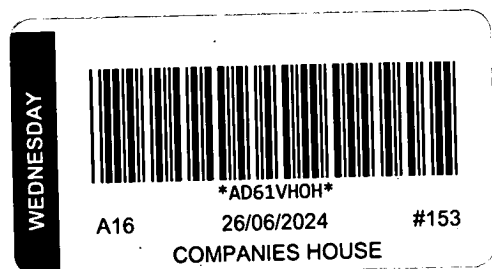


The Foundry Visionmongers Limited

**Annual Report and Financial
Statements**

Registered number 04642027

31 December 2023



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Company Information

Directors

John Stipancich
Jason Conley
Jody Madden
James Hayhurst-France

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Secretary and registered office

Squire Patton Boggs Secretarial Services Limited
Rutland House
148 Edmund Street
Birmingham
United Kingdom
B3 2JR

Registered number

04642027

Strategic Report

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2023.

Principal activities

The Company's principal activity is the development and distribution of software for the visual effects and animation markets worldwide.

Results and performance

The results for the Company are set out on page 13 and show a profit before tax of £35,505k (2022 - £35,877k).

Revenues increased by 0.2% (2022 - 20% increased) from £66,508k to £66,653k, reflecting a challenging year where post-production VFX work was disrupted following the strikes by the American actor's union SAG-AFTRA and the Writers Guild of America.

The Company released several product updates during the year, including a significant release of our flagship compositing product Nuke (Nuke 15.0).

The Company continues to invest in Research and Development ("R&D") for its products and in 2023 R&D expenditure totalled £7,895k (2022 - £8,678k). The Company enjoys a good reputation in the industry as an innovator and its level of R&D expenditure reflects this. R&D spend relates solely to the internal development of software products which are aligned with the Company's growth strategy.

Principal risks and uncertainties

Financial risk

The Company has no external debt. The Company has trade receivables due from customers which expose the Company to credit risk on amounts due.

Credit risk is managed at an individual customer level. The Company has agreed credit terms with each customer which are based on the assessment of risk presented by the customer. The Company monitors receivables closely and takes appropriate action where necessary to ensure that any risk is kept to an acceptable level.

Business risk

The primary business risks relate to competitor activity and the need to maintain competitive advantage through ongoing innovation in our product suite.

New entrants to the market are difficult to protect against, however the technical complexity required to develop competing product ranges reduces this risk. The Company regularly contacts customers and partners to gain feedback to ensure that its sales model and product suite are meeting expectations.

The risk of staff attrition is also closely monitored by the management team. We conduct annual performance and compensation reviews and operate incentive schemes to ensure staff are motivated to achieve their goals.

Strategic Report (continued)

Key performance indicators

Revenues increased by 0.2% (2022 - 20% increased) from £66,508k to £66,653k, reflecting consistent demand for our products across our core markets despite industry challenges. Gross profit increased by 1.4% (2022 - 18% increase) from £65,145k to £66,049k following a decrease in royalty expenditure on sales. Cash at bank and in hand decreased by 44% (2022 - 296% increase) from £48,515k to £27,368k due to a cash dividend of £39,575k paid to Roper NL1 UK Limited on the 30 November 2023.

Future developments

The Company has a development plan to add additional features to our existing products. Our research team continue to explore new technologies, which can either be incorporated in our existing product suite or introduced as new innovative products to the market. These new products along with the existing products will help drive continued growth in revenue. We continue to evaluate the most appropriate commercial models for the provision of our software. From 1 January 2024 the Company ceased selling new seats on perpetual licences.

Section 172(1) Statement

Under section 172(1) of the Companies Act 2006, the Board has a duty to act in good faith and in a way that would be most likely to promote the success of the Company for the benefit of its shareholders whilst having regard to the matters set out in S172(1) (a-f) of the Act:

- a) the likely long term consequences of any decision;
- b) the interest of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business and conduct; and
- f) the need to act fairly between the Company's owners.

Standards of Business Conduct

The Board of Directors, in line with their duties as set out above, act in a way they consider to be in the best interest of the Company and its stakeholders. The Board of Directors believe the success of the Company, especially its long-term success, must be supported by a commitment to high integrity and mutual respect for each other, our customers and other stakeholders. This is evident in the Corporate Responsibility Statement, Code of Ethics and Supplier Code of Conduct – all of which can be found on the website of our ultimate parent company (<https://www.ropertech.com/>).

Key Strategic Decisions

Our reporting structures and frequent communication throughout the business together with our internal controls, which include Sarbanes Oxley controls and review by the Roper internal audit function, ensure that the Board has complete information and is aware of all strategic and material decisions providing confidence that the right decisions are being made at the right time in line with S172(1).

Strategic Report (continued)

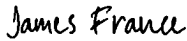
Section 172(1) Statement (continued)

To demonstrate the above behaviours, below is a list of our key stakeholders and the methods used by the Board to engage with them (directly or indirectly).

Stakeholder	Method of engagement
Employees	High levels of employee engagement are essential to the Company and these are measured through a variety of employee surveys and "check-ins". Communication with all employees continues through regular briefings on strategic and team initiatives, economic and financial performance of the Company, key product and people updates.
Customers	The Board and senior management regularly engage directly with customers through meetings, surveys and briefings.
Shareholders	The ultimate shareholders are engaged through interactive earning calls, meetings, online dashboards and filings. The Board interact throughout the year with the Company's ultimate parent company and shareholder.
Suppliers	Our employees frequently engage with our suppliers to ensure that the supply chain is effective, robust and appropriately managed.
Communities	With its Social Responsibility initiatives, the Company encourages all employees to engage with local communities through volunteering. Employees are also encouraged to act in a socially and environmentally responsible way. The Company also runs awareness campaigns which suggest actions employees can implement to reduce their carbon footprint.

The above mentioned engagement and interactions will inform the Board of the interest and concerns of all stakeholders, which are then factored into its decisions on actions that will best promote the long term success of the Company.

By order of the Board:

DocuSigned by:

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James Hayhurst-France
 Director

Date 24 June 2024

Directors' Report

The Directors present their report together with the audited financial statements of The Foundry Visionmongers Limited ("the Company") for the year ended 31 December 2023. Certain information required by the Companies Act 2006 relating to information to be provided in the Directors' Report is set out in the Strategic Report. This includes the principal activities of the Company, details of principal risks, results and performance and future developments.

Results and dividends

The Company's profit for the financial year is £28,412k (2022 - £31,293k). A cash dividend of £39,575k was paid during 2023 (2022 - £Nil) to Roper NL1 UK Limited.

Employees

Disabled persons

All hiring decisions are made based on the skills, knowledge and experience of candidates relative to the requirements of the role, with equal consideration given to job applications made by disabled and non-disabled candidates. In the event employees become disabled during their employment, every effort is made to ensure their employment with the Company continues and all reasonable adjustments are made. This includes providing appropriate training, to enable the individual to remain in their role, and in the business. It is the policy of the Company that the training, career development and promotion opportunities available to a disabled person should, as far as possible, be identical to that of a non-disabled person.

Employee engagement

The Company endeavours to create an employee experience where all employees feel a sense of belonging, are valued for their unique contribution, can do meaningful work and realise their full potential. Employee feedback underpins the actions the Company takes to ensure a focus on continuous improvement with actions taken to address the areas that matter most to employees. To enable this, the Company has a multifaceted Employee Listening Strategy. The Company undertakes annual Engagement and Diversity, Equity, Inclusion & Accessibility (DEIA) surveys to monitor changes and trends in employee sentiment, as well as the impact of actions to make the Company a better place to work for its people. In addition, the Company undertakes an annual Agile Health Review, through which team health is assessed across a range of self-reported dimensions. Data collected through these feedback mechanisms is used to inform team level engagement action plans during our annual planning process, as well as company wider actions taken at corporate level. Actions were taken in 2023 to improve employee experience and engagement across Learning and Development, Social Responsibility, Mental Health & Wellbeing, DEIA, Hybrid Working and team ways of working. Employees at Foundry are recognised for their contribution via a quarterly 'All Stars' peer nomination programme grounded in the Company's values, and through a discretionary Company bonus scheme, payable in line with Company-level performance targets. Employee salaries are reviewed annually at a minimum, accounting for external and internal relativity, while a promotion review takes place bi-annually. Regular, transparent communication is a top priority for the Company, with monthly company wide "All Hands" meetings, covering topics including industry and market updates, financial performance and key product and people updates. All employees are invited to submit anonymous questions to the Executive team to be answered during these meetings and published afterwards in the 'Foundry Guidebook'. In addition, our Senior Management Team meet monthly to discuss industry trends, strategic initiatives and key business performance metrics. Our core teams also meet quarterly to review progress against strategic and team plans, with presentation slides accessible to the whole Company.

Directors

The directors who held office during the year were John Stipancich, Jason Conley, Jody Madden and James Hayhurst-France.

Directors' report (continued)

Going concern

The Company meets its day-to-day working capital requirements through on-going operating cash flow. Our cash projections, taking into account possible fluctuation in trading performance, indicate that the business will have sufficient cash to operate as planned while maintaining significant cash headroom.

The directors have carried out detailed stress tests based on a scenario with no incremental new sales and also how far costs would need to increase before the Company recorded a nil EBITDA balance. After undergoing this exercise, the directors are comfortable that both these scenarios and one where the Company finds itself with insufficient cash reserves are remote.

The directors have, at the point of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, having taken into account the uncertainties referred to above, they consider it appropriate to continue to adopt the going concern basis in preparing the annual report and accounts.

Streamlined Energy and Carbon Reporting (SECR)

This report outlines the Company's Greenhouse Gas (GHG) emissions and energy usage for the year ended 31 December 2023. The scope of the Company's reporting encompasses electricity, heating and gas associated with office properties from which it operates in the UK, as well as transport usage. The Company's total emissions for the reporting period were 164.82 tCO₂e (2022: 158.48 tCO₂e), with an intensity ratio of 0.01 tCO₂e/sq ft (2022: 0.01 tCO₂e/sq ft). The largest proportion of the Company's GHG emissions is accounted for by office electricity usage which represents 79% (2022: 82%) of the total emissions, equating to 130.92 tCO₂e (2022: 130.09 tCO₂e). The following methodology has been applied to calculate the required energy and carbon data for this report:

- Electricity and heating energy data has been gathered in the form of supplier invoices, meter readings and usage provided by the landlord at office locations.
- For certain months where meter reading data was unavailable, energy usage was calculated using a pro rata approach.
- Electricity and heating has been converted to GHG emissions by applying the appropriate 2023 UK Government GHG Conversion Factors for Company Reporting, in line with the GHG Protocol Corporate Standard methodology.
- The selected metric for the emissions intensity ratio is total floor area of our office spaces:

	31 December 2023		31 December 2022	
	Energy Use kWh	Tonnes CO ₂ e	Energy Use kWh	Tonnes CO ₂ e
Scope 1: Energy used & emissions from combustion of gas	185,670	33.90	155,840	28.39
Scope 1: Energy used & emissions from combustion of fuel for transport purposes	-	-	-	-
Scope 2: Energy used & emissions from purchased electricity	632,232	130.92	672,708	130.09
Scope 3: Energy used & emissions from business mileage	-	-	-	-
Total	817,902	164.82	828,548	158.48
Intensity ratio (tCO₂e)/sq ft		0.01		0.01

Directors' Report (continued)

Energy efficiency actions taken

In 2023 we have taken the following actions to improve energy efficiency and reduce our carbon footprint:

- Underwent an office refurbishment and in the process replaced most office lighting to LED bulbs.
- Put together an Executive ESG Working Group which includes an Executive member to oversee and set strategy for ESG initiatives internally.
- Updated existing company policies to incorporate our Environmental Social Governance (ESG) goals and issued an Environmental Policy.
- Continued to run awareness campaigns which suggest actions employees can implement to reduce their carbon footprint.

Disclosure of information to auditor

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

- so far as the directors are aware, there is no relevant audit information of which the company and the group's auditor is unaware; and
- the directors have 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 and the group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 486 of the Companies Act 2006.

Directors' Report (continued)

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

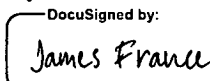
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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.

By order of the Board:

DocuSigned by:

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James Hayhurst-France
Director

Date 24 June 2024

Registered company number 04642027

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FOUNDRY VISIONMONGERS 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 2023 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 The Foundry Visionmongers Limited ("the Company") for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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

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 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 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 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 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'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.

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Financial Reporting Standard 102, relevant tax legislation and the Companies Act 2006.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be including off but not limited to Health and Safety regulation, Bribery Act 2010, the Equality Act 2019 and Data Protection Act 2018.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the area's most susceptible to fraud to be to be management override of controls and risk of fraud in revenue recognition.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; Challenging management's assessments, assumptions and evaluating data used as the basis for making estimates to assess whether judgment made in making accounting estimates are indicative of potential bias by management;

With regards to the risk of fraud for licence revenue, our procedures included assessing whether the revenue recognition policies adopted by the Company comply with the relevant accounting standards. We checked a sample of revenue transactions recognised around year end against the date the performance obligation was satisfied to corroborate that revenue was recorded in the correct period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities 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.

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:

Andrew Viner

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Andrew Viner (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
24 June 2024

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

Statement of Comprehensive Income
 For the Year Ended 31 December 2023

	Note	2023 £'000	2022 £'000
Turnover	2	66,653	66,508
Cost of sales		(604)	(1,363)
Gross profit		66,049	65,145
Other operating income	3	1,212	1,014
Administrative expenses		(36,400)	(32,571)
Operating profit	4	30,861	33,588
Other interest receivable and similar income	7	4,644	2,289
Profit before tax		35,505	35,877
Tax on profit	6	(7,093)	(4,584)
Profit and total comprehensive income for the financial year		28,412	31,293

All results derive from continuing operations.

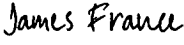
There was no other comprehensive income in the current or prior year.

The notes on pages 16 to 33 form part of these financial statements.

Statement of Financial Position
As at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	8	522	623
Tangible assets	9	1,220	701
Investments	10	-	-
Current assets			
Debtors: amounts falling due within one year	11, 12	66,323	62,920
Debtors: amounts falling due after more than one year	12	24,820	24,059
Cash at bank and in hand		27,368	48,515
Current liabilities			
Creditors: amounts falling due within one year	13	(38,448)	(44,078)
Net current assets		80,063	91,416
Total assets less current liabilities		81,805	92,740
Provision for liabilities	15	(173)	(154)
Net assets		81,632	92,586
Capital and reserves			
Called up share capital	18	-	-
Share premium account	18	5,064	5,064
Capital contribution	18	13,319	13,110
Retained earnings	18	63,249	74,412
Total equity		81,632	92,586

The notes on pages 16 to 33 form part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 24 June 2024 and were signed on its behalf by:

DocuSigned by:

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James Hayhurst-France
Director

Company registered number: 04642027

Statement of Changes in Equity
For the Year Ended 31 December 2023

	Called up Share capital £'000	Share Premium account £'000	Capital contribution £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022	-	5,064	13,035	43,119	61,218
Profit and total comprehensive income for the period	-	-	-	31,293	31,293
Credit relating to share-based payments (Note 19)	-	-	75	-	75
Balance at 31 December 2022	-	5,064	13,110	74,412	92,586
Profit and total comprehensive income for the period	-	-	-	28,412	28,412
Dividend payment	-	-	-	(39,575)	(39,575)
Credit relating to share-based payments (Note 19)	-	-	209	-	209
Balance at 31 December 2023	-	5,064	13,319	63,249	81,632

Dividends

The Company paid a cash dividend to Roper NL1 UK Limited of £39,575k on 30 November 2023.

The notes on pages 16 to 33 form part of these financial statements.

Notes

(forming part of the financial statements)

General Information

The Foundry Visionmongers Limited (the "Company") is a company, limited by shares, and incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the Company information page and the nature of the company's operations and its principal activities are set out in the Strategic Report.

1 Accounting policies

Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies (see accounting policy 1.14).

The company's functional and presentational currency is GBP. The level of rounding applied is to the nearest thousand pound.

The following principal accounting policies have been applied:

Financial reporting standard 102 – reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. The Company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the financial statements of the ultimate parent company, includes the Company's cash flows (FRS102.1.12 (b));

(ii) disclosure of related party transactions with fellow wholly-owned subsidiary undertakings of the ultimate parent company, which publicly makes available consolidated financial statements (FRS102.33.1A).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes (continued)

1 Accounting policies (continued)

1.1 Going Concern

The Company meets its day-to-day working capital requirements through on-going operating cash flow. Our cash projections, taking into account possible fluctuation in trading performance, indicate that the business will have sufficient cash to operate as planned while maintaining significant cash headroom.

The directors have carried out detailed stress tests based on a scenario with no incremental new sales and also how far costs would need to increase before the Company recorded a nil EBITDA balance. After undergoing this exercise, the directors are comfortable that both these scenarios and one where the Company finds itself with insufficient cash reserves are remote.

The directors have, at the point of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, having taken into account the uncertainties referred to above, they consider it appropriate to continue to adopt the going concern basis in preparing the annual report and accounts.

1.2 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate of the previous months closing rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

1.3 Financial Instruments

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Notes (continued)

1 Accounting policies (continued)

1.3 Financial Instruments (continued)

Financial assets (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the statement of comprehensive income, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Notes (continued)

1 Accounting policies (continued)

1.3 Financial Instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

1.4 Property, plant and equipment

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 re-assessing 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.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements 5 years
- Furniture & Fittings 5 years
- Computer equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

In 2023, the Company changed the economic useful life of Furniture & Fittings from 3 to 5 years. Total depreciation for Furniture and Fittings in 2023 was £47k. This is a reduction of £32k in comparison to the what the depreciation charge would be using the previous useful life of 3 years.

1.5 Intangible assets

Research and development

All research and development costs are recognised as an expense when incurred.

Other Intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and accumulated impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.5 Intangible assets (continued)

Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Intellectual property / technologies 10 years
- Software 3 years
- Trademarks 10 years

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

1.6 Impairment of fixed assets

Fixed assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Fixed assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased, except for goodwill where impairment losses previously recognised are not reversed.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid. Investments in unlisted company shares, which have been classified as fixed asset investments as the Company intends to hold them on a continuing basis, are remeasured to market value at each balance sheet date.

Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period.

Notes (continued)

1 Accounting policies (continued)

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share based payments

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

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

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

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received.

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes (continued)

1 Accounting policies (continued)

1.10 Turnover

The whole of the turnover is attributable to the principal activity of the company. Revenue represents amounts receivable, net of any sales taxes, in respect of the sale of goods and services to customers. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as describes below:

a) Licence

Revenue is recognised at the point in time at which the licence is granted. The nature of our promise in granting the licence to a customer is to provide the customer with a right to use the Company's intellectual property as it exists at the point in time at which the licence is granted.

The Company also licenses software under rental licence agreements to customers on a term basis. Revenue from rental agreements is recognised over time. As it is provided on a continual basis throughout the agreement period, the most appropriate recognition method will be to recognise revenue on a straight-line basis.

b) Subscription

Revenue from subscription agreements are recognised over time. As it is provided on a continual basis throughout the agreement period, the most appropriate recognition method will be to recognise revenue on a straight-line basis.

c) Maintenance & support

Revenue from maintenance agreements is recognised over time. As it is provided on a continual basis throughout the agreement period, the most appropriate recognition method will be to recognise revenue on a straight-line basis.

1.11 Other income

Grant income is credited to income only when the conditions of receiving the grant are met and is recognised within "Other operating income". Where the conditions have been met grant income is credited to income so as to match the income with the expenditure to which the grant income relates. Where the work has been completed and all milestones achieved and consequently the grant income has been recognised prior to receipt of monies, this amount is included in accrued income.

RDEC relates to research and development expenditure credits due from HMRC. Income is recorded on a gross basis.

Notes (continued)

1 Accounting policies (continued)

1.12 Expenses

Operating lease payments: the company as lessee

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the statement of comprehensive income (see foreign currency accounting policy). Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.13 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or 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's subsidiaries operate and generate taxable income.

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

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes (continued)

1 Accounting policies (continued)

1.14 Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Intangible assets

Assets are assessed on at least an annual basis for any indicators of impairment. Where there is an indicator of impairment, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Revenue recognition

There is judgement inherently involved in revenue recognition. The Company recognises the revenue of services rendered under contracts over time as the customer simultaneously receives and consumes the benefits provided by the Company's performance as delivered by the Company. This is reviewed on a regular basis by management.

Key sources of estimation uncertainty

Allowance for doubtful debt

The Company assesses its allowance for doubtful debt at each reporting date. This requires estimation of debtor recovery rates and future market conditions that could affect recovery.

2 Turnover

	2023 £'000	2022 £'000
Licence revenue	10,082	18,954
Subscription revenue	17,107	12,114
Maintenance revenue	39,464	35,440
Total	66,653	66,508

Notes (continued)

3 Other operating income

	2023	2022
	£'000	£'000
RDEC	<u>1,212</u>	<u>1,014</u>
Total	<u>1,212</u>	<u>1,014</u>

RDEC relates to research and development expenditure credits due from HMRC.

4 Operating profit

Operating profit is stated after charging/(crediting):

	2023	2022
	£'000	£'000
Operating leases rentals - other	715	710
Foreign currency (gain)/loss	3,782	(3,324)
Depreciation of tangible assets	478	476
Amortisation of intangible assets	101	104
Recharges from group undertakings	6,221	8,010
Loss on disposal of fixed assets	18	-

Expenditure on research and development during the year, including related salary costs amounted to £7,895k (2022 - £8,678k).

Auditor's remuneration:

	2023	2022
	£'000	£'000
Audit of these financial statements	92	80
Fees to associates for other services:		
Tax compliance services	<u>2</u>	<u>2</u>
Total remuneration of the company's auditors and its associates	<u>94</u>	<u>82</u>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Number of employees	
	2023	2022
Development	146	138
Sales & Marketing	27	28
Support & Administration	38	32
Total	211	198

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£'000	£'000
Wages and salaries	13,969	15,596
Social security costs	1,508	1,452
Pension costs	605	531
Total	16,082	17,579

Remuneration of directors

Key management personnel are deemed to be the directors and their remuneration was as set out below.

	2023	2022
	£'000	£'000
Directors' remuneration	1,810	1,292
Company contributions to defined contribution pension schemes	21	18
Total	1,831	1,310

The aggregate of remuneration of the highest paid director was £1,535k (2022 - £1,048k) which included £11k (2022 - £9k) of Company pension contributions.

Directors' remuneration, included within the directors' remuneration table above, amounting to £1,535k was borne by another group company and was not included in the Company's payroll (2022 - £1,048k was borne by another group company and was not included in the Company's payroll).

Notes (continued)

6 Taxation

Recognised in the statement of comprehensive income

	2023 £'000	2022 £'000
<i>UK corporation tax</i>		
Current tax on profit for the period	7,400	5,121
Adjustments to prior periods	(383)	(613)
	<u>7,017</u>	<u>4,508</u>
Double tax relief	(438)	(334)
<i>Foreign tax</i>		
Current tax on profit for the period	437	335
Prior year adjustment	(1)	(3)
	<u>436</u>	<u>332</u>
Total current tax	<u>7,015</u>	<u>4,506</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	78	59
Effect of tax rate change on opening balance	-	19
Total deferred tax charge	<u>78</u>	<u>78</u>
Total tax charge	<u>7,093</u>	<u>4,584</u>

Reconciliation of tax charge

	2023 £'000	2022 £'000
Profit before taxation	<u>35,505</u>	<u>35,877</u>
Tax using the UK corporation tax rate of 23.52% (2022 - 19.00%)	8,352	6,817
Non-deductible expenses	68	21
Adjustments to prior periods	(385)	(615)
R&D expenditure credits	(30)	(11)
Group relief claimed	(851)	(1,586)
Foreign tax credits	(1)	1
Remeasurement of deferred tax for changes in tax rate	5	19
Share scheme deduction	(75)	(35)
Origination and reversal of temporary differences	10	(27)
Total tax charge	<u>7,093</u>	<u>4,584</u>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

Notes (continued)

7 Other interest receivable and similar income

	2023	2022
	£'000	£'000
Interest receivable on intercompany loans	2,177	2,029
Interest income	2,467	260
Total	4,644	2,289

8 Intangible assets

	Software	Trademarks	Intellectual	Total
	£'000	£'000	Property	£'000
	£'000	£'000	£'000	£'000
Cost				
As at 1 January 2023	2,948	154	5,544	8,646
Additions	-	-	-	-
Disposals/Retirement	(1,386)	-	-	(1,386)
As at 31 December 2023	1,562	154	5,544	7,260
Aggregate amortisation				
As at 1 January 2023	2,948	104	4,971	8,023
Charge for the year	-	8	93	101
Disposals/Retirement	(1,386)	-	-	(1,386)
As at 31 December 2023	1,562	112	5,064	6,738
Net book value				
As at 31 December 2023	-	42	480	522
As at 31 December 2022	-	50	573	623

Notes (continued)

9 Tangible assets

	Leasehold Improvements £'000	Furniture & Fittings £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2023	1,224	312	5,819	7,355
Additions	429	171	415	1,015
Disposals	(590)	(161)	(4,938)	(5,689)
As at 31 December 2023	1,063	322	1,296	2,681
Aggregate depreciation				
As at 1 January 2023	1,197	194	5,263	6,654
Charge for the year	56	47	375	478
Disposals	(590)	(161)	(4,920)	(5,671)
As at 31 December 2023	663	80	718	1,461
Net book value				
As at 31 December 2023	400	242	578	1,220
As at 31 December 2022	27	119	556	701

10 Investments

	Shares in group undertakings £'000
Cost	
As at 1 January and 31 December 2023	-
Provisions	
As at 1 January and 31 December 2023	-
As at 31 December 2023	-
As at 31 December 2022	-

The Company had the following investments in subsidiaries during the year, up until 31 December 2023:

Entity	Value of Investment	Country of Incorporation	Class of shares held	Ownership
Directly held				
Foundry Visionmongers (Ireland) Limited	£2	Ireland	Ordinary	100%

The registered offices of the above company is as follows:

Foundry Visionmongers (Ireland) Limited: Floor 3, Block 3, Miesian Plaza, Dublin 2, D02 Y754

Notes (continued)

11 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2023 £'000	Liabilities 2023 £'000	Assets 2022 £'000	Liabilities 2022 £'000
Accelerated capital allowances	24	-	107	-
Short term timing differences	45	-	40	-
Net deferred tax asset	69	-	147	-

Movement in deferred tax

	1 January 2023 £'000	Recognised in income £'000	Recognised in equity £'000	31 December 2023 £'000
Accelerated capital allowances	107	(83)	-	24
Short term timing differences	40	5	-	45
Total deferred tax asset	147	(78)	-	69

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, and the deferred tax asset as at 31 December 2023 has been calculated based on this rate.

12 Debtors

	2023 £'000	2022 £'000
Trade debtors	19,708	19,829
Amounts owed by group undertakings due within one year	41,033	39,112
Amounts owed by group undertakings due after more than one year	24,820	24,059
Other debtors	4,049	2,852
Prepayments	1,447	957
Deferred tax asset (Refer to note 11)	69	147
Accrued income	17	23
Total	91,143	86,979

The impairment loss recognised in the company profit or loss for the period in respect of bad and doubtful trade debtors was £768k (2022 - £675k).

Amounts owed by group undertakings represent loans to various companies in the corporate structure. Loans to Roper parent companies accrue interest and are repayable within 1 and 10 years. The remainder of the loans are unsecured, interest free and payable upon demand.

Notes (continued)

13 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	242	477
Amounts owing to group undertakings	593	1,617
Corporation tax payable	1,743	2,161
Other tax and social security	245	280
Other creditors	201	978
Accruals and deferred income	35,424	38,565
Total	38,448	44,078

Amounts owed to other group undertakings represent loans with various companies in the corporate structure. These loans are unsecured, interest free and payable upon demand.

14 Financial Instruments

	2023 £'000	2022 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised costs	116,995	134,390
Total	116,995	134,390
Financial liabilities		
Financial liabilities measured at amortised cost	4,830	10,361
Total	4,830	10,361

Financial assets that are debt instruments measured at amortised cost comprise cash at bank and trade and other debtors. Financial liabilities measured at amortised cost comprise loans payable to related parties (excluding unamortised debt issue costs), trade and other creditors and accrued expenses.

15 Provisions

	2023 £'000	2022 £'000
Dilapidations provision	173	154
Total	173	154

Notes (continued)

16 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £605k (2022 - £531k). The amount outstanding to the pension scheme at year end was £1k (2022 - £1k).

17 Operating lease commitments

The Company has future minimum commitments under non-cancellable operating leases as follows:

	2023 £'000	2022 £'000
In less than one year	700	620
Between one and five years	3,512	3,391
After five years	2,125	2,842
Total	6,337	6,853

18 Share Capital & Reserves

Share Capital

Allotted, called up and fully paid

	2022 & 2023 Shares	2022 & 2023 £
At 1 January – Ordinary Shares of £1 each	130	130
In issue at 31 December	130	130

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Reserves

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

Capital contribution – the capital contribution reserves includes capital contributed to the entity from fellow group companies that was not for the purchase of share capital.

Retained earnings – retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

Notes (continued)

19 Share based payments

Share based payment arrangements are offered to certain senior employees in the form of cash settled share options and cash awards in the ultimate parent company. The options and awards are exercisable on the second anniversary of the grant (50%) and on the third anniversary of the grant (50%). The fair value of the share options and awards granted during the year is determined by the Black- Scholes model as it was considered that this approach would result in materially accurate estimate of the fair value of options granted. All cash settled options and awards are settled by the ultimate parent company. The company has recognised an expense and a corresponding capital contribution in equity when accounting for these awards.

The expense recognised for cash settled options in the year to 31 December 2023 is £85k (2022 - £120k income).

	2023		2022	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Granted	1,377	\$435.69	1,212	\$453.46
Forfeited	-	-	(6,577)	\$354.46
Exercised	(222)	\$401.27	(860)	\$336.22
Outstanding at 31 December	3,719	\$411.11	2,564	\$397.06
Exercisable at 31 December	-	-	-	-

The expense recognised for cash-based awards in the year to 31 December 2023 is £124k (2022 - £195k).

	2023		2022	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Granted	1,446	\$438.34	1,356	\$452.70
Forfeited	(1,031)	\$435.69	(2,990)	\$383.43
Exercised	(1,359)	\$440.01	(417)	\$341.79
Outstanding at 31 December	1,085	\$295.98	2,029	\$361.99
Exercisable at 31 December	-	-	-	-

20 Ultimate parent company and parent company of larger group

The Company's immediate parent company is Roper NL1 UK Limited, a company incorporated in England and Wales.

The Company's ultimate parent undertaking, Roper Technologies Inc., is a company registered in the US and listed on the NYSE. It includes the Company's results in its consolidated financial statements. The consolidated financial statements of Roper Technologies Inc. are prepared in accordance with US GAAP and are publicly available.

21 Events after the end of the Reporting Period

On the 1 January 2024 the Company changed its presentation and functional currency to US Dollars following the redenomination of its intercompany loan receivables from GBP to US Dollars. The redenomination of the loans is considered a significant change in the underlying transactions of the Company.