

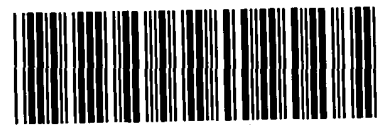
**VICON MOTION SYSTEMS
LIMITED**

Financial Statements

**For the Year Ended
30 September 2022**

**Company number;
01801446**

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VICON MOTION SYSTEMS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

VICON MOTION SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS for the year ended 30 September 2022

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VICON MOTION SYSTEMS LIMITED

STRATEGIC REPORT for the year ended 30 September 2022

The directors present their Strategic Report together with the audited financial statements of the Company for the year ended 30 September 2022.

Principal activities, business review and future developments

The principal activity of the Company during the year was the development, production and sale of systems and related services for capture and analysis of movement for life sciences, entertainment and engineering applications.

The directors consider key performance indicators to include revenue, gross margin, profit before tax and cash position.

Revenue		Gross Margin		Profit before tax		Cash position	
FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
£21.6m	£21.3m	£13.6m	£14.0m	£2.5m	£4.4m	£8.2m	£8.3m

Despite achieving revenue growth the results achieved do not reflect the underlying strength of the business, and in particular the strong demand across all our market segments. Strong demand for our products during the year resulted in accumulating a record orderbook at the end of the financial year.

Vicon's customers continued to extend the possibilities of our systems with some notable highlights over the past 12 months. We saw success in our Life Sciences market, including Saarland University acquiring a system for a collaboration with NASA, ESA & DLR, the German Aerospace Centre, for large scale studies into the Musculoskeletal (MSK) aging process, including investigating physical decline when immobilised; for example when overwintering in Antarctica or on the International Space Station.

In our Entertainment market, ByteDance purchased a large entertainment system as they look to evolve the next viral dance move, and longstanding Vicon customer, Industrial Light & Magic, merged the physical and the digital to create the highly acclaimed Abba Voyage experience. While in our Engineering vertical market, the Department of Cognitive Robotics at TU Delft, bought a system to extend their work in robotics, which includes human-robot interaction.

2022 also saw the rise of the use of Vicon motion capture for VTubing, where virtual characters are live streamed to fans. This trend has been growing for a while. Amazon reports that last year VTubing content grew 467% year-on-year on Twitch, and in 2020 some 38% of YouTube's 300 most profitable channels were from VTubers. At the low end, content creators can drive a 2D avatar from their webcam. But now increasingly, popular VTubers, especially in Japan, are using sophisticated Vicon capture setups to drive full 3D characters. This is yet another exciting application of Vicon's 3D capture technology.

With strong market demand, Vicon starts the new financial year with a record order book. Based on order intake so far in the new financial year which, includes our largest ever single order, demand remains strong. With regards to the supply chain constraints, the situation is gradually improving and the launch of our Valkyrie system that uses the latest component technology rather than legacy components used in the outgoing Vantage system will also help ease the situation. That said, the global supply chain picture and more general global uncertainties means further supply chain disruption cannot be entirely ruled out.

Overall, the fundamentals at Vicon remain positive and the business is well placed to capitalise on the substantial market opportunity in the year ahead.

VICON MOTION SYSTEMS LIMITED

STRATEGIC REPORT
for the year ended 30 September 2022

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks are set out below:

Product and technology risk

The Company operates in a complex and competitive technological environment. The business requires continual investment and innovation in its products and services to maintain its competitive position. In order to mitigate this risk the business has invested in product marketing with the objective of focusing research and development with specific measurable aims and goals to meet market needs. The business coordinates each development project with Board monitoring and project management principles in order to mitigate the length of time that products take to enter the market.

Suppliers

The Company sources certain product components which are only available from a small number of specialist suppliers. Disruption to the supply chain could have an adverse effect on the business. Where possible, such risks are mitigated by ensuring ownership of design and intellectual property and maintaining appropriate inventory levels.

Employee retention

The Company's performance depends largely on its skilled staff. The loss of key individuals and the inability to recruit individuals with the right experience and skills could adversely impact the Company's results. To mitigate these matters, the Company aims to have appropriate management structures and provide competitive remuneration, including share options and where possible provide continuing career development for key personnel. The Company's culture, values and behaviours create an environment that respects and values staff, making the Company an attractive and inclusive place to work.

Market

The Company operates in multiple geographical markets, with the US being a significant market, so there is a risk that territory and global macro-economic conditions may result in one or more of these markets being adversely affected and the revenues of the business impacted accordingly. However, by virtue of selling in multiple geographical markets the impact of localised economic downturn in one or a number of markets is minimised.

Vicon operates in three distinct areas described below. In mitigation of the risks identified Vicon operates in multiple geographies, through well-established key distributors, who provide insight into local markets and an effective defence against competitive activity. Disruption to Vicon's relationship with these key distributors would have an adverse effect on the business. However, Vicon has a well-established and respected brand and through continual innovation maintains a competitive advantage over the competition.

Life Sciences – Our customers are primarily Medical and Educational Institutions funded largely, but not exclusively, by Government which are subject to National budgetary decisions although in many markets these areas of spend are protected to some extent.

Engineering – The majority of our customers are largely commercial organisations whose investment decisions are determined by general macro-economic conditions in their markets so revenues can be affected accordingly. The remaining customers tend to be higher education research establishments whose funding is ultimately controlled by National Budgetary decisions.

Entertainment – Our customers are commercial organisations who produce content for the Film, TV and Video Game market place. Spending in this market tends to be erratic and ultimately driven by consumer demand for content which by virtue of this market place cannot always be guaranteed.

VICON MOTION SYSTEMS LIMITED

STRATEGIC REPORT for the year ended 30 September 2022

LBE – Our customers are commercial organisations that provide location-based entertainment. Spending in this market is driven by consumer interest in virtual and interactive experiences so our ultimate success in this market is subject to consumer demand.

Inflationary pressure

As a result of macro-economic events, the risk of inflation has become more significant and has the potential to damage the Company's financial performance. The Company's exposure can be summarised as follows:

Staff costs account for half of the cost base – The so-called 'Cost of Living' crisis may give rise to the need to increase remuneration in order to retain staff and morale.

Cost of Goods accounts for a quarter of the cost base – The well-publicised global semiconductor shortage may result in the cost of key components increasing over time.

The remaining cost base consisting of Operational and General Overheads are subject to general inflationary pressures which may result in increased costs.

In mitigation, the business has the opportunity to increase customer prices to maintain product gross margins and to seek alternative suppliers to secure competitive terms where possible.

Non-Financial

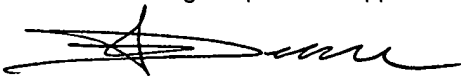
The business continually assesses its exposure to non-financial risks. These are broadly summarised as competition, reputation and product related risks. The Board is cognisant of this information when determining business strategy.

Covid-19

The Covid-19 pandemic has abated but it is not inconceivable that future trading conditions could be affected adversely again causing disruption to demand and our customers' ability to take delivery of our products and services. In mitigation, the Company has successfully adapted working practices to ensure the safe continuation of manufacturing and the delivery of services through remote methods to fulfil demand.

Approval

This strategic report was approved by order of the Board on 4 May 2023.



D Deacon
Director

VICON MOTION SYSTEMS LIMITED

REPORT OF THE DIRECTORS for the year ended 30 September 2022

Vicon Motion Systems Limited is a private company limited by shares, incorporated, domiciled and registered in England and the UK.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Market considerations

The Company's primary markets are life sciences, entertainment and engineering. The directors have assessed the prospects in these markets together with the residual impact of the Covid-19 pandemic

The Life Sciences market segment historically accounts for around 50% of Vicon revenues. This segment serves customers including Hospitals, Medical Research Centres, Universities and Sport Research. For the most part, these customers are financed by Government Grants and to a lesser extent by Charitable Donations. There is currently no evidence that Governments are seeking to reduce expenditure in these areas.

The Entertainment segment serves customers in the Video Games Industry, Location Based Entertainment ('LBE') and TV/Film and historically accounts for around 25% of Vicon revenues. These customers are typically commercial organisations in nature. The sector demonstrated resilience during the pandemic and would appear to be less sensitive to the threat of recession. Those customers involved in Video Games are enjoying increased demand. Those involved with solutions provided to the general public (LBE) have resumed expansion plans and have ambitious rollout targets over the coming years. Those involved in TV/Film have been adopting Virtual Production as evidence by growth in FY22.

The Engineering market segment historically accounts for around 25% of Vicon revenues. This segment serves customers that use our technology in an engineering context to design and/or manufacture goods. These customers are typically commercial organisations in nature and address many sectors which maybe sensitive to macro-economic factors such as recession in certain markets.

Operational readiness

The Company adapted to virtual working during the pandemic and demonstrated the business could operate effectively during this period. Post pandemic, all operations have returned to normal though this 'new normal' includes more remote working and will continue through FY23 and beyond. In the event of a 'pandemic' like event in FY23 the business would adapt as before. The Company recognises that 'human capital' is essential for future success and has included measures in the Financial Forecasts to enhance compensation to maintain a high retention rate and has included proposed new recruitment at near market rates.

Financial considerations

The Company has no external financing and as at the balance sheet date had cash balances of £8.2million. The financial strength of the Company is capable of trading through significant disruption arising from a further pandemic or significant macro-economic events.

Stress testing

Based on the above considerations, multiple combinations of a revenue shortfall, gross margin erosion and foreign exchange risk have been considered. Given a worst case, the impact on cash generation and cash reserves could be tolerated and would not impact the ability of the business to continue trading. The result of this analysis is that the directors are confident that the business has sufficient cash liquidity to sustain very significant and prolonged reductions in trading revenue.

The directors, having prepared cash flow forecasts and given due consideration to the residual impact of the pandemic and related supply chain challenges and general macro-economic uncertainty on the Company's markets, operations and financial risk, have assessed that there is no material uncertainty with the Company's ability to continue operating as a going concern for a period in excess of 12

VICON MOTION SYSTEMS LIMITED

REPORT OF THE DIRECTORS for the year ended 30 September 2022

months from the date of signing the financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Results and dividends

The Company's retained profit for the financial year is £3,069,000 (2021: £4,014,000 profit) which will be transferred to reserves.

During the year dividends of £nil were paid (2021: £5,000,000). The directors do not recommend the payment of a final dividend.

Research and development

During the year the Company expensed £3,356,000 (2021: £3,497,000) in research and development costs. In addition £2,844,000 (2021: £1,931,000) of development costs were capitalised. Research and development costs are principally the costs of employees involved in research and development, together with related equipment and materials for hardware development.

Directors

The directors who served the Company during the year and up to the date of signing these financial statements were as follows:

N Bolton
D Deacon
T Shannon (resigned 13 August 2022)
C Robertson

The directors confirm that qualifying third party indemnity provisions are held.

Financial instruments

Information about the Company's management of financial risk can be found in note 17 to the financial statements.

Likely future developments in the business of the company

Information on likely future developments in the business of the Company has been included in the Strategic Report on page 1. The Strategic Report includes details of the market overview; key growth drivers; our business model; strategic objectives; key performance indicators and a summary of 2021/22 performance.

Statement on disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Relevant information is defined as "information needed by the Company's auditors in connection with preparing their report".

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the report of the directors and the financial statements in accordance with applicable law and regulations.

VICON MOTION SYSTEMS LIMITED

REPORT OF THE DIRECTORS for the year ended 30 September 2022

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), including FRS 101 "Reduced Disclosures Framework" ("FRS 101") 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; 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.

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting in accordance with Section 485 of the Companies Act 2006.

For and on behalf of the Board



D Deacon

Director
4 May 2023

VICON MOTION SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICON MOTION SYSTEMS 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 30 September 2022 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.

We have audited the financial statements of Vicon Motion Systems Limited ("the Company") for the year ended 30 September 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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 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 are 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 Directors report and financial statements, 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 are required to report that fact.

VICON MOTION SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

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 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.

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 Report of the Directors, 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.

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.

VICON MOTION SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

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:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory frameworks applicable to the company, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the company. Our understanding was informed by discussions with management, the Audit Committee and research by the audit team. The significant laws and regulations we considered in this context included the UK Companies Act, the accounting framework and relevant tax legislation.
- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulation
- The assessment by the engagement partner of whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to revenue existence, as well as the potential for management override of controls specifically in relation to the posting of journal adjustments and the inappropriate use of estimates.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- reading minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations.
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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.

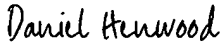
VICON MOTION SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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:

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Daniel Henwood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK

04 May 2023

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

VICON MOTION SYSTEMS LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
for the year ended 30 September 2022

	Note	2022 £'000	2021 £'000
Turnover	3	21,573	21,372
Cost of sales		<u>(7,967)</u>	<u>(7,331)</u>
Gross profit		13,606	14,041
Sales, support and marketing costs		(2,617)	(2,281)
Research and development costs		(3,356)	(3,497)
Administrative expenses		<u>(5,073)</u>	<u>(3,823)</u>
Profit from operations	4	2,560	4,440
Interest payable		(45)	(51)
Interest receivable		12	-
Profit on ordinary activities before taxation		<u>2,527</u>	<u>4,389</u>
Taxation on profit on ordinary activities	7	<u>542</u>	<u>(375)</u>
Profit on ordinary activities after taxation and profit for the financial year		<u>3,069</u>	<u>4,014</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Tax recognised directly in equity		(45)	88
Total comprehensive income for the year		<u>3,024</u>	<u>4,102</u>

The accompanying notes on pages 14 to 30 form an integral part of these financial statements.

VICON MOTION SYSTEMS LIMITED

BALANCE SHEET

as at 30 September 2022

COMPANY NUMBER: 01801446

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	8	6,317	4,526
Tangible assets	9	1,249	1,121
Right of use assets	10	767	931
Investments	11	3,690	4,062
		<u>12,023</u>	<u>10,640</u>
Current assets			
Stocks	12	4,010	2,058
Debtors	13	7,111	4,069
Cash at bank and in hand		8,194	8,281
		<u>19,315</u>	<u>14,408</u>
Creditors: amounts falling due within one year			
Trade and other payables	14	(9,850)	(6,184)
Lease liabilities	10	(220)	(220)
		<u>(10,070)</u>	<u>(6,404)</u>
Net current assets		<u>9,245</u>	<u>8,004</u>
Total assets less current liabilities		21,268	18,644
Creditors: amounts falling due in more than one year			
Other liabilities	15	(444)	(369)
Lease liabilities	10	(644)	(820)
Provisions	16	(822)	(1,137)
		<u>(1,910)</u>	<u>(2,326)</u>
Net assets		<u><u>19,358</u></u>	<u><u>16,318</u></u>
Capital and reserves			
Share capital	18	101	101
Share premium	19	1	1
Retained earnings	19	16,559	13,535
Capital contribution reserve	19	2,697	2,681
Shareholders' funds		<u><u>19,358</u></u>	<u><u>16,318</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 4 May 2023 and were signed on its behalf by:



D Deacon
Director

The accompanying notes on pages 14 to 30 form an integral part of these financial statements.

VICON MOTION SYSTEMS LIMITED**STATEMENT OF CHANGES IN EQUITY**
for the year ended 30 September 2022

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital contribution reserve £'000	Total £'000
Balance as at 30 September 2020	101	1	14,433	2,668	17,203
Profit for the year	-	-	4,014	-	4,014
Tax recognised directly in equity	-	-	88	-	88
Dividend Paid	-	-	(5,000)	-	(5,000)
Movement in relation to share options	-	-	-	13	13
Balance as at 30 September 2021	101	1	13,535	2,681	16,318
Profit for the year	-	-	3,069	-	3,069
Tax recognised directly in equity	-	-	(45)	-	(45)
Dividend Paid	-	-	-	-	-
Movement in relation to share options	-	-	-	16	16
Balance as at 30 September 2022	101	1	16,559	2,697	19,358

The accompanying notes on pages 14 to 30 form an integral part of these financial statements.

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

1 ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 "Application of Financial Reporting Requirements" and Financial Reporting Standard 101 "Reduced Disclosure Framework".

The financial statements have been prepared on a going concern basis, under the historical cost convention. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

Going Concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Market considerations

The Company's primary markets are life sciences, entertainment and engineering. The directors have assessed the prospects in these markets together with the residual impact of the Covid-19 pandemic

The Life Sciences market segment historically accounts for around 50% of Vicon revenues. This segment serves customers including Hospitals, Medical Research Centres, Universities and Sport Research. For the most part, these customers are financed by Government Grants and to a lesser extent by Charitable Donations. There is currently no evidence that Governments are seeking to reduce expenditure in these areas.

The Entertainment segment serves customers in the Video Games Industry, Location Based Entertainment ('LBE') and TV/Film and historically accounts for around 25% of Vicon revenues. These customers are typically commercial organisations in nature. The sector demonstrated resilience during the pandemic and would appear to be less sensitive to the threat of recession. Those customers involved in Video Games are enjoying increased demand. Those involved with solutions provided to the general public (LBE) have resumed expansion plans and have ambitious rollout targets over the coming years. Those involved in TV/Film have been adopting Virtual Production as evidence by growth in FY22.

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Operational readiness

The Company adapted to virtual working during the pandemic and demonstrated the business could operate effectively during this period. Post pandemic, all operations have returned to normal though this 'new normal' includes more remote working and will continue through FY23 and beyond. In the event of a 'pandemic' like event in FY23 the business would adapt as before. The Company recognises that 'human capital' is essential for future success and has included measures in the Financial Forecasts to enhance compensation to maintain a high retention rate and has included proposed new recruitment at near market rates.

Financial considerations

The Company has no external financing and as at the balance sheet date had cash balances of £8.2million. The financial strength of the Company is capable of trading through significant disruption arising from a further pandemic or significant macro-economic events.

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

Stress testing

Based on the above considerations, multiple combinations of a revenue shortfall, gross margin erosion and foreign exchange risk have been considered. Given a worst case, the impact on cash generation and cash reserves could be tolerated and would not impact the ability of the business to continue trading. The result of this analysis is that the directors are confident that the business has sufficient cash liquidity to sustain very significant and prolonged reductions in trading revenue.

The directors, having prepared cash flow forecasts and given due consideration to the residual impact of the pandemic and related supply chain challenges and general macro-economic uncertainty on the Company's markets, operations and financial risk, have assessed that there is no material uncertainty with the Company's ability to continue operating as a going concern for a period in excess of 12 months from the date of signing the financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Oxford Metrics plc.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Oxford Metrics plc. These financial statements do not include certain disclosures in respect of:

- Share based payments; and
- Financial instruments.

The financial statements of Oxford Metrics plc can be obtained as described in note 23.

Exemption from preparation of consolidated financial statements

The financial statements contain information about Vicon Motions Systems Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated accounts of a larger group, Oxford Metrics plc, a company registered in England.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also required the company's directors to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Turnover

Revenue represents the fair value of consideration received or receivable arising from the provision of goods and services to third party customers, net of VAT, and trade discounts. Revenue has been recognised in accordance with the policies set out below:

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

Performance obligations and timing of revenue recognition

The majority of the Company's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer.

Some of the Company's revenue streams are typically recognised on an over time basis, with the revenue earned recognised on a straight-line basis over the term of the contract. A deferral is made for the proportion of revenue allocated to the undelivered element of the performance obligation based upon the standalone selling price of the individual performance obligation under the terms of the sale.

A number of sales are made through independent third party distributors. In this instance revenue is recognised on delivery of the product to the distributor. No sales to third party distributors are made on a sale or return basis.

Determining the transaction price and allocating amounts to performance obligations

Revenue is derived from fixed price contracts and therefore the amount of revenue attributable to each contract is determined by reference to those fixed prices.

System sales are multi element arrangements and include the sale of software, hardware and ongoing support. The support element of the system sale has been identified as a separate performance obligation because support services are sold on a standalone basis and the system can operate without them. Revenue is recognised over time as this obligation is fulfilled. Where discounts are given these are allocated on a proportionate basis to the hardware and software elements of the system sale. The revenue attributable to the support element of the system sale is calculated by reference to the equivalent standalone selling price of the support had it not been included within a system sale, less any attributable discount.

Where revenue is recognised over time any deferred income balances are included in creditors on the Balance Sheet. Revenue from the sale of goods relates to the sale of items held within inventory. For service and support contracts revenue is recognised over time by reference to the term of the contract until all performance obligations are fulfilled and consequently no asset for work in progress is recognised.

Investments in subsidiaries

Investments are included at cost less provision for impairment.

Intangible assets

Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Company is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Company expects to benefit from selling the products developed, which is estimated to be 3 - 7 years. The amortisation expense is included within research and development expenses in the statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of comprehensive income as incurred.

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is calculated to write off the carrying value of all tangible fixed assets over their expected useful economic lives. The rates applicable are:

Plant and machinery	25% to 50% per annum straight line
Fixtures and fittings	20% to 50% per annum straight line
Demonstration equipment	25% or 50%, some demonstration equipment is not depreciated as its residual value exceeds its cost
Leasehold Improvements	Over the lower of the life of the asset, and remaining period of the lease

Stock

Stock is stated at the lower of historical cost and net realisable value, on a first in first out basis, after making allowance for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Leases

The Company accounts for a contract, or portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- a) There is an identified asset;
- b) The Group obtains substantially all the economic benefits from use of the asset; and
- c) The Group has the right to direct use of the asset.

The Company considers whether the supplier has all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that pre-determines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than FRS16.

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable. In this case the Company's incremental borrowing rate on commencement of the lease is used.

On initial recognition the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the remaining term of the lease or over the remaining useful economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining revised lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights of use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiation increases the scope of the lease, the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right of use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

Financial assets

The Company classifies its financial assets into one of the categories discussed below. The Company has not classified any of its financial assets as held to maturity, available for sale or fair value through profit or loss.

Amortised cost: These assets arise principally from the provision of goods and services to customers (e.g. trade debtors). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected credit loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

Impairment provisions for debtors from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since the initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has significantly increased, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses are recognised along with interest income on a net basis.

The Company's financial assets measured at amortised cost comprise trade and other debtors and cash and cash equivalents in the balance sheet.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

The Company classifies its financial liabilities into one of the following categories depending on the purpose for which the liability was acquired. The Company has not classified any of its financial liabilities as fair value through profit or loss.

Amortised cost: Trade payables and other short-term monetary liabilities are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Loans from group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. The difference between the fair value of the loan on initial recognition and the amount of the proceeds is credited directly to equity as a capital contribution.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign currency

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the statement of comprehensive income.

The financial statements are presented in Sterling (£) which is also the Company's functional currency.

Employee benefits

Contributions to pension schemes

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately in an independently administered fund. Contributions to the Company's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

Employee share option schemes

The parent company operates an equity settled share based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the statement of comprehensive income over the vesting period of the grant with a corresponding adjustment to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders at an annual general meeting.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The company makes certain estimates and assumptions regarding the future. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates, judgements and assumptions

(a) Estimate of useful lives of intangible assets

Intangible assets are amortised over their estimated useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the income statement in specific periods. Within development costs there are a significant number of different projects. The useful life of each project is assessed on an individual basis.

(b) Estimation of the stand-alone selling price of support contracts in accordance with IFRS 15

System sales within Vicon are multi element arrangements which include ongoing support. This support has been identified as a separate performance obligation and the revenue attributable to this element is calculated by reference to the equivalent standalone selling price of the support had it not been included within the system sale. During the year a review was undertaken of these standalone selling prices to ensure they remain appropriate.

(c) Judgements concerning the capitalisation of development costs

Development costs are capitalised according to the criteria outlined in note 1. Management make assumptions as to when these criteria have been met and consequently the date from which the costs for a project are capitalised. Management review the carrying value of capitalised development costs on an annual basis and consider indicators of impairment.

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2022

3 TURNOVER AND SEGMENTAL ANALYSIS

Business segments are analysed as follows:

	2022 £'000	2021 £'000
Sale of hardware	18,065	18,300
Sale of software	1,286	1,125
Rendering of services	1,878	1,665
Support	344	282
	<u>21,573</u>	<u>21,372</u>

An analysis of turnover destination by geographical market is given below:

	2022 £'000	2021 £'000
United Kingdom	2,357	3,526
Europe	3,988	4,440
North America	5,616	4,399
Hong Kong	2,537	1,277
Japan	2,334	3,290
China	2,120	2,213
South Korea	1,314	1,364
Rest of Asia Pacific	1,135	863
Other	172	-
	<u>21,573</u>	<u>21,372</u>

Contract balances	Contract liabilities	
	2022 £'000	2021 £'000
At 1 October	1,802	1,227
Amounts included in contract liabilities recognised as revenue during the period	(11,927)	(2,401)
Cash received in advance of performance and not recognised as revenue during the period	12,743	2,976
At 30 September	<u>2,618</u>	<u>1,802</u>

Contract liabilities are included within creditors on the face of the Balance Sheet. They arise primarily from the Company's support contracts which are delivered over time and where cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contract.

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2021 £'000	2021 £'000
Depreciation of owned fixed assets	244	239
Depreciation of right of use assets	164	165
Amortisation of intangible fixed assets	1,053	1,356
Impairment of intangible fixed assets	-	360
Impairment of investment (note 11)	372	300
Auditors' remuneration	45	40
Net loss on foreign currency translation	956	43

Fees paid to the company's auditor, BDO LLP, and its associates for services other than statutory audit of the company are not disclosed in these financial statements since the consolidated accounts of Oxford Metrics plc disclose non-audit fees on a consolidated basis.

5 EMPLOYEES

The average number of staff employed by the Company during the financial year amounted to:

	2022 Number	2021 Number
Production	19	15
Selling and customer support	19	18
Development	27	28
Management and administration	13	9
	<u>78</u>	<u>70</u>

The aggregate payroll costs of the above were:

	2022 £'000	2021 £'000
Wages and salaries	4,682	4,491
Share-based payment recharge	17	13
Social security costs	564	504
Other pension costs	336	287
	<u>5,599</u>	<u>5,295</u>

6 DIRECTORS' EMOLUMENTS

Emoluments in respect of directors were as follows:

	2022 £'000	2021 £'000
Aggregate emoluments	87	100
Pension contributions	10	13
	<u>97</u>	<u>113</u>

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

With the exception of T Shannon, all the other directors of the Company are also directors of the Company's parent company, Oxford Metrics plc, and their emoluments are disclosed in that company's financial statements.

The number of Company directors who are accruing benefits under Company pension schemes was as follows:

	2022 No	2021 No
Money purchase schemes	<u>1</u>	<u>1</u>

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2022 £'000	2021 £'000
Total current tax (credit)/expense on profit for the year		
- Current year	24	33
- Prior year	(175)	-
Deferred taxation	<u>(391)</u>	<u>342</u>
Total tax expense	<u>(542)</u>	<u>375</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%).

	2022 £'000	2021 £'000
Profit on ordinary activities before taxation	<u>2,527</u>	<u>4,689</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	480	891
Effect of:		
Expenditure not taxable	235	2
Research and development tax credit	(829)	(618)
Effect of rate change	(259)	307
Share based payments	6	9
Prior year adjustment to current tax	(175)	-
Group relief	-	(216)
Total tax (credit)/ charge for the year	<u>(542)</u>	<u>375</u>

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

(c) Deferred tax asset and liability

The following table summarises the provided deferred tax liability:

	2022 £'000	2021 £'000
Provided - asset		
Short term timing differences	25	30
Unrelieved trading losses carried forward	898	-
Tax relief on unexercised employee share options	37	109
Deferred tax asset	<u>960</u>	<u>139</u>
Provided - liability		
Accelerated research and development tax credit	1,579	1,131
Accelerated capital allowances	163	113
Deferred tax liability	<u>1,742</u>	<u>1,244</u>
Net deferred tax liability	<u>782</u>	<u>1,105</u>

Deferred tax assets and liabilities have been measured on an undiscounted basis at an effective tax rate of 25% (2021: 25%).

8 INTANGIBLE ASSETS

	Development Costs £'000
Cost	
At 1 October 2021	15,008
Additions	2,844
At 30 September 2022	<u>17,852</u>
Amortisation	
At 1 October 2021	10,482
Charge for the year	1,053
At 30 September 2022	<u>11,535</u>
Net book value	
At 30 September 2022	<u>6,317</u>
At 30 September 2021	<u>4,526</u>

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2022

9 TANGIBLE FIXED ASSETS

	Plant & Machinery £'000	Fixtures & Fittings £'000	Demon- stration Equipment £'000	Leasehold Improvements £'000	Total £'000
Cost					
At 1 October 2021	621	206	491	1,047	2,365
Additions	247	67	5	68	387
Disposals	-	-	(15)	-	(15)
At 30 September 2022	868	273	481	1,115	2,737
Accumulated depreciation					
At 1 October 2021	551	188	9	496	1,244
Charge for the year	107	25	2	110	244
At 30 September 2022	657	213	11	606	1,488
Net book value At 30 September 2022	210	60	470	509	1,249
At 30 September 2021	70	18	482	551	1,121

10 LEASES

All leases relate to land and buildings and comprise only fixed payments over the lease term.

Right of use assets	£'000
At 1 October 2021	931
Depreciation	(164)
At 30 September 2022	767
Lease liabilities	£'000
At 1 October 2021	1,040
Interest expense	44
Lease payments	(220)
At 30 September 2022	864

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

The maturity analysis of lease liabilities at 30 September 2022 is as follows:

	2022 £'000	2021 £'000
Within 1 year	220	220
Between 1-2 years	220	220
Between 2-3 years	220	220
Between 3-4 years	220	220
Between 4-5 years	146	220
Over 5 years	-	146
Effect of discounting	(162)	(206)
Total greater than 1 year	644	820
Lease liability	864	1,040

11 INVESTMENTS

	2022 £'000	2021 £'000
Shares in subsidiary undertakings - cost		
At 1 October	4,062	3,224
Addition	-	1,138
Impairment	(372)	(300)
At 30 September	3,690	4,062

The impairment during the year relates to the investment in IMeasureU Ltd.

Name of entity	Principal activity	Country of incorporation	Registered office
IMeasureU Ltd	Development and sale of computer software and equipment	New Zealand	5 Water Street, Grafton, Auckland, 1023, New Zealand
Contemplas GmbH	Development and sale of computer software and equipment	Germany	Albert Einstein Strasse 6, D-87437 Kempten, Germany

12 INVENTORIES

	2022 £'000	2021 £'000
Finished goods	574	920
Component parts	3,436	1,138
	4,010	2,058

There is no material difference between the replacement cost of inventories and the amount stated above.

The cost of inventories recognised as an expense and included in cost of sales is £4,860,000 (2021: £4,629,000). During the year £220,000 of inventories were impaired (2021: £325,000) and £21,000 of inventories were written off (2021: £39,000).

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

13 DEBTORS

	2022 £'000	2021 £'000
Trade debtors	3,381	1,073
Amounts owed by group undertakings	2,313	2,470
Corporation tax receivable	207	118
Other debtors	917	194
Prepayments and accrued income	293	214
	<u>7,111</u>	<u>4,069</u>

All amounts owed by group undertakings are unsecured, interest free, and with no fixed terms of repayment.

The amounts owed by group undertakings is stated net of a provision of £553,000 (2021: £553,000) relating to balances owed by OMG Life Limited.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade creditors	3,667	2,062
Amounts owed to group undertakings	3,162	1,646
Taxation and social security	203	116
Accruals	2,818	2,360
Contract liabilities		
	<u>9,850</u>	<u>6,184</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

15 CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2022 £'000	2021 £'000
Contract liabilities	444	369
	<u>444</u>	<u>369</u>

The contract liabilities above relate to revenue from support contracts which cover a period of more than 12 months from 30 September 2022.

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

16 PROVISIONS FOR LIABILITIES

	Deferred tax liability £'000	Leasehold dilapidations £'000	Total £'000
At 1 October 2021	1,105	32	1,137
(Credited)/charged to the statement of comprehensive income	(323)	8	(315)
At 30 September 2022	782	40	822

Leasehold dilapidations relate to the estimated cost of returning the Company's leasehold properties to their original state at the end of the lease in accordance with the lease terms. During the year the dilapidations provision was reversed in respect of a property for which the lease ended in the prior financial year.

17 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash and short term deposits and debtors and creditors that arise directly from its operations.

The Company's cash at bank and in hand is held in the following currencies:

	GBP £'000	Euro £'000	US\$ £'000	Total £'000
Cash at bank and in hand 2022	6,687	216	1,291	8,194
Cash at bank and in hand 2021	3,335	398	4,548	8,281

Risk management

The Company is exposed through its activities to the following financial risks:

Liquidity risk

At 30 September 2022 the Company's cash and short term deposits amounted to £8,194,000 (2021: £8,281,000). The Company had no financial borrowing obligations. Management does not consider liquidity to be a key risk.

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The Company's average creditor payment period at 30 September 2022 was 82 days (2021: 74 days).

Credit risk

Sales are made on a basis designed to minimise so far as possible the risk of non-payment in each case. Balances owing from customers are reviewed at least monthly, and action is taken where considered appropriate with a view to achieving timely settlement.

Foreign currency risk

The Company's foreign exchange transaction exposure arises principally from trading with US undertakings within the Group and third parties in Europe and the Far East. The Company's policy is to reduce exposure to revaluation of monetary assets and liabilities. Under the policy, assets and

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2022

liabilities held in currencies other than the Company's functional currency are minimised through intercompany trading.

The Company considers the volatility of currency markets over the year to be representative of the potential foreign currency risk it is exposed to. The main currency the Company's results were exposed to at the year end was the US dollar and over the year the volatility of this currency was 8.6% (2021: 7.2%). If Sterling had strengthened against the dollar at year end by 10% it would have increased profit by £218,000 (2021: decreased profit by £25,000). If Sterling had weakened against the dollar at year end by 10% it would have decreased profit by £267,000 (2021: increased profit by £31,000).

The table below shows the extent to which the Company has monetary assets/(liabilities) in currencies other than its functional currency.

	US\$ £'000	NZ\$ £'000	Euro £'000	Total £'000
30 September 2022	(7,472)	(1,837)	962	(8,347)
30 September 2021	343	(1,363)	613	(407)

18 SHARE CAPITAL

	2022 £'000	2021 £'000
<i>Allotted, called up and fully paid:</i>		
101,255 Ordinary shares of £1 each	<u>101</u>	<u>101</u>

19 MOVEMENTS IN RESERVES

The movement in reserves are disclosed fully within the Statement of Changes in Equity. The description of the nature and purpose of each reserve within owner's equity is as follows:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital contribution reserve	Additional paid in capital from the Company's immediate and ultimate parent undertaking.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

20 PENSIONS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund and amounted to £336,000 (2021: £287,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2022

21 RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under International Accounting Standard 24 (IAS 24). The directors have taken the exemption available under FRS 101 Section 8k, where it is a wholly owned subsidiary and the parents consolidated financial statements, Oxford Metrics plc, are publicly available (see note 23).

22 ACQUISITION DURING THE PRIOR YEAR

On 31 August 2021 the Company purchased 88% of the share capital of Contemplas GmbH, a company registered in Germany. The principal activity of Contemplas GmbH is the development and sale of computer software. The total amount payable, including contingent amounts which are deemed remuneration, is £2,153,000. The purchase has been accounted for as an acquisition.

The contingent payments are denominated in Euros and are dependent upon certain revenues being achieved in the period commencing on the date of acquisition and ending on 30 April 2025. All contingent payments are deemed remuneration.

During the year contingent payments of £156,000 were made. As at 30 September 2022 the fair value of estimated future cash payments deemed remuneration total £882,000 (2021: £1,015,000) and these will be charged to the income statement in the period in which they fall due.

23 ULTIMATE PARENT UNDERTAKING AND CONTROL

The immediate and ultimate parent undertaking of the Company is Oxford Metrics plc, a company incorporated and registered in the UK.

Copies of Oxford Metrics plc consolidated financial statements are publicly available and can be obtained from the Company Secretary at Oxford Metrics plc, 6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU, or via the website www.oxfordmetrics.com.

VICON MOTION SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS
for the year ended 30 September 2022

Company registration number	01801446
Registered office	6 Oxford Industrial Park Yarnton Oxfordshire OX5 1QU
Directors	N Bolton D Deacon C Robertson
Secretary	C Robertson
Bankers	National Westminster Bank plc 121 High Street Oxford OX1 4DD
Solicitors	Goodman Derrick LLP 10 St Bride Street London EC4A 4AD
Independent Auditors	BDO LLP Level 12, Thames Tower Station Road Reading Berkshire RG1 1LX