

Registered number: 04672443

**VISIONOSS LIMITED AND SUBSIDIARY
COMPANIES**

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2022

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**LUBBOCK FINE LLP
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB**

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

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VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

COMPANY INFORMATION

Directors	M Frayne D Lipscombe M Caroe
Company secretary	D Lipscombe
Registered number	04672443
Registered office	Ashford House Grenadier Road Exeter Devon EX1 3LH
Independent auditors	Lubbock Fine LLP Chartered Accountants & Statutory Auditor Paternoster House 65 St Paul's Churchyard London EC4M 8AB
Bankers	Barclays Bank Plc Leicester Leicestershire LE87 2BB Silicon Valley Bank UK 14-18 Finsbury Square London EC2A 1BR ABSA Bank Ltd 1st Floor, Santyger Bldg 313 Durban Road Belville, 7530

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

GROUP STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors have pleasure in presenting the strategic report for the year ended 31 August 2022.

Principal activity

The principal business of the Group is to develop, market, sell and support automation software. The market segment we are currently focused on is Unified Communications (UC), also known as the Collaboration space. Our automation software improves the deployment, operations, monitoring and consumption of UC. While all enterprises consume UC, the Group has decided to focus on large/complex enterprises as the benefits such organisations can derive from automation are, by definition, much more significant than those available to smaller, simpler companies. There are 3 main UC deployment models: customer owned on premise solution (on premise), customer owned solutions hosted in a 3rd party data centre and managed by that 3rd party (managed) and solutions provided by 3rd parties that are hosted in the cloud.

Business review

The market trends are that large enterprises are adopting cloud-based strategies for a number of solutions that they utilise and UC is an example of one of the services where cloud adoption is increasing. The Group's strategy has been to target the UC cloud suppliers and over the past years we have been extremely successful at building up a customer base of around 40 UC significant Cloud providers including the majority of the largest players in the market such as T-Mobile, Telstra, BT, Vodafone and so on.

The current health pandemic has significantly altered the UC landscape – the need to support remote workers with technology has significantly accelerated the adoption of complex collaboration tools. Aggressive adoption of multiple best of breed solutions by enterprises will materially impact their need for tools that can help them manage the increased breadth of their UC solutions, thereby significantly increasing future demand for solutions such as those offered by the Group.

In prior years, the Company reported that it had entered the UC Assurance market by engaging in an OEM partnership with LayerX. The initial sales strategy for this solution was to cross sell the solution to existing customers, and to then develop a broader market penetration strategy. This initiative proved to be successful, and the Group invested in sales, marketing, partner management, deployment and support capabilities. Based on this initial success, the Group acquired LayerX in September 2021 to more fully exploit the opportunity.

Funding for the LayerX transaction coincided with a strategy to reorganise the capital structure of the Group. All the shares were converted to ordinary shares and all the preference rights were removed, Xange were replaced in a secondary deal with Verdane Capital. New capital was injected into the business.

The Key 2022 Strategic Initiatives are:

1. Cross selling and up selling to existing customers. Now that the Group has achieved a good customer footprint, the Group continues seeking ways to become more strategically aligned with this customer base and to look to cross sell other products and services and generally manage the risks of success directly with the customers. Of course, the new assurance products are now part of cross sell and up sell initiative.
2. The second key strategy for the business was ongoing diversification to address the Microsoft market segment. The UC marketplace for large enterprises is dominated by Cisco and Microsoft and the Group had previously made a strategic commitment to develop solution capabilities to service the Microsoft market. Microsoft Teams is one of fastest growing UC tools, with demand driven by the needs to support remote workers.
3. The Group's third key strategy was to continue with the previous diversification strategy to target the large enterprises who choose to implement UC environments. The strategy included further product development work as well as sales and marketing strategies to secure direct on-premise customers. This strategy was focused on both Cisco and Microsoft technology users.
4. Successfully integrating and driving success with the acquired LayerX assurance solution (VOSS Insights).

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

Principal risks and uncertainties

The principal risks in the business strategy include

1. Selection of technology partners (Cisco or Microsoft)
2. Macro economic trends

1. Would Cisco or Microsoft be the UC Cloud technology of choice?

In the large enterprise space where the Group is focused, the technology choices are primarily between Cisco and Microsoft. These two organisations enjoy over 75% of the UC market share and in 2022, Microsoft gained enormous traction in the UC space with its Teams solution.

Risk Mitigation Strategies

To mitigate the technology risk, the Group's solutions have proven multi-vendor capabilities that can readily be extended to additional vendors should there be a change in vendor preference in the market.

Position at the end of 2022

The Group has proven and evolving multi vendor capabilities.

2. *Global Economic Trends*

Like all other businesses, the Group's overall prospects are impacted by the general macro economic trends. The health pandemic was not something any of us considered last year, and likewise the geo political issues we are experiencing now were also not readily predicted. VOSS has not been immune from the resultant overall decline in financial health. While overall interest levels are high, the decision making process in our customers has become much more stringent and slow. Sales cycles have been elongated and there has been price pressure brought to bear on us as well. Large deals in particular have been slow and difficult to close and we were particularly hard hit in Q4 which is normally our strongest quarter where almost every significant deal that was forecast to close in that period failed to do so.

Risk Mitigation Strategies

The Group continues to conserve our cash, only invest in initiatives with very high probabilities for success and will curtail major strategic investments unless these are thoroughly researched, discussed with the Board and show a manageable risk profile.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022****Financial key performance indicators**

The budgeting for 2022 was very aggressive based on the pipeline that we started the year with. The Q1 achievements were consistent with the positive outcome assumption, but since then the Group has missed successive Q targets, with Q4 which is normally the best quarter, delivering the poorest results.

The Group's key performance indicator ("KPI") achievements were as follows:

Category	Actual	Plan
Orders	£14.2m	£20.9m
Revenue	£14.0m	£19.4m
Operating Costs	£11.2m	£15.4m
Assurance Orders	£3.0m	£5.2m
Subscription revenue as a % of total	79%	76%

Analysis of performance vs KPIs

The Group missed its targets. The primary reasons for this are that the market changed dramatically.

The Board remains confident that the key strategic initiatives are fundamentally the correct strategies for the Group. In the future the Group will continue to invest in these initiatives, the future investments will be more focused on sales and marketing, as the foundational product solutions have been successfully developed.

We continue to review our operations to become more customer centric in our approach and to improve effectiveness, efficiency, to drive out unproductive costs and to implement internal systems and automation.

Overall Risk Management Policies

The Group's Board and Management understand the strategies, risks and risk mitigation initiatives in the business. Risks associated security breaches, financial fraud and the like are controlled by internal committees, thorough reporting, multiple signoffs required on transactions, weekly deal desk approval meetings to authorize all bids that go out for business as well as reporting and tracking of internal projects.

The fundamental market and business execution risks are primarily managed by allocating clear responsibilities to projects and initiatives, to defining plans with quarterly objectives and then meeting each month and quarter to review progress against plan so, where appropriate, corrective action can be taken. This happens at the project initiative level, executive level and board level.

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

DocuSigned by:

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M Frayne
 Director

Date: 16 April 2023 | 10:11 PDT

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their report and the financial statements for the year ended 31 August 2022.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,165,733 (2021 - £2,479,308).

Directors

The directors who served during the year were:

M Frayne
D Lispcombe
C Bertrand (resigned 6 October 2021)
M Caroe

Branches outside the United Kingdom

The Company established a branch in Australia in 2020.

Matters covered in the Group Strategic Report

In accordance with 414C(11) of the Companies Act 2006 the Group has chosen to include information in relation to future developments, financial risk management, and research and development activities in the Group's strategic report.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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

DocuSigned by:
Mike Frayne
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M Frayne
Director

Date: 16 April 2023 | 10:11 PDT

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

Opinion

We have audited the financial statements of VisionOSS Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 August 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which states that the group is in a net current liability position of £5,836,270 as at 31 August 2022. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISIONOSS LIMITED AND SUBSIDIARY COMPANIES (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISIONOSS LIMITED AND SUBSIDIARY COMPANIES (CONTINUED)

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.

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

- Enquiries of management, including obtaining and reviewing supporting documentation, concerning the group'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 of laws and regulations; and
- Discussions between the engagement team and component auditors concerning work undertaken in relation to identifying and assessing risks of irregularities and non-compliance with laws at component levels.
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience of working with entities in similar sectors and this experience was relevant to the discussion about where fraud risks might arise.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included health and safety regulations, and environmental regulations.

As a result of these procedures, we considered the particular areas that were susceptible to misstatement due to fraud were in respect of revenue recognition and management override. Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- reviewing revenue recognition on a sample basis;
- 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 rationale of any significant transactions that are unusual or outside the normal course of the group's operations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISIONOSS LIMITED AND SUBSIDIARY COMPANIES (CONTINUED)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Banks

Stephen Banks (Senior Statutory Auditor)
for and on behalf of
Lubbock Fine LLP
Chartered Accountants & Statutory Auditor
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 18 April 2023

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Turnover	4	14,015,307	12,930,146
Cost of sales		(748,633)	(1,047,873)
Gross profit		<u>13,266,674</u>	<u>11,882,273</u>
Administrative expenses		(11,138,142)	(8,951,308)
Exceptional administrative expenses	10	(404,266)	-
Operating profit	5	<u>1,724,266</u>	<u>2,930,965</u>
Interest receivable and similar income		2,624	2,825
Interest payable and similar expenses	8	(529,899)	(346,099)
Profit before taxation		<u>1,196,991</u>	<u>2,587,691</u>
Tax on profit	9	(31,258)	(108,383)
Profit for the financial year		<u><u>1,165,733</u></u>	<u><u>2,479,308</u></u>
Currency translation differences on consolidation		(815,170)	290,253
Total comprehensive income for the year		<u><u>350,563</u></u>	<u><u>2,769,561</u></u>
Profit for the year attributable to:			
Owners of the parent Company		<u><u>1,165,733</u></u>	<u><u>2,479,308</u></u>
Total comprehensive income for the year attributable to:			
Owners of the parent Company		<u><u>350,563</u></u>	<u><u>2,769,561</u></u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 17 to 36 form part of these financial statements.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

REGISTERED NUMBER:04672443

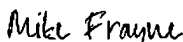
CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	7,090,219	-
Tangible assets	12	121,872	119,261
		<u>7,212,091</u>	<u>119,261</u>
Current assets			
Debtors: amounts falling due within one year	14	1,658,586	2,414,034
Cash at bank and in hand	15	3,471,606	8,009,992
		<u>5,130,192</u>	<u>10,424,026</u>
Creditors: amounts falling due within one year	16	(10,966,462)	(13,091,933)
Net current liabilities		<u>(5,836,270)</u>	<u>(2,667,907)</u>
Total assets less current liabilities		<u>1,375,821</u>	<u>(2,548,646)</u>
Creditors: amounts falling due after more than one year	17	(1,671,797)	(2,305,460)
Provisions for liabilities			
Net liabilities		<u>(295,976)</u>	<u>(4,854,106)</u>
Capital and reserves			
Called up share capital	19	16,489	12,739
Share premium account	20	15,617,462	11,283,739
Other reserves	20	32,954	166,363
Profit and loss account	20	(15,962,881)	(16,316,947)
		<u>(295,976)</u>	<u>(4,854,106)</u>

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

DocuSigned by:



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M Frayne
Director

Date: 16 April 2023 | 10:11 PDT

The notes on pages 17 to 36 form part of these financial statements.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

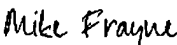
REGISTERED NUMBER:04672443

COMPANY BALANCE SHEET

AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	33,561	19,479
Investments	13	7,967,452	342,352
		<u>8,001,013</u>	<u>361,831</u>
Current assets			
Debtors: amounts falling due within one year	14	8,060,244	9,583,888
Cash at bank and in hand	15	2,177,316	5,780,991
		<u>10,237,560</u>	<u>15,364,879</u>
Creditors: amounts falling due within one year	16	(6,476,382)	(8,899,872)
Net current assets		<u>3,761,178</u>	<u>6,465,007</u>
Total assets less current liabilities		<u>11,762,191</u>	<u>6,826,838</u>
Creditors: amounts falling due after more than one year	17	(1,671,797)	(1,930,412)
Net assets		<u><u>10,090,394</u></u>	<u><u>4,896,426</u></u>
Capital and reserves			
Called up share capital	19	16,489	12,739
Share premium account	20	15,617,462	11,283,739
Other reserves	20	148,620	222,821
Profit and loss account	20	(5,692,177)	(6,622,873)
		<u>10,090,394</u>	<u>4,896,426</u>

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

DocuSigned by:

 02ACAA92DFF84FF...
 Mike Frayne
 Director

Date: 16 April 2023 | 10:11 PDT

The notes on Pages 17 to 36 form part of these financial statements.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2022

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 September 2020	12,890	19,814,293	343,680	(24,140,759)	(3,969,896)
Profit for the year	-	-	-	2,479,308	2,479,308
Other recognised gains and losses during the year	-	-	-	(81,858)	(81,858)
Total comprehensive income for the year	-	-	-	2,397,450	2,397,450
Shares issued during the year	3,280	(2,665)	-	-	615
Shares redeemed during the year	(3,431)	(3,278,844)	-	-	(3,282,275)
Transfer to/from profit and loss account	-	(5,249,045)	(177,317)	5,426,362	-
At 1 September 2021	12,739	11,283,739	166,363	(16,316,947)	(4,854,106)
Profit for the year	-	-	-	1,165,733	1,165,733
Other recognised gains and losses during the year	-	-	-	(945,076)	(945,076)
Total comprehensive income for the year	-	-	-	220,657	220,657
Shares issued during the year	3,750	4,333,723	-	-	4,337,473
Transfer to profit and loss account	-	-	(133,409)	133,409	-
At 31 August 2022	16,489	15,617,462	32,954	(15,962,881)	(295,976)

The notes on pages 17 to 36 form part of these financial statements.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2022

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 September 2020	12,890	19,814,293	343,680	(13,449,983)	6,720,880
Profit for the year	-	-	-	1,472,784	1,472,784
Other recognised gains and losses during the year	-	-	-	(15,578)	(15,578)
Total comprehensive income for the year	-	-	-	1,457,206	1,457,206
Shares issued during the year	3,280	(2,665)	-	-	615
Shares redeemed during the year	(3,431)	(3,278,844)	-	-	(3,282,275)
Transfer to/from profit and loss account	-	(5,249,045)	(120,859)	5,369,904	-
At 1 September 2021	12,739	11,283,739	222,821	(6,622,873)	4,896,426
Profit for the year	-	-	-	769,156	769,156
Other recognised gains and losses during the year	-	-	-	87,339	87,339
Total comprehensive income for the year	-	-	-	856,495	856,495
Shares issued during the year	3,750	4,333,723	-	-	4,337,473
Transfer to profit and loss account	-	-	(74,201)	74,201	-
At 31 August 2022	16,489	15,617,462	148,620	(5,692,177)	10,090,394

The notes on pages 17 to 36 form part of these financial statements.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the financial year		1,165,733	2,479,308
Adjustments for:			
Amortisation of intangible assets		878,580	-
Depreciation of tangible assets		69,711	51,737
Loss on disposal of tangible assets		9	23
Interest paid		529,899	346,099
Interest received		(2,624)	(2,825)
Taxation charge		31,258	108,383
Decrease in debtors		1,197,514	299,767
(Decrease)/increase in creditors		(3,969,628)	3,840,003
Corporation tax (paid)		(32,984)	(108,383)
Foreign exchange		(586,565)	(206,197)
Net (used in)/generated from operating activities		<u>(719,097)</u>	<u>6,807,915</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(56,292)	(55,549)
Sale of tangible fixed assets		907	-
Purchase of subsidiary undertaking		(7,625,100)	-
Interest received		2,624	2,825
Cash acquired with subsidiary undertaking		838	-
Net cash (used in)/generated from investing activities		<u>(7,677,023)</u>	<u>(52,724)</u>
Cash flows from financing activities			
Issue of ordinary shares		4,337,473	615
Purchase of ordinary shares		-	(3,282,275)
Repayment of loans		(2,121,464)	-
Other new loans		2,171,624	2,593,708
Repayment of other loans		-	(1,090,890)
Interest paid		(529,899)	(346,099)
Net cash operated from financing activities		<u>3,857,734</u>	<u>(2,124,941)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(4,538,386)</u>	<u>4,630,250</u>
Cash and cash equivalents at beginning of year		8,009,992	3,379,742
Cash and cash equivalents at the end of year		<u><u>3,471,606</u></u>	<u><u>8,009,992</u></u>
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand	15	<u><u>3,471,606</u></u>	<u><u>8,009,992</u></u>

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1. General information

VisionOSS Limited is a private company, limited by shares, incorporated in England and Wales. Its principal place of business is Regus Building, 200 Brook Drive, Green Park, Reading, RG2 6UB. Its registered office address is Ashford House, Grenadier Road, Exeter, Devon, EX1 3LH.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group meets its day-to-day working capital requirements through the financial support of its lenders and investors.

As at 31 August 2022 the Group had net current liabilities of £5,836,270. As discussed in note 16, the Group has two credit facilities and in respect of these a total balance of £2,795,703 is payable within a year of the balance sheet date. As such, there is a material uncertainty over whether the Group is able to meet its liabilities as they fall due and thereby whether the going concern basis of accounting is appropriate.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.3 Going concern (continued)

The directors believe that it is appropriate to prepare the financial statements on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future on the basis of the Group's plans and the continued support of the Group's lenders and both current and future potential investors.

Should the going concern basis prove to be inappropriate then adjustments may be required to reduce the carrying values of assets to their recoverable amounts, to provide for any additional liabilities that may arise, and to reclassify fixed assets and long term liabilities respectively.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Agent commission income

The Group has entered into an agreement whereby it acts as an agent on behalf of a principal. The Group receives a fixed percentage commission income based on the revenues of the principal. This commission income is recognised in the period to which the revenues of the principal relate.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- Straight line over the life of the lease
Fixtures and fittings	- Straight line at 20%
Plant and machinery	- Straight line at 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Valuation of investments

Investments in subsidiaries are valued at cost less provision for impairment.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.10 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

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

2.11 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Group's functional currency is USD. This differs from the presentational currency which is GBP. The reason for the difference is that the financial statements give a more true and fair representation of the business for the financial statement users.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.16 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.17 Interest income

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

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.18 Share based payments

The group issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

Where vested share options are forfeited in the year, the expense recognised to date is not subsequently reversed however a transfer is made from the share option reserve to the profit and loss reserve to reflect the reduction of share options in issue.

2.19 Share capital

Ordinary share capital is classed as equity.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The only key judgements and sources of estimation uncertainty are:

Revenue Recognition

A proportion of the turnover which the Group receives is from software consultancy projects. Such turnover is recognised by the Group according to the stage of completion of each project. Due to the absence of other formal information, the stage of completion is estimated by the Group on the basis of their experience and knowledge of the project.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£	£
Sale of goods	9,722,332	8,110,023
Rendering of services	4,292,975	4,820,123
	<u>14,015,307</u>	<u>12,930,146</u>

Analysis of turnover by country of destination:

	2022	2021
	£	£
United Kingdom	3,093,622	3,482,026
Rest of the world	10,921,685	9,448,120
	<u>14,015,307</u>	<u>12,930,146</u>

5. Operating profit/loss

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	69,711	51,737
Amortisation of intangible fixed assets	878,577	-
Fees payable to the Group's auditors and its associates for the audit of the Group's annual financial statements	45,929	13,500
Exchange differences	(327,096)	(102,823)
Other operating lease rentals	301,716	337,640
Defined contribution pension cost	226,987	175,665
	<u>226,987</u>	<u>175,665</u>

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

6. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	7,358,099	6,511,768	2,780,167	2,062,559
Social security costs	480,446	353,556	246,713	202,697
Cost of defined contribution scheme	226,987	175,665	104,482	78,969
	<u>8,065,532</u>	<u>7,040,989</u>	<u>3,131,362</u>	<u>2,344,225</u>

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

	2022 No.	2021 No.
Number of engineering staff	47	39
Number of sales and marketing staff	16	15
Number of global services staff	30	29
Number of general and administration staff	13	11
	<u>106</u>	<u>94</u>

7. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	371,831	311,184
Group contributions to defined contribution pension schemes	5,087	62,172
	<u>376,918</u>	<u>373,356</u>

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £278,060 (2021 - £241,950).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,422 (2021 - £9,172).

8. Interest payable and similar expenses

	2022 £	2021 £
Other loan interest payable	<u>529,899</u>	<u>346,099</u>

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

9. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	7,268	(63,494)
Foreign tax on income for the year	23,990	171,877
Taxation on profit on ordinary activities	<u>31,258</u>	<u>108,383</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£	£
Profit on ordinary activities before tax	<u>1,196,991</u>	<u>2,587,691</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	227,428	491,661
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,219	308
Capital allowances for year in excess of depreciation	11,613	31,137
Utilisation of tax losses	(69,012)	(111,685)
Different rate taxes on overseas earnings	123,162	99,671
Other timing differences leading to an increase (decrease) in taxation	(273,120)	(474,065)
Unrelieved tax losses carried forward	-	(37,027)
Overseas tax paid	9,968	108,383
Total tax charge for the year	<u>31,258</u>	<u>108,383</u>

Factors that may affect future tax charges

A deferred tax asset of £4,529,000 (2021 - £5,121,000) has not been recognised in the accounts as it is uncertain whether the Group will make sufficient future taxable profits to utilise this asset. The asset arises due to trading losses generated by the Group in earlier periods and may be offset against future taxable profits, which are available for an indefinite period.

The UK main corporation tax rate will be increased to 25% applying to profits over £250,000 (effective from 1 April 2023) following the Chancellor's Budget on 3 March 2021. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

10. Exceptional items

	2022 £	2021 £
Severance costs	404,266	-

11. Intangible assets

Group

	Patents £	Goodwill £	Total £
Cost			
Additions	90,775	7,878,021	7,968,796
At 31 August 2022	90,775	7,878,021	7,968,796
Amortisation			
Charge for the year on owned assets	90,775	787,802	878,577
At 31 August 2022	90,775	787,802	878,577
Net book value			
At 31 August 2022	-	7,090,219	7,090,219
At 31 August 2021	-	-	-

None of the Group's intangible fixed assets are held in the Parent Company.

Other intangible assets have not been included within Goodwill as they relate to patents acquired as part of the acquisition of the LayerX subsidiary during the year

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

12. Tangible fixed assets

Group

	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 September 2021	100,181	483,055	94,992	678,228
Additions	6,989	67,018	24	74,031
Disposals	(4,210)	(12,387)	(458)	(17,055)
Exchange adjustments	10,018	16,182	9,515	35,715
At 31 August 2022	<u>112,978</u>	<u>553,868</u>	<u>104,073</u>	<u>770,919</u>
Depreciation				
At 1 September 2021	64,312	415,603	79,052	558,967
Charge for the year on owned assets	8,414	51,622	9,675	69,711
Disposals	(4,210)	(11,471)	(458)	(16,139)
Exchange adjustments	18,554	13,563	4,391	36,508
At 31 August 2022	<u>87,070</u>	<u>469,317</u>	<u>92,660</u>	<u>649,047</u>
Net book value				
At 31 August 2022	<u>25,908</u>	<u>84,551</u>	<u>11,413</u>	<u>121,872</u>
At 31 August 2021	<u>35,869</u>	<u>67,452</u>	<u>15,940</u>	<u>119,261</u>

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

12. Tangible fixed assets (continued)

Company

	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 September 2021	-	64,758	458	65,216
Additions	2,779	24,060	-	26,839
Disposals	-	(5,220)	(458)	(5,678)
At 31 August 2022	<u>2,779</u>	<u>83,598</u>	<u>-</u>	<u>86,377</u>
Depreciation				
At 1 September 2021	-	45,279	458	45,737
Charge for the year on owned assets	77	12,675	-	12,752
Disposals	-	(5,215)	(458)	(5,673)
At 31 August 2022	<u>77</u>	<u>52,739</u>	<u>-</u>	<u>52,816</u>
Net book value				
At 31 August 2022	<u>2,702</u>	<u>30,859</u>	<u>-</u>	<u>33,561</u>
At 31 August 2021	<u>-</u>	<u>19,479</u>	<u>-</u>	<u>19,479</u>

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 September 2021	342,352
Additions	7,625,100
At 31 August 2022	<u>7,967,452</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
VisionOSS Incorporated	160 Greentree Drive, Suite 101, Dover, Kent, 19904 Delaware, USA	IT & Telecoms distribution	Ordinary	100%
VisionOSS Pty Limited	Unit 5 Knowledge Park III, Heron Crescent, Century City, 7441, South Africa	IT & Telecoms distribution	Ordinary	100%
LayerX Technologies Incorporated	160 Greentree Drive, Suite 101, Dover, Kent, 19904 Delaware, USA	IT & Telecoms distribution	Ordinary	100%

14. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	1,196,097	1,824,424	1,007,933	1,485,117
Amounts owed by group undertakings	-	-	6,856,072	7,729,220
Other debtors	131,811	89,820	41,251	25,800
Prepayments and accrued income	319,511	490,349	154,988	343,751
Tax recoverable	11,167	9,441	-	-
	<u>1,658,586</u>	<u>2,414,034</u>	<u>8,060,244</u>	<u>9,583,888</u>

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

15. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	3,471,606	8,009,992	2,177,316	5,780,991

16. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other loans	2,795,703	2,123,527	2,795,703	2,123,527
Trade creditors	305,707	611,093	205,883	446,885
Other taxation and social security	454,928	446,533	444,315	420,355
Other creditors	355,662	3,589,523	155,580	3,319,409
Accruals and deferred income	7,054,462	6,321,257	2,874,901	2,589,696
	<u>10,966,462</u>	<u>13,091,933</u>	<u>6,476,382</u>	<u>8,899,872</u>

The Group and Parent's financing facility includes two credit facilities. One credit facility amounts to €3,000,000 (2021 - €3,000,000) and incurs as interest at 10% on the draw-down amount. The other facility amounts to \$3,370,176 (2021 - \$2,370,176) and incurs interest at 13% and on the draw-down amount. These credit facilities have the purpose of providing cover for working capital and liquidity commitments. Other loans comprise amounts falling due within one year under the terms of these facilities. The loans are secured by a charge over the Group's assets.

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other loans	1,671,797	1,930,412	1,671,797	1,930,412
Accruals and deferred income	-	375,048	-	-
	<u>1,671,797</u>	<u>2,305,460</u>	<u>1,671,797</u>	<u>1,930,412</u>

Other loans comprise amounts due after more than one year under the terms of the facilities disclosed in note 16.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

18. Financial instruments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	1,601,939	2,585,152	8,079,793	9,850,351
Financial liabilities				
Financial liabilities measured at amortised cost	(7,245,351)	(11,471,433)	(5,430,374)	(8,878,716)

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors (excluding VAT recoverable) and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, taxation and social security, accruals and other loans.

19. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
16,488,599 (2021 - 12,738,599) Ordinary shares of £0.001 each	16,489	12,739

During the year the Company has issued 3,750,000 £0.001 ordinary shares for total consideration of £4,365,798. All shares rank pari-passu.

20. Reserves

Share premium account

Share premium reflects the amount received in exchange for shares in the company in excess of the shares' par value.

Other reserves

Other reserves comprises the value of share options granted which have vested, not yet been exercised and not expired.

Profit and loss account

Profit and loss account includes all cumulative profits and losses, and currency translation differences, less the value of share options which have been cancelled.

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FOR THE YEAR ENDED 31 AUGUST 2022

21. Share-based payments

Equity-settled share-based payments

The Group has a share option scheme under which options to subscribe for the Company's ordinary shares have been granted to all employees (including directors) either as Enterprise Management Incentives (EMI) options or unapproved options.

Options are exercisable at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is usually 1 to 3 years. The exercise of options is also dependent on eligible executives meeting performance criteria. The options are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

During the year there were the following movements in the Company's outstanding ordinary share options under the scheme:

Type of option	Date of grant of £0.001 each	Exercise price	Outstanding at 1 September 2021	Forfeited/ excercised/ lapsed during the year	Granted during the year	Outstanding at 31 August 2022
EMI	17 November 2009	£0.67	46,943	-	-	46,943
EMI	31 January 2016	£0.59	10,500	-	-	10,500
Unapproved	17 November 2009	£0.67	196,288	(13,918)	-	182,370
Unapproved	1 January 2010	£2.37	10,000	-	-	10,000
Unapproved	4 January 2010	£2.37	18,000	-	-	18,000
Unapproved	1 December 2010	£2.37	6,000	(6,000)	-	-
Unapproved	22 August 2011	£2.37	111,250	(5,000)	-	106,250
Unapproved	1 December 2011	£2.31	1,500	-	-	1,500
Unapproved	25 February 2013	£2.31	25,770	(25,770)	-	-
Unapproved	31 August 2013	£2.31	560,244	-	-	560,244
Unapproved	11 September 2013	£0.59	5,000	-	-	5,000
Unapproved	1 Feburary 2014	£0.59	15,000	-	-	15,000
Unapproved	31 March 2014	£0.59	89,622	-	-	89,622
Unapproved	31 August 2014	£0.59	193,406	-	-	193,406
Unapproved	31 October 2015	£0.59	22,183	-	-	22,183
Unapproved	31 January 2016	£0.59	3,500	-	-	3,500
Unapproved	14 June 2017	£0.50	6,234	-	-	6,234
Total			1,321,440	(50,688)	-	1,270,752

The fair values of the share options granted during the year were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

Expected volatility - 30%
 Expected life - 10 years
 Risk free rate of interest - 0.5%

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FOR THE YEAR ENDED 31 AUGUST 2022

22. Business combinations

LayerX Holdings LLC was acquired on 17th September 2021 with VisionOSS Limited becoming a 100% parent company.

Acquisition of LayerX Holdings, LLC**Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value	Fair value
	£	£
Fixed Assets		
Tangible	17,739	17,739
Intangible	90,775	90,775
	<u>108,514</u>	<u>108,514</u>
Current Assets		
Debtors	440,340	440,340
Cash at bank and in hand	838	838
	<u>549,692</u>	<u>549,692</u>
Total Assets		
Creditors		
Due within one year	(802,613)	(802,613)
	<u>(252,921)</u>	<u>(252,921)</u>
Total identifiable net liabilities		
		<u>7,878,021</u>
Goodwill		
Total purchase consideration		<u>7,625,100</u>
Consideration		
		£
Cash		<u>7,625,100</u>
Cash outflow on acquisition		

The goodwill arising on acquisition is attributable to patents held by LayerX.

23. Parent Company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £769,153 (2021 - £1,472,784).

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FOR THE YEAR ENDED 31 AUGUST 2022

24. Pension commitments

The Group operates a pension scheme which provides for the full payment of the contribution by the Group. The scheme operates on a defined contribution money purchase basis and the contributions are charged to the profit and loss account as they arise.

Group

The charge for the year was £226,978 (2021 - £175,665). At the balance sheet date pension contributions in the amount of £48,297 (2021 - 32,088) remained outstanding.

Company

The charge for the year was £104,482 (2021 - 78,969). At the balance sheet date pension contributions in the amount of £39,812 (2021 - £24,464) remained outstanding.

25. Commitments under operating leases

At 31 August 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Land and Buildings				
Not later than 1 year	142,752	193,122	98,325	77,400
Later than 1 year and not later than 5 years	646,428	-	173,470	-
Later than 5 years	153,353	-	-	-
	<u>942,533</u>	<u>193,122</u>	<u>271,795</u>	<u>77,400</u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other				
Not later than 1 year			7,200	7,200
			<u>7,200</u>	<u>7,200</u>

26. Related party transactions

At the balance sheet date an amount of £1,993,272 (2021 - £2,248,150) was due from the Group to Other Related Parties in respect of a loan. The loan is secured by a charge over the Group's assets, bears interest at a rate of 13% per annum and is payable in monthly instalments until 31 March 2024.

At the balance sheet date an amount of £129,205 (2021 - £5,245) was due from the Group to directors of the Group.

VISIONOSS LIMITED AND SUBSIDIARY COMPANIES

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FOR THE YEAR ENDED 31 AUGUST 2022

27. Key management personnel compensation

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. The remuneration of directors and other members of key management during the year was as follows:

	2022 £	2021 £
Short term benefits	1,289,561	1,270,947
Post employment benefits	38,298	46,918
	<u>1,327,859</u>	<u>1,317,865</u>

28. Controlling party

There is no overall controlling party of the Group.

29. Analysis of net debt

	At 1 September 2021 £	Cash flows £	Other non- cash changes £	At 31 August 2022 £
Cash at bank and in hand	8,009,992	(4,538,386)	-	3,471,606
Debt due after 1 year	(1,930,412)	(2,171,624)	2,430,239	(1,671,797)
Debt due within 1 year	(2,123,527)	2,121,464	(2,793,640)	(2,795,703)
	<u>3,956,053</u>	<u>(4,588,546)</u>	<u>(363,401)</u>	<u>(995,894)</u>