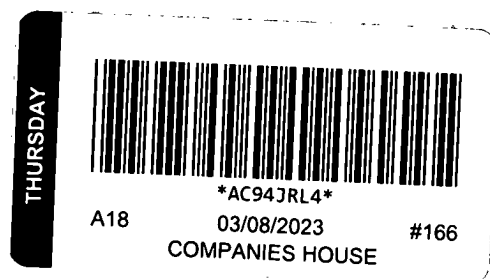


Registration number: 03153085

# VG Systems Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2022



## **VG SYSTEMS LIMITED**

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## **VG SYSTEMS LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	D Norman E Cameron A Smith S W Ahmed
<b>Company secretary</b>	Oakwood Corporate Secretary Limited R Gregg
<b>Registered office</b>	3rd Floor 1 Ashley Road Altrincham Cheshire WA14 2DT
<b>Solicitors</b>	Addleshaw Goddard 1 St Peter's Square Manchester M2 3DE
<b>Bankers</b>	Barclays Bank 1 Churchill Place London E14 5HP
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Road Watford Hertfordshire WD17 1JJ

## **VG SYSTEMS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report on the company for the year ended 31 December 2022.

#### **Principal activity**

The principal activity of the company is marketing and future developments of scientific equipment and systems to the UK and the rest of the world.

#### **Review of the business and future developments**

The directors are satisfied with the performance in the year, as reported previously some revenue no longer flows through VG Systems Limited, but via our intercompany partners. VG Systems Limited have been compensated for this change via the receipt of a royalty payment which has maintained the profitability of the business. From 2023 onwards, no revenue is expected to flow through VG Systems Limited.

Locally, the company continues to invest in research and development. This is expected to maintain and expand the company's firm positioning in the market. Research and development expenditure during the year was £698,000 (2021: expenditure of £710,000).

#### **Key performance indicators (KPI's)**

Given the change in revenue flows and the receipt of the royalty payments to offset this, the directors believe that the key performance indicator ('KPI') is profitability.

Turnover has decreased from £12,442,000 (2021) to £8,789,000 as a result of the change in revenue as explained above.

Employee numbers remained the same at 23 (2021: 23) in the year.

The net asset position at 31 December 2022 was £42,968,000 (2021: £39,277,000).

#### **Principal risks and uncertainties and financial risk management**

The management of the business is subject to a number of risks including commercial risk and interest rate cash flow risk. The mitigation of these risks has been outlined below.

##### **Commercial risk**

The company continues to improve its services in order to maintain and develop its market place penetration as evidenced by the investment in research and development of new products. The company is faced with risk of drop in demand.

##### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, currency risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

In order to ensure stability of cash out flows and hence manage interest rate risk, the company is supported by fellow group operations. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

## **VG SYSTEMS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Interest rate cash flow risk**

The company aims to mitigate liquidity risk by managing cash generation by its subsidiary operations. Investment is carefully controlled, with authorisation limits operating at different levels up to group board level and with hurdle rates of return and cash payback periods applied as part of the investment appraisal process.

The company participates in the overall world-wide group's funding strategy managed at corporate treasury level. The company participates in a European cash pool. The objective is to maintain a balance between continuity of funding and flexibility.

#### **Risk**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The company's estimates include, among others, asset reserve requirements as well as the amounts of future cash flows associated with certain assets and businesses that are used in assessing the risk of impairment.

#### **Russia / Ukraine**

Management is aware of the current conflict between Russia and Ukraine and have performed an analysis to determine whether this situation impacts the company's operations. Management have concluded that the current conflict has not impacted the operational activities however they continue to closely monitor the situation.

Approved and authorised by the Board on 21 July 2023 and signed on its behalf by:

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.....  
E Cameron  
Director

## **VG SYSTEMS LIMITED**

### **DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

#### **Future developments**

Future developments are deemed to be of strategic importance to the company and as such have been outlined within the Strategic Report.

#### **Going Concern**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The company's estimates include, among others, asset reserve requirements as well as the amounts of future cash flows associated with certain assets and businesses that are used in assessing the risk of impairment.

The bank financing arrangements of the company includes cash at bank or in hand, and cash held by group entities under the cash sweep arrangements (as reported within debtors as amounts owed by group undertakings). Amounts held within the in-house bank are repayable on demand. As a participant in the cash sweep arrangement, a letter of support has been obtained from Thermo Fisher Scientific Inc., who have confirmed they will continue to support the company and provide any further intercompany financing, if required, for a period of at least 12 months from the date of approval of the financial statements.

#### **Dividends**

The company did not pay a dividend during the year (2021: £Nil).

#### **Financial risk management and research and development**

Disclosures relating to these areas are included in the Strategic Report.

#### **Directors of the company**

The directors who held office during the year were as follows:

D Norman

E Cameron

A Smith

S W Ahmed

#### **Third party indemnity provision**

The company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these were in force during the year and they remain in force at the date of this report.

#### **Research and development**

The company encourages research and development investment. Research and development programmes are managed to obtain a balance between improvements to existing products and development of new products. Research and development costs during the year was £698,000 (2021: £710,000).

## **VG SYSTEMS LIMITED**

### **DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Each of the persons who are a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all the steps that he/she should have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

#### **Independent Auditors**

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

Approved and authorised by the Board on 21 July 2023 and signed on its behalf by:

**VG SYSTEMS LIMITED**

**DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

DocuSigned by:  
*Euan Cameron*  
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.....  
E Cameron  
Director



## **VG SYSTEMS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VG SYSTEMS LIMITED**

# **Report on the audit of the financial statements**

## **Opinion**

In our opinion, VG Systems Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Balance Sheet as at 31 December 2022; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## **Basis for opinion**

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

## **Independence**

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

## **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **VG SYSTEMS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VG SYSTEMS LIMITED**

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report for the year ended 31 December 2022, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' Report for the year ended 31 December 2022**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report for the year ended 31 December 2022.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

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

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

## **VG SYSTEMS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VG SYSTEMS LIMITED**

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and UK corporate tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of results through manual journals and potential management bias in the selection and application of significant accounting judgements and estimates in order to manipulate the company's financial performance. Audit procedures performed by the engagement team included:

- Enquiry of management including considerations of known or suspected instances of non-compliance with laws and regulations and fraud.
- Reviewing minutes of meetings of those charged with governance.
- Challenging assumptions made by management in the selection and application of accounting judgements and estimates.
- Identifying and testing journal entries based on risk criteria such as unusual account combinations.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **VG SYSTEMS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VG SYSTEMS LIMITED**

## Other required reporting

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Emma Sowerby (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
27 July 2023

**VG SYSTEMS LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £ 000	2021 £ 000
Turnover	5	8,789	12,442
Cost of sales		<u>(7,347)</u>	<u>(9,901)</u>
Gross profit		1,442	2,541
Distribution costs		(974)	(932)
Administrative expenses		(1,844)	(1,983)
Other operating income		<u>4,497</u>	<u>3,777</u>
Operating profit	6	3,121	3,403
Other interest receivable and similar income	7	<u>692</u>	<u>456</u>
Profit before tax		3,813	3,859
Tax on profit		<u>(122)</u>	<u>(307)</u>
Profit for the financial year		<u><u>3,691</u></u>	<u><u>3,552</u></u>

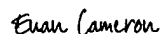
Results in the current and previous financial year are from continuing operations only. There is no difference between the profit for the year stated above and the total comprehensive income for the year, therefore no separate statement of comprehensive income is presented in these financial statements.

The company has no recognised gains or losses for the year other than the results above.

**VG SYSTEMS LIMITED****(REGISTRATION NUMBER: 03153085)  
BALANCE SHEET AS AT 31 DECEMBER 2022**

	Note	2022 £ 000	2021 £ 000
<b>Fixed assets</b>			
Tangible assets	11	313	197
<b>Current assets</b>			
Inventories	12	535	804
Debtors: amounts falling due within one year	13	<u>44,895</u>	<u>41,868</u>
		45,430	42,672
<b>Creditors: Amounts falling due within one year</b>	14	<u>(2,286)</u>	<u>(1,994)</u>
<b>Net current assets</b>		<u>43,144</u>	<u>40,678</u>
<b>Total assets less current liabilities</b>		43,457	40,875
<b>Provisions for liabilities</b>	16	<u>(489)</u>	<u>(1,598)</u>
<b>Net assets</b>		<u>42,968</u>	<u>39,277</u>
<b>Capital and reserves</b>			
Capital redemption reserve		7,652	7,652
Retained earnings		<u>35,316</u>	<u>31,625</u>
<b>Total equity</b>		<u>42,968</u>	<u>39,277</u>

Approved and authorised by the Board on 21 July 2023 and signed on its behalf by:

DocuSigned by:  
  
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 E Cameron  
 Director

**VG SYSTEMS LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Capital redemption reserve<sub>1</sub> £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2022	<u>7,652</u>	<u>31,625</u>	<u>39,277</u>
Profit for the year	<u>-</u>	<u>3,691</u>	<u>3,691</u>
At 31 December 2022	<u>7,652</u>	<u>35,316</u>	<u>42,968</u>
	<b>Capital redemption reserve £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2021	<u>7,652</u>	<u>28,073</u>	<u>35,725</u>
Profit for the year	<u>-</u>	<u>3,552</u>	<u>3,552</u>
At 31 December 2021	<u>7,652</u>	<u>31,625</u>	<u>39,277</u>

<sub>1</sub>Capital redemption reserve represents the capital contribution from the company's parent undertaking to acquire the assets and liabilities passed down from SID Instruments Inc, the parent company at the date of acquisition on 31 March 1996.

## **VG SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 General information**

The company is a private company limited by share capital, incorporated in United Kingdom.

The address of its registered office is:

3rd Floor  
1 Ashley Road  
Altrincham  
Cheshire  
WA14 2DT

These financial statements were authorised for issue by the Board on 21 July 2023.

#### **2 Statement of compliance**

The individual financial statements of VG Systems Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Basis of preparation**

These financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

##### **Going concern**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The company's estimates include, among others, asset reserve requirements as well as the amounts of future cash flows associated with certain assets and businesses that are used in assessing the risk of impairment.



## **VG SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

The bank financing arrangements of the company includes cash at bank or in hand, and cash held by group entities under the cash sweep arrangements (as reported within debtors as amounts owed by group undertakings). Amounts held within the in-house bank are repayable on demand. As a participant in the cash sweep arrangement, a letter of support has been obtained from Thermo Fisher Scientific Inc., who have confirmed they will continue to support the company and provide any further intercompany financing, if required, for a period of at least 12 months from the date of approval of the financial statements.

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions.

##### *Cash flow statement and related party disclosures*

The company is included in the consolidated financial statements of Thermo Fisher Scientific Inc. which are publicly available. Consequently, as the company is a 100% owned subsidiary, the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Thermo Fisher Scientific Inc., includes the company's cash flows in its own consolidated financial statements.

The company is also exempt under the terms of FRS 102 paragraph 33.1 from disclosing related party transactions with entities that are part of the Thermo Fisher Scientific Inc. group (see note 21).

##### *Key Management Compensation*

The company has taken advantage of the exemption under FRS 102 para 33.7 from disclosing its key management personnel compensation in total as this is disclosed in full in the consolidated group financial statements.

##### *Share-based payments*

The company has taken advantage of the exemption under FRS 102 para 26.16 where the company is a member of a group share-based payment arrangement and where the company's expense is based on a reasonable allocation and disclosed in full in the consolidated group financial statements.

#### **Foreign currency**

##### *(i) Functional and presentation currency*

The company's functional and presentation currency is the pound sterling.

##### *(ii) Transactions and balances*

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling 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 transactions is included as an exchange gain or loss in the Profit and Loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

## **VG SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

Foreign exchange gains and losses are presented in the Profit and Loss account within Administrative expenses.

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the amount received for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. Revenue on services provided is recognised to the extent that contractual obligations to customers have been fulfilled.

The company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises revenue from the sale of goods when all the following conditions are satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Interest income**

Interest income is recognised using the effective interest rate method.

#### **Royalty income**

Royalty income is shown in the profit and loss account as 'Other operating income', which it receives from the intellectual property retained after the transfer of the bulk of the trade in 2020. The royalty income is recognised annually, and payment will be received no more than 60 days after the year end.

#### **Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

##### *(i) Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### *(ii) Defined contribution pension plans*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

## **VG SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Annual bonus plan**

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### *(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### *(ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Tangible assets**

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

##### *Plant and machinery and fixtures, fittings, tools and equipment*

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

##### *Depreciation and residual values*

The fixed assets have been depreciated on a straight line basis at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its expected useful economic life in the company's business, and the rates are as follows:

**VG SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold property	Over the life of the lease on a straight-line basis
Fixtures, fittings and computer equipment	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

*Subsequent additions and major components*

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

*Assets in the course of construction*

Assets under the course of construction are depreciated when they first come into use.

*Derecognition*

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (expense)/income'.

**Leased assets***Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

*Lease incentives*

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

## **VG SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related Turnover is recognised.

The company uses a local standard costing method to determine cost. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Provisions and contingencies**

##### *Provisions*

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

- (i) Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- (ii) Provision is not made for future operating losses.
- (iii) Provisions are measured at the present value of the expenditures 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. The increase in the provision due to passage of time is recognised as a finance cost.
- (iv) Included within the standard sales value of products supplied by the company are warranties covering a period of 12 months from the date of sale. Provision is made for the estimated costs expected to arise in respect of these warranty obligations.

## **VG SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### *Contingencies*

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

#### **Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### *Financial assets*

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

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

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

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

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

#### *Financial liabilities*

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

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

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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

## VG SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Distributions to equity holders**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

#### **Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

#### **4 Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions do not have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities.

#### **5 Turnover**

The analysis of the company's turnover for the year from continuing operations by nature is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Sale of goods	8,658	12,087
Rendering of services	131	355
	<u>8,789</u>	<u>12,442</u>

The analysis of the company's turnover for the year by geography is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Rest of Europe	13	958
Rest of World	8,776	11,484
	<u>8,789</u>	<u>12,442</u>

**VG SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2022****6 Operating profit**

Arrived at after charging/(crediting)

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Impairment of trade receivables	11	130
Inventory recognised as an expense	6,671	8,070
Impairment of inventory	-	29
Research and development	698	710
Foreign exchange loss/(gain)	106	(39)
Depreciation of tangible fixed assets	152	501
Audit fees payable to the company's auditor	<u>58</u>	<u>55</u>

**7 Other interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest receivable from group undertakings	<u>692</u>	<u>456</u>

**8 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	1,370	1,629
Social security costs	237	305
Pension costs, defined contribution scheme	<u>93</u>	<u>101</u>
	<u>1,700</u>	<u>2,035</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Production	-	1
Administration and support	4	4
Research and development	9	9
Sales, marketing and distribution	<u>10</u>	<u>9</u>
	<u>23</u>	<u>23</u>

**9 Directors' remuneration**

The directors' remuneration for the year was as follows:



**VG SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2022**

	2022 £ 000	2021 £ 000
Aggregate emoluments	<u>1</u>	<u>1</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Received or were entitled to receive shares under long term incentive schemes	3	3
Exercised share options	2	2
Accruing benefits under defined benefit pension scheme	-	-
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

**10 Taxation**

Tax charged/(credited) in the profit and loss account

	2022 £ 000	2021 £ 000
<b>Current taxation</b>		
UK corporation tax	<u>122</u>	<u>307</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19.00% (2021 - 19.00%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	<u>3,813</u>	<u>3,859</u>
Corporation tax at standard rate	724	733
Effect of revenues exempt from taxation	(118)	-
Effect of expense not deductible in determining taxable profit (tax loss)	(27)	109
Deferred tax expense/(credit) relating to changes in tax rates or laws	17	(88)
Decrease from effect of tax incentives	(9)	-
Increase in UK and foreign current tax from adjustment for prior periods	30	230
Tax decrease arising from group relief	(531)	(361)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>36</u>	<u>(316)</u>
Total tax charge	<u>122</u>	<u>307</u>

The company's profit for accounting year ended 31 December 2022 was taxed at 19.00% (2021 : 19.00%).

**VG SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

Factors that may affect future tax charges:

The UK headline corporation tax rate for the period was 19% (2021: 19.00%). In the Spring Budget on 3 March 2021 it was announced that the UK Corporation Tax rate would increase to 25% with effect from 1 April 2023 and was substantively enacted on 24 May 2021. Therefore at the balance sheet date deferred tax is measured at the rate that will be enacted or substantively enacted on the date when the underlying temporary differences are expected to unwind.

**11 Tangible assets**

	<b>Leasehold improvements £ 000</b>	<b>Plant and machinery £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>			
At 1 January 2022	1,634	210	1,844
Additions	316	-	316
Disposals	(1,634)	(141)	(1,775)
At 31 December 2022	<u>316</u>	<u>69</u>	<u>385</u>
<b>Accumulated depreciation</b>			
At 1 January 2022	1,437	210	1,647
Charge for the year	152	-	152
Eliminated on disposal	(1,586)	(141)	(1,727)
At 31 December 2022	<u>3</u>	<u>69</u>	<u>72</u>
<b>Net book value</b>			
At 31 December 2022	<u>313</u>	<u>-</u>	<u>313</u>
At 31 December 2021	<u>197</u>	<u>-</u>	<u>197</u>

**12 Inventories**

	<b>2022 £ 000</b>	<b>2021 £ 000</b>
Finished goods and goods for resale	<u>535</u>	<u>804</u>

**Impairment of inventories**

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts. The amount of impairment loss included in profit or loss is £1,523,800 (2021 - £1,288,450).

**VG SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2022****13 Debtors**

	Note	2022 £ 000	2021 £ 000
<b>Due within one year</b>			
Trade debtors		13	-
Other debtors		144	805
Prepayments		27	134
Deferred tax assets	17	297	369
Amounts owed by group undertakings		<u>44,414</u>	<u>40,560</u>
		<u>44,895</u>	<u>41,868</u>

Debtors includes £nil (2021: £nil) falling due after more than one year.

Trade debtors are stated after provisions for bad debt of £102,000 (2021: £nil).

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

Cash held by group entities under the cash sweep arrangement is included under debtors as amounts due by group companies. The management company, Life Technologies Finance Limited, shall effect quarterly the calculation for distributions of debit interest or credit interest at rate of SONIA + 1.0% (2021: LIBOR 0.5%) among the parties and settle accordingly on the in-house bank accounts of the participant with the management company. The amounts owed by group undertakings is repayable on demand.

**14 Creditors**

	Note	2022 £ 000	2021 £ 000
<b>Due within one year</b>			
Amounts owed to group undertakings		1,421	434
Social security and other taxes		78	88
Other payables		-	48
Accruals		787	1,178
Income tax liability		<u>-</u>	<u>246</u>
		<u>2,286</u>	<u>1,994</u>

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

## **VG SYSTEMS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **15 Pension and other schemes**

##### **Defined contribution pension scheme**

The company operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £93,000 (2021: £101,000). The liability / prepayment at the year end for the contributions payable to the defined contribution scheme is £nil (2021: £nil).

**VG SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****16 Provisions for liabilities**

	<b>Warranties</b>	<b>Onerous contracts</b>	<b>Deferred tax</b>	<b>Dilapidations</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
At 1 January 2022	470	161	(369)	968	1,230
Additional provisions	-	-	-	68	68
Increase (decrease) in existing provisions	10	-	-	-	10
Provisions used	(59)	-	72	(671)	(658)
Unused provision reversed	-	(161)	-	(297)	(458)
At 31 December 2022	<u>421</u>	<u>-</u>	<u>(297)</u>	<u>68</u>	<u>192</u>

A provision for warranty costs is recognised to cover the warranty period provided to customers and is calculated with reference to the average level of warranty claims received over recent history.

The opening dilapidation provision relates to the obligation to restore the property to its original state at the end of the lease which arises under the terms of the property leases for the company's sites. The lease end date was 30 April 2023. However on 16 December 2022 the company vacated the premises early and no repairs were completed in order to restore the property to its original state. The addition during the year relates wholly to restoring the new property to its original state at the end of the lease on 7 July 2032.

The onerous lease provision related to the decision to vacate 50% of the East Grinstead office. The decision was made in the year end 31 December 2017 and accounts for the costs up to the expected end of the lease period.

**VG SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2022****17 Deferred tax**

	<b>2022</b>
	<b>£ 000</b>
Beginning balance	369
Charge to profit and loss account	(70)
Adjustment in respect of prior years	(2)
Closing balance	<u>297</u>

Unprovided deferred tax asset has not been recognised as this relates to capital losses brought forward which are not expected to be utilised in the foreseeable future.

The net deferred tax asset is expected to reverse after 12 months. This relates to the reversal of depreciation in excess of accelerated capital allowances and the reversal of timing differences.

**18 Financial instruments**

The company has the following financial instruments:

<b>Financial assets that are debt instruments measured at amortised cost</b>		<b>2022</b>	<b>2021</b>
		<b>£ 000</b>	<b>£ 000</b>
Trade receivables	13	13	-
Amounts owed by group undertakings	13	44,414	40,560
Other receivables	13	144	805
		<u>44,571</u>	<u>41,365</u>
<b>Financial liabilities measured at amortised cost</b>		<b>2022</b>	<b>2021</b>
		<b>£ 000</b>	<b>£ 000</b>
Amounts owed to group undertakings	14	1,421	434
Accrued expenses	14	789	1,178
		<u>2,210</u>	<u>1,612</u>

**Derivative financial instruments - Forward foreign currency contracts**

The company has no interest rate derivative financial instruments (2021: none).

**VG SYSTEMS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2022****19 Capital and other commitments**

The company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Land and buildings</b>		
Within one year	113	381
Within two to five years	339	127
After five years	<u>1</u>	<u>-</u>
	<u><b>453</b></u>	<u><b>508</b></u>

**20 Contingent assets and liabilities**

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. No liability is expected to arise under this arrangement.

At 31 December 2022, the company had deferment bank guarantees in favour of HM Revenue and Customs of £4,000 (2021: £4,000).

**21 Related party transactions**

See Note 9 for disclosure of the directors' remuneration and key management compensation.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

**22 Control**

The company's immediate parent undertaking is Thermo Optek Limited whose registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire WA14 2DT.

The ultimate parent undertaking and controlling party is Thermo Fisher Scientific Inc. which is the largest and smallest group to consolidate these financial statements. The company is incorporated in the United States of America and its common stock is listed on the New York Stock Exchange. Copies of the financial statements of the ultimate parent company are publicly available and can be obtained from its headquarters at 168 Third Avenue, Waltham, MA 02451, USA.

**23 Post balance sheet events**

There were no adjusting events arising after the financial period.