

**VICON MOTION SYSTEMS  
LIMITED**

**Financial Statements**

**For the Year Ended  
30 September 2023**

**Company number;  
01801446**

**SATURDAY**



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**09/03/2024**

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**VICON MOTION SYSTEMS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**VICON MOTION SYSTEMS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**  
for the year ended 30 September 2023

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## VICON MOTION SYSTEMS LIMITED

### STRATEGIC REPORT for the year ended 30 September 2023

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The directors present their Strategic Report together with the audited financial statements of the Company for the year ended 30 September 2023.

#### **Principal activities, business review and future developments**

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

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

Revenue		Gross Margin		Profit before tax		Net cash position*	
FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
£33.9m	£21.6m	£20.4m	£13.6m	£5.5m	£2.5m	£3.8m	£8.2m

\*Net cash position includes cash balances net of the bank overdraft.

Record revenues are reported of £33.9m (FY22: £21.6m) and continued buoyant performance in our Entertainment segment. Cover Japan purchased a large number of Valkyrie cameras for 4 motion capture stages to allow V-tubers to capture and purchase content for their channels. Double Negative's partnership with Dimension Studios continued with the purchase of an ICVFX stage which is being shipped globally for projects coming to a theatre or streaming service very soon.

Life Sciences, traditionally our cornerstone market, saw strong year on year revenue growth. The Hospital Israelita Albert Einstein (HIAE), the largest gait lab in Brazil, upgraded their system and in Italy the University of Padova's Industrial Engineering in Sports Department are using the new Valkyrie 8 for high speed analysis with the Italian Paralympic team. Elsewhere, in Australia, Victoria University continue to provide gold standard testing for all of FIFA's research using the Valkyrie 16 and 26 systems.

Within our Engineering market ITESM, a private university in Monterrey Mexico, installed a Valkyrie system for drone tracking whilst the University of Arizona also purchased Valkyrie 26 cameras to track tiny 'crazyfly' drones. While the University of Manitoba acquired a large Valkyrie system for both Unmanned Aerial Vehicle (UAV) and ground robot tracking in an indoor agriculture research facility.

LBE remains a key end market and presents a clear growth opportunity going forward, but for the time being remains sensitive to customer roll out plans and consumer acceptance of this exciting application. Our partner Sandbox VR added 90 VR experience rooms globally and Immersive Gamebox added 50 more Vicon enabled VR centres in the year with exciting news announced of their multi-million pound and multi-territory agreement across Europe, the USA, the UK, and Australia with Merlin Entertainments, a family entertainment company.

Overall, Entertainment represented the largest segment of revenues but given strong performances in Life Sciences and Engineering in the second half, it is likely that we can expect a more normalise balance of revenues in the year ahead.

In addition to our Markerless development FY23 also saw the development and release of numerous software updates that serve our existing markets including Tracker 4.0 in Engineering, Shogun 1.09 and Shogun 1.10 in Entertainment, Nexus 2.15 in Life Sciences and Evoke 1.6 in the LBE market. All these releases kept all our solutions relevant, and at the cutting edge, ensuring the best customer experience.

With ongoing market demand, the Company starts the new financial year with a strong order book which, together with a growing sales pipeline, provides the business with visibility on over a half of expected revenues for the year ahead. The year ahead will also see the start of the commercialisation of our

## VICON MOTION SYSTEMS LIMITED

### STRATEGIC REPORT

for the year ended 30 September 2023

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Markerless technology. In this regard, revenue expectations for the year ahead are modest which is expected to be followed by material revenues in FY25.

In recent years we have seen some erosion of the product gross margins arising from supply chain cost pressures; the supply chain situation has now normalised, and we expect to see recovery closer to historic performance in FY24.

The cost base, including investment announced in the five-year plan, is largely at full strength and we plan to open a new dedicated Markerless facility in Oxford in FY24. More generally the cost base is not immune to the current inflationary environment, so some underlying increase is to be expected.

The Board looks forward to the new financial year which is set to see further underlying growth in our existing markets whilst laying the foundations for future growth including the rollout of Markerless in Vicon.

#### **Principal risks and uncertainties**

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

##### *Product and technology risk*

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

##### *Suppliers*

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

##### *Employee retention*

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

##### *Market*

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

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

## VICON MOTION SYSTEMS LIMITED

### STRATEGIC REPORT for the year ended 30 September 2023

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

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

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

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

#### *Inflationary pressure*

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

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

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

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

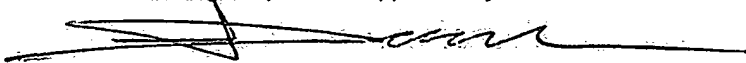
In mitigation, the business has the opportunity to increase customer prices to maintain product gross margins and to seek alternative suppliers to secure competitive terms where possible.

#### *Non-Financial*

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

#### **Approval**

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



**D Deacon**  
Director

## VICON MOTION SYSTEMS LIMITED

### REPORT OF THE DIRECTORS for the year ended 30 September 2023

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

#### **Going concern**

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

The going concern review considered the following key areas:

#### Market considerations

The Company's primary markets are life sciences, entertainment and engineering. The directors have assessed the prospects in these markets together with the inflationary environment.

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

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

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

#### Operational readiness

The Company adapted to virtual working during the pandemic and demonstrated the business could operate effectively during this period. All operations have returned to normal though this 'new normal' includes more remote working and will continue through FY24 and beyond. In the event of a 'pandemic' like event in the future the business would adapt as before. The Company recognises that 'human capital' is essential for future success and has included measures in the Financial Forecasts to enhance compensation to maintain a high retention rate and has included proposed new recruitment at near market rates.

#### Financial considerations

The Company has no external borrowing facilities and as at the balance sheet date had cash balances of £3.8 million (net of £1.2 million overdraft). The overdraft at the balance sheet date is offset by positive account balances in the parent company under a group cash pooling facility. The financial strength of the Company is capable of trading through significant disruption arising from a further pandemic or significant macro-economic events.

#### Stress testing

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

## **VICON MOTION SYSTEMS LIMITED**

### **REPORT OF THE DIRECTORS** for the year ended 30 September 2023

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

#### **Results and dividends**

The Company's retained profit for the financial year is £5,208,000 (2022: £3,069,000 profit) which will be transferred to reserves.

During the year dividends of £nil were paid (2022: £nil). The directors do not recommend the payment of a final dividend.

#### **Research and development**

During the year the Company expensed £6,365,000 (2022: £3,356,000) in research and development costs. In addition £2,127,000 (2022: £2,844,000) of development costs were capitalised. Research and development costs are principally the costs of employees involved in research and development, together with related equipment and materials for hardware development.

#### **Directors**

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

N Bolton (resigned 30 September 2023)  
I Moorhouse (appointed 1 October 2023)  
D Deacon  
C Robertson

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

#### **Financial instruments**

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

#### **Likely future developments in the business of the company**

Information on likely future developments in the business of the Company has been included in the Strategic Report on page 1. The Strategic Report includes details of the market overview; key growth drivers; our business model; strategic objectives; key performance indicators and a summary of 2022/23 performance.

#### **Statement on disclosure of information to auditors**

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

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

**VICON MOTION SYSTEMS LIMITED**

**REPORT OF THE DIRECTORS**  
for the year ended 30 September 2023

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**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosures Framework" ("FRS 101") and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

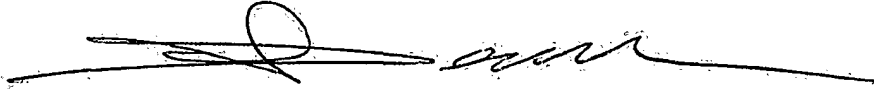
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

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

For and on behalf of the Board



**D Deacon**

Director

4 December 2023

## VICON MOTION SYSTEMS LIMITED

### INDEPENDENT AUDITOR'S REPORT

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#### Independent Auditor's Report to the members of Vicon Motion Systems Limited

##### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 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 Vicon Motion Systems Limited ("the Company") for the year ended 30 September 2023 which comprise Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

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

##### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

##### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in

## VICON MOTION SYSTEMS LIMITED

### INDEPENDENT AUDITOR'S REPORT

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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 Report of the Directors' for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Report of the Directors' 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 Report of the Directors'.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Directors**

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

#### ***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

## VICON MOTION SYSTEMS LIMITED

### INDEPENDENT AUDITOR'S REPORT

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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 legal and regulatory framework applicable to the Company and industry in which it operates, through discussion with management and audit committee and our knowledge of the industry;
- Enquiring of management and the audit committee, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation and UK Companies Act.

Our procedures in respect of the above included:

- Reading minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; 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 Board meetings 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;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these; and
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue existence, focussing on cut off, capitalised development costs, manual journal entries and inappropriate use of estimates.

## VICON MOTION SYSTEMS LIMITED

### INDEPENDENT AUDITOR'S REPORT

Our procedures in respect of the above included:

- performing a detailed review of the Company's year-end adjusting entries, assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;  
Assessing significant estimates made by management for bias surrounding capitalisation of development costs; and
- in addressing the risk of fraud in existence of revenue, testing the appropriateness of the revenue recognition policies and the application of these policies and performing specific procedures over the existence and cut-off of revenue and the judgements involved in the allocation of the standalone selling price.

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.

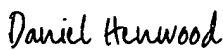
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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:  
  
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Daniel Henwood (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Reading, UK

04 December 2023

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

**VICON MOTION SYSTEMS LIMITED****STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 September 2023

	Note	2023 £'000	2022 £'000
Turnover	3	33,878	21,573
Cost of sales		<u>(13,440)</u>	<u>(7,967)</u>
<b>Gross profit</b>		<b>20,438</b>	<b>13,606</b>
Sales, support and marketing costs		(3,292)	(2,617)
Research and development costs		(6,365)	(3,356)
Administrative expenses		(5,249)	(5,073)
<b>Profit from operations</b>	4	<b>5,532</b>	<b>2,560</b>
Interest payable		(76)	(45)
Interest receivable		44	12
<b>Profit on ordinary activities before taxation</b>		<b>5,500</b>	<b>2,527</b>
Taxation on profit on ordinary activities	7	<u>(292)</u>	<u>542</u>
<b>Profit on ordinary activities after taxation and profit for the financial year</b>		<b>5,208</b>	<b>3,069</b>
<b>Other comprehensive income:</b> <i>Items that may be reclassified subsequently to profit or loss:</i>			
Tax recognised directly in equity		47	(45)
<b>Total comprehensive income for the year</b>		<b>5,255</b>	<b>3,024</b>

All operations are derived from continuing activities.

The accompanying notes on pages 14 to 29 form an integral part of these financial statements.

**VICON MOTION SYSTEMS LIMITED****BALANCE SHEET**  
as at 30 September 2023

COMPANY NUMBER: 01801446

	Note	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Intangible assets	8	6,766	6,317
Tangible assets	9	1,740	1,249
Right of use assets	10	1,282	767
Investments	11	3,690	3,690
		<u>13,478</u>	<u>12,023</u>
<b>Current assets</b>			
Stocks	12	6,738	4,010
Debtors	13	9,601	7,111
Cash at bank and in hand		4,973	8,194
		<u>21,312</u>	<u>19,315</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	14	(7,415)	(9,850)
Lease liabilities	10	(395)	(220)
		<u>(7,810)</u>	<u>(10,070)</u>
<b>Net current assets</b>		<u>13,502</u>	<u>9,245</u>
<b>Total assets less current liabilities</b>		<u>26,980</u>	<u>21,268</u>
<b>Creditors: amounts falling due in more than one year</b>			
Other liabilities	15	(450)	(444)
Lease liabilities	10	(811)	(644)
Provisions	16	(1,079)	(822)
		<u>(2,340)</u>	<u>(1,910)</u>
<b>Net assets</b>		<u>24,640</u>	<u>19,358</u>
<b>Capital and reserves</b>			
Share capital	18	101	101
Share premium	19	1	1
Retained earnings	19	21,814	16,559
Capital contribution reserve	19	2,724	2,697
<b>Shareholders' funds</b>		<u>24,640</u>	<u>19,358</u>

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



**D Deacon**  
Director

The accompanying notes on pages 14 to 29 form an integral part of these financial statements.

**VICON MOTION SYSTEMS LIMITED****STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 September 2023

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital contribution reserve £'000	Total £'000
<b>Balance as at 30 September 2021</b>	101	1	13,535	2,681	16,318
Profit for the year	-	-	3,069	-	3,069
Tax recognised directly in equity	-	-	(45)	-	(45)
Movement in relation to share options	-	-	-	16	16
<b>Balance as at 30 September 2022</b>	<b>101</b>	<b>1</b>	<b>16,559</b>	<b>2,697</b>	<b>19,358</b>
Profit for the year	-	-	5,208	-	5,208
Tax recognised directly in equity	-	-	47	-	47
Movement in relation to share options	-	-	-	27	27
<b>Balance as at 30 September 2023</b>	<b>101</b>	<b>1</b>	<b>21,814</b>	<b>2,724</b>	<b>24,640</b>

The accompanying notes on pages 14 to 29 form an integral part of these financial statements.

## VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 2023

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### 1 ACCOUNTING POLICIES

#### *Basis of Preparation*

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

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

#### *Going Concern*

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

#### Market considerations

The Company's primary markets are life sciences, entertainment and engineering. The directors have assessed the prospects in these markets together with the inflationary environment.

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

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

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

#### Operational readiness

The Company adapted to virtual working during the pandemic and demonstrated the business could operate effectively during this period. All operations have returned to normal though this 'new normal' includes more remote working and will continue through FY24 and beyond. In the event of a 'pandemic' like event in the future the business would adapt as before. The Company recognises that 'human capital' is essential for future success and has included measures in the Financial Forecasts to enhance compensation to maintain a high retention rate and has included proposed new recruitment at near market rates.

#### Financial considerations

The Company has no external borrowing facilities and as at the balance sheet date had cash balances of £3.8 million (net of £1.2 million overdraft). The overdraft at the balance sheet date is offset by positive account balances in the parent company under a group cash pooling facility. The financial strength of the Company is capable of trading through significant disruption arising from a further pandemic or significant macro-economic events.

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

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#### Stress testing

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

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

#### *Disclosure exemptions adopted*

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

- certain comparative information as otherwise required by IAS 1;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Oxford Metrics plc.

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

- Share based payments; and
- Financial instruments.

The financial statements of Oxford Metrics plc can be obtained as described in note 22.

#### *Exemption from preparation of consolidated financial statements*

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

#### *Judgements and key areas of estimation uncertainty*

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

#### *Turnover*

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

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

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#### *Performance obligations and timing of revenue recognition*

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

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

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

#### *Determining the transaction price and allocating amounts to performance obligations*

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

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

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

#### *Investments in subsidiaries*

Investments are included at cost less provision for impairment.

#### *Intangible assets*

##### *Internally generated intangible assets (research and development costs)*

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

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

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

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

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

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#### *Tangible fixed assets and depreciation*

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

Plant and machinery	25% - 50% per annum straight line
Fixtures and fittings	25% - 50% per annum straight line
Demonstration equipment	25% or 50%. Some demonstration equipment held within the Company is not depreciated as its residual value exceeds its cost.
Leasehold improvements	Over the lower of the life of the asset and the remaining period of the lease.

#### *Stock*

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

#### *Leases*

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

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

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

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

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

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

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

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

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

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- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

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

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

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

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

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

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

#### *Financial assets*

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

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

Impairment provisions for current and non-current trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected credit loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

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trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

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

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

#### *Financial liabilities*

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

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

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

#### *Deferred taxation*

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

#### *Foreign currency*

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

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

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

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#### *Employee benefits*

##### *Contributions to pension schemes*

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

##### *Employee share option schemes*

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

#### *Dividends*

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

## **2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

#### **Estimates, judgements and assumptions**

##### *(a) Estimate of useful lives of intangible assets*

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

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

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

##### *(c) Judgements concerning the capitalisation of development costs*

Development costs are capitalised according to the criteria outlined in note 1. Management make assumptions as to when these criteria have been met and consequently the date from which the costs

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

for a project are capitalised. Management review the carrying value of capitalised development costs on an annual basis and consider indicators of impairment.

### 3 TURNOVER AND SEGMENTAL ANALYSIS

Business segments are analysed as follows:

	2023 £'000	2022 £'000
Sale of hardware	30,260	18,065
Sale of software	1,290	1,286
Rendering of services	2,001	1,878
Support	327	344
	<u>33,878</u>	<u>21,573</u>

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

	2023 £'000	2022 £'000
United Kingdom	3,101	2,357
Europe	4,249	3,988
North America	10,186	5,616
Hong Kong	2,502	2,537
Japan	5,680	2,334
China	3,961	2,120
South Korea	2,835	1,314
Rest of Asia Pacific	1,364	1,135
Other	-	172
	<u>33,878</u>	<u>21,573</u>

#### Contract balances

	Contract liabilities	
	2023 £'000	2022 £'000
At 1 October	2,618	1,802
Amounts included in contract liabilities recognised as revenue during the period	(8,957)	(11,927)
Cash received in advance of performance and not recognised as revenue during the period	8,024	12,743
<b>At 30 September</b>	<u>1,685</u>	<u>2,618</u>

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

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

#### 4 OPERATING PROFIT

Operating profit is stated after charging/(crediting)::

	2023 £'000	2022 £'000
Depreciation of owned fixed assets	441	244
Depreciation of right of use assets	250	164
Amortisation of intangible fixed assets	1,461	1,053
Impairment of intangible fixed assets	217	-
Impairment of investment (note 11)	-	372
Auditors' remuneration	52	45
Net (profit)/loss on foreign currency translation	(499)	956

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

#### 5 EMPLOYEES

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

	2023 Number	2022 Number
Production	22	19
Selling and customer support	24	19
Development	37	27
Management and administration	19	13
	<u>102</u>	<u>78</u>

The aggregate payroll costs of the above were:

	2023 £'000	2022 £'000
Wages and salaries	7,486	4,682
Share-based payment recharge	26	17
Social security costs	881	564
Other pension costs	402	336
	<u>8,795</u>	<u>5,599</u>

#### 6 DIRECTORS' EMOLUMENTS

All the directors of the Company are also directors of the Company's parent company, Oxford Metrics plc, and their emoluments are paid by Oxford Metrics plc and disclosed in that company's financial statements.

**VICON MOTION SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 September 2023

**7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

(a) Analysis of charge in the year

	2023 £'000	2022 £'000
Total current tax expense/(credit) on profit for the year		
- Current year	56	24
- Prior year	(3)	(175)
Deferred taxation	239	(391)
<b>Total tax expense</b>	<b>292</b>	<b>(542)</b>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2022: lower) than the blended rate of corporation tax in the UK of 22.0% (2022: 19.0%).

	2023 £'000	2022 £'000
Profit on ordinary activities before taxation	5,500	2,527
Profit on ordinary activities multiplied by the blended rate of corporation tax in the UK of 22.0% (2022: 19.0%)	1,210	480
Effect of:		
Expenditure not taxable	22	235
Research and development tax credit	(682)	(829)
Effect of rate change	(17)	(259)
Share based payments	30	6
Prior year adjustment to current tax	(3)	(175)
Prior year adjustment to deferred tax	(232)	-
Utilisation of losses brought forward	25	-
Group relief	(61)	-
<b>Total tax charge/(credit) for the year</b>	<b>292</b>	<b>(542)</b>

(c) Deferred tax asset and liability

The following table summarises the provided deferred tax liability:

	2023 £'000	2022 £'000
<b>Provided - asset</b>		
Short term timing differences	19	25
Unrelieved trading losses carried forward	920	898
Tax relief on unexercised employee share options	4	37
<b>Deferred tax asset</b>	<b>943</b>	<b>960</b>
<b>Provided - liability</b>		
Accelerated research and development tax credit	1,691	1,579
Accelerated capital allowances	283	163
<b>Deferred tax liability</b>	<b>1,974</b>	<b>1,742</b>
<b>Net deferred tax liability</b>	<b>1,031</b>	<b>782</b>

Deferred tax assets and liabilities have been measured on an undiscounted basis at an effective tax rate of 25% (2022: 25%).

**VICON MOTION SYSTEMS LIMITED**

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 2023

**8 INTANGIBLE ASSETS**

	<b>Development Costs £'000</b>
<b>Cost</b>	
At 1 October 2022	17,852
Additions	2,127
Disposals	<u>(3,311)</u>
<b>At 30 September 2023</b>	<b><u>16,668</u></b>
<b>Amortisation</b>	
At 1 October 2022	11,535
Charge for the year	1,461
Disposals	<u>(3,311)</u>
Impairment	217
<b>At 30 September 2023</b>	<b><u>9,902</u></b>
<b>Net book value</b>	
<b>At 30 September 2023</b>	<b><u>6,766</u></b>
At 30 September 2022	<u>6,317</u>

**9 TANGIBLE FIXED ASSETS**

	<b>Plant &amp; Machinery £'000</b>	<b>Fixtures &amp; Fittings £'000</b>	<b>Demon- stration Equipment £'000</b>	<b>Leasehold Improvements £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 October 2022	868	273	481	1,115	2,737
Additions	606	28	270	28	932
<b>At 30 September 2023</b>	<b><u>1,474</u></b>	<b><u>301</u></b>	<b><u>751</u></b>	<b><u>1143</u></b>	<b><u>3,669</u></b>
<b>Accumulated depreciation</b>					
At 1 October 2022	658	213	11	606	1,488
Charge for the year	220	21	86	114	441
<b>At 30 September 2023</b>	<b><u>878</u></b>	<b><u>234</u></b>	<b><u>97</u></b>	<b><u>720</u></b>	<b><u>1,929</u></b>
<b>Net book value</b>					
<b>At 30 September 2023</b>	<b><u>596</u></b>	<b><u>67</u></b>	<b><u>654</u></b>	<b><u>423</u></b>	<b><u>1,740</u></b>
At 30 September 2021	<u>210</u>	<u>60</u>	<u>470</u>	<u>509</u>	<u>1,249</u>

**VICON MOTION SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 2023****10 LEASES**

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

<b>Right of use assets</b>	<b>£'000</b>
At 1 October 2022	767
Addition	765
Depreciation	(250)
<b>At 30 September 2023</b>	<b>1,282</b>

<b>Lease liabilities</b>	<b>£'000</b>
At 1 October 2022	864
Addition	765
Interest expense	76
Lease payments	(499)
<b>At 30 September 2023</b>	<b>1,206</b>

The addition during the year relates to a contracted rent review on an existing property.

The maturity analysis of lease liabilities at 30 September 2023 is as follows:

	2023 £'000	2022 £'000
Within 1 year	395	220
Between 1-2 years	395	220
Between 2-3 years	395	220
Between 3-4 years	265	220
Between 4-5 years	-	146
Effect of discounting	(244)	(162)
Total greater than 1 year	811	644
<b>Lease liability</b>	<b>1,206</b>	<b>864</b>

**11 INVESTMENTS**

<b>Shares in subsidiary undertakings - cost</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
At 1 October	3,690	4,062
Impairment	-	(372)
<b>At 30 September</b>	<b>3,690</b>	<b>3,690</b>

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

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

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

#### 12 INVENTORIES

	2023 £'000	2022 £'000
Finished goods	1,979	574
Component parts	4,759	3,436
	<u>6,738</u>	<u>4,010</u>

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

The cost of inventories recognised as an expense and included in cost of sales is £7,807,000 (2022: £4,860,000). During the year £261,000 of inventories were impaired (2022: £220,000) and £53,000 of inventories were written off (2022: £21,000).

#### 13 DEBTORS

	2023 £'000	2022 £'000
Trade debtors	2,026	3,381
Amounts owed by group undertakings	6,705	2,313
Corporation tax receivable	-	207
Other debtors	470	917
Prepayments and accrued income	400	293
	<u>9,601</u>	<u>7,111</u>

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

The amounts owed by group undertakings is stated net of a provision of £553,000 (2022: £553,000) relating to balances owed by OMG Life Limited.

#### 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Bank overdraft	1,174	-
Trade creditors	3,141	3,667
Amounts owed to group undertakings	-	3,162
Taxation and social security	283	203
Accruals	1,582	644
Contract liabilities	1,235	2,174
	<u>7,415</u>	<u>9,850</u>

The company does not have external borrowing facilities. The bank overdraft is offset against positive bank balances in the parent company and arises due to cash pooling arrangements with Oxford Metrics plc.

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

## VICON MOTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 September 2023

### 15 CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2023 £'000	2022 £'000
Contract liabilities	450	444
	<u>450</u>	<u>444</u>

The contract liabilities above relate to revenue from support contracts which cover a period of more than 12 months from 30 September 2023.

### 16 PROVISIONS FOR LIABILITIES

	Deferred tax liability £'000	Leasehold dilapidations £'000	Total £'000
At 1 October 2022	782	40	822
Charged to the statement of comprehensive income	249	8	257
<b>At 30 September 2023</b>	<b><u>1,031</u></b>	<b><u>48</u></b>	<b><u>1,079</u></b>

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

### 17 FINANCIAL INSTRUMENTS

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

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

	GBP £'000	Euro £'000	US\$ £'000	Total £'000
<b>Cash at bank and in hand 2023</b>	<b>(1,174)</b>	<b>224</b>	<b>4,749</b>	<b>3,799</b>
<b>Cash at bank and in hand 2022</b>	<b>6,687</b>	<b>216</b>	<b>1,291</b>	<b>8,194</b>

#### Risk management

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

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

#### *Liquidity risk*

At 30 September 2023 the Company's cash and short term deposits amounted to £3,799,000 (2022: £8,194,000), net of £1,174,000 overdraft arising due to group cash pooling arrangements (see note 14). The Company had no external financial borrowing obligations. Management does not consider liquidity to be a key risk.

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The Company's average creditor payment period at 30 September 2023 was 65 days (2022: 82 days).

#### *Credit risk*

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

#### *Foreign currency risk*

The Company's foreign exchange transaction exposure arises principally from trading with US undertakings within the Group and third parties in Europe and the Far East. The Company's policy is to reduce exposure to revaluation of monetary assets and liabilities. Under the policy, assets and liabilities held in currencies other than the Company's functional currency are minimised through intercompany trading.

The Company considers the volatility of currency markets over the year to be representative of the potential foreign currency risk it is exposed to. The main currency the Company's results were exposed to at the year end was the US dollar and over the year the volatility of this currency was 9.1% (2022: 8.6%). If Sterling had strengthened against the dollar at year end by 10% it would have decreased profit by £148,000 (2022: increased profit by £218,000). If Sterling had weakened against the dollar at year end by 10% it would have increased profit by £181,000 (2022: decreased profit by £267,000).

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

	US\$ £'000	NZ\$ £'000	Euro £'000	Total £'000
30 September 2023	(1,962)	(2,280)	1,065	(3,177)
30 September 2022	(7,472)	(1,837)	962	(8,347)

## 18 SHARE CAPITAL

	2023 £'000	2022 £'000
<i>Allotted, called up and fully paid:</i>		
101,255 Ordinary shares of £1 each	101	101

## VICON MOTION SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2023

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#### 19 MOVEMENTS IN RESERVES

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

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

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#### 20 PENSIONS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund and amounted to £402,000 (2022: £336,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

#### 21 RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under International Accounting Standard 24 (IAS 24). The directors have taken the exemption available under FRS 101 Section 8k, where it is a wholly owned subsidiary and the parents consolidated financial statements, Oxford Metrics plc, are publicly available (see note 22).

#### 22 ULTIMATE PARENT UNDERTAKING AND CONTROL

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

Copies of Oxford Metrics plc consolidated financial statements are publicly available and can be obtained from the Company Secretary at Oxford Metrics plc, 6 Oxford Pioneer Park, Yarnton, Oxfordshire, OX5 1QU, or via the website [www.oxfordmetrics.com](http://www.oxfordmetrics.com).

**VICON MOTION SYSTEMS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**  
for the year ended 30 September 2023

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