolete, slow-moving or defective items where appropriate. Work in progress represents costs for early stage contracts.

2.9 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 the statement of comprehensive income 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. Income under the government's furlough scheme is shown as grant income in the period received.

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

2.10 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.

2.11 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.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.12 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 financed at a rate of interest that is not a market rate or in the 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 statement of comprehensive income.

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.

2.13 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.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.14 Foreign currency translation

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 the statement of comprehensive income 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 the statement of comprehensive income within 'other operating income'.

2.15 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.16 Finance costs

Finance costs are charged to the statement of comprehensive income 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.

2.17 Operating leases: the company as lessor

Rental income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

2.18 Operating leases: the company as lessee

Rental paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.19 Leased assets: the company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.20 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 the statement of comprehensive income 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.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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 reporting date.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.22 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 reporting 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.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The director is satisfied that accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied in determining the depreciation rates which are deemed to be appropriate for the class of assets, the estimated useful life of goodwill which is deemed to be appropriate based on the director's assessment of the acquired business, the provision for warranties relating to specific contracts which is deemed reasonable based on the director's expectations of the probable obligation and the provision for bad debts based on the director's expectations of likely receipts after the period end.

In preparing these financial statements the directors have made the following judgements:

- **Bad debts**
Bad debts are provided for where objective evidence of the need for a provision exists.
- **Leases**
Determine whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on the assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- **Tangible fixed assets**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Revenue**
Profit is recognised for services performed as the work is carried out if the financial outcome can be assessed with reasonable certainty.
- **Consideration of whether amounts payable by ultimate parent to acquiree's shareholders (who are also employees of acquiree) constitute share-based payments in acquiree's separate financial statements under FRS 102**

The company was acquired by Venterra Group plc during October 2021. As part of this transaction certain employees of Foundocean Limited are eligible to receive contingent consideration. In order to determine whether this should be treated as contingent consideration or remuneration we have assessed the following criteria:- link between continuing employment and contingent consideration, length of required employment period, level of remuneration, incremental payments to employees, number of shares owned, linkage to the valuation, formula for determining consideration and any other relevant matters. The first indicator signifies remuneration and therefore there is a rebuttable presumption that the consideration is remuneration. However, under FRS 102 guidance the other

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

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

factors noted above should also be considered. We have considered the other factors and undertaken a holistic assessment of the issue. We have concluded that the majority of indicators and the substance of the transaction point to a contingent consideration. It is acknowledged that significant judgement is involved. Should the indicators have pointed to remuneration a charge of £934,366 would have been present in these financial statements. Due to the nature of the transaction this would have been in the form of a share-based payment with the credit entry being to reserves.

4. Turnover

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	8,066,985	1,252,150
Rest of Europe	1,898,075	641,758
Rest of the world	2,550,369	1,036,965
	<u>12,515,429</u>	<u>2,930,873</u>

5. Other operating income

	2021 £	2020 £
Government grants receivable	-	150,000
Government CJRS scheme	-	181,991
	<u>-</u>	<u>331,991</u>

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

6. Operating profit/(loss)

The operating loss is stated after charging:

	2021	2020
	£	£
Bad debt expense	28,517	-
Depreciation of tangible fixed assets	681,834	722,502
Profit on disposal of tangible fixed assets	12,133	10,187
Exchange differences	75,010	31,294
Other operating lease rentals	230,575	243,661
Defined contribution pension cost	144,897	71,729
Fees payable to the auditor for the audit of the annual financial statements	50,000	29,995
	2,841,432	1,883,423

7. Employees

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

	2021	2020
	£	£
Wages and salaries	2,427,515	1,618,817
Social security costs	269,020	182,178
Cost of defined contribution scheme	144,897	82,428
	2,841,432	1,883,423

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

	2021	2020
	No.	No.
Management	5	5
Administrative	4	3
Sales	2	2
Operations	25	21
	36	31

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	515,549	415,015
Company contributions to defined contribution pension schemes	40,614	19,883
	556,163	434,898
	556,163	434,898

During the year retirement benefits were accruing to 5 directors (2020 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £197,731 (2020 -£130,072).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,539 (2020 - £6,837).

The total compensation paid to key management personnel for services provided to the company was £620,971 (2020 - £472,179).

9. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	-	33
	-	33
	-	33

10. Interest payable and similar charges

	2021 £	2020 £
Bank interest payable	19,052	16,008
Group loan interest	128,158	125,521
Finance leases and hire purchase contracts	120,723	132,192
Other loans	152,265	155,985
	420,198	429,706
	420,198	429,706

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profit/(loss) for the year	-	3,848
Adjustments in respect of previous periods	-	(367,874)
	<u>-</u>	<u>(364,026)</u>
Total current tax	<u>-</u>	<u>(364,026)</u>
Deferred tax		
Origination and reversal of timing differences	(1,816,000)	(209,582)
Adjustments in respect of prior periods	-	187,521
Effect of tax rate change on opening balance	-	22,061
Total deferred tax	<u>(1,816,000)</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(1,816,000)</u>	<u>(364,026)</u>

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 -higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	<u>260,381</u>	<u>(2,140,829)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	49,472	(406,758)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,376	2,894
Capital allowances for year in excess of depreciation	(36,310)	10,669
Adjustments to tax charge in respect of previous periods	-	(367,874)
Adjustments to tax charge in respect of previous periods - deferred tax	-	187,521
Remeasurement of deferred tax for changes in tax rates	(576,560)	(153,660)
Other effect to taxation charged	6,667	6,263
Movement in deferred tax not recognised	<u>(1,263,645)</u>	<u>356,919</u>
Total tax charge for the year	<u>(1,816,000)</u>	<u>(364,026)</u>

Deferred tax not recognised

The company has a deferred tax asset of £586,000 that is not recognised (2020 - £1,850,550).

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

12. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Office equipment £	Assets under construction £	Total £
Cost or valuation					
At 1 January 2021	293,008	11,857,556	33,207	59,311	12,243,082
Additions	2,840	708,204	60,672	209,413	981,129
Disposals	-	(1,010,298)	-	-	(1,010,298)
Transfers between classes	-	59,311	-	(59,311)	-
At 31 December 2021	<u>295,848</u>	<u>11,614,773</u>	<u>93,879</u>	<u>209,413</u>	<u>12,213,913</u>
Depreciation					
At 1 January 2021	230,771	5,583,089	23,093	-	5,836,953
Charge for the year	23,756	650,073	8,005	-	681,834
Disposals	-	(774,310)	-	-	(774,310)
At 31 December 2021	<u>254,527</u>	<u>5,458,852</u>	<u>31,098</u>	<u>-</u>	<u>5,744,477</u>
Net book value					
At 31 December 2021	<u>41,321</u>	<u>6,155,921</u>	<u>62,781</u>	<u>209,413</u>	<u>6,469,436</u>
At 31 December 2020	<u>62,237</u>	<u>6,274,467</u>	<u>10,114</u>	<u>59,311</u>	<u>6,406,129</u>

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

	2021 £	2020 £
Plant and machinery	-	6,274,467

Depreciation charge on assets held under finance leases or hire purchase contracts, included above, totalled £Nil (2020 - £684,624).

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	3,007
At 31 December 2021	<u>3,007</u>
Impairment	
Charge for the period	2,999
At 31 December 2021	<u>2,999</u>
Net book value	
At 31 December 2021	<u>8</u>
At 31 December 2020	<u>3,007</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
FoundOcean Inc.	Providing the installation of new permanent offshore structures.	Ordinary	100.00%
FoundOcean BV	Grouting services	Ordinary	100.00%
Ambico FoundOcean Grouting Services Limited	Providing specialised subsea solutions for the Oil & Gas Industry in India.	Ordinary	49.00%

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
FoundOcean Inc. (unaudited)	(246,599)	(38,739)
FoundOcean BV (unaudited)	15,532	(1,304)
Ambico FoundOcean Grouting Services Limited (unaudited)	979,976	127,401

FoundOcean Group Asia Pacific PTE Limited is no longer trading and has £Nil net assets.

Ambico FoundOcean Grouting Services Limited is an associate undertaking.

14. Stocks

	2021 £	2020 £
Raw materials and consumables	2,096,802	2,003,324
Work in progress	267,002	74,110
	<u>2,363,804</u>	<u>2,077,434</u>

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Debtors

	2021 £	2020 £
Due after more than one year		
Deferred tax asset	1,341,000	-
	1,341,000	-
	1,341,000	-
	2021 £	2020 £
Due within one year		
Trade debtors	4,964,873	1,346,368
Amounts owed by group undertakings	338,617	257,549
Other debtors	200,083	104,430
Prepayments and accrued income	157,518	88,184
Tax recoverable	199	367,874
Deferred taxation	475,000	-
	6,136,290	2,164,405
	6,136,290	2,164,405

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £28,517 (2020 - £Nil).

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,337,410	1,512,466
Less: bank overdrafts	-	(241,219)
	1,337,410	1,271,247
	1,337,410	1,271,247

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	-	241,219
Bank loans	799,992	-
Other loans	-	1,150,000
Trade creditors	1,969,032	470,775
Amounts owed to group undertakings	4,341,543	1,214,254
Other taxation and social security	232,886	70,208
Obligations under finance lease and hire purchase contracts	-	405,022
Other creditors	104,980	48,681
Accruals and deferred income	1,759,795	448,955
	<u>9,208,228</u>	<u>4,049,114</u>

Amounts repayable within bank overdrafts are secured by a bond and floating charge for Natwest Bank plc over the assets of the company. Hire purchase contracts are secured over the assets.

The amounts payable to group are repayable on demand and attract interest.

Amounts repayable within other loans are secured by a bond and floating charge in favour of Archover Limited. There is a ranking agreement in place between Natwest Bank plc, the Hire Purchase provider and Archover.

Other loans are repayable via various instalments with the final tranche payable by October 2021. These other loans attract interest at between 7.70% and 8.95%.

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

	2021 £	2020 £
Bank loans	2,833,342	4,000,000
Net obligations under finance leases and hire purchase contracts	-	584,330
	<u>2,833,342</u>	<u>4,584,330</u>

Bank loans are government guaranteed CBILS loans which bear interest at between 3.39% and 4.23% after the first 12 months. There are no capital repayments for the first 12 months and the term of the loan is 5 years. Bank loans are secured by a bond and floating charge for Natwest Bank plc over the assets of the company.

See note above for details of securities.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

19. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	799,992	-
Other loans	-	1,150,000
	<u>799,992</u>	<u>1,150,000</u>
Amounts falling due 1-2 years		
Bank loans	799,992	4,000,000
	<u>799,992</u>	<u>4,000,000</u>
Amounts falling due 2-5 years		
Bank loans	2,033,350	-
	<u>2,033,350</u>	<u>-</u>
	<u>3,633,334</u>	<u>5,150,000</u>

Other loans were repayable via various installments with the final tranche payable by October 2021. These other loans attract interest at between 7.70% and 8.95%.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

20. Deferred taxation

	2021 £
Accelerated capital allowances	1,816,000
At end of year	1,816,000

The deferred tax asset is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(1,021,113)	-
Short term timing differences	4,404	-
Losses and other deductions	2,832,709	-

A deferred tax asset has been recognised regarding losses carried forward following a detailed review of forecasts showing utilisation of the losses. This is subject to agreement with HMRC and has been aged appropriately with £475,000 estimate to be recoverable within 1 year and the remainder over 1 year.

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,950,613 A ordinary shares of £1 each	1,950,613	1,950,613
58,212 B ordinary shares of £1 each	58,212	58,212
	2,008,825	2,008,825

All shares in issue rank equally in respect of dividends, voting capital and rank pari passu in all respects.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

22. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

23. 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 group to the fund and amounted to £165,111 (2020 - £71,729). Contributions totalling £14,295 (2020 - £14,184) were payable to the fund at the reporting date and are included in creditors.

24. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2021 £	Other 2021 £	Land and buildings 2020 £	Other 2020 £
Not later than 1 year	88,000	1,976	89,260	9,213
Later than 1 year but not later than 5 years	264,000	-	352,000	1,976
	<u>352,000</u>	<u>1,976</u>	<u>441,260</u>	<u>11,189</u>

The company have land and building commitments of £352,000 over 4 years as at 31 December 2021.

Other commitments

A third party guarantee is in place via the company's bank for £432,000.

FoundOcean Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

25. Related party transactions

During the year loan repayments of £1,011,500 (2020 - £250,000) were made to K Miller, a director of the company. The loan balance due to the director as at the year end was £nil (2020 - £950,000). The directors loan attracted interest of £101,125 during the year (2020 - £160,379).

Purchases of £14,521 (2020 - £14,521) occurred during the year with Ambico FoundOcean Grouting Services Private Limited, an associate investment. The year-end balance with Ambico FoundOcean Grouting Services Private Limited was £82,345 (2020 - £31,526). A dividend of £58,781 was received in the period.

26. Post balance sheet events

Subsequent to the year end, the CBILS loan has been repaid in full. The balance of the CBILS loan as at the year end was £3,633,334 and was included in bank loans.

27. Controlling party

The immediate parent company of FoundOcean Limited is FoundOcean Holdings Limited. The ultimate parent company and controlling party is Venterra Group Plc.