OXFORD METRICS PLC
ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2019

COMPANY NO 03998880

Contents

CHAIRMAN'S STATEMENT

We are pleased to report another year of clear growth for the business, setting a new record for revenue performance whilst delivering tangible strategic progress. Revenue from continuing operations grew 11.7% to £35.3m (FY18: £31.7m) and Adjusted PBT* from continuing operations was up 5.7% at £5.5m (FY18: £5.2m). The Company reports another year of strong cash generation, finishing with £13.8m at year-end (FY18: £12.2m) having paid a special dividend of £1.2m (2018: Nil) and the final 2018 dividend of £1.9m (2018: £1.5m) during the year.

Further, in light of the strong cash performance we are pleased to propose a 20% increase in our final dividend to 1.80p per share (FY18: 1.50p) in line with our progressive dividend policy and aim of average Ordinary Dividend Cover of 2.0x earnings, as declared in our five-year plan.

Strategic Progress

Just over half-way through our current five-year plan, the business has made demonstrable progress over the past year through our "amplify the core" strategy. This strategy recognises we operate in exciting markets, with differentiated products and loyal customers, and from this strong platform we aim to amplify their visible, material capabilities.

Indeed, this platform has driven our software into yet more applications over the past 12 months. Our ingenious customers have been using our software – sometimes in the cloud, sometimes running on specialised hardware – to improve innumerable walks of life by measuring and analysing the metrics that matter most to them. Through our software, our customers have accelerated the rehab of injured elite athletes; they have created new immersive, free-to-roam Virtual Reality (VR) experiences; they have made highways safer and cheaper to maintain; and they have made sure domestic waste is efficiently collected from our doorsteps. The demand for more precise capture and analysis of data is clear and in an ever-increasing number of applications, measurement matters.

Our software captures, analyses and presents data, which enables our customers to optimise the metrics that matter most to make better informed decisions, manage processes and assets. Our focus is all about those metrics – helping customers acquire them, analyse them and act on them. In this way, we enable customers to see something that could otherwise not be seen – measurement is in our DNA and is our common thread.

We deliver this strategy through three key organic mechanisms within our existing divisions; all of which were utilised over the past year.

- Using market and technology insights to guide R&D investment to increase product range and solution differentiation.
- Developing new adjacent vertical and geographical market opportunities either directly or indirectly through partners.
- Improving quality of earnings through developing SaaS opportunities, which are recurring and high quality in nature, wherever possible, and building long-term relationships with repeat customers.

Furthermore, the Company is actively seeking to deploy cash resources to augment organic growth through earnings-accretive acquisitions, which would aim to extend product range, grow market share and/or increase differentiation.

Board

In February 2019 we announced the retirement of long-standing Non-Executive Director and Chair of our Remuneration Committee, Jonathon Reeve. Amongst many achievements whilst on the Board, as a former Rear Admiral in the Navy, Jonathon made an invaluable contribution to the growth of our defence-focussed subsidiary, 2d3, and its eventual premium sale to Boeing in April 2015 for $25M. On behalf of shareholders and employees alike, I wish to thank Jonathon for his great work and wish him a fulfilling and relaxing retirement.

On November 21st 2019, we appointed Naomi Climer to replace Jonathon as Chair of the Remuneration Committee. Naomi has had a successful executive career in broadcast, media and the communications technology sectors with the BBC, ITV Digital and Sony. Naomi is currently a Non-Executive Board Member at Sony UK Technology Centre, a Non-Executive Director at Focusrite plc, Chair at the International Broadcasting Convention Council (an advisory body), Trustee and Vice President at the Royal Academy of Engineering, Co-chair at the Institute for the Future of Work and a Member of the Science and Technology Awards Committee. I welcome Naomi to our Board and look forward to working with her and the rest of Board as we further grow the business.

Lastly, I want to thank the stakeholders in our business for all their contributions over the past year – our outstanding team in our offices worldwide, our shareholders, our partners and most importantly our customers.

Roger Parry
Chair

** Profit Before Tax before Group recharges adjusted for share-based payments, amortisation of intangibles arising on acquisition, fair value adjustments to IMeasureU purchase consideration, impairment of Pimloc investment and exceptional costs.*

STRATEGIC REPORT
OPERATIONAL REVIEW

2018/19 was another exciting year for the business with progress being made across both divisions. Our motion measurement division, Vicon, reports record revenues for the fourth year in a row – up over 65% since FY15. Our infrastructure asset management division, Yotta, grew its level of SaaS contracts to £6.2m by September 30th 2019.

Motion Measurement Division – Vicon

KPI	Revenue		PBT		Adjusted PBT*	
	FY19	FY18	**FY19**	FY18	**FY19**	FY18
Motion Measurement	**£28.3m**	£24.4m	**£6.3m**	£5.5m	**£8.1m**	£7.3m

This time last year, we discussed how the market for motion measurement was growing as a result of the arrival of the Augmented Age, where our lives become increasingly enhanced and augmented through digital interfaces. In this Age, new applications for motion measurement continue to emerge, these interfaces need to understand movement as well as humans do. Of course, we have been doing this since 1984 and we now hold a high degree of proprietary software IP relating to this. Just as trialled, we can see over the past 12 months how movement tracking is entering the mainstream – smartwatches, fitness trackers, smartphones, robots, VR rigs and vehicles now routinely track movement.

This has two clear benefits for us. Firstly, more customers use our measurement platform to help them design an engineer the motion-understanding products and systems required in the Augmented Age. This is in part what has driven the growth in sales in our Established Markets segment during this reporting period. Secondly, it opens up new Adjacent Vertical market opportunities where we offer a more complete solution for a specific domain. For example, in Elite Sports, our sensors and software are being used to provide the Strength and Conditioning Coach with precise lower limb load data for a recovering athlete during their rehabilitation process.

Established Markets – leader of the pack

2018/19 was an excellent year for our Established Markets. The business achieved record revenues, growing revenues 12.3% year-on-year whilst improving Product Gross Margin to 74.0% (FY18: 73.4%).

Engineering Segment – Up 37.7%

The Engineering market segment performed well throughout the year, the customer list included new contracts with European Space Agency, Thales Alenia Space, Northrup Grumman and NASA's Jet Propulsion Lab.

Life sciences segment – Up 6.0%

There were also good wins in the Life Sciences market with a number of long-term Vicon customers all upgrading. This included Robert Gordon University, Staffordshire University and the Human Performance Lab at Imperial College London, and also The Shriners Group of Hospitals upgraded several sites in the US. There were also new site wins including an exceptional order from a major sports apparel business, The University of West Scotland and Vilnius University Children's Hospital.

With the launch of our all new Blue Trident inertial sensor in June, we also saw growing take-up of inertial measurement in our markets. One such deal was with Red Bull for its Diagnostics and Training Centre in Austria. This site was an existing Vicon optical measurement customer where they use the system to help rehabilitate and train Red Bull's world-class athletes across a multitude of sport disciplines such as athletics, ultrarunning and triathlon. This year they added Vicon inertial tracking so they obtain precise diagnostic metrics relating to asymmetry and limb loading during training.

Entertainment segment – Up 7.6%

We built on a strong first half performance in the Entertainment market, which included large system wins at NC Soft in South Korea and Square Enix in Japan. This strong market performance was underpinned by 34.4% year-on-year growth in the Asia Pacific region. In the UK, games company Ninja Theory, creators of Hellblade and many other titles, invested in a significant Vicon system to help drive their future game development.

To assist in the company's future growth, we introduced a number of new products during the year. This included the latest version of our flagship animation software, Shogun 1.3, which amongst other new innovative features, added practical high-fidelity finger tracking which previously was only available using expensive third party setups.

Adjacent Verticals – applied metrics for growth

Two years ago, our Adjacent Verticals segment made up less than 0.1% of total divisional revenues. In FY18, the segment made up 3.4% of revenues and over the past year now make up 6.6% of revenues. These adjacent markets represent vertical market opportunities, where our broad capability motion measurement systems are tailored and enhanced to provide an end-to-end solution for the target customer. They offer a meaningful expansion of our addressable market and equally are of an appropriate size and structure that we are able to address them. We are currently pursuing two such vertical markets in Location-based Virtual Reality ('LBVR') and Elite Sports – both of which saw good market and product progress in 2018/19.

Location-based Virtual Reality

Our LBVR business continued to gain traction. LBVR is an emerging form of entertainment where participants share collective VR experiences in a specific location, such as a shopping mall, cinema, theme-park or museum. In these experiences, users are free to walk around and interact with each other – all within a virtual world. Vicon's software tracks the complex movement of these users and various props which delivers simplicity, accuracy and resilience.

We now have nine partners in the LBVR marketplace, who incorporate our systems into their entertainment centres. 2019 saw us add Sandbox VR and VR Arcade to that group of partners. VR Arcade now have five centres open in two different countries and Sandbox VR have 12 centres operating in six different countries. Indeed, Sandbox plan to open 40 experience rooms across 12 new locations around the world, so there is significant opportunity to scale these partnerships over time.

We recently added the ViperX to our dedicated LBVR line, which enables the capture of larger volumes including "maze" environments, which enables LBVR operators to run multiple parties through the same facility at the same time. This means the operator can gain greater throughput from a single venue.

Elite Sports

Turning to our Elite Sports vertical, we grew SaaS revenues here with new customer wins with elite teams in basketball, football and baseball amongst others. As a reminder, we provide a unique lower-limb load monitoring software, IMU Step. This unique software, provided on a Software-as-a-Service (SaaS) basis, enables coaches to gain an objective measure of the load an athlete endures in their lower limbs during training.

To further enhance the market, we introduced the Blue Trident sensor and a new iOS app Capture.U in June 2019. Blue Trident is waterproof and includes two inertial sensors – one capturing the highest peaks of elite athlete activity and the other tracks lower intensity movement. The Blue Trident also includes a gyroscope to record angular velocity and a magnetometer to determine direction as well. The new iOS app Capture.U, receives data from Blue Trident in real-time and delivers analysis on an iPad or iPhone – another step for motion measurement into the mainstream. This increased sophistication in measurement and analysis opens up many new opportunities going forward.

2018/19 saw some great wins at leading sports teams and institutions, including Texas Tech University, Exponent, UNC Chapel Hill, Airforce Academy, Stephen F. Austin University, University of Kentucky, University of Memphis and the University of Tennessee Knoxville. Further we have recently been awarded a patent in the US for our unique approach to load management. Given our growing market traction in Elite Sports, we plan to invest a further £0.5m in sales and marketing efforts in the year ahead.

Other Vertical Opportunities

As part of our push into vertical markets, we also continue to explore OEM relationships, where Vicon's tracking capability is embedded in other companies' end market solutions. We have a number of such engagements already, including Motek and Innovative Sports Training. Ultimately our aim is to see Vicon software running on a wide variety of platforms, empowering the Augmented Age with motion tracking excellence.

Asset Management Division – Yotta

KPI	**Revenue**		**PBT**		**Adjusted PBT***	
	FY19	FY18	**FY19**	FY18	**FY19**	FY18
Asset Management	**£7.0m**	£7.3m	**(£1.5m)**	(£1.0m)	**(£0.2m)**	£0.4m

Our Asset Management division, Yotta, continued its transition to a SaaS-based business during the year, reporting our highest level of ARR of £6.2m on 30th September 2019 (30th September 2018: £5.7m) coupled with high levels of customer retention at 94.8% (FY18: 95.3%). We are pleased to report ARR has progressed to £6.5m as of 2nd December 2019. At this level ARR is now 79% of all current operating costs so with expected further growth we look forward to a profitable year ahead which will enhance what is already a valuable SaaS based business.

Reported headline revenues of £7.0m (FY18: £7.3m) were slightly down on last year for two reasons. Firstly we have been transitioning from a perpetual licence model to a pure SaaS model, which meant we reported only £0.2m in perpetual licenses this year versus the £0.5m the year before. This transition to SaaS is now complete and we do not anticipate any perpetual licenses in the year ahead. Secondly, the progress achieved in ARR was not fully reflected in the headline revenue due to delays with customer-driven implementations.

Yotta's three growth vectors all saw progress over the year, with a notable performance from our Direct segment, driven in part by changes we made at the start of the financial year.

Direct

Having re-organised our direct operations early in the financial year, including bringing on a new sales lead, our pipelines and sales have been improving through the year. We now have 138 Local Authority customers using at least one piece of our software, of a UK total of 408 Local Authorities and remain confident about further prospects. Amongst other deals, there were new wins at Bury, Barnsley, West Lancashire, Hillingdon and Kent County Council, and extensions of either contract length or software footprint at many customers, including Kingston and Sutton, Wigan, Northumberland and Plymouth.

Our most notable international win was in New Zealand at Auckland System Management (ASM), a joint venture between the New Zealand Transport Authority (NZTA), Fulton Hogan and HEB Construction, a Vinci company. ASM is now using Yotta's innovative software, Alloy, as a single platform to manage all their Intelligent Transport System assets which are used on the motorways in and around Auckland, connecting multiple stakeholders and enabling them to bridge operational silos across the organisation. It will also allow them to deploy sensor technology into the network feeding real-time data into Alloy, so ASM can improve service levels and offer live reporting of issues and resolutions to customers.

Our Infrastructure Asset Management consultancy team delivered revenues of £1.6m (FY18: £1.8m), which were lower due to the aforementioned delays with customer implementations. This team helps customers get the most out of their Yotta software implementations by providing advice on such matters as providing Brighton and Hove with consultancy to help them evidence their bid for Incentive Fund funding from the DfT, providing Westminster City Council with their value management analysis and approach as well as working with Sunderland Council to deliver Life Cycle Planning and Investment Scenario modelling to support future investment on their highways network.

Indirect

Our indirect business, where we aim to grow through a channel of independent market-focussed resellers, recorded a number of notable wins during the year. These include CCFC Highway and Bogota Airport in Colombia, where Horizons is in use to assist in strategic asset management planning.

OEM & Partnerships

During FY19 Yotta established a Major Accounts function that is targeted on developing the relationships with large, multi-national contractors and central government agencies. Yotta has long standing relationships with many such organisations, including Balfour Beatty, Amey, Fulton Hogan, Welsh Government and Highways England. Working with such organisations enables us to sell into larger, integrated opportunities, where software is only a component of the solution required.

Product progress

Our Yotta development team has delivered significant improvements in Horizons and Alloy platforms during FY19. These developments have served to both broaden and deepen the functional footprint of both products, thereby expanding our applicability and revenue opportunities with customers.

Version 2 of Alloy includes significant upgrades in the Workflow system that allows users to define business processes and Alloy Mobile, which continues to deliver class-leading experience to mobile workforces. New functionality is available in Alloy Blueprints (provides users with standardised, best-practice workflows and asset designs), In-Cab Street Cleansing and Domestic Waste have also been released and have directly lead to wins at Chorley, Hillingdon and Barnsley.

CURRENT TRADING AND OUTLOOK

As we enter a new financial year both businesses have started well. Vicon's sales pipeline for the first Quarter is 9% higher than the same time last year, and Yotta has a sales pipeline opportunity for the full year consistent with adding £1m to ARR during the financial year.

We operate two market-leading divisions in growing global markets with highly differentiated software products and clear strategies to continue to drive growth. Our continued strategic investment will support our organic growth initiatives, but we will also continue to explore acquisition opportunities which can accelerate our strategies within our chosen markets.

We are a global business with customers in over 70 countries worldwide. As such, we are a net exporter from the UK and currently we do not anticipate any negative impact to our business from the eventual outcome of Brexit. 2018/19 was a year of good growth for the business and with our targeted investments in organic opportunities bearing fruit and strengthened positions in all our markets we look forward to bringing yet more innovation, more SaaS and more growth in the year ahead.

Nick Bolton
CEO

FINANCIAL REVIEW

David Deacon, CFO

INCOME STATEMENT

The Group reported revenues of £35.3m (FY18: £31.7m) representing a headline improvement of 11.7%. IFRS15 has now been fully implemented but in this year of transition it is worth noting that had revenues been recognised under IAS18 reported revenues would have been £0.3m higher.

With a third of the Group's revenues derived from the USA weighted toward the second half, this performance was affected by a foreign exchange headwind in the first half and a tailwind in the second half. The average rate for the year was $1.27 (FY18: $1.35) so revenue did benefit by £0.5m and taking account of this effect the underlying revenue growth was 10% (FY18: 11.0%). From an Adjusted PBT* perspective the net benefit was £0.2m given the Group remains naturally hedged to some extent given we have USA operations and purchase certain components in US dollars.

Gross Profit margin reduced slightly to 71.2% (FY18: 72.4%), reflecting a slight change in the mix of revenues, in real terms Gross Profit improved year on year by £2.3m to £25.2m.

Reviewing the cost base within the Income Statement:

- Sales, Support and Marketing costs increased by £1.1m largely due to increased Sales and Marketing activity within Vicon during the year. Vicon operates in multiple geographical markets so additional expenditure was necessary to properly exploit business opportunities in these markets.
- Research & Development expensed through the Income Statement was £4.2m (FY18: £3.3m). Total R&D including capitalised development costs of £2.2m (FY18: £2.1m) was £6.4m (FY18: £5.4m), the overall increase reflected additional R&D resources and expenses largely within Vicon and a £0.4m increase in the R&D amortisation charge. The continual investment and innovation in product and services is necessary to maintain the Group's competitive position. New products and services released during the financial year are described in the CEO review.
- The apparent increase in the Administrative Expenses is due to credit adjustments relating to the fair value of Deferred Consideration payable for the IMU acquisition of £0.2m (FY18 £0.6m), underlying Administration costs were therefore unchanged.

Adjusted PBT* for continuing operations of £5.5m (FY18: £5.2m) has been determined after adding back to the Statutory PBT £4.7m (FY18: £4.6m) non-cash moving items such as Amortisation of Acquired Intangibles, Share Option charge, Impairment of Investment in Pimloc, adjustment to fair value of Deferred Consideration payable for IMeasureU Limited and non-recurring exceptional items. A full reconciliation is available in note 7.

STATEMENT OF FINANCIAL POSITION

Goodwill and Intangibles

The modest increase in Goodwill and Intangibles represents the net effect of capitalised R&D of £2.2m (FY18: £2.1m), amortisation of development costs £1.6m (FY18: £1.2m) and the amortisation of acquired intangibles of £0.6m (FY18: £0.7m).

Property, Plant and Equipment

Capital expenditure of £0.5m (FY18: £1.2m) returned to a more normal level in the financial year following the relocation of Vicon to new premises near Oxford and refurbishment of Yotta Offices in prior years. The depreciation charge was £0.6m (FY18: £0.6m).

Investments

The year on year movement relates to the impairment of our investment in Pimloc Limited. The carrying value has been reduced by our share of post-acquisition losses from Pimloc's trading. The net effect accounts for the movement year on year.

Inventories

The inventory position at the end of the financial year was £3.2m (FY18: £2.4m). The movement is largely attributed to additional inventory of £0.5m held to avoid disruption arising from Brexit.

Trade and other receivables

At the year-end Trade and other receivables increased to £11.7m (FY18: £10.6m). The overall increase related primarily to Accounts Receivable following particularly strong September revenues in the USA.

Current Liabilities

The year on year increase in Trade and other payables is accounted for by an increase in Trade Payables at the year-end at £2.9m (FY18: £1.6m) which is trading pattern related to goods shipped in September and an increase in Deferred Income £4.9m (FY18: £3.5m) arising from the treatment under IFRS15 for the most part.

Non-current liabilities

The year on year movement is accounted for by a reduction in the Contingent Consideration payable in relation to the acquisition of IMeasureU Limited to £0.0m (FY18: £0.3m) and an increase in Deferred Income to £0.5m (FY18: £0.3m)

STATEMENT OF CASHFLOWS

The Group finished the year with cash of £13.8m (FY18: £12.2m). Cash generated from operating activities was £7.7m (FY18: £6.7m). The deployment of this cash included the 2018 Final Dividend and Special Dividend payment totalling £3.1m (FY18: £1.5m). Proceeds from the disposal of subsidiary undertakings was £0.0m (FY18: £1.3m), in the prior year the Group disposed of Yotta Surveying.

TAX

The Group tax charge this year was £0.5m (FY18: £0.6m) representing a blended rate of 10.8% (FY18: 12.1%). This decrease is due in part to lower US based profits where the marginal rate of tax is 25% (FY18: 25%). The level of Group R&D activities in the UK where the marginal rate of tax of 19% (FY18: 19%) continues to have a beneficial effect on the level of corporation tax payable in the UK given the reliefs available.

The Deferred Tax Asset increased to £0.4m (FY18: £0.2m) due to an increase in the notional gain on exercise of outstanding options compared to last year whilst the Deferred Tax Liability remained relatively unchanged at £1.8m (FY18: £1.8m).

KEY PERFORMANCE INDICATORS

The Group relies on financial key performance indicators including revenue, profit before tax and adjusted profit before tax (see note 7) to measure the performance of the Group described below. The Group does not use non-financial key performance indicators to measure performance.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group’s strategy are subject to a number of risks. The Group monitors these risks on a continual basis through the use of a risk register and through market intelligence provided by operational management and determines mitigation plans and actions accordingly. During the financial year under review the risk profile of the Group has not changed significantly. The key business risks affecting the Group’s ability to deliver on its strategic objectives are set out below:

Product and technology risk

The Group 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 Group 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 Group’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 Group’s results. To mitigate these matters, the Group aims to put in place appropriate management structures and provide competitive remuneration, including share options and where possible provide continuing career development for key personnel.

Market

The Group 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.

The Group operates in multiple service and product segments with specific risks and uncertainties including:

- Vicon Group

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

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

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

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

- Yotta Group

  Infrastructure (including Highways, Street works and Street lighting) – The majority of our customers are ultimately funded by the UK Government so spending is subject to National Budgetary decisions and priorities. In mitigation, the business secures long-term service contracts and recurring annual support contracts whenever possible.

Financial

The business has outlined its principal financial risks in note 19 to the accounts. These are broadly summarised as foreign currency and credit risks. Typically, a third of the Group's revenues are generated from its US subsidiaries in US dollars, together with some overseas territories which purchase in US dollars and Euros. Changes in exchange rate could have an adverse effect on revenues and profitability of the Group. Where possible the Group aims to mitigate this by making purchases and engaging personnel in local markets.

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.

Brexit

Since the decision by the UK to leave the European Union the depreciation of Sterling has had an impact on the cost of goods imported. In order to mitigate this risk the supply chain is being actively managed and inventory levels increased. It is uncertain whether tariffs will be applied to goods exported from the UK into the European Union and the Board are developing plans to minimise any potential impact.

SUMMARY

In summary, Oxford Metrics enters the new financial year with a robust Balance Sheet including a strong cash position and no debt.

On behalf of the Board

Nick Bolton
Chief Executive and Director
2 December 2019

** Adjusted PBT for continuing operations has been determined after adding back non-cash moving items such as share-based payments, amortisation of intangibles arising on acquisition, fair value adjustments to IMeasureU purchase consideration, impairment of Pimloc investment and exceptional costs. The statutory equivalents and reconciliation of the adjusted numbers shown in this statement are disclosed in notes 5 and 7.*

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated and parent Company financial statements for the year ended 30 September 2019.

Business review

Oxford Metrics plc is a holding Company. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 3 to 9. Its subsidiary undertakings are shown in note 15. The Strategic Report includes details of the market overview; key growth drivers; our business model; strategic objectives; principal risks and uncertainties; key performance indicators and a summary of 2018/19 performance.

Likely future developments

The Group's likely future developments are discussed within the Strategic Report on page 3.

Share capital

The Company has one class of ordinary shares which carry no right to a fixed income. Full details of changes in share capital during the year are shown in note 23 to the financial statements. Details of employee share options are set out in note 24.

Dividends

The directors are proposing a final dividend in respect of the financial year ended 30 September 2019 of 1.80 pence per share which will absorb an estimated £2,252,000 of shareholders' funds. This dividend, if approved, will be paid on 28 February 2020 to shareholders on the register of members at close of business on 13 December 2019.

Research and development

During the year, the Group's continuing operations expensed £4,184,000 (2018: £3,336,000) and discontinued operations expensed £nil (2018: £69,000) in research costs. In addition, £2,196,000 (2018: £2,125,000) 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 and external costs. Further information regarding the nature and value to the Group of this expenditure is explained in the Strategic Report.

Directors and their interests

The interests of the directors in the shares of the Company and their interest in options over the shares of the Company at 30 September 2019 are disclosed in the Report on Directors' Remuneration.

The directors who served during the year were as follows:

Roger Parry
Jonathon Reeve
Adrian Carey
David Quantrell
Nick Bolton
David Deacon
Catherine Robertson

At the Annual General Meeting of the Company, Roger Parry and Catherine Robertson representing one third of the Board, will retire and, being eligible, offer themselves for re-election. Naomi Climer, appointed 20 November 2019, will also retire and, being eligible, offer herself for re-election.

Financial instruments

Information about the Group's management of financial risk can be found in note 19 of the financial statements.

Directors' indemnity insurance

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

Employees

The Group ensures that all employees are kept informed, as far as is practical, with regard to the activities of the Group. This is achieved through the use of staff briefings and electronic communications. It is the Group's aim that recruitment and development of staff should be determined solely on ability and other relevant requirements of the job. Disabled persons and those who become disabled are given the same consideration as others and, depending on their skills, will enjoy the same prospects as other staff.

The Group considers all forms of discrimination to be unacceptable in the workplace and is committed to promoting equality of opportunity for all staff and job applicants. This includes in job advertisements, recruitment and selection, training and development, opportunities for promotion, conditions of service, pay and benefits, conduct at work, disciplinary and grievance procedures, and termination of employment.

The Group's policies on Health & Safety are continually under review, ensuring that current practices comply with the laws applicable in the countries in which it operates.

Going concern

After making relevant enquiries, reviewing the cash flow forecasts for the two year period from the 30 September 2019 and considering the Group's risk profile, the directors consider the Group to have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Statement on disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the Group's auditors are unaware. Relevant information is defined as "information needed by the Group'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 Group's auditors are aware of that information.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 requirements of 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

BDO LLP offer themselves for reappointment as auditors and a resolution will be proposed at the AGM to approve the auditors reappointment.

On behalf of the Board

David Deacon
Director
2 December 2019

CORPORATE GOVERNANCE REPORT

Directors' statement on corporate governance

The Board of Directors is accountable to shareholders for the good corporate governance of the Group. During the prior year the Group formally adopted the Quoted Companies Alliance Corporate Governance Code (the QCA Code). The QCA Code aims to apply the key elements of the UK Corporate Governance Code and other relevant governance guidance to the needs of small and medium-sized listed PLCs. Details of how we apply the Code and ensure good governance over the business is now available for all stakeholders to review and understand on our corporate website at oxfordmetrics.com/code. An extract is provided below.

Establish a strategy and business model which promotes long-term value for shareholders

Our strategy and current five-year plan were launched in December 2016 and set out in the company's Annual Report and Accounts. Subsequent Annual Report and Accounts update shareholders as to how the strategy and plans are progressing. Specifically, the Strategic Report section of the Annual Report and Accounts covers our business model, our strategy and how we aim to drive long-term value for shareholders.

Embed effective risk management, considering both opportunities and threats throughout the organisation

The Board is responsible for ensuring the Group has effective and sound systems of internal controls, which are designed to manage, but not eliminate, the risk of failure to achieve business objectives and provide reasonable assurances against material misstatements and loss. The day to day management and monitoring of the Group's internal control systems is delegated to the Chief Financial Officer.

Risk management and risk register

The Board has embedded an effective risk management framework to identify, evaluate and manage opportunities and risks, in order to execute the strategy and five-year business plan. The principal risks and uncertainties are discussed in the Strategic Report on page 8. The Chief Financial Officer ensures that the Group's risk management framework and culture are embedded within the business. The executive directors provide assurance to the Board, through the Audit Committee, that risks are appropriately monitored, escalated and managed within the risk appetite of the Board.

The Company's risk register is compiled annually, by non-executive director and Audit Committee member, Jonathon Reeve, with input from senior members of staff from across the Company and presented to the Board to inform its strategy review, and to enable the Board to identify, manage, and mitigate risks. Jonathon Reeve will be retiring from the board at the next AGM and responsibilities for the risk register will pass to non-executive director and Audit Committee member David Quantrell.

Internal Audits

The Company has an internal audit function and conducts system audits periodically which include:

- ISO9001:2015 Quality Management Systems Vicon Denver – Annually,
- ISO9001:2015 Quality Management Systems Vicon Yarnton – 5 times per year,
- ISO13485:2016 Medical Quality Management Systems Vicon Yarnton – 5 times per year,
- 93/42/EEC as amended Medical Devices Directive Production Quality Vicon Yarnton,
- ISO9001:2015 Quality Management Systems Yotta – 4 times per year,
- ISO14001:2015 Environmental Management Systems Yotta – 4 times per year,
- ISO27001:2013 Information Security Management Systems Yotta – 4 times per year,
- Information Asset Penetration Testing – Internal 12 days per year and external 7 days per year,
- RAPID7 and Business Continuity Exercises.

Maintain the Board as a well-functioning, balanced team led by the chair

There are three executive, and four non-executive Board members. All non-executive Board members are considered independent with the exception of Jonathon Reeve who has served on the Board for a period of twelve years and therefore we do not consider him to be independent. The Board operates formally through meetings of the full Board, and informally through regular contact between Directors. Matters reserved for the Board include investor relations, strategy, review and approval of budgets and forecasts, financial performance and reporting, dividends, risk management, major capital expenditure, and Mergers, Acquisitions and disposals.

The Board is kept informed outside its formal meetings by monthly reports from the Chief Executive that include information on the Company's financial and operational performance. Board agenda and information relating to the agenda are sent to Board members before all formal Board meetings. Board minutes are circulated to all members within 7 days of each Board meeting.

The Board meets formally six times a year. No director has been absent from a Board meeting during the 12 months from 1st October 2018 to 30th September 2019 except for Catherine Robertson who was given permission by the Chair to absent herself from a Board meeting in order to attend to urgent company business.

Non-executive directors are expected to devote as much time as is necessary for the proper performance of their duties, at a minimum, 15 days per year or more if serving on a committee. Executive directors are full-time employees and expected to devote as much time as is necessary for the proper performance of their duties, there is no specific time commitment.

Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Directors' biographies are summarised below and are available on the corporate website.

Roger Parry – Chairman

Roger joined the board in June 2016 with an extensive career in the media sector. Currently Chairman of YouGov plc, Mobile Streams plc plus a number of private companies. He has held a variety of Chairman roles including Johnston Press plc, Future plc and Shakespeare's Globe. Previously he was CEO of Clear Channel International and More Group plc and spent three years with McKinsey, the international consulting firm and prior to that was a TV and radio journalist with the BBC and ITV.

Adrian Carey – Non-executive Director, Chair of Audit Committee and member of Remuneration Committee

Adrian joined the board in November 2012 with almost 30 years of boardroom experience in technology, legal and educational service sectors. He has been Chairman and Non-executive director to a number of listed, PE and venture backed businesses. He is currently a Non-executive director of Blacktrace Holdings Ltd, and Chairman of the charity OXPIP. In his earlier career he held a number of other NED positions and was CEO for three companies over 17 years.

David Quantrell – Non-executive Director, member of Audit Committee

David joined the Board in June 2018 with more than 30 years of senior management experience across a range of high growth global software businesses including HP, Mercury Interactive and McAfee. Most recently he was Senior Vice President and a member of the Global Management Team at Box, the cloud storage company, where he helped to establish the brand in Europe in a period where the Company experienced dramatic growth and a successful IPO.

Jonathon Reeve – Non-executive Director, Chair of Remuneration Committee and member of Audit Committee (retired November 2018)

Jonathon joined the Board in 2006. A professional engineer with more than 35 years' experience in the Royal Navy where he served on the Navy Board and subsequently as a consultant engineer to a wide range of companies, both large and small. He brings particular experience in the management of change and risk, key elements of Board focus in a rapidly changing technology company.

Naomi Climer – Non-executive Director

On 20 November 2019, we appointed Naomi Climer to replace Jonathon as Chair of the Remuneration Committee. Naomi has had a successful executive career in broadcast, media and the communications technology sectors with the BBC, ITV Digital and Sony. Naomi is currently a Non-Executive Board Member at Sony UK Technology Centre, a Non-Executive Director at Focusrite plc, Chair at the International Broadcasting Convention Council (an advisory body), Trustee and Vice President at the Royal Academy of Engineering, Co-chair at the Institute for the Future of Work and a Member of the Science and Technology Awards Committee.

Nick Bolton – CEO

Nick joined Oxford Metrics Ltd (pre-IPO OMG) in 1995 and spent four years establishing the company's motion capture products in the entertainment market. In 1999, he left to pursue a series of successful product management and marketing roles within international technology businesses, including Micromuse and start-up Lexicle. In 2002, he joined AIM-listed Mediasurface, with responsibility for all the company's marketing activities and in 2005, returned to join the Oxford Metrics management team.

David Deacon – CFO

David joined Oxford Metrics in 2008 as Chief Financial Officer. Before joining he was CFO of AIM listed Mediasurface for five years where he successfully floated the business in 2004 and concluded the disposal of the business in 2008 to Alterian plc. Prior to this he held senior financial positions with R.L Polk & Co, Wonderware Inc. and Kalamazoo Computer Group plc.

Cathy Robertson – Executive Director and Company Secretary

Cathy joined Oxford Metrics in 1985 and was Financial Controller for 10 years. She has over 30 years' experience in law, finance, and administration. Prior to joining the Group she began her career with the UK subsidiary of a US company, working with the founders to establish a thriving electronics business.

Directors are able at the Company's expense to seek independent professional advice as required to support their role either as a member of a Board committee or for any matter within the terms of reference of the Board. A list of the Company's external advisors is available on page 68.

A formal evaluation of the performance of the Directors is conducted annually and the Directors are able to seek independent training and development as required to support their roles.

The Audit Committee works with the company's auditor BDO LLP. The Company Secretary is supported by N+1 Singer, (NOMAD), and Goodman Derrick LLP.

The Remuneration Committee is supported by PwC on matters falling under its terms of reference, and the Company Secretary. The Company Secretary advises the Board on a range of regulatory and compliance matters.

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

An overview of Directors' responsibilities can be found within the Report of the Directors' on page 11.

The Chief Executive's objectives are set by the Chair and the Remuneration Committee in consultation with other non-executive Board members, and the objectives of the executive directors are set by the Chair and the Remuneration Committee in consultation with the Chief Executive. The Board has an annual effectiveness review cycle consisting of reviews of the performance of executive members of the Board by the Non-executive Board members, and a review of the Chairman's performance by all other non-executive and executive directors. The reviews conducted during the year concluded that the Chairman and executive directors continue to contribute effectively to the Board.

The Board reviews its performance against its objectives to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls, set the Company's strategic aims and ensure the necessary resources are in place to meet these aims, to provide effective leadership to ensure the Company's values and standards are upheld, and to fulfil its obligations to shareholders and stakeholders.

Non-executive directors are expected to devote as much time as is necessary for the proper performance of their duties, at a minimum, 15 days per year or more if serving on a committee. This will include attendance at a minimum of six Board meetings, the AGM, at least one annual Board away day a year, at least one site visit a year, meetings of the non-executive directors, meetings with shareholders, meetings forming part of the Board evaluation process and updating and training meetings.

The Board keeps the issue of Board effectiveness under continual review and will continue to consider best practice in matters relating to Board effectiveness, consistent with the size, range of activities, and stage of development of the Company. Succession plans for all members of the company's Board and senior managerial roles across the Company are in place and are regularly reviewed.

Promote a corporate culture that is based on ethical values and behaviours

The Board is committed to promoting a socially responsible culture throughout the Company and encouraging high ethical standards in all its activities. The Company's culture is communicated to the employees through engagement at Company meetings and other means, and employees are expected to exercise high ethical and moral standards at all times in their dealings with the Company's stakeholders. The Board monitor and promote this corporate culture by engaging in open feedback with employees.

The Company has an anti-bribery policy and is committed to the elimination of modern slavery and human trafficking in its supply chain.

The Board sets clear expectations regarding the Group's culture, values and behaviours. We believe that it is vital that the Board and our employees behave in a way that reflects the underlying values of the business.

The Company's recruitment and employment policies are under continual review in order to maintain high ethical standards and best practice, and to provide a working environment in which its employees are able to realise their potential and contribute to the business. Applications are given full and fair consideration irrespective of nationality, ethnic origin, religion, disability, sexual orientation, age, marital or civil partnership status or gender identity. The Company is committed to providing for the health and safety of its employees and visitors to its premises through use of best practice and regular audits of the Company's Health and Safety policy and practices by external consultants.

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company holds an Annual General Meeting annually in February. Agendas for General Meetings for the last 5 financial years are available on the corporate website. There have been no resolutions put to a General Meeting that have resulted in less than 80% of the votes cast in favour of the resolution in the last 5 years. The Company's historic annual reports are also available on the website.

This Annual report and Financial Statements is available on the website and hard copies are distributed to all shareholders.

The Board consider that information available in these and previous Annual Report and Financial Statements together with the corporate website provide sufficient information with regard to the reporting of the Audit Committee and Remuneration Committee activity. The Board will continue to review the disclosures of the Audit and Remuneration Committees.

As well as the Company's General Meeting with shareholders, the Chief Executive and Chief Financial Officer give formal presentations to significant shareholders twice each year and have primary responsibility for communicating the views of these shareholders to the Board. The Chairman has also had an occasional meeting with shareholders and financial advisors.

The Board does not currently recognise any constraints or circumstances that affect the Company uniquely.

The Remuneration Committee members are Jonathon Reeve (Chair) and Adrian Carey who meet formally on at least two occasions annually. Naomi Climer will replace Jonathon Reeve as Chair of the Remuneration Committee upon his retirement. No director has been absent from a committee meeting. The terms of reference of the Remuneration Committee is available on page 15 of the Company's Admission Document. Full information on the Remuneration Committee and its policies are discussed in the Report on Directors' Remuneration on page 18.

The Audit Committee members are Adrian Carey, Jonathon Reeve and David Quantrell, who meet formally on at least two occasions annually. No director has been absent from a committee meeting. The terms of reference of the Audit Committee is available on page 15 of the Company's Admission Document. The Committee has a calendar of events agreed each year and senior managers and the external auditors (BDO LLP) may attend meetings at the request of the Committee.

The key responsibilities of the Audit Committee are:

- monitoring the integrity of the financial statements, including approving any material changes in accounting policy, reviewing the financial statements, and any market announcements relating to the Group's financial performance;
- reviewing the integrity of internal financial controls, risk management systems and codes of corporate conduct and ethics;
- making recommendations to the Board regarding the engagement of external auditors.

During the year, the topics subject to Committee discussion at formal scheduled Committee meetings included:

- review of the risk register, assessing how each risk identified is being monitored and ensuring the process of how these risks are being actively managed is in place;
- receipt and consideration of reports from the external auditors regarding the scope and findings of their audit of the annual report;
- recommendation of the annual report and half-year report to the Board for approval, together with the management representation letter and audit fees;
- review of audit and non-audit related fees paid to the external auditors and monitoring the independence of the external auditors; and
- review and consideration of accounting treatment policy changes in line with industry practice, as recommended by external auditors.

To ensure the objectivity and independence of the external auditors, any service provided by the external auditors must be approved in accordance with the Group's policy on auditor independence and the provision of non-audit services, which is consistent with the UK Auditing Practices Board's Ethical Standards for Auditors.

The external auditor is only selected to provide non-audit services if they are well placed to provide the required service at a competitive cost and the Committee is satisfied that the assignment will not impair their objectivity. In accordance with relevant professional standards, the external auditors have confirmed their independence as auditors in a letter to the Directors. Details of fees paid to the external auditors for both audit and non-audit services are given in note 6 to the financial statements.

The Board acts as a whole as the Nominations Committee and meets when a new director needs to be appointed. Appointments to the Board are made by consultation with, and the agreement of, the whole Board. Suitable candidates are sought through external senior recruitment consultants.

REPORT ON DIRECTORS' REMUNERATION

The Directors' Remuneration Report Regulations are not a requirement for AIM listed companies. However, set out below are certain disclosures relating to directors' remuneration.

Remuneration Committee

The Remuneration Committee is made up of two non-executive directors. The terms of reference of the Committee are to review and make recommendations to the Board regarding the terms and conditions of employment of the executive directors.

Service agreements

No director has a service agreement with a notice period that exceeds 12 months.

Policy on directors' remuneration

The remuneration is set by comparison to market rates at levels to attract, retain and motivate the best staff, recognising that they are key to the ongoing success of the business. The Group's remuneration policy aims to:

– provide market competitive total compensation;

– differentiate on merit and performance;

– emphasise variable performance driven remuneration;

– align senior management with shareholders' interests; and

– deliver a clear, transparent and fair process.

Directors' remuneration

The remuneration of directors who served during the year, excluding share based payments, was as follows:

	Salary £'000	Bonus £'000	Benefits in kind £'000	Gains on the exercise of share options £'000	**2019 Total £'000**	**2019 Pension contributions £'000**	2018 Total £'000	2018 Pension contributions £'000
R Parry (Chairman)	65	-	-	-	**65**	**-**	65	-
J Reeve (Non Executive Director)	37	-	-	-	**37**	**-**	34	-
A Carey (Non Executive Director)	37	-	-	39	**76**	**-**	34	-
D Quantrell (Non Executive Director)	32	-	-	-	**32**	**-**	9	-
J Morris (Non Executive Director)	-	-	-	-	**-**	**-**	17	-
N Bolton (Chief Executive Officer)	261	43	1	-	**305**	**-**	1,125	-
C Robertson (Secretary and Executive Director)	125	23	2	-	**150**	**18**	155	17
D Deacon (Chief Finance Officer)	195	59	1	-	**255**	**-**	642	-
	752	125	4	39	**920**	**18**	2,081	17

Directors' share options

Interests in share options for directors who served during the year were as follows:

	Exercise price	**At 30 September 2019 Number**	At 1 October 2018 Number	Exercise period
A Carey	31.18p	**-**	77,194	September 2015 to September 2023
C Robertson	59.06p	**400,000**	400,000	September 2019 to July 2027
N Bolton	0.00p	**1,200,000**	1,200,000	December 2019 to December 2026
D Deacon	0.00p	**600,000**	600,000	December 2019 to December 2026
		2,200,000	2,277,194	

The vesting of options takes place proportionally over time which is typically a period of three years. The vesting of options is not subject to any performance criteria, other than remaining in employment.

The average share price for the year was 84.21 pence (2018: 69.16 pence) and the closing share price was 89.00 pence (2018: 76.70 pence).

Directors' interests

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary share capital of Oxford Metrics plc at 30 September 2019 and at 1 October 2018 according to the register of directors' interests.

	Ordinary shares of 0.25p		**Percentage of issued share capital**	
	2019 Number	2018 Number	**2019 %**	2018 %
R Parry	**229,554**	194,093	**0.18**	0.16
J Reeve	**36,288**	36,288	**0.03**	0.03
A Carey	**278,059**	200,774	**0.22**	0.16
D Quantrell	**50,000**	-	**0.04**	
C Robertson	**1,439,201**	1,439,201	**1.15**	1.15
N Bolton	**2,383,565**	2,383,565	**1.90**	1.91
D Deacon	**1,146,821**	1,146,821	**0.92**	0.92

By order of the Remuneration Committee

Jonathon Reeve
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD METRICS PLC

Opinion

We have audited the financial statements of Oxford Metrics plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Cashflows, Consolidated and Company 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 the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 30 September 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent 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 as applied to listed entities, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We set out below the risks that had the greatest impact on our audit strategy and scope:

Revenue recognition

Key Audit Matter

The Group's revenue recognition policies are included with the accounting policies in note 2 on pages 32 and 33 and the components of revenue are set out in note 4.

The Group's revenue is a key performance indicator for the market upon which the results of the Group will be assessed.

The implementation of IFRS 15 'Revenue from Contracts with Customers' required management to assess their revenue recognition policies against that standard and make amendments as necessary.

Management exercises judgement in recognising revenue, including the extent of the impact on deferral of revenue relating to ongoing support and maintenance obligations in Vicon.

There is a risk that revenue, including deferred revenue, could be calculated incorrectly, or allocated to the wrong period and therefore we considered revenue recognition to be a key audit matter.

Response

We reviewed the revenue recognition policies applied to each of the Group's revenue streams and considered their compliance with IFRS 15 'Revenue from Contracts with Customers'. Our work included review and challenge of management's identification of performance obligations, transaction price allocation and assessment of compliance through examining a sample of contracts.

We tested a sample of revenue transactions for each material income stream to check that revenue was accurately recorded within the accounting system in the correct accounting period. The testing was performed through agreement to contract and recalculation of revenue recognition.

We tested deferred revenue by re-performing calculations for a sample of deferred balances, and checked that the appropriate revenue deferral for contracts containing multiple performance obligations was made in accordance with the accounting standards. Each included review of underlying contracts and other supporting documentation.

A sample of accrued income balances were agreed to supporting documentation such as contracts and evidence of work performed. Where applicable balances were verified to post year end invoices.

Key observations

Based on the results of our work we consider that revenue has been recognised in accordance with the Group's revenue recognition accounting policy and the requirements of IFRS 15.

Development expenditure capitalisation and carrying value

Key Audit Matter

The Group incurs substantial development costs of which certain amounts are capitalised as intangible assets. The Group's policy is included with the accounting policies in note 2 on page 34 and the significant judgements are set out in note 3.

Development costs are a significant expense and asset of the Group. Manipulation of those costs capitalised could have a material impact on the profit performance of the Group in the current year and going forward.

Management exercises judgement in consideration of the carrying value of individual projects, including the expected future economic benefits, the allocation of resources and the period over which they anticipate return.

In view of the judgements involved we considered the capitalisation and carrying value of development expenditure to be a key audit matter.

Response

We reviewed the policies and procedures regarding research and development expenditure capitalisation of costs, and considered their compliance with the requirements of the accounting standards.

For each significant development project, we:

- substantively agreed a sample of expenditure to third party documentation and timecard records to check that they meet the criteria for capitalisation in accordance with the accounting standards;
- reviewed management's assessment by project and challenged their assumptions at the balance sheet date through discussion with management and comparison to other corroborating evidence; and,
- assessed managements estimate of useful economic life and impairment considerations, with reference to sales forecasts for each project.

Key Observations

Based on the results of our work we consider the judgements made by management are reasonable and the accounting is in accordance with the accounting standards.

Carrying value of goodwill and other recognised intangibles

Key Audit Matter

The Group's accounting policy for intangible assets is included within the accounting policies in note 2 on pages 33 and 34 and the significant judgements are set out in note 3. The components of intangible assets are set out in note 12.

In accordance with accounting standards, at the end of the reporting period, management have assessed whether there is any indication that the above assets may be impaired.

Significant judgement is exercised when determining the variables and assumptions used to calculate the values in use of cash generating units ("CGU's"), which were used to determine whether there is any impairment of goodwill and intangible assets (IP and customer relationships).

In view of the judgements involved, we considered that these matters give rise to a key audit matter.

Response

We reviewed the policies and procedures regarding the carrying value of goodwill and intangibles and considered their compliance with the requirements of the accounting standards.

For each significant CGU, we:

– critically assessed management's impairment reviews which included discounted cash flow forecasts. We reviewed the detailed forecasts and supporting evidence for management's reviews to substantiate the underlying assumptions including predicted growth rates;

– used our own valuations specialists to consider the appropriateness of discount rates used;

– reviewed and challenged management assumptions, including revenue performance and profitability in FY19 against budgeted expectations; and,

– re-performed management's sensitivity analysis calculations to assess the impact of changes in assumptions on the forecasts.

Key Observations

Based on the results of our work we concurred with management's assessment of the goodwill impairment and that the remaining carrying values require no impairment.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceeded materiality, we use a lower level, "performance materiality", to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £320,000 (2018: £295,000). This was determined with reference to the Group's profit before tax which is considered the most appropriate measure in assessing performance of the Group. The materiality used represents approximately 7% (2018: 7%) of profit before tax of the Group. Performance materiality was set at 75% (2018: 75%) of the Group materiality level, being £240,000 (2018: £221,250)

Where financial information from components was audited separately, component materiality was set for this purpose at lower levels, varying between £1,500 and £270,000.

The materiality for the Parent Company was set at £115,000 (2018: £115,000). This was determined with reference to the Parent Company's loss before tax. Performance materiality was set at 75% (2018: 75%) of Parent Company materiality, being £86,250 (2018: £86,250).

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £16,000 (2018: £14,750). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group has 12 components of which 4 were considered to be individually significant, being Oxford Metrics Plc (the parent Company), Vicon Motion Systems Limited, Vicon Motions Systems Inc and Yotta Limited. The Group also has 4 non-significant trading subsidiaries being; Yotta Pty Limited, IMeasureU Limited, IMeasureU Inc, and IMeasureU Ltd; 2 non trading subsidiaries and 2 dormant companies.

Full scope audits of the parent Company, Vicon Motion Systems Limited, Yotta Limited and OMG Life Ltd were performed by BDO LLP.

Vicon Motion Systems Inc is based in Denver, in the United States of America, and as a significant component of the Group, a full scope audit was performed by a member of the BDO US Alliance network.

Group level procedures were performed by BDO LLP on IMeasureU Ltd and Yotta Pty Limited.

Analytical procedures were performed at Group level by BDO LLP on IMeasureU Inc, IMeasureU Limited, OMG Inc. and the 2 dormant companies which were not subject to audit as they are not significant to the Group.

The Group audit team was actively involved in directing the audit strategy of the component auditor in Denver. The Group audit team attended the close meeting in person, reviewed in detail the findings of work performed and considered the impact of these upon the Group audit opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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 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 Statement of Directors' Responsibilities set out on page 11, 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.

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.

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 auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Brooker *(Senior Statutory Auditor)*
For and on behalf of BDO LLP, Statutory Auditor
Reading
United Kingdom

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £'000	2018* £'000
Revenue	4	**35,350**	31,656
Cost of sales		**(10,166)**	(8,743)
Gross profit		**25,184**	22,913
Sales, support and marketing costs		**(8,663)**	(7,526)
Research and development costs		**(4,184)**	(3,336)
Administrative expenses		**(7,875)**	(7,467)
Other operating income	6	**202**	173
Operating profit		**4,664**	4,757
Finance income		**66**	73
Finance expense		**(2)**	(172)
Share of post-tax loss of equity accounted associate		**(59)**	(75)
Profit before taxation		**4,669**	4,583
Taxation	9	**(504)**	(556)
Profit from continuing operations		**4,165**	4,027
Profit/(loss) from discontinued operations, net of tax	11	**13**	(484)
Profit attributable to owners of the parent during the year	6	**4,178**	3,543
Earnings per share for profit on continuing operations attributable to owners of the parent during the year			
Basic earnings per ordinary share (pence)	10	**3.33p**	3.23p
Diluted earnings per ordinary share (pence)	10	**3.24p**	3.12p
Earnings per share for profit on total operations attributable to owners of the parent during the year			
Basic earnings per ordinary share (pence)	10	**3.34p**	2.84p
Diluted earnings per ordinary share (pence)	10	**3.25p**	2.75p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Group 2019 £'000	Group 2018* £'000
Net profit for the year	**4,178**	3,543
Other comprehensive income		
Items that will or may be reclassified to profit or loss		
Exchange differences on retranslation of overseas subsidiaries	**271**	173
Total other comprehensive income	**271**	173
Total comprehensive income for the year attributable to owners of the parent	**4,449**	3,716

*The Group has applied IFRS 15 using the cumulative effect method. Under this method the comparative information is not restated. See note 32.

The notes on pages 31 to 67 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

COMPANY NUMBER: 03998880	**Note**	**Group 2019 £'000**	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Non-current assets					
Goodwill and intangible assets	12	**12,449**	12,361	**-**	-
Property, plant and equipment	14	**2,280**	2,496	**37**	29
Financial asset - investments	15	**98**	157	**14,635**	14,571
Deferred tax asset	20	**405**	230	**250**	143
		15,232	15,244	**14,922**	14,743
Current assets					
Inventories	16	**3,236**	2,403	**-**	-
Trade and other receivables	17	**11,687**	10,576	**9,155**	16,567
Current tax debtor		**177**	101	**-**	-
Cash and cash equivalents		**13,837**	12,229	**4,700**	1,231
		28,937	25,309	**13,855**	17,798
Current liabilities					
Trade and other payables	18	**(10,733)**	(8,167)	**(5,921)**	(7,082)
		(10,733)	(8,167)	**(5,921)**	(7,082)
Net current assets		**18,204**	17,142	**7,934**	10,716
Total assets less current liabilities		**33,436**	32,386	**22,856**	25,459
Non-current liabilities					
Other liabilities	21	**(462)**	(631)	**-**	-
Provisions	22	**(16)**	(8)	**-**	-
Deferred tax liability	20	**(1,797)**	(1,777)	**-**	-
		(2,275)	(2,416)	**-**	-
Net assets		**31,161**	29,970	**22,856**	25,459
Capital and reserves attributable to owners of the parent					
Share capital	23	**313**	312	**313**	312
Shares to be issued	25	**65**	65	**65**	65
Share premium account	25	**17,417**	17,327	**17,417**	17,327
Retained earnings	25	**12,851**	12,022	**5,061**	7,877
Foreign currency translation reserve	25	**515**	244	**-**	(122)
Total equity shareholders' funds		**31,161**	29,970	**22,856**	25,459

*The Group has applied IFRS 15 using the cumulative effect method. Under this method the comparative information is not restated. See note 32.

The profit of the Company for the year ended 30 September 2019 was £51,000 (30 September 2018: profit of £4,029,000).

The Company Statement of Financial Position for 2018 and 2019 has been adjusted for the treatment of the equity accounted share based compensation scheme, see note 31.

The financial statements on pages 26 to 67 were approved and authorised for issue by the Board of Directors on 2 December 2019 and signed on its behalf by

Nick Bolton
Director

David Deacon
Director

The notes on pages 31 to 67 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	Group 2019 £'000	Group 2018* £'000	Company 2019 £'000	Company 2018* £'000
Cash flows from operating activities					
Operating profit/(loss) from continuing operations		**4,664**	4,757	**200**	(720)
Operating profit/(loss) from discontinued operations		**21**	(483)	**-**	-
Group operating profit/(loss)		**4,685**	4,274	**200**	(720)
Depreciation and amortisation		**2,761**	2,479	**12**	21
Loss on the sale of property, plant and equipment		**-**	3	**-**	-
Loss on disposal of subsidiary undertaking		**-**	445	**-**	896
Share-based payments		**264**	323	**141**	145
Exchange adjustments		**134**	89	**(105)**	(43)
(Increase)/decrease in inventories		**(823)**	941	**-**	-
(Increase)/decrease in receivables		**(949)**	(184)	**7,412**	(953)
Increase/(decrease) in payables		**1,600**	(1,635)	**(1,159)**	(109)
Cash generated from operating activities		**7,672**	6,735	**6,501**	(763)
Tax paid		**(369)**	(727)	**-**	-
Net cash from operating activities		**7,303**	6,008	**6,501**	(763)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(467)**	(1,243)	**(29)**	(14)
Purchase of intangible assets		**(2,196)**	(2,125)	**-**	-
Proceeds on disposal of property, plant and equipment		**79**	154	**9**	-
Interest received		**23**	73	**22**	8
Interest paid		**(2)**	-	**-**	-
Interest arising on contingent consideration		**43**	(172)	**-**	-
Proceeds on disposal of subsidiary undertakings net of cash disposed of	11	**-**	1,295	**-**	772
Acquisition of subsidiary undertaking net of cash acquired		**(141)**	(76)	**-**	-
Net cash used in investing activities		**(2,661)**	(2,094)	**2**	766
Cash flows from financing activities					
Issue of ordinary shares		**91**	29	**91**	29
Equity dividends paid	29	**(3,125)**	(1,499)	**(3,125)**	(1,499)
Net cash used in financing activities		**(3,034)**	(1,470)	**(3,034)**	(1,470)
Net increase/(decrease) in cash and cash equivalents		**1,608**	2,444	**3,469**	(1,467)
Cash and cash equivalents at beginning of the period		**12,229**	9,785	**1,231**	2,698
Cash and cash equivalents at end of the period		**13,837**	12,229	**4,700**	1,231

*The Group has applied IFRS 15 using the cumulative effect method.Under this method the comparative information is not restated. See note 32.

The notes on pages 31 to 67 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2019

Group	Share capital £'000	Shares to be issued £'000	Share premium account £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Total £'000
Balance as at 1 October 2017*	308	65	17,302	9,549	71	27,295
Net profit for the year	-	-	-	3,543	-	3,543
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	173	173
Transactions with owners:						
Tax recognised directly in equity in relation to employee share option schemes	-	-	-	106	-	106
Dividends	-	-	-	(1,499)	-	(1,499)
Issue of share capital	4	-	25	-	-	29
Share based payment charge	-	-	-	323	-	323
Balance as at 30 September 2018 as previously stated	312	65	17,327	12,022	244	29,970
Impact of change in accounting policy- IFRS 15 Revenue from contracts with customers (see note 32)	-	-	-	(664)	-	(664)
Balance as at 1 October 2018 as restated	**312**	**65**	**17,327**	**11,358**	**244**	**29,306**
Net profit for the year	**-**	**-**	**-**	**4,178**	**-**	**4,178**
Exchange differences on retranslation of overseas subsidiaries	**-**	**-**	**-**	**-**	**271**	**271**
Transactions with owners:						
Tax recognised directly in equity in relation to employee share option schemes	**-**	**-**	**-**	**176**	**-**	**176**
Dividends	**-**	**-**	**-**	**(3,125)**	**-**	**(3,125)**
Issue of share capital	**1**	**-**	**90**	**-**	**-**	**91**
Share based payment charge	**-**	**-**	**-**	**264**	**-**	**264**
Balance as at 30 September 2019	**313**	**65**	**17,417**	**12,851**	**515**	**31,161**

*The Group has applied IFRS 15 using the cumulative effect method. Under this method the comparative information is not restated. See note 32.

The notes on pages 31 to 67 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2019

Company	**Share capital £'000**	**Shares to be issued £'000**	**Share premium account £'000**	**Retained earnings £'000**	**Foreign currency translation reserve £'000**	**Total £'000**
Balance as at 1 October 2017	308	65	17,302	4,688	(81)	22,282
Share based payment prior year adjustment (see note 31)	-	-	-	241	-	241
Balance as at 1 October 2017 as restated	308	65	17,302	4,929	(81)	22,523
Net profit for the year	-	-	-	4,029	-	4,029
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	(41)	(41)
Transactions with owners:						
Tax recognised directly in equity in relation to employee share options	-	-	-	95	-	95
Dividends	-	-	-	(1,499)	-	(1,499)
Issue of share capital	4	-	25	-	-	29
Share based payment charge	-	-	-	145	-	145
Share based payment prior year adjustment (note 31)	-	-	-	178	-	178
Balance as at 30 September 2018 as restated	312	65	17,327	7,877	(122)	25,459
Net profit for the year	**-**	**-**	**-**	**51**	**-**	**51**
Transfer between reserves	**-**	**-**	**-**	**(122)**	**122**	**-**
Transactions with owners:						
Tax recognised directly in equity in relation to employee share options	**-**	**-**	**-**	**116**	**-**	**116**
Dividends	**-**	**-**	**-**	**(3,125)**	**-**	**(3,125)**
Issue of share capital	**1**	**-**	**90**	**-**	**-**	**91**
Share based payment charge	**-**	**-**	**-**	**264**	**-**	**264**
Balance as at 30 September 2019	**313**	**65**	**17,417**	**5,061**	**-**	**22,856**

The notes on pages 31 to 67 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. Basis of preparation of the financial statements

The consolidated and parent Company financial statements of Oxford Metrics plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies which affect the reported amount of assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reported period. Although the estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The Company is a public limited company and is incorporated in England. The address of its registered office can be found on page 68.

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

Changes in accounting standards

International Accounting Standards (IAS/IFRS)

The following standards, amendments to standards and interpretations have been adopted during the period:

- IFRS 9 'Financial instruments'
- IFRS 15 'Revenue from contracts with customers'
- Amendments to IFRS 15 'Revenue from contracts with customers'

At the date of authorisation of these financial statements the following amendments to standards and interpretations, which have not been adopted early in these financial statements, were issued by the IASB, but not yet effective:

- IFRS 16 'Leases'

At the date of authorisation of these financial statements, the directors have considered the standards and interpretations which have not been applied in these financial statements that were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The directors consider that IFRS 16 'Leases' is relevant to the Group.

Under IFRS 16 'Leases' all leases are accounted for under a single accounting model for the lessee. All leases with a term of more than 12 months will result in the recognition of an asset and liability, unless the underlying asset is of low value, and depreciation of lease assets will be recognised separately from interest on lease liabilities in the income statement. Leases currently designated as operating leases in note 28 will be impacted. The Group is currently working to finalise the impact on its financial statements when it adopts IFRS 16 on 1 October 2019 but estimates that both the lease liability and right-of-use asset to be recognised will be approximately £2,151,000. There is no impact on the Company. The directors do not consider the application of IFRS 16, once effective, to have a material impact on the consolidated income statement. The Group will adopt the modified retrospective approach to the application of IFRS 16 which does not require the restatement of comparative periods. The right-of-use asset recognised will be equal to the lease liability which is calculated as the present value of remaining lease payments at the date of transition. Under the modified retrospective approach the Group will be taking the following practical expedients:

- not recognising leases whose term ends within 12 months of the date of initial application of IFRS 16;
- excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight, such as in determining the lease term for leases that contain options.

Adoption of all other standards and interpretations not yet effective are not expected to have a material impact on the results of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Audit Exemption

IMeasureU Limited, a 100% owned subsidiary undertaking incorporate in England, has claimed the audit exemption under Companies Act 2006 Section 479A with respect to the year ended 30 September 2019. The parent Company, Oxford Metrics plc, has given a statement of guarantee under Companies Act 2006 Section 479C, whereby Oxford Metrics plc will guarantee outstanding liabilities to which IMeasureU Limited are subject as at 30 September 2019.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated and parent Company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 September 2019.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any elements of control.

Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting from the date of acquisition. Inter-company balances and transactions are eliminated on consolidation.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Board of Directors of Oxford Metrics plc (formerly OMG plc).

Revenue

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 the year ended 30 September 2019 by applying IFRS 15, the policies adopted are set out below:

Performance obligations and timing of revenue recognition

The majority of the Group'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 Group's software and service 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.

Within Vicon 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.

Within Yotta revenue from the sale of software is recognised over the term of the contract on a straight line basis until all performance obligations are fulfilled.

Determining the transaction price and allocating amounts to performance obligations

The Group's 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Within Vicon, system sales are multi element arrangements and include the sale of software, hardware and ongoing support. Under IFRS 15 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 trade and other payable on the Statement of Financial Position. Any accrued income balances are included within trade and other receivables. 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.

The comparatives for the year ended 30 September 2018 applied IAS 18 with the policy below being followed:

Within Vicon and Yotta revenue is recognised on the delivery of the product or service, with a deferral made for the fair value of the undelivered element under the terms of the sale. This undelivered element relates to ongoing hardware and software support, the fair value of which is calculated by reference to the anticipated cost, plus a margin, of providing the support service and is consistent with the standalone selling price of this element of the sale. Revenue not recognised in the income statement under this policy is classified as deferred income in the statement of financial position. Revenue from services is recognised as the work is performed. Revenue is only recognised where there is appropriate evidence of an arrangement, where the consideration is fixed and determinable and where collectability is reasonably assured.

Within Vicon a small 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.

Within Yotta, survey contracts are accounted for in accordance with IAS 18, ‘Revenue’. Where the outcome of the contract can be estimated reliably, revenue is recognised by reference to the total sales value and the stage of completion of the survey contracts. The Group has adopted the following policy for assessing the stage of completion of these survey contracts, this has been determined with reference to the proportion of total cost incurred:

- 90% of the contract value is recognised based on the number of kilometres surveyed, expressed as a percentage of the total kilometres surveyed;
- 10% of the contract value is recognised after the survey has been completed and the data delivered to the customer.

The related profit includes results attributable to contracts completed and in progress where a profitable outcome can be prudently foreseen.

Where revenue earned exceeds amounts invoiced it is included within trade and other receivables as amounts due from customers for contract work. Receipts in excess of recognised turnover are included within trade and other payables under payments on account in respect of contract work. The amount of costs incurred on survey contracts, net of amounts transferred to cost of sales is included in long term contract balances within inventories.

The Group no longer has this revenue stream in the year ended 30 September 2019.

Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants received are included within other operating income in the income statement.

Goodwill and intangible assets

Goodwill is carried at cost less any provision for impairment. Intangible assets are valued at cost less amortisation and any provisions for impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Goodwill arising on business combinations (representing the excess of fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and its subsequent measurement is based on annual impairment reviews, with any impairment losses recognised immediately in the income statement. For business combinations completed after 1 January 2010, direct costs of acquisition are recognised immediately in the income statement as an expense.

The Group has elected to apply IFRS 3, 'Business combinations' prospectively from the date of transition to IFRS and therefore goodwill written off to reserves prior to 1 October 2006 has not been reinstated on transition to IFRS.

Externally acquired intangible assets

Intangible assets are capitalised at cost and amortised to nil by equal annual instalments over their estimated useful economic life.

Intangible assets are recognised on business combinations if they are separable from the acquired entity. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see note 3). The significant intangibles recognised by the Group and their useful economic lives are as follows:

- Brand name over 10 years
- Customer relationships over 8 years
- Intellectual property over 2-10 years

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 Group 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 Group expects to benefit from selling the products developed, which is estimated to be 3 – 10 years. The amortisation expense is included within research and development expenses in the consolidated income statement.

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

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; (its cash generating unit). Goodwill is allocated on initial recognition to each of the Group's CGU's that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates applicable are:

- Computers and equipment 25% – 50%
- Furniture and fixtures 20% or 50%
- Motor vehicles 25%
- Demonstration equipment 25% or 50%. Some demonstration equipment held within the Vicon Group 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.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Investments in subsidiaries

Investments are included at cost less provision for impairment.

Inventories

Inventories are 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.

Discontinued operations

The results of operations held for sale are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated income statement separately from continuing operations in a section identified as relating to discontinued operations and prior year results have been restated.

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated income statement and consolidated statement of comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Financial assets

The Group and Company classifies its financial assets into the categories below.

Amortised cost: These assets arise principally from the provision of goods and services to customers (e.g. trade receivables and accrued income). 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 receivables 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 receivables 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 receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables 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 Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Fair value through profit or loss: This category includes an equity investment which is held in the Consolidated Statement of Financial Position at fair value with changes in the fair value being recognised in the Consolidated Income Statement.

Financial liabilities

The Group and Company classifies its financial liabilities into the categories below.

Amortised cost: Financial liabilities include trade payables and other short-term monetary liabilities. Trade payables and other short-term monetary liabilities are recognised at fair value and subsequently held at amortised cost.

Fair value through profit or loss: This category includes contingent consideration payable which is held in the Consolidated Statement of Financial Position at fair value with changes in the fair value being recognised in the Consolidated Income Statement.

Cash and cash equivalents

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

Trade and other payables

Trade payables and other short term monetary liabilities are recognised at fair value and subsequently held at amortised cost.

Current and deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company; or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Taxation recognised directly in equity is in relation to tax on the employee share option charge for the year recognised in the income statement.

Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sterling (£) which is also the Company's functional currency.

Transactions in foreign currencies are recorded 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 income statement.

For consolidation purposes assets and liabilities of foreign subsidiaries that have a functional currency different from the presentation currency are translated at the rates of exchange ruling at the balance sheet date. Income statements of such undertakings are translated on a monthly basis at the month end exchange rate. Exchange differences arising on these translations are taken to the foreign currency translation reserve through the statement of comprehensive income.

Employee benefits

Contributions to pension schemes

The Group accounts for pensions and similar employee benefits under IAS 19 'Employee benefits'. The Group operates defined contribution pension schemes for both its UK and US employees. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Employee share option schemes

The Group 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 income statement 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 statement of financial position 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 income statement, with a corresponding adjustment to equity.

Operating leases

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Where properties are sublet the rental income received is recognised as other income in the income statement on a straight line basis over the lease term.

Dividend distribution

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 approved by the shareholders at the annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3. Critical accounting estimates and judgements

The Group 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 consolidated income statement in specific periods. Within development costs there are a significant number of different projects across the Group. The useful life of each project is assessed on an individual basis. If the remaining useful economic life of each project decreased by 50% at 1 October 2018 the amortisation charge for the year would have increased by £1,481,000. More detail including carrying values is included in note 12.

(b) *Judgements concerning the capitalisation of development costs*

Development costs are capitalised according to the criteria set out in IAS 38. Management make assumptions as to when these criteria have been met and consequently the date from which the costs for a project are capitalised. Management review the carrying value of capitalised development costs on an annual basis and consider indicators of impairment.

4. Revenue from contracts with customers

	Revenue	
	2019	2018
	£'000	£'000
Vicon UK	**14,638**	13,964
Vicon USA	**13,692**	10,418
Vicon Group	**28,330**	24,382
Yotta	**7,020**	7,274
Continuing operations	**35,350**	31,656
Yotta Surveying (note 11)	**-**	1,693
Discontinued operations	**-**	1,693
Oxford Metrics Group	**35,350**	33,349

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019			
	Vicon UK £'000	Vicon USA £'000	Yotta £'000	Total £'000
Timing of the transfer of goods and services				
Point in time	13,507	11,802	1,741	27,050
Over time	1,131	1,890	5,279	8,300
Oxford Metrics Group	14,638	13,692	7,020	35,350
Contract Counterparties				
Direct to consumers	4,170	12,638	6,811	23,619
Third party distributor	10,468	1,054	209	11,731
Oxford Metrics Group	14,638	13,692	7,020	35,350
By destination				
UK	1,662	-	6,577	8,239
Germany	969	-	24	993
Italy	327	-	-	327
Netherlands	585	-	142	727
France	535	-	-	535
Switzerland	285	-	-	285
Rest of Europe	858	-	4	862
Canada	-	905	-	905
USA	646	12,099	-	12,745
Rest of North America	-	110	-	110
Australia	327	-	218	545
Hong Kong	2,788	-	-	2,788
Japan	3,570	-	-	3,570
South Korea	1,464	-	-	1,464
Rest of Asia Pacific	565	-	-	565
Other	57	578	55	690
Oxford Metrics Group	14,638	13,692	7,020	35,350

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Revenue	
	2019	2018
	£'000	£'000
Vicon revenue by market		
Engineering	**6,015**	4,367
Entertainment	**6,802**	6,322
Life sciences	**13,637**	12,860
Established markets	**26,454**	23,549
Adjacent verticals	**1,876**	833
Vicon Group*	**28,330**	24,382
Group revenue by type		
Sale of hardware	**23,710**	21,687
Sale of software	**7,023**	4,289
Rendering of services	**4,618**	5,680
Continuing operations	**35,350**	31,656
Sale of software	**-**	12
Rendering of services	**-**	1,681
Discontinued operations	**-**	1,693
Oxford Metrics Group	**35,350**	33,349
Yotta revenue by type		
Software and related services	**7,020**	7,274
Continuing operations	**7,020**	7,274
Surveying services	**-**	1,693
Discontinued operations	**-**	1,693
Yotta Group	**7,020**	8,967

*This additional information is provided to the Chief Operating Decision Maker. Further analysis by market is not available.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Revenue	
	2019	2018
	£'000	£'000
By destination		
UK	**8,239**	9,978
Germany	**993**	1,078
Italy	**327**	159
Netherlands	**727**	662
France	**535**	348
Switzerland	**285**	409
Rest of Europe	**862**	1,797
Canada	**905**	420
USA	**12,745**	9,357
Rest of North America	**110**	123
Australia	**545**	685
Hong Kong	**2,788**	1,766
Japan	**3,570**	3,257
South Korea	**1,464**	305
Rest of Asia Pacific	**565**	634
Other	**690**	678
Continuing operations	**35,350**	31,656
UK	**-**	1,693
Discontinued operations	**-**	1,693
Oxford Metrics Group	**35,350**	33,349
By origin		
UK	**21,268**	20,849
North America	**13,692**	10,419
Asia Pacific	**390**	388
Continuing operations	**35,350**	31,656
UK	**-**	1,693
Discontinued operations	**-**	1,693
Oxford Metrics Group	**35,350**	33,349

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Contract balances

	2019	
	Contract assets £'000	**Contract liabilities £'000**
At 1 October 2018	666	3,848
Cumulative catch up adjustments	-	872
Transfers from contract assets to trade receivables	(3,944)	-
Amounts included in contract liabilities recognised as revenue during the period	-	(8,486)
Excess of revenue recognised over cash during the period	4,065	-
Cash received in advance of performance and not recognised as revenue during the period	-	9,173
Foreign exchange differences	-	(37)
At 30 September 2019	787	5,370

Contract assets and contract liabilities are included within trade and other assets and trade and other payables respectively on the face of the statement of financial position. They arise primarily from the Group's software and support contracts which are delivered over time and where the cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contract.

Remaining performance obligations

The majority of the Group's contracts are for the delivery of goods and services within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. However, some software and support contracts are for a period greater than 12 months and the amount of revenue that will be recognised in future periods on these contracts is as follows:

At 30 September 2019	**2020 £'000**	**2021 £'000**	**2022 £'000**	**2023 £'000**	**2024 £'000**	**2025 £'000**
Support contracts	2,410	753	430	285	250	257
Software contracts	752	681	492	133	10	-
	3,162	1,434	922	418	260	257

5. Segmental analysis

Segment information is presented in the financial statements in respect of the Group's business segments, which are reported to the Chief Operating Decision Maker (CODM). The Group has identified the Board of Directors of Oxford Metrics plc, formerly OMG plc, ("the Board") as the CODM. The business segment reporting reflects the Group's management and internal reporting structure.

The Group comprises the following business segments:

- Vicon Group: This is the development, production and sale of computer software and equipment for the engineering, entertainment and life science markets; and
- Yotta Group: This is the provision of software and services for the management of infrastructure assets and highways surveying services (which were sold during the prior year) for the Government Agencies, Local Government and major infrastructure contractors. Yotta surveying was sold during the prior year and is shown within discontinued operations.

Other unallocated costs represent head office expenses not recharged to subsidiary companies.

Inter segment transfers are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources. This policy was applied consistently throughout the current and prior year. There were no significant inter segment transfers during the current or prior year.

Intra segment sales between Vicon UK and Vicon USA are eliminated prior to management and internal reporting, and hence are not shown separately in the analysis below. The total sales from Vicon UK to Vicon USA in the year ended 30 September 2019 are £7,630,000 (2018: £4,414,000).

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories and trade and other receivables. Unallocated assets comprise deferred taxation, investments and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019				2018			
	Adjusted profit/(loss) before tax £'000	**Adjusting items £'000**	**Group recharges £'000**	**Profit/(loss) before tax £'000**	Adjusted profit/(loss) before tax £'000	Adjusting items £'000	Group recharges £'000	Profit/(loss) before tax £'000
Vicon UK	**2,354**	**(125)**	**3,248**	**5,477**	2,916	105	1,309	4,330
Vicon USA	**5,760**	**-**	**(4,976)**	**784**	4,372	-	(3,195)	1,177
Vicon Group	**8,114**	**(125)**	**(1,728)**	**6,261**	7,288	105	(1,886)	5,507
Yotta	**(230)**	**(469)**	**(808)**	**(1,507)**	437	(472)	(993)	(1,028)
Unallocated	**(2,421)**	**(200)**	**2,536**	**(85)**	(2,556)	(219)	2,879	104
Continuing operations	**5,463**	**(794)**	**-**	**4,669**	5,169	(586)	-	4,583
OMG Life Group	**21**	**-**	**-**	**21**	51	-	-	51
Yotta Surveying	**-**	**-**	**-**	**-**	(89)	(445)	-	(534)
Unallocated	**-**	**-**	**-**	**-**	-	-	-	-
Discontinued operations	**21**	**-**	**-**	**21**	(38)	(445)	-	(483)
Oxford Metrics Group	**5,484**	**(794)**	**-**	**4,690**	5,131	(1,031)	-	4,100

Adjusted profit before tax is detailed in note 7.

	Segment depreciation and amortisation	
	2019 £'000	2018 £'000
Vicon UK	**1,898**	1,525
Vicon USA	**64**	57
Vicon Group	**1,962**	1,582
Yotta	**788**	775
Unallocated	**13**	21
Continuing operations	**2,763**	2,378
Yotta Surveying	**-**	101
Discontinued operations	**-**	101
Oxford Metrics Group	**2,763**	2,479

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Non-current assets		Additions to non-current assets		Carrying amount of segment assets		Carrying amount of segment liabilities	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Vicon UK	**8,642**	8,899	**1,667**	2,006	**22,687**	22,522	**(5,781)**	(4,485)
Vicon USA	**838**	797	**55**	164	**8,824**	5,995	**(2,973)**	(1,698)
Vicon Group	**9,480**	9,696	**1,722**	2,170	**31,511**	28,517	**(8,754)**	(6,183)
Yotta Group	**5,366**	5,212	**912**	1,177	**13,069**	16,093	**(3,852)**	(3,910)
Unallocated	**386**	328	**29**	14	**5,641**	1,987	**(402)**	(490)
OMG Life Group*	**-**	8	**-**	-	**(6,052)**	(6,044)	**-**	-
Oxford Metrics Group	**15,232**	15,244	**2,663**	3,361	**44,169**	40,553	**(13,008)**	(10,583)

* The negative balance within segment assets represents a cash overdraft which is part of the Group's cash offset facility.

6. Profit for the year

The profit for the year is stated after charging/(crediting):

	2019	2018
	£'000	£'000
Loss on disposal of property, plant and equipment	**-**	3
Depreciation of property, plant and equipment – owned (note 14)	**621**	570
Amortisation of customer relationships (note 12)	**314**	314
Amortisation of intellectual property (note 12)	**245**	350
Amortisation of development costs (note 12)	**1,581**	1,245
Share based payments – equity settled (note 24)	**264**	323
Operating lease charges – land and buildings	**607**	567
Foreign exchange loss	**98**	213
Grant income receivable	**(202)**	(173)

During the year the Group obtained the following services from the Group's auditors and its associates as detailed below:

	2019	2018
	£'000	£'000
Fees payable to the Company's auditor for the audit of the parent Company and consolidated financial statements	**37**	37
Fees payable to the Company's auditor for other services:		
The audit of financial statements of subsidiaries pursuant to legislation	**42**	37
Tax services	**24**	27
Fees payable to associates of the Company's auditor for other services	**18**	17
	121	118

Audit services include £13,000 in respect of the Company (2018: £13,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

7. Reconciliation of adjusted profit/(loss) before tax

The adjusted profit/(loss) before tax is considered by the Board to more accurately reflect the underlying operating performance of the business on a go-forward basis and complements the statutory measure as reported in the Consolidated Income Statement.

The reconciliation of profit/(loss) before tax to adjusted profit/(loss) provided below includes items that are:

- non-recurring in nature, such as redundancy costs incurred from time to time, acquisition costs and results of the Group's equity accounted associate, which are not core to operations or future operating performance.
- non-cash moving items which arise from the accounting treatment of share based payments and the amortisation of acquired intangibles which affect neither future operating performance nor cash generation.

The above definition has been consistently applied historically and is the measure by which the market generally judges PBT performance.

	2019 £'000	2018 £'000
Profit before tax – continuing operations	**4,669**	4,583
Share based payments – equity settled	**264**	323
Amortisation of intangibles arising on acquisition	**541**	645
Redundancy costs	**125**	-
Adjustment to fair value of contingent consideration payable and unwinding of discount factor	**(195)**	(457)
Share of post-tax loss of equity accounted associate	**59**	75
Adjusted profit before tax – continuing operations	**5,463**	5,169
Profit/(loss) before tax – discontinued operations	**21**	(483)
Loss on disposal of subsidiary undertaking	**-**	445
Adjusted profit/(loss) before tax – discontinued operations	**21**	(38)
Total adjusted profit before tax – all operations	**5,484**	5,131

The adjusted profit before tax for the Vicon and Yotta business segments which are included within the Group's continuing operations is shown in detail below:

	Vicon Group	
	2019 £'000	2018 £'000
Profit before tax	**6,261**	5,507
Share based payments – equity settled	**78**	110
Amortisation of intangibles arising on acquisition	**242**	242
Adjustment to fair value of contingent consideration payable and unwinding of discount factor	**(195)**	(457)
Reapportion Group overheads	**1,728**	1,886
Adjusted profit before tax	**8,114**	7,288

	Yotta Group	
	2019 £'000	2018 £'000
Loss before tax – continuing operations	**(1,507)**	(1,028)
Share based payments – equity settled	**45**	69
Amortisation of intangibles arising on acquisition	**299**	403
Redundancy costs	**125**	-
Reapportion Group overheads	**808**	993
Adjusted (loss)/profit before tax – continuing operations	**(230)**	437

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

8. Directors and employees

Staff costs during the year were as follows:

	Group 2019 £'000	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Wages and salaries	**13,474**	13,135	**1,364**	1,353
Share-based payments	**264**	323	**141**	145
Social security costs	**1,306**	1,302	**174**	248
Other pension costs	**610**	609	**55**	56
	15,654	15,369	**1,734**	1,802

The average number of employees of the Group during the year was:

	2019 Number	2018 Number
Development	**65**	59
Sales and customer support	**70**	69
Production and production services	**49**	80
Management and administration	**26**	26
	210	234

The average number of employees of the Company during the year was 10 (2018:10) all of which are classified as management and administration.

Details of individual directors' remuneration are included in the Report on Directors' Remuneration. For the purposes of IAS 24 'Related party disclosures' the directors are considered key management.

Key management personnel compensation:

	2019 £'000	2018 £'000
Wages and salaries	**877**	965
Share-based payments	**124**	124
Social security costs	**131**	283
Other pension costs	**18**	17
Benefits in kind	**4**	6
	1,154	1,395

The number of directors accruing benefits under Group pension schemes was 1 (2018: 1).

Exercise of directors' share options

During the year one director (2018: two directors) exercised share options. The aggregate of the gains made on these exercises in the table above is calculated on the difference between the option price and the mid-market price at the time of exercise. Additional details can be obtained from the Report on Directors' Remuneration on page 18.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

9. Taxation

The tax is based on the profit for the year and represents:

	2019 £'000	2018 £'000
United Kingdom corporation tax at 19.0% (2018: 19.0%)	**324**	164
Overseas taxation	**222**	230
Adjustments in respect of prior year	**1**	(25)
Current taxation	**547**	369
Deferred taxation (note 20)	**(35)**	188
Total taxation expense	**512**	557

Continuing and discontinued operations:

	2019 £'000	2018 £'000
Income tax expense from continuing operations	**504**	556
Income tax expense from discontinued operations excluding gain on sale (note 10)	**8**	4
	512	560

Total tax expense:

	2019 £'000	2018 £'000
Income tax expense excluding tax on sale of discontinued operations	**512**	560
Income tax credit on gain on sale of discontinued operations (note 11)	**-**	(3)
	512	557

At 30 September 2019, the Group had an undiscounted deferred tax asset of £405,000 (2018: £230,000). The asset comprises principally short term timing differences and future tax relief available on the exercise of outstanding employee share options in Oxford Metrics plc.

Deferred tax assets and liabilities have been measured at an effective rate of 17% and 25% in the UK and USA, respectively (2018: 17% and 25%, respectively) and are detailed in note 20.

The inclusion of legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and then a further reduction to 17% from 1 April 2020 was substantively enacted on 15 September 2016.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.0% (2018: lower than the standard rate of 19%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

The differences are explained as follows:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	**4,690**	4,100
Expected tax income based on the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%)	**891**	779
Effect of:		
Expenses not deductible for tax purposes	**43**	(46)
Tax gain on sale of discontinued operation in excess of book gain	**-**	48
Unrelieved current year losses	**126**	179
Utilisation of losses brought forward	**(4)**	-
Adjustments to tax charge in respect of prior year current tax	**1**	(25)
Adjustments to tax charge in respect of prior year deferred tax	**-**	(19)
Higher rates on overseas taxation	**33**	93
Research and development tax credit	**(525)**	(487)
Effect of rate change	**(53)**	35
Total tax expense	**512**	557

10. Earnings/(loss) per share

	2019			2018		
	Earnings/ (loss) £'000	**Weighted average number of shares '000**	**Per share amount (pence)**	Earnings/ (loss) £'000	Weighted average number of shares '000	Per share amount (pence)
Continuing operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	**4,165**	**125,038**	**3.33**	4,027	124,569	3.23
Dilutive effect of employee share options	**-**	**3,250**	**(0.09)**	-	4,327	(0.11)
Diluted earnings per share	**4,165**	**128,288**	**3.24**	4,027	128,896	3.12
Discontinued operations						
Basic loss per share						
Loss attributable to ordinary shareholders	**13**	**125,038**	**0.01**	(484)	124,569	(0.39)
Dilutive effect of employee share options	**-**	**3,250**	**-**	-	4,327	-
Diluted loss per share	**13**	**128,288**	**0.01**	(484)	128,896	(0.39)
Total operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	**4,178**	**125,038**	**3.34**	3,543	124,569	2.84
Dilutive effect of employee share options	**-**	**3,250**	**(0.09)**	-	4,327	(0.09)
Diluted earnings per share	**4,178**	**128,288**	**3.25**	3,543	128,896	2.75

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (share options). For share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscriptions rights and outstanding share based payment charges attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise price of the share options.

For discontinued operations the outstanding share options are anti-dilutive and therefore there is no difference between the basic and diluted loss per share.

11. Discontinued operations

During the year ended 30 September 2018 the Group sold its 100% interest in Yotta Surveying Limited for a total consideration of £1,575,000. Yotta Surveying Limited was classified as held for sale at 30 September 2017. Since disposal Yotta Surveying Limited has changed its name to Ginger Lehman Limited.

Result of Yotta Surveying Group

	2019 £'000	2018 £'000
Revenue	**-**	1,693
Expenses other than finance costs	**-**	(1,782)
Loss from selling discontinued operation after tax	**-**	(445)
Loss for the year	**-**	(534)

During the year ended 30 September 2016 the decision was taken by the Group to discontinue the OMG Life Group cash generating unit.

Result of OMG Life Group

	2019 £'000	2018 £'000
Expenses other than finance costs	**21**	51
Tax expense	**(8)**	(4)
Loss for the year	**13**	47

The sale of House of Moves Inc. was completed on 15 October 2014 for a total consideration of $1,300,000.

Result of House of Moves

	2019 £'000	2018 £'000
Gain from selling discontinued operation after tax	-	3
Profit for the year	-	3

The result in the prior period for House of Moves is as a result of differences in foreign exchange rates on the deferred consideration received.

Result of all discontinued operations

	2019 £'000	2018 £'000
Revenue	**-**	1,693
Income/(expenses) other than finance costs	**21**	(1,731)
Tax expense	**(8)**	(4)
(Loss)/gain from selling discontinued operation after tax	**-**	(442)
Loss for the year	**13**	(484)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

The statement of cash flows includes the following amounts relating to discontinued operations:

	2019 £'000	2018 £'000
Operating activities	**-**	(784)
Proceeds on disposal of discontinued operations net of cash disposed of	**-**	1,295
Other investing activities	**-**	(5)
Net cash flow from discontinued operations	**-**	506

12. Goodwill and intangible fixed assets

Group	**Customer relationships £'000**	**Intellectual property £'000**	**Development costs £'000**	**Goodwill £'000**	**Total £'000**
Cost					
At 1 October 2018	2,456	3,234	16,623	3,623	25,936
Additions	-	-	2,196	-	2,196
Translation difference	(1)	-	-	32	31
At 30 September 2019	**2,455**	**3,234**	**18,819**	**3,655**	**28,163**
Amortisation					
At 1 October 2018	1,580	1,095	10,900	-	13,575
Charge for the year	314	245	1,581	-	2,140
Translation difference	(1)	-	-	-	(1)
At 30 September 2019	**1,893**	**1,340**	**12,481**	**-**	**15,714**
Net book value at 30 September 2019	**562**	**1,894**	**6,338**	**3,655**	**12,449**
Net book value at 30 September 2018	876	2,139	5,723	3,623	12,361

All development costs are internally generated.

Group	**Customer relationships £'000**	**Intellectual property £'000**	**Development costs £'000**	**Goodwill £'000**	**Total £'000**
Cost					
At 1 October 2017	2,459	3,235	14,498	3,611	23,803
Additions	-	-	2,125	-	2,125
Translation difference	(3)	(1)	-	12	8
At 30 September 2018	**2,456**	**3,234**	**16,623**	**3,623**	**25,936**
Amortisation					
At 1 October 2017	1,266	745	9,723	-	11,734
Charge for the year	314	350	1,177	-	1,841
At 30 September 2018	**1,580**	**1,095**	**10,900**	**-**	**13,575**
Net book value at 30 September 2018	**876**	**2,139**	**5,723**	**3,623**	**12,361**
Net book value at 30 September 2017	1,193	2,490	4,775	3,611	12,069

None of the goodwill included in the tables above has been internally generated.

Current estimates of the remaining useful economic lives of the intangible assets are as follows:

Customer relationships	1-2 years
Intellectual property	7-8 years
Development costs	1-10 years
Goodwill	Indefinite

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

13. Goodwill and impairment

Details of goodwill allocated to cash generating units for which the amount of goodwill so allocated is significant in comparison to total goodwill is as follows:

	Goodwill carrying value	
	2019	2018
	£'000	£'000
Vicon:		
Vicon USA cash generating unit (Peak)	**565**	533
Vicon UK cash generating unit (IMeasureU)	**1,076**	1,076
Yotta:		
Yotta cash generating unit	**2,014**	2,014
	3,655	3,623

The recoverable amounts of all the CGU's have been determined from value in use calculations based on cash flow projections from formally approved budgets covering the financial years ending 30 September 2020 and 30 September 2021.

The recoverable amount for the CGUs that hold a significant proportion of the Group's overall goodwill balance are as follows:

- Vicon UK (IMeasureU) exceeds its carrying amount by £13.5m (2018: £7.1m); and
- Yotta (previously known as Mayrise) exceeds its carrying amount by £18.1m (2018: £23.8m).

Other major assumptions are as follows (the growth rate applies only to the period beyond the formal budgeted period with the value in use calculation based on the budgeted cash flows up to 30 September 2020 and assumes a perpetuity based terminal value).

	Peak	**IMU**	**Yotta**
	2019	**2019**	**2019**
	%	%	%
Pre tax discount rate	**12.2**	**12.4**	**12.2**
Average operating margin	**45.2**	**34.4**	**6.5**
Growth rate	**1.0**	**11.2**	**4.0**

	Peak	IMU	Yotta
	2018	2018	2018
	%	%	%
Pre tax discount rate	12.2	12.4	12.2
Average operating margin	38.5	27.8	17.8
Growth rate	1.0	11.2	4.0

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Group's WACC adjusted to reflect management's assessment of specific risks related to the cash generating unit. Growth rates beyond the formally budgeted period are based on economic data pertaining to the region concerned.

A sensitivity analysis has been performed to establish how a change in the key assumptions would impact the value in use. All discount rates would have to move significantly in order for the carrying values to be impaired. A growth rate of 0% would not result in any of the carrying values being impaired. The operating margins would have to move significantly in order for goodwill carrying values to be impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

14. Property, plant and equipment

Group	Computers and equipment £'000	Furniture and fixtures £'000	Demonstration equipment £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 October 2018	2,251	419	606	1,837	5,113
Additions	231	5	210	21	467
Disposals	(4)	-	(85)	(332)	(421)
Translation differences	11	1	11	1	24
At 30 September 2019	**2,489**	**425**	**742**	**1,527**	**5,183**
Depreciation					
At 1 October 2018	1,708	170	75	664	2,617
Charge for the year	308	92	41	180	621
Disposals	(2)	-	(8)	(332)	(342)
Translation differences	5	-	2	-	7
At 30 September 2019	**2,019**	**262**	**110**	**512**	**2,903**
Net book value at 30 September 2019	**470**	**163**	**632**	**1,015**	**2,280**
Net book value at 30 September 2018	543	249	531	1,173	2,496

Group	Computers and equipment £'000	Furniture and fixtures £'000	Demonstration equipment £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 October 2017	2,066	553	445	1,394	4,458
Additions	397	70	320	450	1,237
Disposals	(214)	(204)	(163)	(8)	(589)
Translation differences	2	-	4	1	7
At 30 September 2018	**2,251**	**419**	**606**	**1,837**	**5,113**
Depreciation					
At 1 October 2017	1,658	279	47	526	2,510
Charge for the year	257	94	41	145	537
Disposals	(208)	(203)	(14)	(7)	(432)
Translation differences	1	-	1	-	2
At 30 September 2018	**1,708**	**170**	**75**	**664**	**2,617**
Net book value at 30 September 2018	**543**	**249**	**531**	**1,173**	**2,496**
Net book value at 30 September 2017	408	274	398	868	1,948

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Company	**Computers and equipment £'000**	**Furniture and fixtures £'000**	**Leasehold improvements £'000**	**Total £'000**
Cost				
At 1 October 2018	196	-	-	196
Additions	29	-	-	29
Transfer to subsidiary undertaking	(7)	-	-	(7)
Disposals	(4)	-	-	(4)
At 30 September 2019	**214**	**-**	**-**	**214**
Depreciation				
At 1 October 2018	167	-	-	167
Charge for the year	12	-	-	12
Disposals	(2)	-	-	(2)
At 30 September 2019	**177**	**-**	**-**	**177**
Net book value at 30 September 2019	**37**	**-**	**-**	**37**
Net book value at 30 September 2018	29	-	-	29

Company	**Computers and equipment £'000**	**Furniture and fixtures £'000**	**Leasehold improvements £'000**	**Total £'000**
Cost				
At 1 October 2017	278	203	8	489
Additions	14	-	-	14
Disposals	(96)	(203)	(8)	(307)
At 30 September 2018	**196**	**-**	**–**	**196**
Depreciation				
At 1 October 2017	242	202	8	452
Charge for the year	21	-	-	21
Disposals	(96)	(202)	(8)	(306)
At 30 September 2018	**167**	**-**	**-**	**167**
Net book value at 30 September 2018	**29**	**-**	**-**	**29**
Net book value at 30 September 2017	36	1	-	37

15. Investments

	Group 2019 £'000	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Shares in subsidiary undertakings – cost				
At 1 October as previously stated	**-**	-	**13,995**	13,995
Share based payment prior year adjustment (note 31)	**-**	-	**419**	241
At 1 October as restated	**-**	-	**14,414**	14,236
Share based payment prior year adjustment (note 31)	**-**	-	**-**	178
Capital contribution	**-**	-	**123**	-
At 30 September	**-**	-	**14,537**	14,414
Investment in associate – equity accounted				
At 1 October	**88**	163	**88**	163
Share of post-tax loss of equity accounted associate	**(59)**	(75)	**(59)**	(75)
At 30 September	**29**	88	**29**	88
Other investment – cost and fair value				
At 1 October and 30 September	**69**	69	**69**	69
Total financial assets – investments	**98**	157	**14,635**	14,571

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Details of the Company's undertakings, all of which are wholly owned and included within the consolidated financial statements, are as follows:

Name of entity	Principal activity	Country of incorporation	Registered office
Vicon Motion Systems Limited	Development, production and sale of computer software and equipment	England	6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU
Yotta Limited	Provision of computer software, hardware and maintenance contracts	England	6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU
Mayrise Services Limited	Dormant holding company	England	6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU
Mayrise Systems Limited*	Dormant holding company	England	6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU
Yotta Pty Limited*	Provision of computer software, hardware and maintenance contracts	Australia	Allan Hall Business Advisors Pty Ltd, Suite 126, 117 Old Pittwater Rd, Brookvale NSW 2100
OMG Life Limited	Non trading company	England	6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU
Vicon Motion Systems, Inc.*	Sales, marketing and customer support	USA	7388 South Revere Parkway, Suite 901, Centennial, Colorado
IMeasureU Limited*	Development and sale of computer software and equipment	New Zealand	5 Water Street, Grafton, Auckland, 1023, New Zealand
OMG, Inc.	Non trading company	USA	7388 South Revere Parkway, Suite 901, Centennial, Colorado
IMeasureU, Inc.*	Development and sale of computer software and equipment	USA	7388 South Revere Parkway, Suite 901, Centennial, Colorado
IMeasureU Limited*	Sale of computer software and equipment	England	6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU
Oxford Metrics Limited	Non trading company	Ireland	6th floor South Bank House, Barrow street, Dublin 4

*Investment held indirectly.

IMeasureU Limited, incorporated in England, is exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of Section 479A.

Equity investment

During the year ended 30 September 2005 the Company acquired 12% of the equity in a business start-up incorporated in Germany in return for a capital injection of €100,000 (£69,000). This investment is stated at fair value through profit or loss, which is not materially different to cost. There were no movements in fair value during the year ended 30 September 2019 or 2018.

Investment in Associate

During the year ended 30 September 2017 the Company acquired a 25% shareholding in Pimloc Limited, an equity accounted associate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

16. Inventories

	Group 2019 £'000	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Finished goods	**1,828**	462	**-**	-
Component parts	**1,408**	1,941	**-**	-
	3,236	2,403	**-**	-

The cost of inventories recognised as an expense and included in cost of sales is £7,298,000 (2018: £6,473,000).

During the year £53,000 of inventories were impaired (2018: £nil). £58,000 of inventories were written off (2018: £37,000) and included within cost of sales.

17. Trade and other receivables

	Group 2019 £'000	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Trade receivables	**9,614**	8,691	**-**	-
Provision for impairment of trade receivables	**-**	-	**-**	-
Net trade receivables	**9,614**	8,691	**-**	-
Amounts owed by other Group undertakings	**-**	-	**8,956**	16,355
Other debtors	**306**	215	**9**	23
Prepayments and accrued income	**1,767**	1,670	**190**	189
	11,687	10,576	**9,155**	16,567

Amounts owed by other Group undertakings are repayable on demand and do not carry interest (see note 30).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward looking information on macroeconomic factors affecting the Group's customers.

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to 30 September 2019. The ageing categories used for the provision matrix are: current, up to 30 days past due, 31 to 60 days past due, 61 to 90 days past due, and more than 90 days past due. The historical loss rates are then adjusted for current and forward looking information on macroeconomic factors affecting the Group's customers. At 30 September 2019 the lifetime expected credit loss for trade receivables and contract assets was immaterial to the Group.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group 2019 £'000	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Sterling	**6,582**	7,360	**9,074**	16 ,567
Euro	**245**	88	**-**	-
US Dollar	**4,705**	2,922	**-**	-
NZ Dollar	**35**	74	**81**	-
AUS Dollar	**120**	132	**-**	-
	11,687	10,576	**9,155**	16,567

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Movements in the provision for impairment of trade receivables are as follows:

	Group 2019 £'000	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
At 1 October	**-**	237	**-**	-
Credited during the year	**-**	(237)	**-**	-
At 30 September	**-**	-	**-**	-

The movement on the provision for impairment of trade receivables in the prior year has been included in administrative expenses in the income statement.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each receivable set out above.

18. Trade and other payables

	Group 2019 £'000	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Trade payables	**2,935**	1,643	**41**	57
Amounts payable to Group undertakings	**-**	-	**5,522**	6,594
Social security and other taxes	**277**	293	**-**	-
Other creditors	**310**	271	**-**	-
Contingent consideration payable	**128**	163	**-**	-
Corporation tax	**-**	2	**-**	-
Accruals	**2,175**	2,279	**358**	431
Deferred income	**4,908**	3,516	**-**	-
	10,733	8,167	**5,921**	7,082

The contingent consideration payable relates to the acquisition of IMeasureU Limited.

Amounts payable to Group undertakings are payable on demand and do not carry interest.

19. Financial instruments

The Group and Company's financial instruments comprise cash and short term deposits, debtors and creditors that arise directly from its operations. The risks associated with these financial instruments and the Group's policies for managing those risks are outlined below.

Interest rate risk of financial assets

Surplus cash funds are deposited with UK clearing banks on a short term basis for periods of less than three months. The interest rates earned (all of which are variable throughout the year) are compared with those available from other financial institutions of comparable credit status.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

The rate of interest earned during the year on cash deposits was 0.24% (2018: 0.11%).

	2019						2018					
	GBP £'000	**Euro £'000**	**US$ £'000**	**NZ$ £'000**	**AUS$ £'000**	**Total £'000**	GBP £'000	Euro £'000	US$ £'000	NZ$ £'000	AUS$ £'000	Total £'000
Group cash at bank and in hand	**9,533**	**319**	**3,829**	**109**	**47**	**13,837**	9,414	101	2,656	30	28	12,229

	2019				2018			
	GBP £'000	**Euro £'000**	**US$ £'000**	**Total £'000**	GBP £'000	Euro £'000	US$ £'000	Total £'000
Company cash at bank and in hand	**4,700**	**-**	**-**	**4,700**	1,231	-	-	1,231

Management considers a 0.75 basis point move in interest rates to be reasonably possible. If the interest rates in effect during the year had moved by plus or minus 0.75 basis points and all other variables held constant the Group's profit for the year ended 30 September 2019 would decrease by £22,000/increase by £71,000 (2018: decrease by £8,000/increase by £57,000). There would be no impact on other equity reserves.

As disclosed in note 15 the Group has an equity investment of £69,000 (2018: £69,000) denominated in Euros. This is measured at fair value through profit or loss in the Statement of Financial Position with movements in fair value recognised in the Consolidated Income Statement.

The Group and Company do not have any longer term foreign currency cash holdings.

Borrowing facilities

The Group and Company have no borrowings.

The Group operates a Multi-Currency Balance Management Arrangement between certain Group companies. This arrangement may result in individual accounts of certain entities showing debit balances. However, due to the arrangements in place, such debit balances do not incur interest charges and the Group position must always result in a net deposit balance as there is no borrowing facility. Therefore, such accounts are presented net as cash and cash equivalents on the face of the Consolidated and Company Statement of Financial Position.

Risk management

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

Liquidity risk

At 30 September 2019 the Group's cash and short term deposits amounted to £13,837,000 (2018: £12,229,000). The Group had no financial borrowing obligations.

All financial liabilities are due within five years.

Management does not consider liquidity to be a key risk.

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, see note 17.

The Group and Company are continually reviewing the credit risk associated with holding money on deposit in banks and seek to mitigate this risk by spreading deposits between banks with high credit status.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Foreign currency risk

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

The Group 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 Group's results were exposed to at the year end was the US dollar and over the year the volatility of this currency was 8.2% (2018: 9.0%). If Sterling had strengthened against the dollar at year end by 10% it would have increased the Group profit by £213,000 (2018: increased Group profit by £189,000). If Sterling had weakened against the dollar at year end by 10% it would have decreased the Group profit by £260,000 (2018: decreased Group profit by £235,000).

The table below shows the extent to which Group companies have monetary assets/(liabilities) in currencies other than their local currency.

	2019					
Functional currency of operation:	**Sterling £'000**	**US$ £'000**	**NZ$ £'000**	**AUS$ £'000**	**Euro £'000**	**Total £'000**
Sterling	**-**	**(2,175)**	**27**	**-**	**413**	**(1,735)**
US dollar	**4,084**	**-**	**-**	**-**	**-**	**4,084**
NZ dollar	**(1,211)**	**(17)**	**-**	**-**	**-**	**(1,228)**

	2018					
Functional currency of operation:	Sterling £'000	US$ £'000	NZ$ £'000	AUS$ £'000	Euro £'000	Total £'000
Sterling	-	(2,597)	(918)	-	208	(3,307)
US dollar	4,084	-	-	-	-	4,084
NZ dollar	(1,833)	5	-	10	-	(1,818)

Fair value of financial assets and financial liabilities

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures some items at fair value which are all classified as Level 3:

- Equity investment (note 15);
- Contingent consideration payable (note 18).

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

The contingent consideration payable on the purchase of IMeasureU Ltd has been discounted at a rate of 35% and translated into Sterling at the spot rate at 30 September 2019. If management's estimate of the applicable discount rate differed by 1% the fair value of the deferred consideration would increase/decrease by £nil (2018: £3,000). If the spot rate at 30 September 2019 had increased by 10% the fair value of the deferred consideration payable would have decreased by £12,000 (2018: £42,000) with a corresponding increase in the profit for the year. If the spot rate at 30 September 2019 had decreased by 10% the fair value of the deferred consideration payable would have increased by £14,000 (2018: £51,000) with a corresponding decrease in the profit for the year.

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

Where applicable, cost is deemed not to be materially different to fair value in the Boards opinion in determining carrying value of financial assets and liabilities.

The carrying value of the Group and Company's financial assets and liabilities is as follows:

Financial assets	**Group 2019 £'000**	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Amortised cost				
Trade receivables	**9,614**	8,691	**-**	-
Other debtors	**32**	97	**-**	-
Accrued income	**850**	714	**-**	-
Cash and cash equivalents	**13,837**	12,229	**4,700**	1,231
Fair value through profit or loss				
Equity investment	**69**	69	**69**	69
At 30 September	**24,402**	21,800	**4,769**	1,300

Financial liabilities	**Group 2019 £'000**	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Amortised cost				
Trade payables	**2,935**	1,643	**41**	57
Provision	**16**	8	**-**	-
Accruals	**2,175**	2,279	**358**	431
Fair value through profit or loss				
Contingent consideration payable	**128**	462	**-**	-
At 30 September	**5,254**	4,392	**399**	488

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders.

The Group considers its capital to comprise ordinary share capital, shares to be issued, share premium and accumulated retained earnings. The foreign currency translation reserve and cash flow hedging reserve are not considered capital. There have been no changes in what the Group considers to be capital from the prior year.

In order to maintain or adjust its working capital at an acceptable level and meet strategic investment needs, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets.

The Group does not seek to maintain any debt to capital ratio, but will consider investment opportunities on their merits and fund them in the most effective manner.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

20. Deferred tax

	Group Deferred tax asset £'000	Group Deferred tax liability £'000	Company Deferred tax asset £'000	Company Deferred tax liability £'000
At 1 October 2017	377	(1,619)	232	-
Credited to the income statement (note 9)	(94)	(94)	(20)	-
Charged directly to equity	(53)	(4)	(69)	-
Reclassified from held for sale	-	(60)	-	-
At 30 September 2018	**230**	**(1,777)**	**143**	**-**
Charged to the income statement (note 9)	43	(8)	20	-
Charged directly to equity	132	(12)	87	-
At 30 September 2019	**405**	**(1,797)**	**250**	**-**

Amounts charged directly to equity relate to movements in deferred tax balances arising on employee share options and foreign exchange movements.

The following table summarises the provided tax asset and liability.

Recognised – asset	**Group 2019 £'000**	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Depreciation in excess of capital allowances	**10**	15	**4**	7
Tax relief on unexercised employee share options	**366**	193	**246**	136
Short term timing differences	**29**	22	**-**	-
	405	230	**250**	143
Recognised – liability				
Recognition of intangible asset	**(582)**	(648)	**-**	-
Capital allowances in excess of depreciation	**(1,215)**	(1,129)	**-**	-
	(1,797)	(1,777)	**-**	-

Deferred tax assets and liabilities have been measured on an undiscounted basis at an effective tax rate of 17% and 25% (30 September 2018: 17% and 25%) in the UK and USA, respectively. As at 30 September 2019, the Group has un-provided deferred tax assets of £787,000 arising on unrelieved trading losses for which recoverability is not certain (2018: £658,000). The gross amount of these losses is £3,962,000 (2018: £3,498,000).

21. Other liabilities

	Group 2019 £'000	Group 2018 £'000	**Company 2019 £'000**	Company 2018 £'000
Deferred income	**462**	332	**-**	-
Contingent consideration payable	**-**	299	**-**	-
	462	631	**-**	-

The deferred income above relates to revenue from support contracts which cover a period of more than 12 months from 30 September 2019.

The contingent consideration payable relates to the acquisition of IMeasureU Limited during the year ended 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

22. Provisions

	Group £'000	Company £'000
At 1 October 2018	**8**	**-**
Credited to income statement – leasehold dilapidations	8	-
At 30 September 2019	**16**	**-**

Leasehold dilapidations relate to the estimated cost of returning the Group's leasehold properties to their original state at the end of the lease in accordance with the lease terms.

23. Share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
125,138,130 shares of 0.25p (2018: 124,905,475 shares of 0.25p)	**313**	312

During the year ended 30 September 2019 197,194 shares (2018: 1,812,750 shares) were issued relating to share options that were exercised. In addition 35,461 shares were issued to the non-executive chairman, Roger Parry, in satisfaction of salary.

At 30 September 2019 options were outstanding over 5,289,278 ordinary shares of 0.25p each (2018: 5,901,472) including those held by directors as follows:

Number of shares over which options granted	Exercise price	Exercise period
1,800,000	0.00p	December 2019 to December 2026
50,000	33.12p	March 2015 to March 2022
59,278	35.43p	March 2016 to March 2025
3,380,000	59.06p	September 2019 to July 2027

Details of directors' interests in share options are shown in the Report on Remuneration.

The market price of the ordinary shares at 30 September 2019 was 89.00p (2018: 76.70p) and the range during the year was 64.00p to 98.49p (2018: 57.56p to 80.60p). Shares to be issued are detailed in the Statement of Changes in Equity.

24. Share based payments

The Group operates a number of share based remuneration schemes for employees introduced in 2001. Under these schemes the board can grant options over shares in the Company to employees of the Group. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. Awards under the share based remuneration schemes are generally reserved for employees at senior management level and above.

Options granted under the share based remuneration schemes generally vest proportionally over time which is typically a period of 3 years from the date of grant. Exercise of an option is subject to continued employment. Options were valued using the Monte-Carlo option-pricing model. No performance conditions were included in the fair value calculations, except for market related conditions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

A reconciliation of option movements over the year to 30 September 2019 is shown below:

	2019		2018	
	Number '000	**Weighted average exercise price (pence)**	Number '000	Weighted average exercise price (pence)
Outstanding at 1 October	**5,901**	**39.74**	7,714	30.46
Exercised	**197**	**33.77**	1,813	0.25
Forfeited	**415**	**59.06**	-	-
Outstanding at 30 September	**5,289**	**38.45**	5,901	39.74
Exercisable at 30 September	**1,799**	**57.56**	306	33.98

The weighted average share price at the date of exercise for options exercised during the year ended 30 September 2019 was 83.26 pence (2018: 61.50 pence).

Share options outstanding at the year end

	2019			2018		
Range of exercise prices (pence)	**Weighted average exercise price (pence)**	**Number of shares ('000)**	**Weighted average contractual remaining life (years)**	Weighted average exercise price (pence)	Number of shares ('000)	Weighted average contractual remaining life (years)
0.00	**0.00**	**1,800**	**7**	0.00	1,800	8
31.18	**-**	**-**	**-**	31.18	77	5
33.12	**33.12**	**50**	**2**	33.12	50	3
35.43	**35.43**	**59**	**5**	35.43	179	6
59.06	**59.06**	**3,380**	**8**	59.06	3,795	9

The total charge for the year relating to employee share based payment plans was £264,000 (2018: £323,000), all of which related to equity-settled share based payment transactions.

There were no options granted in the year ended 30 September 2019 or 30 September 2018.

Details of directors' interests in share options are shown in the Report on Remuneration.

25. Movement in reserves

The movement in reserves are disclosed fully within the Consolidated and Company Statement of Changes in Equity on pages 29 and 30. The description of the nature and purpose of each reserve within owner's equity is as follows:

Reserve	**Description and purpose**
Share capital	Amount subscribed for share capital at nominal value.
Shares to be issued	Shares to be issued to Bartle Bogle Hegarty in exchange for services received.
Share premium account	Amount subscribed for share capital in excess of nominal value.
Foreign currency translation	Gains/losses arising on retranslation of the net assets of overseas operations into sterling.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

26. Pensions

The Company operates a defined contribution pension scheme for the benefit of the UK employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group. The amount charged under this scheme to the income statement during the year was £504,000 (2018: £499,000).

Pension contributions are also paid for the benefit of US employees under the 401k savings plan scheme, a US government savings scheme. The amount charged under this scheme to the income statement during the year was £78,000 (2018: £76,000).

27. Government grants

During the year £202,000 (2018: £173,000) of Government grants were recognised in the income statement. These grants significantly relate to funding for research projects.

There are no unfulfilled conditions or other contingencies attached to the government grants recognised in the current or prior periods.

28. Commitments under operating leases

At 30 September 2019 the Group had the following gross minimum lease payments under non – cancellable operating leases:

	Land and Buildings	
	2019	2018
	£'000	£'000
Not later than one year	**581**	607
Later than one year and not later than five years	**1,496**	1,898
Later than five years	**367**	588
	2,444	3,093

At 30 September 2019 the total future minimum sublease payments expected to be received under non – cancellable subleases was £89,000 (2018: £134,000).

29. Dividends

	2019	2018
Equity – ordinary	**£'000**	£'000
Final 2017 paid in 2018 (1.20 pence per share)	**-**	1,499
Special paid in 2019 (1.00 pence per share)	**1,250**	-
Final 2018 paid in 2019 (1.50 pence per share)	**1,875**	-
	3,125	1,499

The directors are proposing a final dividend in respect of the financial year ended 30 September 2019 of 1.80 pence per share (2018: 1.50 pence per share) which will absorb an estimated £2,252,000 of shareholders' funds. This dividend will be paid on 28 February 2020 to shareholders who are on the register of members at close of business on 13 December 2019 subject to approval at the AGM. These dividends have not been accrued in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

30. Related party transactions

The key management personnel are deemed to be the directors. During the year short term employee benefits of £898,000 (2018: £989,000) were paid to the directors. In addition share based payments of £124,000 (2018: £124,000) were charged to the income statement in respect of share options held by the directors. For further information see note 8.

The Company has outstanding balances and transactions with its subsidiaries as set out below:

	Outstanding balances		**Transactions in year**	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Vicon Motion Systems Limited	**5,506**	9,925	**(4,419)**	3,806
Vicon Motion Systems, Inc	**(1,924)**	664	**(2,588)**	(6)
Yotta Surveying Limited (formerly Yotta Limited)	**-**	-	**-**	(615)
Yotta Limited (formerly Mayrise Limited)	**3,442**	5,692	**(2,250)**	2,043
Mayrise Systems Limited	**-**	(123)	**123**	-
OMG Life Limited	**-**	-	**-**	-
IMeasureU Limited	**-**	74	**(74)**	74
IMeasureU Inc.	**8**	-	**8**	-
OMG Inc.	**(3,598)**	(6,471)	**2,873**	(56)
	3,434	9,761	**(6,327)**	5,246

Outstanding balances are unsecured and repayable on demand, they do not carry interest. Consideration for these outstanding balances is expected to be in the form of cash or through the transfer of services.

The transactions in the year include head office recharges to subsidiaries of £2,536,000 (2018: £2,879,000). Other transactions arise from treasury cash management between the Company and its subsidiaries.

In accordance with IFRS 9 all balances are stated at amortised cost. The amount receivable from OMG Life Limited is stated net of a provision of £2,222,000 (2018: £2,621,000) and the amount receivable from IMeasureU Ltd is stated net of a provision of £155,000 (2018: £nil). The amount recognised as a credit in the year in respect of provisions against receivables from related parties was £244,000 (2018: £nil).

Nick Bolton, David Deacon, Catherine Robertson, Adrian Carey and Julian Morris are also shareholders of Pimloc Limited. During the year the Company invoiced Pimloc Limited £24,000 (2018: £31,000) to recover costs paid by Oxford Metrics plc on their behalf. At the year end the balance outstanding was £nil (2018: £7,000). Oxford Metrics plc have also paid a rent deposit on behalf of Pimloc Limited of £8,000 which is included in prepayments at the year end.

Dividends received by directors of the Company during the year were as follows:

	2019	2018
	£'000	£'000
Roger Parry	**6**	2
Jonathon Reeve	**1**	-
Adrian Carey	**5**	2
Nick Bolton	**60**	29
David Deacon	**29**	14
Catherine Robertson	**36**	17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

31. Prior year adjustment

The Group operates an equity accounted share based compensation scheme for employees of the Group. As the parent entity has the obligation to settle, the charge relating to the employees of subsidiary entities should be accounted for in the parent Company as a capital contribution, and thereby increasing the cost of investment with a corresponding entry to equity. In the prior years this adjustment has not been made and therefore a prior year adjustment has been made to correct the opening cost of investment and equity positions.

The incorrect treatment resulted in the cost of investment and equity both being understated by £241,000 and £419,000 at 1 October 2017 and 30 September 2018 respectively.

IFRS requires a 3rd balance sheet to be presented, however this is not considered material to the users of the accounts as only 2 specific line items mentioned above are affected and so this has not been presented.

32. Changes in accounting policies

The Group adopted IFRS 9 and IFRS 15 with the date of initial application being 1 October 2018.

The Group has applied IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' using the cumulative effect method, i.e. by recognising the cumulative effect of initially applying IFRS 15 and IFRS 9 as an adjustment to the opening balance of equity at 1 October 2018 and presenting in the Statement of Changes in Equity for the period ended 30 September 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 39. The details of the significant changes and quantitative impact of the changes are set out below.

Impact on Financial Statements

The following extracts summarise the impact on the Group consolidated financial statements of adopting IFRS 15 and IFRS 9 for the year ended 30 September 2019.

	30 September 2018 as originally presented £'000	IFRS 15 £'000	IFRS 9 £'000	1 October 2018 as restated £'000
Trade and other payables	**(8,167)**	**(664)**	**-**	**(8,831)**
Total equity shareholders' funds	**29,970**	**(664)**	**-**	**29,306**

The transitional adjustment recognised on the adoption of IFRS 15 is the net amount of a reduction in revenue of £872,000 and an associated £208,000 tax credit. For tax purposes the £208,000 credit arises in the current year in respect of a retrospective revenue adjustment.

Under IAS 18 revenue was recognised on the delivery of the product or service, with a deferral made for the fair value of the undelivered element under the terms of the sale. This undelivered element relates to ongoing hardware and software support, the fair value of which was calculated by reference to the anticipated cost, plus a margin, of providing the support service. Revenue that was not recognised in the income statement under this policy was classified as deferred income in the statement of financial position.

Under IFRS 15, revenue should be recognised to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled. IFRS 15 also includes specific guidance for multi element arrangements, contract costs and disclosures. An assessment has been made of the impact of IFRS 15 on the way in which revenue will be recognised across the Group. Whilst most revenue streams within Yotta and Vicon are not materially affected by the application of IFRS 15, there is an impact on the way in which revenue from system sales within Vicon is recognised. These system sales are multi element and include the sale of hardware, software and ongoing support. Under IFRS 15 the support element of the system sale has been identified as a separate performance obligation and revenue is recognised over time as this obligation is fulfilled. The revenue attributable to the support element of a system sale is calculated by reference to the equivalent standalone selling price of that support had it not been included within a system sale. In general, this has resulted in a greater revenue deferral per system sale than under IAS 18.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

IFRS 9 has replaced IAS 39 'Financial Instruments: Recognition and Measurement'. The adoption of IFRS 9 has had no significant impact on the Group. The assessment of expected credit losses did not result in a provision being recognised in the Statement of Financial Position due to the very low levels of historic credit losses within the Group.

Had the Group continued to report in accordance with IAS 18 'Revenue', it would have reported the following amounts in the financial statements for the year ended 30 September 2019.

Condensed consolidated income statement

	As reported under IFRS 15 £'000	Effect £'000	As would have been reported under IAS 18 £'000
Revenue	35,350	301	35,651
Finance income	66	-	66
Finance expense	(2)	-	(2)
Taxation	(504)	(77)	(581)
Profit for the period attributable to owners of the parent during the period	4,178	224	4,402
Exchange differences on retranslation of overseas subsidiaries	271	35	306
Total comprehensive income for the period attributable to owners of the parent during the period	4,449	259	4,708
Earnings per share for profit on continuing operations attributable to owners of the parent during the year			
Basic earnings per share (pence)	3.33p	0.18p	3.51p
Diluted earnings per share (pence)	3.24p	0.18p	3.42p
Earnings per share for profit on total operations attributable to owners of the parent during the year			
Basic earnings per share (pence)	3.34p	0.18p	3.52p
Diluted earnings per share (pence)	3.25p	0.18p	3.43p

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Condensed Consolidated Statement of Financial Position

	As reported under IFRS 15 £'000	Effect £'000	As would have been reported under IAS 18 £'000
Corporation tax debtor	**177**	**(77)**	**100**
Contract liabilities/deferred income (included in trade and other payables)	**(4,952)**	**1,208**	**(3,744)**
Total equity shareholders' funds	**31,161**	**1,131**	**32,292**

COMPANY INFORMATION

Company registration number:	03998880
Registered office:	6 Oxford Industrial Park Yarnton Oxfordshire OX5 1QU
Directors:	Roger Parry (Non-executive Chairman) Naomi Climer (Non-executive Director) Jonathon Reeve (Non-executive Director) Adrian Carey (Non-executive Director) David Quantrell (Non-executive Director) Nick Bolton (Chief Executive) David Deacon (Finance Director) Catherine Robertson (Executive Director)
Secretary:	Catherine Robertson
Bankers:	National Westminster Bank plc 121 High Street Oxford OX1 4DD
Solicitors:	Goodman Derrick LLP 10 St Bride St London EC4A 4AD
Broker and nominated advisor:	N+1 Singer Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Registrars:	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Auditors:	BDO LLP Level 12, Thames Tower Station Road Reading Berkshire RG1 1LX

This document is important and requires your immediate attention. If you are in any doubt as to what action to take you are recommended to consult your stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your ordinary shares in Oxford Metrics plc, you should pass this document, together with the accompanying form of proxy, to the person through whom the sale or transfer was made for the transmission to the purchaser or transferee.

Oxford Metrics Plc
Notice of annual general meeting

Notice of the annual general meeting which has been convened for 13 February 2020 at 2.30pm at Oxford Metrics plc, 6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU is set out below.

To be valid, forms of proxy must be completed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars, Link Asset Services, PXS 1, 34 Beckenham Road, Kent, BR3 4ZF as soon as possible and in any event not later than 48 hours (excluding days that are not a working day) before the time appointed for holding the meeting.

Notice is hereby given that the 2020 annual general meeting of Oxford Metrics plc (the "Company") will be held at 6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU on 13 February 2020 at 2.30pm for the following purposes:

Ordinary business

1. To receive and adopt the financial statements of the Company for the financial year ended 30 September 2019 and the reports of the directors and auditors on those financial statements.

2. To reappoint BDO LLP as auditors of the Company and to authorise the directors to determine the auditors' remuneration.

3. To declare a final dividend of 1.80 pence per share on each of the Company's ordinary shares for the financial year ended 30 September 2019.

4. To re-elect Naomi Climer who retires by rotation in accordance with the Company's articles of association and offers herself for re-appointment by general meeting, as a director of the Company.

5. To re-elect Roger Parry who retires by rotation in accordance with the Company's articles of association and offers himself for re-appointment by general meeting, as a director of the Company.

6. To re-elect Catherine Robertson who retires by rotation in accordance with the Company's articles of association and offers herself for re-appointment by general meeting, as a director of the Company.

Special business

As special business to consider and, if thought fit, pass resolution 7 as an ordinary resolution and resolutions 8 and 9 as special resolutions. For special resolutions to pass, at least three-quarters of the votes cast must be in favour of the resolution.

7. That the directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £103,239.

   This authority shall apply in substitution for all previous authorities (but without prejudice to the validity of any allotment pursuant to such previous authority) and shall unless previously revoked, varied or renewed by the Company in general meeting, expire on 12 February 2025, save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the directors may allot shares or grant such rights in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

8. **Special Resolution**. That, subject to the passing of resolution 7 above, the directors be and are hereby generally and unconditionally given power for the purposes of section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act and to include the sale of treasury shares as referred to in section 560(3) of the Act) for cash pursuant to the authority conferred by resolution 7 above, in each case as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer or pursuant to a rights issue, open offer or other pro-rata issue made to:

  (i) the holders of shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of shares held by them; and

  (ii) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the directors of the Company otherwise consider necessary, and the directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(b) the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or operated by the Company; and

(c) the allotment of equity securities, other than pursuant to sub-paragraphs (a) and (b) above of this resolution, up to an aggregate nominal amount of £31,284.

This power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire on 12 February 2025, save that the Company may before the expiry of this power make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

9. **Special Resolution.** That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of 0.25 pence each in the capital of the Company ("Ordinary Shares") in such manner and on such terms as the directors of the Company may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes set out in sections 727 or 729 of the Act, including for the purpose of its employee share schemes, provided that:

(a) the maximum number of Ordinary Shares authorised to be purchased is 12,513,813

(b) the minimum purchase price which may be paid for any Ordinary Share is 0.25 pence (exclusive of expenses); and

(c) the maximum purchase price which may be paid for any Ordinary Share is the higher of (in each case exclusive of expenses):

  (i) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and

  (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid as derived from the London Stock Exchange's trading system known as SEAQ; and this authority shall take effect on the date of passing of this resolution and shall (unless previously revoked, renewed or varied) expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 15 months after the date of passing of this resolution, save in relation to purchases of Ordinary Shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

By order of the Board
Catherine Robertson
Company Secretary

2 December 2019

Registered office: 6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU

The notes on voting procedures, together with explanatory notes on the resolutions to be put to the meeting, which follow, form part of this notice.

Notes:

1. Only holders of Ordinary Shares are entitled to attend and vote at this meeting. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting and at any adjournment of it. Such a member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A proxy need not be a member of the Company. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting or any adjournment of the meeting.

2. A form of proxy is provided with this notice and instructions for use are shown on the form. To be effective, the completed form of proxy must be deposited at the office of the Company's registrars, Link Asset Services, PXS 1, 34 Beckenham Road, Kent BR3 4ZF, by not later than 48 hours (excluding days that are not a working day) before the start of the meeting (or any adjournment of the meeting) together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority.

3. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at close of business on 11 February 2020 shall be entitled to attend and vote at this annual general meeting in respect of such number of shares registered in their name at that time. Changes to entries on the register of members after close of business on 11 February 2020 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5. Copies of the service agreements of the executive directors and the letters of appointment of the non-executive directors will be available for inspection during normal business hours from the date of dispatch of this notice until the date of the meeting (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and will also be made available for inspection at the place of the annual general meeting for a period of 15 minutes prior to and during the continuance of the meeting.

6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not so in relation to the same shares.

7. Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so by calling our shareholder helpline on 0871 664 0300 (calls cost 12p per minute plus network extras) or, if calling from overseas, on +44 371 664 0300. Lines are open 9.00am – 5.30pm Monday to Friday. No other methods of communication will be accepted.

Explanatory notes

Report and Accounts (Resolution 1)

The directors of the Company must present the accounts to the meeting.

Reappointment and remuneration of auditors (Resolution 2)

Resolution 2 proposes the reappointment of BDO LLP as auditors of the Company and authorises the directors to set their remuneration.

Declaration of a dividend (Resolution 3)

A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 1.80 pence per Ordinary Share is recommended by the directors for payment to shareholders who are on the register of members at the close of business on 13 December 2019. If approved, the date of payment of the final dividend will be 28 February 2020.

Re-election of directors (Resolutions 4, 5, and 6)

The Company's articles of association require that all directors retire at least every three years and that all newly appointed directors retire at the first annual general meeting following their appointment.

At this meeting, Naomi Climer, Roger Parry and Catherine Robertson will retire and stand for re-election as directors. Having considered the performance of and contribution made by each of the directors standing for re-election the board remains satisfied that the performance of each of the relevant directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

Directors' authority to allot securities (Resolution 7)

Your directors may only allot shares or grant rights over shares if authorised to do so by shareholders. The authority granted at the last annual general meeting will expire on the passing of this resolution or, if it is not passed, on 20 February 2024. The authority in resolution 7 will allow the directors to allot new shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to a nominal value of £103,239.

As at 2 December 2019, the Company did not hold any shares in treasury. If the resolution is passed, the authority will expire on 12 February 2025 unless previously revoked, varied or renewed.

Disapplication of pre-emption rights (Resolution 8)

If the directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) company law requires that these shares are first offered to existing shareholders in proportion to their existing holdings. There may be occasions, however, when the directors will need the flexibility to finance business opportunities by the issue of equity securities without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights.

Resolution 8 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities and the grant of share options, the authority will be limited to allotment of equity securities for cash up to a maximum number of 12,513,813; ordinary shares (which includes the sale on a non-pre-emptive basis of any shares held in treasury). Shareholders will note that this resolution also relates to treasury shares and will be proposed as a special resolution.

This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders.

If given, the authority will expire on 12 February 2025.

Authority to purchase own shares (Resolution 9)

In certain circumstances, it may be advantageous for the Company to purchase its own shares and resolution 9 seeks the authority from shareholders to continue to do so. The directors will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and is in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority.

Any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly, save that the Company may hold in treasury any of its own shares that it purchases pursuant to the Act and the authority conferred by this resolution. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares.

Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

The resolution specifies the maximum number of Ordinary Shares that may be acquired and the maximum and minimum prices at which they may be bought.

Resolution 9 will be proposed as a special resolution to provide the Company with the necessary authority. If given, this authority will expire at the conclusion of the next annual general meeting of the Company in 2021 or, if earlier, the date which is 15 months after the date of passing of the resolution.

The directors intend to seek renewal of this power at subsequent annual general meetings.

Form of Proxy

Notes for completion of the proxy form

1. As a member of the Company you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You must follow the appointment procedures set out in these notes.

2. Completion and return of this proxy form or appointment of a proxy electronically using the CREST electronic proxy appointment service will not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box on page 75, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf at the meeting, you will need to appoint someone other than the chairman and give them the relevant instructions directly.

4. If you appoint a proxy to vote on your behalf at this annual general meeting, your voting rights will revert to you at the conclusion of the annual general meeting or any adjournment of the annual general meeting.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy, please insert the name of each proxy to be appointed in the box on page 75 and insert in brackets after each name the number of shares in respect of which each respective proxy is appointed.

6. To direct your proxy how to vote on the resolutions, please indicate how you wish your vote to be cast by placing 'X' in the appropriate column. To abstain from voting on a resolution, select the relevant "Vote withheld" box. Please note that a vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no specific direction as to how you wish your vote to be cast is given, your proxy may vote or abstain, at his or her discretion. On any other business which is put before the meeting (including a motion to adjourn the meeting or to amend a resolution) the proxy will vote (or abstain from voting) at his or her discretion.

7. To be valid, this proxy form must be:
   (a) completed and signed;
   (b) sent or delivered to Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham BR3 4ZF; and
   (c) received by Link Asset Services, no later than 48 hours (excluding days that are not a working day) before the time of the meeting.

8. If a member is a company, this proxy form must be executed under its common seal (or such form of execution as has the same effect) or executed on its behalf by a duly authorised officer of the company or an attorney for the company. A copy of the authorisation of such officer or attorney must be lodged with this proxy form.

9. If this proxy form is executed under a power of attorney or any other authority the original power or authority (or a duly certified copy of such power or authority) must be lodged together with this proxy form.

10. In the case of joint holders, any one holder may sign the form of proxy but all the names of the joint holders should be stated on this proxy form. If more than one of the joint holders purports to appoint a proxy, the appointment submitted by the most senior holder will be accepted to the exclusion of the appointment(s) of the other joint holder(s), seniority being determined by the order in which the names of the joint holders stand in the register of members of the Company in respect of the joint holding (the first-named being the most senior).

11. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

12. Any alterations made to this form should be initialled

13. You may not use any fax number or email address or other electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

If you have any queries completing this form please contact Link Asset Services on telephone number 0871 664 0300 (calls cost 12p per minute plus network extras) or, if calling from overseas, on +44 371 664 0300. Lines are open 9.00am – 5.30pm, Monday to Friday.

Oxford Metrics plc
Form of Proxy

For use at the annual general meeting to be held at 6 Oxford Industrial Park, Yarnton, Oxfordshire, OX5 1QU on 13 February 2020. Before completing this form, please read the explanatory notes opposite.

I/We ....

Of..
being [a] member[s] of Oxford Metrics plc (the "**Company**"), hereby appoint the chairman of the meeting or (see note 3)

....

as my/our proxy (see note 4) to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the Company to be held on 13 February 2020 and at any adjournment of the meeting.

I/We have indicated with an 'X' in the appropriate spaces how I/we wish my/our votes to be cast and direct the proxy to vote as indicated.

If this form is signed and returned without any indication as to how my/our proxy shall vote, my/our proxy may exercise his or her discretion as to both how he or she votes (including as to any amendments to the resolutions) and whether or not he or she abstains from voting.

I/We authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Resolution. (Place X in appropriate box)	**For**	**Against**	**Withheld**	**Discretionary**
Ordinary business				
1. To receive and adopt the financial statements for the year ended 30 September 2019				
2. To re-appoint BDO LLP as auditors and authorise the directors to fix their remuneration				
3. To declare a final dividend				
4. To re-elect Naomi Climer as a director				
5. To re-elect Roger Parry as a director				
6. To re-elect Catherine Robertson as a director				
Special business				
7. To authorise the directors to allot shares pursuant to section 551 of the Companies Act 2006 (the "Act")				
8. To authorise the directors to allot shares pursuant to section 570 of the Act as if section 561 of the Act did not apply				
9. To authorise the Company to make one or more market purchases of ordinary shares in the company				

Signature(s) ....Date 2020   Signature(s) ....Date 2020

[Please return in envelope supplied]

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