

Company Registration No. 07824395 (England and Wales)

GEOSLAM LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023

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28/03/2024

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GEOSLAM LIMITED

COMPANY INFORMATION

Directors	M Horwath A Muhich
Company number	07824395
Registered office	Innovation House Ruddington Fields Business Park Ruddington Nottingham England NG11 6JS
Auditor	RSM UK Audit LLP Chartered Accountants Suite A, 7th Floor East West Building 2 Tollhouse Hill Nottingham NG1 5FS

GEOSLAM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

The group strategy is to increase shareholder value through a strong, profitable and cash generative organisation that excels in the development of 3D geospatial technology solutions.

The company delivered strong revenues through the period, achieving growth of 28% on prior year. The company achieved a gross profit margin of 62% compared to 57% in the prior year. As a result of the growth in turnover and improved gross profit margin, the company achieved an operating profit of £2,250,461 (2022: operating profit of £272,163).

Throughout the year we continued our investment in product development across all of our solutions with particular focus on 'the enabling platforms' to ensure our solutions allow us to maintain and grow our existing customer base through existing sales channels as well as entering new markets.

The strategy for the company and wider group is to continue its focus on disrupting traditional markets in our field with innovative solutions combining both hardware and software that allows our customers and users to capture and connect data in their chosen application.

We continue to build our distributor and partner network to ensure we can grow our customer base in all Territories. We have increased and continue to build on our support and service capability with regional hubs that will allow us to meet the needs of our growing user base.

The directors continue to take appropriate steps to steer the business through the short and medium term trading conditions and are happy to report that the necessary strategies that were implemented in the previous financial year have been successful resulting in the business not only continuing to be resilient to the recent global pandemic as well as effects from recent war between Ukraine and Russia and the subsequent energy crisis, but achieving growth in revenue, EBITDA (earnings before interest, tax, depreciation, amortisation, exceptional items and share based payments) and cash. The business has been able to maintain a positive cash profile through this period with cash and cash equivalents at the year-end of £1,933,760 (2022: £712,429).

Exceptional costs of £964,377 were incurred in relation to FARO's acquisition of the NGH Holdings Limited group. These costs were incurred by GeoSLAM Limited and subsequently recharged to NGH Holdings Limited.

The acquisition by FARO in September 2022 has been a welcome impact on our business not only in the immediate increase in opportunities for GeoSLAM product sales but also to benefit from enhanced capacity and knowledge in the development of existing and new products to be released to the market.

Further integration into FARO landscape is planned for the months ahead with more benefits to be realised.

Financial position

The company remains in a net asset position and this has increased by 118% during the year from £2,129,492 to £4,641,853.

Due to increased opportunities and realised synergies, turnover increased by 28.3% for the 12 month period ended 31 March 2023 from £11,601,310 to £14,882,047. As a result of cost rationalisation strategies across the business and growth in turnover the company made a profit in the year of £2,139,675 compared to a profit of £278,533 in the prior year. Cash position at the year end was £1,933,760.

GEOSLAM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

Credit risk

Appropriate credit control procedures are followed in line with group policy to minimise the credit risk. Where credit risk is perceived to be high, the group would ensure that agreements with customers provide for payments to be made prior to the dispatch of goods.

GeoSLAM products are sold to a widespread group of customers with no single customer constituting a large percentage of revenue alone.

Supplier risk

There are a number of key partners within the company's supply chain that enable us to develop and sell world class products and solutions. All components and services are assessed by our engineers and where the risk is perceived we ensure we have an alternative source of supply or access to the original manufacturer in the event of supply chain disruption.

Financial risk management

The management's objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements. As of 1 September 2022, GeoSLAM group did not have any external funding repayment obligations.

On 1 September 2022, FARO FNV Netherlands Holdings B.V. acquired 100% of the issued equity share capital of NGH Holdings Limited and its subsidiaries. In January 2023 FARO Technologies, Inc., head of consolidated FARO group, has implemented an external funding through convertible notes in order to improve liquidity for the group. There are no obligations arising on GeoSLAM Limited related to that.

The FARO group has historically been exposed to a low level of credit risk, liquidity risk and cash flow risk. The FARO group manages these risks by financing its operations through operating cash flow. In addition, it ensures credit risk is managed by closely monitoring credit limits and outstanding debtor balances.

People

Failure to attract, motivate and retain the most talented workforce and develop the required culture represents a risk for the company. Our people are our most valuable asset. We continue to manage and consider diversity and inclusion as well as colleague engagement. Standardised recruitment policies and procedures have been established and a Board sponsored Talent and Culture strategy is being implemented to ensure we attract and retain the best people.

Market

We are not reliant on one single market sector or territory and have a sales network that currently serves 80 countries throughout the world. Our continued growth and investment in the US mitigates some of the risk to revenues that are generated from European markets which potentially could be affected by the UK's withdrawal from the European Union.

GEOSLAM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Key performance indicators

The directors use various KPI's to measure performance of the business, the most significant being those represented on a like for like basis:

	2023	2022
	£	£
Revenue	14,882,047	11,601,310
Cash	1,933,760	712,429

On behalf of the board

Matthew Horwath

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M Horwath

Director

26/03/24
Date:

GEOSLAM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be that of the manufacture of handheld scanners and applications for 3D laser mapping of environments.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G C Hunter	(Resigned 1 September 2022)
M Horwath	(Appointed 1 September 2022)
A Muhich	(Appointed 1 September 2022)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development

The company engaged in research and development. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. Other amounts are written off to the profit or loss have been detailed in note 8 to the financial statements.

Post reporting date events

Subsequent to the year end, a provision to impair other debtors held at 31 March has been recognised of £345,000. This was in relation to a modified purchase order. Following this modification, the remaining amount of £652,050 on the purchase order has become payable and once paid will be subsequently impaired. There were no conditions at 31 March 2023 which required a provision to be recognised at the balance sheet date.

Future developments

GeoSLAM Limited will continue to operate similarly to previous financial trading year.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of its financial risk management policies, exposure to credit and supplier risk.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

GEOSLAM LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Going concern

The financial statements are prepared on a going concern basis. GeoSLAM Limited may be reliant on the support of its ultimate parent company FARO Technologies, Inc. due to cash being managed on a group basis. The directors have received confirmation that FARO Technologies, Inc. intend to support GeoSLAM Limited for at least one year after these financial statements are signed. In considering the going concern basis of preparation, the directors have concluded that at the date of approval of these financial statements, there is no information available to them that causes doubt over the letter of support provided by FARO Technologies, Inc.

Cash and financing are managed on a group wide basis. Management believes the current financing and cash levels are sufficient to maintain the business for the foreseeable future.

Management have prepared an Annual Operating Plan (AOP) on a group level which management regularly update and shows that the company and group expects to have sufficient means to settle their trading liabilities as they fall due.

On 1 September 2022, FARO FNH Netherlands Holdings B.V. acquired 100% of the issued equity share capital of NGH Holdings Limited and its subsidiaries. The acquisition resulted in the repayment of all external debt facilities within the group. As part of the purchase agreement cash was injected into GeoSLAM group to help fund working capital. Management notes that now the external debt has been repaid and there is no material uncertainty with regards to going concern.

As such, at the time of approving these financial statements, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board

Matthew Horwath

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M Horwath
Director

26/03/24
Date:

GEOSLAM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEOSLAM LIMITED

Opinion

We have audited the financial statements of Geoslam Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

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

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

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

Other information

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

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

We have nothing to report in this regard.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEOSLAM LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEOSLAM LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements. These included reviewing financial statement disclosures and computations prepared by external tax advisors.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- Testing manual journal entries and other adjustments using data analytics software;
- Evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- Cut-off testing and substantive testing procedures using financial data analytics software to validate revenue recognition throughout the year.

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

Use of our report

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

Richard King

Richard King FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor
East West Building
2 Tollhouse Hill
Nottingham
NG1 5FS

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GEOSLAM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	14,882,047	11,601,310
Cost of sales		(5,653,683)	(4,931,080)
Gross profit		9,228,364	6,670,230
Administrative expenses		(7,610,715)	(7,814,981)
Other operating income	4	1,597,189	1,416,914
Exceptional item	5	(964,377)	-
Operating profit	8	2,250,461	272,163
Interest payable and similar expenses	9	(1,030)	(1,133)
Profit before taxation		2,249,431	271,030
Tax on profit	10	(109,756)	7,503
Profit for the financial year		2,139,675	278,533

GEOSLAM LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
Fixed assets					
Intangible assets	11		501,131		809,202
Tangible assets	12		286,073		315,184
Investments	13		136		136
			<u>787,340</u>		<u>1,124,522</u>
Current assets					
Stocks	15	2,369,311		2,085,976	
Debtors	16	4,083,947		2,466,480	
Cash at bank and in hand		1,933,760		712,429	
		<u>8,387,018</u>		<u>5,264,885</u>	
Creditors: amounts falling due within one year	17	<u>(4,156,903)</u>		<u>(4,101,033)</u>	
Net current assets			<u>4,230,115</u>		<u>1,163,852</u>
Total assets less current liabilities			<u>5,017,455</u>		<u>2,288,374</u>
Creditors: amounts falling due after more than one year	18		(194,140)		(34,694)
Provisions for liabilities	20		(181,462)		(124,188)
Net assets			<u>4,641,853</u>		<u>2,129,492</u>
Capital and reserves					
Called up share capital	23		100		100
Share premium account	24		891		891
Capital contribution reserve	24		1,363,311		990,625
Profit and loss reserves	24		3,277,551		1,137,876
Total equity			<u>4,641,853</u>		<u>2,129,492</u>

The financial statements were approved by the board of directors and authorised for issue on 26/03/24 and are signed on its behalf by:

Matthew Horwath

M Horwath
Director

GEOSLAM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £	Share premium account £	Capital contribution reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2021	100	891	351,985	859,343	1,212,319
Year ended 31 March 2022:					
Profit and total comprehensive income for the year	-	-	-	278,533	278,533
Capital contributions received	-	-	638,640	-	638,640
Balance at 31 March 2022	100	891	990,625	1,137,876	2,129,492
Year ended 31 March 2023:					
Profit and total comprehensive income for the year	-	-	-	2,139,675	2,139,675
Capital contributions received	-	-	372,686	-	372,686
Balance at 31 March 2023	100	891	1,363,311	3,277,551	4,641,853

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Geoslam Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Innovation House, Ruddington Fields Business Park, Ruddington, Nottingham, England, NG11 6JS.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 26 'Share-based Payment' - Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities of cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of NGH Holdings Limited. These consolidated financial statements are available from its registered office, Innovation House, Ruddington Fields Business Park, Ruddington, Nottingham, England NG11 6JS.

Group accounts

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group. Geoslam Limited is a wholly owned subsidiary of NGH Holdings Limited and the results of Geoslam Limited are included in the consolidated financial statements of NGH Holdings Limited which are available from the address above.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Going concern

The financial statements are prepared on a going concern basis. GeoSLAM Limited may be reliant on the support of its ultimate parent company FARO Technologies, Inc. due to cash being managed on a group basis. The directors have received confirmation that FARO Technologies, Inc. intend to support GeoSLAM Limited for at least one year after these financial statements are signed. In considering the going concern basis of preparation, the directors have concluded that at the date of approval of these financial statements, there is no information available to them that causes doubt over the letter of support provided by FARO Technologies, Inc.

Cash and financing are managed on a group wide basis. Management believes the current financing and cash levels are sufficient to maintain the business for the foreseeable future.

Management have prepared an Annual Operating Plan (AOP) on a group level which management regularly update and shows that the company and group expects to have sufficient means to settle their trading liabilities as they fall due.

On 1 September 2022, FARO FNH Netherlands Holdings B.V. acquired 100% of the issued equity share capital of NGH Holdings Limited and its subsidiaries. As part of the purchase agreement cash was injected into GeoSLAM group to help fund working capital. Management notes that now the external debt has been repaid and there is no material uncertainty with regards to going concern.

As such, at the time of approving these financial statements, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Computer software	33% straight line
Intellectual property	3-5 years
Development costs	33% straight line

Amortisation commences once an asset is available for use.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and equipment	10-100% straight line
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Assets under construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings 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 payments discounted at a market rate of interest.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

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

Share-based payments

The company participates in a share-based payment arrangement granted to its employees in relation to shares in its parent company, NGH Holdings Limited. An allocation of the expense for the group recognised in its consolidated accounts has been made to the company, the calculation done on the same basis as the expense in NGH Holdings.

The expense in relation to shares issued at a discount to market value in the parent company to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Exceptional items

The company presents as exceptional items on the face of the statement of comprehensive income those material items of income or expense, which because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users of the accounts to better understand the elements of financial performance in the period, so as to facilitate comparison with prior periods.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The directors consider there are no critical judgements (apart from those involving estimates) that will have a significant effect on amounts recognised in these financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation and amortisation

The assessment of the useful economic lives, residual values and the method of depreciating or amortising fixed assets requires judgement. Depreciation and amortisation are charged to profit or loss based on the useful economic life selected, which requires estimation of the period and profile over which the group expects to consume the future economic benefits embodied in the assets. At 31 March 2023, the carrying value of intangible and tangible assets was £501,131 (2022: £809,202) and £286,073 (2022: £315,184) respectively.

Impairment of trade debtors

Trade debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgement from the management team, based on the creditworthiness of the debtor, the agency profile of the debtor, and the historical experience. At 31 March 2023, the carrying value of trade debtors was £1,688,614 (2022: £990,758).

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty (Continued)

Warranty provision

Provisions for warranty costs are recognised at the date of sales of the relevant products, at the best estimate of management based on the expenditure required to settle the company's obligation. In arriving at this estimate, management take into account previous experience of the volume of warranty claims received, their obligations and history of expenditure incurred. At 31 March 2023, the carrying value of the warranty provision was £144,188 (2022: £124,188).

Recoverability of inter-company balances

Determination of whether the company's inter-company debtors have been impaired requires estimation of the fellow group entities net asset position and its ability to generate future cashflows to settle the debtor. The director has performed a review of each inter-company debtor for indications of impairment and estimated the future cashflows of the fellow group entity to determine recoverability. At 31 March 2023, the carrying amount of group and related party debtors was £1,446,568 (2022: £727,425).

Stocks

Stocks are valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecasts of consumer demand, the promotional, competitive and economic environment and stock loss trends. At 31 March 2023, the carrying amount of stocks was £2,369,311 (2022: £2,085,976).

3 Turnover and other revenue

	2023 £	2022 £
Turnover analysed by class of business		
Sales of goods	14,477,598	10,474,033
Provision of services and software	404,449	1,127,277
	<u>14,882,047</u>	<u>11,601,310</u>
	2023 £	2022 £
Turnover analysed by geographical market		
United Kingdom	852,424	586,187
Rest of Europe	5,600,970	3,986,135
Asia	3,289,606	2,563,756
North America	2,060,262	1,567,466
Rest of World	3,078,785	2,897,766
	<u>14,882,047</u>	<u>11,601,310</u>

4 Other operating income

Other operating income includes management recharges to other group companies of £1,540,876 (2022: £1,416,914), income from the UK government R&D enhanced credit scheme of £52,585 (2022: £nil) and miscellaneous income of £3,728.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

5 Exceptional item

	2023 £	2022 £
Expenditure		
Exceptional costs	964,377	-

Exceptional items include expenses relating to forecasting software write off of £58,400 and costs relating to the acquisition of the group by FARO of £1,041,334. The costs of £1,041,334 relating to the acquisition of the group have been recharged to NGH Holdings Limited and are included in the other operating income balance of £1,540,876.

Also included in exceptional items is income relating to provisions against and write off of intercompany balances which were not expected to be recoverable of £135,357.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Management	6	6
Sales	12	12
Production	38	34
Office and administrative	17	15
Total	73	67

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	3,910,550	3,331,223
Social security costs	450,054	366,097
Pension costs	456,899	123,370
Share-based payment	372,686	638,640
	5,190,189	4,459,330

Included in the above were exceptional costs of £1,041,334 comprised of £620,335 wages and salaries, £91,317 social security costs and £329,682 pension costs.

7 Director's remuneration

One of the directors of the company was paid remuneration totalling £120,782 (2022: £150,000) with pension contributions of £85,832 (2022: £6,000). This director was the highest paid director. The other two directors are not paid by companies within the NGH Holdings Limited group of companies. Directors remuneration was recharged to NGH Holdings Limited as part of the other operating income.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	144,765	(9,617)
Research and development costs	115,048	55,325
Government grants	(52,585)	-
Depreciation of owned tangible fixed assets	101,232	92,470
Depreciation of tangible fixed assets held under finance leases	27,275	11,364
Loss/(profit) on disposal of tangible fixed assets	4,236	(1,469)
Amortisation of intangible assets	293,326	332,293
Share-based payments	372,686	638,640
Operating lease charges	134,277	136,283

The government grants figure above relates to amounts received under the UK government R&D enhanced credit scheme.

The audit fees payable for the audit of the group and company of £71,000 (2022: £59,250) were borne by the company on behalf of the group.

9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on finance leases and hire purchase contracts	1,030	1,133

10 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	73,295	-
Adjustments in respect of prior periods	(813)	2,119
Total current tax	72,482	2,119
Deferred tax		
Origination and reversal of timing differences	28,327	(7,788)
Changes in tax rates	8,947	1,262
Adjustment in respect of prior periods	-	(3,096)
Total deferred tax	37,274	(9,622)
Total tax charge/(credit)	109,756	(7,503)

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Taxation (Continued)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	2,249,431	271,030
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	427,392	51,496
Tax effect of expenses that are not deductible in determining taxable profit	15,974	206,874
Tax effect of income not taxable in determining taxable profit	-	(189,864)
Change in unrecognised deferred tax assets	(344,974)	(76,294)
Adjustments in respect of prior years	(813)	2,119
Effect of change in corporation tax rate	8,947	1,262
Deferred tax adjustments in respect of prior years	-	(3,096)
Other tax differences	3,230	-
Taxation charge/(credit) for the year	109,756	(7,503)

Factors that may affect future tax charge

Following the March 2021 budget, legislation had been substantively enacted before the year end date for the main rate of corporation tax to increase from 19% to 25% from 1 April 2023. The deferred tax balances within these financial statements have therefore been calculated to reflect the rate increasing to 25%.

11 Intangible fixed assets

	Computer software £	Intellectual property £	Development costs £	Total £
Cost				
At 1 April 2022	188,409	1,501,622	303,210	1,993,241
Additions	7,352	-	11,400	18,752
Disposals	(38,900)	-	-	(38,900)
At 31 March 2023	156,861	1,501,622	314,610	1,973,093
Amortisation and impairment				
At 1 April 2022	156,861	1,027,178	-	1,184,039
Amortisation charged for the year	5,403	287,923	-	293,326
Disposals	(5,403)	-	-	(5,403)
At 31 March 2023	156,861	1,315,101	-	1,471,962
Carrying amount				
At 31 March 2023	-	186,521	314,610	501,131
At 31 March 2022	31,548	474,444	303,210	809,202

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Intangible fixed assets (Continued)

All amortisation charges in the year have been charged through administrative expenses.

Development costs assets have yet to be brought into use and as such have not been amortised.

12 Tangible fixed assets

	Assets under construction £	Plant and equipment £	Total £
Cost			
At 1 April 2022	-	661,865	661,865
Additions	56,650	54,697	111,347
Disposals	-	(17,198)	(17,198)
At 31 March 2023	56,650	699,364	756,014
Depreciation and impairment			
At 1 April 2022	-	346,681	346,681
Depreciation charged in the year	-	128,507	128,507
Eliminated in respect of disposals	-	(5,247)	(5,247)
At 31 March 2023	-	469,941	469,941
Carrying amount			
At 31 March 2023	56,650	229,423	286,073
At 31 March 2022	-	315,184	315,184

Assets under construction have yet to be brought into use and as such have not been depreciated.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2023 £	2022 £
Plant and equipment	43,185	70,460

13 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	14	136	136

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

13 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2022 & 31 March 2023	136
Carrying amount	
At 31 March 2023	136
At 31 March 2022	136

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Geoslam PTY Limited	1	3D laser mapping equipment	Ordinary	100.00	-
Geoslam Inc	2	3D laser mapping equipment	Ordinary	100.00	-
Geoslam B.V	3	3D laser mapping equipment	Ordinary	100.00	-
Geoslam Hong Kong	4	Dormant	Ordinary	100.00	-

Registered Office addresses:

- 1 Level 10, 12 Creek Street, Brisbane City, Queensland, 4000, Australia
- 2 Corp1. INC. 28 Old Rudnick Ln, Dover, Kent, DE 19901, United States
- 3 Zuid Hollandlaan 7, 2596 AL, Den Haag, Nederland
- 4 29/F Edinburgh Tower, The Landmark, 15 Queens Rd Central, Hong Kong

15 Stocks

	2023 £	2022 £
Raw materials and consumables	1,442,078	1,213,811
Finished goods and goods for resale	927,233	872,165
	<u>2,369,311</u>	<u>2,085,976</u>

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

16 Debtors

		2023	2022
	Notes	£	£
Amounts falling due within one year:			
Trade debtors		1,688,614	990,758
Amounts owed by group undertakings		1,272,608	727,425
Amounts owed by related parties	29	173,960	-
Other debtors		636,707	421,403
Prepayments and accrued income		232,080	258,362
		<u>4,003,969</u>	<u>2,397,948</u>
Amounts falling due after more than one year:		2023	2022
		£	£
Other debtors		79,978	68,532
		<u>79,978</u>	<u>68,532</u>
Total debtors		<u>4,083,947</u>	<u>2,466,480</u>

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

17 Creditors: amounts falling due within one year

		2023	2022
	Notes	£	£
Obligations under finance leases	19	27,687	27,137
Trade creditors		1,254,750	2,193,533
Amounts owed to group undertakings		1,885,169	567,686
Corporation tax		20,710	812
Other taxation and social security		144,107	107,656
Other creditors		26,575	255,158
Accruals and deferred income		797,905	949,051
		<u>4,156,903</u>	<u>4,101,033</u>

The obligations under finance leases are secured by fixed charges against the assets to which they relate.

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

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Obligations under finance leases	19	7,007	34,694
Deferred income		187,133	-
		<u>194,140</u>	<u>34,694</u>

The obligations under finance leases are secured by fixed charges against the assets to which they relate.

19 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Less than one year	28,167	28,167
Between one and five years	7,042	35,209
	<u>35,209</u>	<u>63,376</u>
Less: future finance charges	(515)	(1,545)
	<u>34,694</u>	<u>61,831</u>

Finance lease payments represent rentals payable by the company for certain items of plant and equipment. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The company's obligations under finance leases are secured by the lessor's charge over the leased assets to which they relate.

The net book value of secured assets is disclosed in note 12.

20 Provisions for liabilities

	Notes	2023 £	2022 £
Warranty provision		144,188	124,188
Deferred tax liabilities	21	37,274	-
		<u>181,462</u>	<u>124,188</u>

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

20 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

	Warranty provision £
At 1 April 2022	124,188
Charge in period	119,597
Utilisation in the period	(99,597)
At 31 March 2023	144,188

A provision is recognised in respect of warranties given on the products sold by the company which covers a period between 1 and 3 years. The value of the provisions takes into account the volume of warranty claims received historically, the obligations of the company and history of expenditure incurred.

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Fixed asset timing differences	74,444	98,116
Tax losses	-	(76,972)
Short term timing differences	(37,170)	(21,144)
	<u>37,274</u>	<u>-</u>
		2023
Movements in the year:		£
Liability at 1 April 2022		-
Charge to profit or loss		37,274
Liability at 31 March 2023		<u>37,274</u>

The net deferred tax liability set out above relates to fixed asset and short term timing differences. The short term timing differences deferred tax asset is expected to reverse after more than one year, and the fixed asset timing differences deferred tax liability is expected to reverse over the life of the assets to which it relates.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	456,899	123,370

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £28,967 (2022: £23,492) were payable to the fund at the reporting date and are included within creditors.

23 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	100	100	100	100

Ordinary shares

The ordinary shares each carry the right to one vote in any circumstances and have equal rights to receive dividends.

Each share is entitled to participate in a distribution arising from a winding up of the company.

24 Reserves

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

Capital contribution reserve

Capital contributions are in connection with the share-based payment charges on share options granted at a discount to market value to the employees of the company over the shares of its parent undertaking, NGH Holdings Limited.

25 Financial commitments, guarantees and contingent liabilities

The company was party to a cross guarantee with other group companies, relating to certain debt facilities. At 31 March 2023, borrowings of £nil (2022: £3,638,458) were covered by this guarantee.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	129,162	103,129
Between one and five years	487,697	3,526
In over five years	3,526	-
	<u>620,385</u>	<u>106,655</u>

The break date has passed for certain operating leases leading to an increase in operating lease commitments.

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £	2022 £
Acquisition of tangible fixed assets	<u>71,440</u>	<u>-</u>

28 Events after the reporting date

Subsequent to the year end, a provision to impair other debtors held at 31 March 2023 has been recognised of £345,000. This was in relation to a modified purchase order. Following this modification, the remaining amount of £652,050 on the purchase order has become payable and once paid will be subsequently impaired. There were no conditions at 31 March 2023 which required a provision to be recognised at the balance sheet date.

29 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

The company is related to Valuemaker Ltd by virtue of I Beswetherick's common directorship of Valuemaker Ltd. During the year, they provided the company with services amounting to £15,000 (2022: £36,000).

The company is related to Real Lives Community Interest Company by virtue of N Hunter's 50% interest in the shares of Real Lives Community Interest Company. During the prior year, the company donated 10 laptops with a net book value of £nil and provided services amounting to £150. At 31 March 2023, an amount of £nil (2022: £60) was owed to Real Lives Community Interest Company.

The above were related parties at the time of the above transactions however ceased to be related parties during the year.

The company made loans of £173,960 (2022: £nil) to FARO FNH Netherlands Holdings B.V., a 100% owned entity of the ultimate parent company. The facility expired on 30 September 2023 and incurred interest of 3.5% per annum which was payable at the end of the loan term.

GEOSLAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

30 Parent company

At the year end date, the company was jointly owned by NGH Holdings Limited and GN Investments Limited, both companies are incorporated in England and Wales. The ultimate parent company is FARO Technologies, Inc a company incorporated in the United States of America. The directors do not consider there to be an ultimate controlling party.

NGH Holdings Limited is the smallest company for which consolidated accounts including Geoslam Limited were prepared at 31 March 2023. The consolidated accounts of NGH Holdings Limited are available from its registered office, Innovation House, Ruddington Fields Business Park, Ruddington, Nottingham, England, NG11 6JS.

FARO Technologies, Inc is the largest company for which consolidated accounts including Geoslam Limited were prepared as at 31 March 2023. The consolidated accounts of FARO Technologies, Inc are available from <https://www.faro.com/en/About-Us/Investor-Relations/SEC-Filings-and-Proxy-Voting>