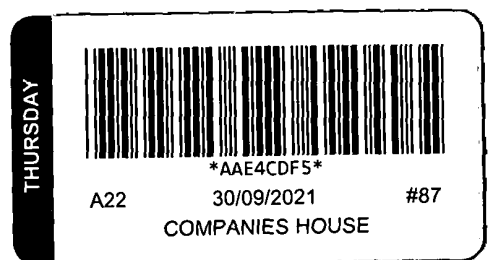


Teledyne UK Limited

Annual Report and Financial Statements

03 January 2021

Company number 00432014



STRATEGIC REPORT

The Directors present their annual report and the audited financial statements for the period ended 03 January 2021.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company's business comprises the design and supply of specialist components and sub-systems into specialist sectors within the medical and science, aerospace and defence and the commercial and industrial markets. The Company forms part of the Digital Imaging Segment of the Teledyne Technologies Group of companies ("Teledyne Group"). The Company continues to distribute other Teledyne products.

During the period, as part of a reorganisation within the Teledyne Group, the Company acquired the business and assets of two additional Teledyne business units. See note 11 for the financial details of these acquisitions. The Company has also acquired the entire share capital of some Teledyne Group companies from other UK Teledyne Group companies. Details of these transactions are provided in notes 11 and 18.

On 10 May 2021, as part of the reorganisation, the Company acquired the remaining business units and trading net assets of Teledyne Limited and the Paradise Modems business unit from Teledyne Defence Electronics LLC.

To be consistent with other UK subsidiaries of the Teledyne Group, for the first time these financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". A full explanation of the adjustments made to the results of prior periods, previously reported in accordance with FRS 101 "Reduced Disclosure Framework" is set out in note 1.

The Company's business is organised into four operating segments:

RF Power – We produce components and sub-systems that deliver high performance and high reliability radio frequency power generation for healthcare, defence and security, transportation and industrial applications. The key growth drivers for the division are the increasing incidence of cancer worldwide, industrial growth and the level of defence spending.

Imaging – We provide high performance and high quality space qualified imaging sensors and arrays for space science and astronomy applications and high speed, high resolution sensors for earth observation satellites. We also provide high performance image sensors solutions in the form of customer specific products that we develop with our customers, as their innovation partner, or as application specific standard products. During the period, the distribution business acquired from Teledyne Scientific Imaging Limited has been incorporated into the Imaging operating segment.

Semiconductors – Through our strategic partnerships with semiconductor OEMs we provide a range of high reliability versions of their standard products for use in aerospace applications. Our own design high speed data converters provide market leading performance for space and radio frequency communications. We also provide our customers with continuity of supply for components that they value, avoiding risks associated with counterfeit products.

Aerospace and Defence Electronics – We provide flight data solutions and repair services to customers in the commercial avionics market. This business was transferred from another Teledyne group company during the period.

STRATEGIC REPORT (continued)

The Company's key financial indicators during the current period were as follows:

	Period ended 03 Jan 2021 £000	Period ended 29 Dec 2019 £000
Turnover	148,590	152,650
Gross profit	49,083	54,879
<i>Gross profit margin</i>	<i>33.0%</i>	<i>36.0%</i>
Operating profit	27,114	30,747
<i>Operating profit margin</i>	<i>18.2%</i>	<i>20.1%</i>
Profit after tax	22,862	25,647
Current assets as % of current liabilities ('current ratio')	188%	194%

The Company's turnover was 2.7% lower than the prior period reflecting lower demand in RF Power and Imaging as discussed below, but partially offset by higher demand in Semiconductors and the acquisition of the Aerospace and Defence Electronics business in December.

Gross profit has decreased to £49.1m (period ended 29 December 2019: £54.9m) reflecting the lower turnover, product mix and lower risk retirement on long term contracts

Operating profit has decreased to £27.1m (period ended 29 December 2019: £30.7m) reflecting the lower turnover, product mix and lower margins on long term contracts partially offset by ongoing cost control. The company largely maintained its R&D spending at £9.2m (period ended 29 December 2019: £9.3m) to drive future product development and meet our customers' needs for new products and technology.

RF Power

Customers and markets

We sell to a diverse range of markets with a common need for high power radio frequency solutions. Our key market is medical radiotherapy where we work with all the leading systems suppliers. We also supply OEMs in the healthcare, industrial, defence and security and transportation markets.

Operational progress

The majority of future growth in the division is anticipated to come from radiotherapy where we continue to prioritise our investment. Our other applications continue to be driven by the general industrial cycle.

During the period we continued to make progress on our site restructuring programmes, which drive further operational efficiency, consolidate the footprint of the activities that support the portfolio and provide options for the future use of space being vacated.

Performance

Reported turnover was £84.3m (period ended 29 December 2019: £90.6m) with radiotherapy reflecting a period of lower demand from our key OEM customers and in industrial and marine.

The focus for the coming period is to grow radiotherapy turnover, supporting our key OEM customers.

Imaging

Customers and markets

In Imaging, governments increasingly seek to maintain independent observation capabilities. The expansion of climate change monitoring is driving a growing demand for new observation satellite programmes. We have a strong position in Europe particularly in CCD sensors and our CMOS and IR sensors are seeing increased demand. Our offering remains attractive to customers due to its long-proven performance in flight. We also provide sensors and sub-systems for use in ground-based astronomy applications, where the customers are typically academic institutions. The life science business has seen modest growth. We work for specialised OEMs who are market leaders in the application of imaging technology for life sciences.

STRATEGIC REPORT (continued)

Operational progress

In Imaging, we work closely with our customers on their technically challenging programmes, providing solutions that meet their demanding requirements on the next generation of projects. We have continued to develop our relationships with the key Life Science OEMs with our ambition to be their trusted innovation partner. We are focused on the areas that have the potential for strong growth.

Performance

Reported turnover was £54.7m (period ended 29 December 2019: £57.2m). Turnover was lower than the prior period reflecting delivery on current programmes. These programmes remain technically challenging and we are continuing to commit the resources needed to improve delivery to our customers. There was also growth in life sciences turnover reflecting user demand.

The focus for the coming period in Imaging is on programme delivery, securing new programmes and delivering ongoing operational improvement.

Semiconductors

Operational progress

The Company continued with the distribution business for other Teledyne group companies.

Performance

Reported turnover for the distribution business was £8.8m (period ended 29 December 2019: £4.9m), due to increased customer demand.

Aerospace and defence electronics

Operational progress

In December 2020, the Company acquired this business from another Teledyne group company.

Performance

Reported turnover for one month of operation was £0.8m.

PRINCIPAL RISKS AND UNCERTAINTIES

The significant risks and uncertainties faced by the Company are listed in the following table, along with their potential effect and mitigation.

RISK & POTENTIAL EFFECT	MITIGATING ACTIONS
FOCUS ON CUSTOMER	
<p>Strategic realignment The Company seeks to achieve organic growth by further expansion into sub-systems. By repositioning itself in the value chain the Company and its customers are seeking to engage on a development and advisory basis. This carries inherent risks in execution, particularly with regard to finding and retaining the appropriate personnel.</p>	<ul style="list-style-type: none"> • Repositioning product offerings at a higher level in the value chain, resulting in increased involvement in customers' design processes, reducing the potential exposure to short term volatility in customer sourcing. • Continued investment in research and development, manufacturing, marketing, customer service support, people with the required skill sets and distribution networks to ensure competitiveness in strategic growth areas.

STRATEGIC REPORT (continued)

RISK & POTENTIAL EFFECT	MITIGATING ACTIONS
<p>Advancement in technology Teledyne UK operates in competitive global markets characterised by continuous technological development which is integral to the Company's business of design and manufacture of specialist technology for high performance systems and equipment. Failure to innovate could result in our product offering becoming obsolete. The development of new technologies carries risks including failure to develop a commercially viable offering, taking longer to reach the market than planned and the risk that market size will be smaller than originally envisaged.</p>	<ul style="list-style-type: none"> • Focussing research and development programmes on innovations consistent with the Company's strategic aims whilst accelerating investment through support, where possible, from government grant initiatives. • Working closely with customers to ensure the Company develops solutions tailored to their needs and involving them extensively during product development.
<p>EMBED NEW CULTURE</p>	
<p>Change management The repositioning of the Company in the value chain, growth both organically and through acquisitions, and the embedding of a culture that is customer-driven, will require organisational change. If not properly managed and communicated, there is a risk that the skills of our people will not align to new strategic requirements.</p>	<ul style="list-style-type: none"> • Maintaining development and succession programmes, competitive remuneration and good communications at all levels.
<p>SUSTAIN INNOVATION</p>	
<p>Knowledge and skills Our business invests significantly in the research and development of technologically advanced products. Failure to protect the Company's intellectual property could result in lack of competitive advantage and products, erosion of margin, or inability to recover investment.</p> <p>In addition, our success is reliant on our ability to attract, retain and continuously develop the right people in all areas of the business. In particular to deliver the strategic growth opportunities, the Company relies heavily on the skills, experience and competence of its people.</p>	<ul style="list-style-type: none"> • Identification and documentation of intellectual property arising throughout development, with protection of certain products and manufacturing processes by use of patents. • Safeguarding know-how by ensuring suppliers, customers and employees are subject to confidentiality obligations in respect of treatment and disclosure of intellectual property. • Maintaining development and succession programmes, competitive remuneration and good communications at all levels.
<p>OPERATE WITH EXCELLENCE</p>	
<p>Long term contract execution A quarter of the Company's turnover relates to long term contracts, many of which involve advancements in technology and are fixed price. An inherent risk in fixed price contracts is that actual performance costs may exceed the projected costs on which the contracts are agreed; failure to anticipate technical problems, estimate costs accurately or control costs during the performance of a contract can reduce its profitability or result in a loss.</p>	<ul style="list-style-type: none"> • Major projects are subject to Executive Management review and approval. • Projects are reviewed at levels and frequencies appropriate to their performance and potential risks. • Standardise project management approach across the Company and ensure appropriate tools available.

STRATEGIC REPORT (continued)

RISK & POTENTIAL EFFECT	MITIGATING ACTIONS
<p>Cyber security Computer systems are critical to the business and its future growth. A complete failure of the IT system, with the loss of trading and other records, would be damaging to the business. Furthermore, Teledyne UK faces an increased threat of system security breaches and data loss (including unintentional loss by employees) due to velocity of change in the dynamic external environment and as a result of the Company's expansion increasing global information sharing.</p>	<ul style="list-style-type: none"> • Senior IT management identify emerging external IT issues and prioritises mitigating actions. • Insider threat program, training of managers to raise awareness and assist in threat detection. • Reviewing and enhancing IT security policies and tools on a continuing basis. • Continued development of IT security processes and procedures.
<p>Product quality and liabilities There is a risk that the Company's products do not achieve the required specification or deliver to the customer's expectations which could lead to significant liabilities for warranty claims, defects and product recalls.</p>	<ul style="list-style-type: none"> • Standardising production, where practical, and applying stringent quality procedures to minimise production defects. • Minimise potential risks arising from complex or extended contracts through specification certainty and clear contractual arrangements through a robust contract review process.
<p>Supply chain disruption Teledyne UK's ability to supply products to our customers could be adversely affected by a disaster or disruptive event, including COVID-19 and the on-going supply of semiconductors across all industries, at any of the Company's manufacturing locations or those of key suppliers. Any interruption to supplies, or increases in costs, could adversely affect our financial position and future trading.</p> <p>For both projects and the production of standard product, there are a number of strategic partnerships and a reliance on external suppliers for specialist materials and products, often in small quantities. Some of these may be sourced from a single supplier, particularly for custom built or older components, and supply may be vulnerable to delay as suppliers prioritise customers with volume orders.</p>	<ul style="list-style-type: none"> • Maintaining a business continuity plan to minimise any business implications or disruption to production capability and subjecting the plan to testing to manage the risk of a loss of a major production facility or supplier. • Mitigating financial effect through business interruption insurance. • Using accredited supplier programmes and cementing long term partnership based relationships at every point in the supply chain. • Standardising components in production developments and retaining appropriate inventory levels of components. • Determining and validating other suppliers/ sources of supply for key materials reducing the number of components/ materials purchased from a sole supplier. • We continue to be committed to operate in an environmentally responsible manner. We manage, and where possible, reduce any impact on the environment and climate change from our operational activities.
<p>Laws and regulations Teledyne UK is subject to applicable laws and regulations of many jurisdictions, including but not limited to, export-import controls, health and safety, environmental, tax, bribery and corruption.</p> <p>Failing to comply could harm business operations or the Company's reputation.</p>	<ul style="list-style-type: none"> • Employing individuals with relevant experience in these areas, aided by outside advisors where required, to oversee management of these dynamic risks. • Deploying resources to meet new requirements as they arise. • Maintaining ethics and business conduct programmes.

STRATEGIC REPORT (continued)

RISK & POTENTIAL EFFECT	MITIGATING ACTIONS
<p>Foreign currency The Company operates internationally and is exposed to a number of foreign currencies, the most significant being the US dollar and Euro. Fluctuations in exchange rates will effect both foreign currency denominated transactions and the translation of net assets and income statements of foreign subsidiaries which could result in profit and balance sheet volatility.</p>	<ul style="list-style-type: none"> • Hedging policy to manage transactional and translational currency exposure.
GROW ORGANICALLY	
<p>Global markets Teledyne UK's business is subject to wider political and macro-economic conditions. This includes uncertainty surrounding the impact of Brexit. A number of the Company's products are supplied for use into industries which are dependent upon, and subject to, government policies and national and international political considerations and budgetary constraints. Reduction in military spending or prolonged downturn due to recession or economic instability would adversely affect our sales.</p>	<ul style="list-style-type: none"> • Increasing diversity of products through ongoing development of strategic growth application areas. • Expanding geographical spread. • Maintaining flexibility within the cost base to enable prompt response to significant changes in market conditions and demand. • Strengthening sales management processes.
<p>COVID-19 Teledyne's UK's business depends on its ability to source, manufacture and supply its products to its customers. If a significant number of employees were to become infected and self-isolate it could result in some production lines no longer being able to be staffed effectively. A major outbreak in one of our key suppliers could also lead to interruption in our supply chain and our ability to source components for our products.</p> <p>Our customers may also see reduced demand for their products due to the impact of the global pandemic and the disruption and uncertainty this may cause, which could adversely affect our sales.</p>	<ul style="list-style-type: none"> • COVID secure practices and risk assessments • Social distancing, cleaning, hygiene and handwashing in the workplace. • Working from home where this can be done effectively. • Regular communication with employees. • Senior team in place to respond quickly to changes, including the guidance from government. • Regular contact with our suppliers and customers. • Inventory levels and safety stocks reviewed in our monthly sales and operations planning process.

Brexit

The directors have not seen any major impact from Brexit on the Company's operations, however, there continues to be uncertainty regarding the longer term impact of Brexit on the wider economy and it is therefore not currently possible to evaluate all of the potential implications. The directors will continue to monitor the latest developments.

Financial risk management objectives and policies

Other financial risks include credit risk and liquidity risk which are managed on a Teledyne Group wide basis.

Credit risk

In addition to the foreign currency risk identified above, the Company trades only with businesses it considers creditworthy third parties. It is Teledyne Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

STRATEGIC REPORT (continued)

Credit risk (continued)

With respect to credit risk arising from financial assets of the Company, which comprise trade and other receivables and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk within the Company.

Credit risk to financial institutions is limited by restricting the range of counterparties to those with high credit ratings.

Liquidity risk

The Company's policy, to aid short term flexibility, has been to arrange funding for operations using Teledyne Group credit facilities.

SECTION 172(1) STATEMENT

The company comprises a number of varied business units and while the reorganisation has increased the number of business units in the Company, the governance framework remains unchanged, in that it delegates authority for local decision making to the business unit level. The leadership teams of each business unit are encouraged to make decisions with a long-term view in mind in accordance with the Teledyne Technologies Group policies. Major decisions are carefully discussed with affected groups and senior leadership prior to implementation.

The directors promote the success of the company for the benefit of its sole shareholder and that of the shareholders of Teledyne Technologies Inc (its ultimate parent undertaking), while taking into account, amongst other matters, the following:

Long-term consequences

By preparing annual 3-year strategic plans as well as short-term forecasts, all of which are discussed with and approved by Divisional and Group Management.

Interests of company employees

During the period, the policy of providing employees with information about the Company has been continued. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

The Company's employees can participate in the Teledyne Technologies Incorporated Employee Share Savings Plan, allowing them to make regular monthly savings to fund purchases of shares in Teledyne Technologies Incorporated, the Company's ultimate parent company. The programme is managed through payroll with employees receiving a 25% match in contributions from the Company.

Relationship with suppliers, customers and others

We recognise the importance that stakeholders outside the business such as customers and suppliers add to our business and we work ethically together to ensure that our goals are met in a mutually beneficial fashion by negotiating contracts, agreeing payment terms in advance and maintaining an open dialogue with suppliers and customers.

The impact on the community and the environment

The Teledyne Technologies Group is fully committed to pursuing the best environmental practice and conducting its activities in a way that fully recognises its responsibilities to the environment.

The desirability of maintaining a high reputation for standards of business conduct

The Teledyne Technologies Group oversees an annual reporting and certification process to ensure all relevant employees are aware of the high standards set in this regard and operates a mechanism to notify the company of any shortcomings, including a "whistle-blowing" ethics hotline.

STRATEGIC REPORT (continued)

Approved by the board and signed on its behalf by:


N Wargent
Director

29 September 2021

Teledyne UK Limited
Company no. 00432014

106 Waterhouse Lane
Chelmsford
Essex CM1 2QU

DIRECTORS' REPORT

The Directors present their report and financial statements for the period ended 03 January 2021.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £22,862,000 (period ended 29 December 2019: £25,647,000 as restated). No dividend was paid during the period (period ended 29 December 2019: £12,600,000). On 4 March 2021, the Company paid a dividend of £70,051,035.

On 1 July 2020, the Company issued 6 ordinary shares to its immediate parent company Teledyne e2v Limited in exchange for the entire share capital of Teledyne e2v (Overseas) Holdings Limited, Teledyne Innovaciones Microelectronicas SLU and Teledyne Signal Processing Devices Sweden AB.

On 29 July 2020, the Company issued 2 ordinary shares to its immediate parent company Teledyne e2v Limited in exchange for the entire share capital of Teledyne Limited.

On 12 October 2020, Teledyne e2v (Overseas) Holdings Limited declared a dividend in specie of its shares in Teledyne e2v Asia Pacific Limited transferring the ownership of this entity to the Company.

RESEARCH AND DEVELOPMENT

The Company continues to commit significant resources to existing product enhancement as well as the introduction of new products for established and emerging markets. Resource is also invested in a number of collaborative relationships with key universities to achieve leverage, knowledge exchange and access to and training of talented young scientists and engineers. This is achieved through various mechanisms including a number of Knowledge Transfer Partnerships. Customers fund directly a proportion of expenditure on product enhancement and new product development. The amount funded by the Company amounted to £9,159,000 (period ended 29 December 2019: £9,291,000 – as restated).

DIRECTORS

The Directors who served during the period and to the date of this report, unless otherwise stated were as follows:

S Main
N Wargent
M Adcock (resigned 17 May 2021)
E Livingstone (resigned 01 May 2020)

COMPANY SECRETARY

The Company Secretary who served during the period and thereafter was as follows:

N Wargent

DIRECTORS' INDEMNITY INSURANCE

The directors of the Company, subsidiaries and parent companies are covered by a global insurance arrangement such that they are indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force during the period and is still in place as at the date of this report.

POLITICAL DONATIONS

No political donations were made during the period (period ended 29 December 2019: £nil).

DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from a person with a disability where a person with a disability can adequately fulfil the requirements of the role and workplace adjustments can be made to facilitate this appointment.

Where existing employees become disabled it is the Company's policy, wherever practicable, to provide workplace adjustments to ensure continuing employment under normal terms and conditions, and to provide training and career development and promotion opportunities, wherever appropriate.

DIRECTORS' REPORT (continued)

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

Details of future developments can be found in the Strategic Report on pages 1 to 3.

On 16 March 2021, the Company issued a guarantee with the trustees of the Intelek Pension Scheme, a scheme which belongs to another company in the Teledyne Group, for all present and future obligations and liabilities to make payments to the scheme up to a maximum amount of £8,400,000.

On 10 May 2021, as part of the reorganisation within the Teledyne UK Group, the Company acquired the trade and trading net assets of the remaining businesses of Teledyne Limited and the Paradise Modems business from Teledyne Defence Electronics LLC.

MATTERS COVERED IN THE STRATEGIC REPORT

The business review, information relating to key performance indicators, principal risks and uncertainties, financial risk management objectives and policies, suppliers, customers and employee involvement can be found in the Strategic Report.

GOING CONCERN

As at 3 January 2021, the Company had net current assets of £88.5m (2019: £52.0m) and cash at bank and in hand of £18.4m (2019: £12.7m). The Company is profitable, generates cash from its operations and has a track record of distributing excess cash to other group companies. The Teledyne Group operates a central treasury function which gives the Company access to intercompany facilities provided by Rhombi Holdings Limited, an intermediate holding company, who subsequently receives its funding requirements from Teledyne Technologies Incorporated, the ultimate parent company. The Directors have received confirmation from its ultimate parent company that it will not seek to withdraw cash from the Company in a manner which may threaten the ability of the Company to continue as a going concern.

The Company's forecasts and projections take account of reasonably possible changes in trading performance, including those related to COVID-19, Brexit, fluctuations in demand for its products and services and the exchange rates between Sterling, US dollars and Euros. These projections show that the Company should be able to meet its liabilities as they fall due for the next 12 months from the date of these financial statements.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements and as such the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

STREAMLINED ENERGY AND CARBON REPORT

The following data has been prepared in accordance with the Streamlined Energy and Carbon Reporting ("SECR") regulations. The Company used a total of 33,018,569 kWh of energy in the 2020 financial year, resulting in carbon emissions of 7,499.5 tCO₂e (using location-based emission factors). The same exercise will be undertaken in the next financial year and a comparison of annual carbon emissions will be reported in the 2021 financial statements.

The data has been prepared using the GHG Reporting Protocol – Corporate Standard methodology, taking best available data and estimates where required. The reporting meets the minimum requirements for SECR and in addition includes voluntary reporting of Scope 1 emissions relating to fugitive emissions from refrigerants. The figures reported are based on location-based emission factors which use country-specific average factors for each utility.

DIRECTORS' REPORT (continued)

STREAMLINED ENERGY AND CARBON REPORT (continued)

Carbon Emissions Using Location-Based Emission Factors		
	Units	2020
ENERGY INPUTS		
Total Purchased Electricity	kWh	25,071,079
Total Purchased Mains Gas	kWh	7,253,130
Total Purchased Heat	kWh	165,360
Total Other Gaseous Fuels	kWh	386,585
Total Grey Fleet	kWh	142,415
Total Energy Use	kWh	33,018,569
EMISSIONS		
Scope 1 – Combustion of Mains Gas	kgCO ₂ e	1,333,633
Scope 1 – Combustion of Gaseous fuels	kgCO ₂ e	497
Scope 1 – Refrigerant Emissions	kgCO ₂ e	256,124
Total Scope 1 emissions	kgCO₂e	1,590,254
Scope 2 – Purchased Electricity	kgCO ₂ e	5,845,071
Scope 2 – Purchased Heat	kgCO ₂ e	28,541
Total Scope 2 emissions	kgCO₂e	5,873,613
Scope 3 – Combustion of transport fuels in employee owned vehicles where the company has purchased (or reimbursed) the fuel	kgCO ₂ e	35,620
Total Scope 3 emissions	kgCO₂e	35,620
Total Emissions	kg CO₂e	7,499,487
£ Turnover	£	148,590,000
Emissions per KPI (turnover)	kg CO ₂ e / £	0.0505
	tCO ₂ e / £	n/a

The figures reported above include sites which transferred into the Company from other parts of the organisation within the reporting period. Where this has occurred the full period figures for the site have been included in this report. Where energy is supplied via a landlord and no direct metered values are available, the energy consumption has been estimated in accordance with an agreed methodology which is fully documented. The total figures for "Other Gaseous fuels" include hydrogen and other industrial gasses used for combustion (e.g. acetylene). The emissions associated with these are low as the majority of the fuel is hydrogen.

The Company appointed energy management consultants in 2020 to advise on achieving energy efficiencies. Although there have been significant restrictions on site access due to COVID-19, they have reviewed the manufacturing processes and identified areas for improvement. The Company has also implemented improved monthly energy reporting.

DIRECTORS' REPORT (continued)

PROVISION OF INFORMATION TO AUDITOR

The Directors at the date of approval of this report confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the board and signed on its behalf by:


N Wargent
Director

29 September 2021

Teledyne UK Limited
Company no. 00432014

106 Waterhouse Lane
Chelmsford
Essex CM1 2QU

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Generally Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELEDYNE UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Teledyne UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 03 January 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELEDYNE UK LIMITED (continued)

Other information (continued)

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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. This description forms part of our auditor's report.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act; FRS 102; Tax Legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included UK Health and Safety Laws and Employment Laws.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELEDYNE UK LIMITED (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

We presume a risk of material misstatement due to fraud relating to revenue recognition. Specifically, we identified a significant risk in relation to long term contracts accounted for on a percentage of completion basis where management are required to estimate the remaining costs to complete in order to calculate the amount of revenue to recognise in the period. In order to respond to the risk we have:

- selected a focused sample of contracts based on certain risk factors such as size and complexity to test substantively, by challenging the underlying assumptions and obtaining evidence to support management's estimates of costs to complete;
- performed analytics over the level of cumulative corrections and other manual adjustments posted to revenue in the period to identify any unusual trends or other indicators of additional risk; and
- tested the operating effectiveness of controls over cost to complete estimates by attending management review meetings.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

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 period 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELEDYNE UK LIMITED
(continued)**

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.



**Peter McDermott (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom**

29 September 2021

PROFIT AND LOSS ACCOUNT
 For the period ended 03 January 2021

	Notes	Period ended 03 Jan 2021 £000	As restated Period ended 29 Dec 2019 £000
Turnover	2	148,590	152,650
Cost of sales		(99,507)	(97,771)
GROSS PROFIT		49,083	54,879
Distribution costs		(2,894)	(4,231)
Research and development costs	3	(9,159)	(9,291)
Administrative costs	3	(13,144)	(13,314)
Other operating income	3	3,228	2,704
		(21,969)	(24,132)
OPERATING PROFIT	3	27,114	30,747
Investment income	5	929	573
Interest payable and similar expenses	6	(515)	(87)
PROFIT BEFORE TAXATION		27,528	31,233
Tax on profit	7	(4,666)	(5,586)
PROFIT FOR THE FINANCIAL PERIOD		22,862	25,647

All activities relate to continuing operations and are attributable to the owners of the Company.

STATEMENT OF COMPREHENSIVE INCOME
 For the period ended 03 January 2021

	Period ended 03 Jan 2021 £000	As restated Period ended 29 Dec 2019 £000
Profit for the financial period	22,862	25,647
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges (note 22):		
Gains/(losses) arising during the period	31	(1,845)
Less: reclassification adjustments for gains/(losses) included in profit or loss	(135)	2,099
Income tax relating to items that may be reclassified subsequently to profit or loss (note 17)	20	(48)
Other comprehensive (expense) / income for the period	(84)	206
Total comprehensive income for the period	22,778	25,853

The notes on pages 22 to 50 form part of these statements.

STATEMENT OF FINANCIAL POSITION

As at 03 January 2021

REGISTERED NUMBER: 00432014

	Notes	03 Jan 2021 £000	As restated 29 Dec 2019 £000
FIXED ASSETS			
Intangible assets	9	1,304	459
Tangible assets	10	31,021	31,203
Investments	11	184,708	-
		<u>217,033</u>	<u>31,662</u>
CURRENT ASSETS			
Stocks	12	16,906	19,470
Debtors	13	123,861	74,848
Cash at bank and in hand		18,405	12,744
		<u>159,172</u>	<u>107,062</u>
CREDITORS: amounts falling due within one year	14	(70,710)	(55,071)
NET CURRENT ASSETS		<u>88,462</u>	<u>51,991</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		305,495	83,653
CREDITORS: amounts falling due after more than one year	15	(14,924)	(1,320)
PROVISIONS FOR LIABILITIES	16	(1,461)	(1,526)
NET ASSETS		<u>289,110</u>	<u>80,807</u>
CAPITAL AND RESERVES			
Called up share capital	18	3,000	3,000
Share premium account	18	184,708	-
Cash flow hedge reserve	18	-	84
Profit and loss account	18	101,402	77,723
SHAREHOLDER'S FUNDS		<u>289,110</u>	<u>80,807</u>

The notes on pages 22 to 50 form part of these statements.

The financial statements were approved by the Directors and authorised for issue on 29 September 2021.


N Wargent
Director

STATEMENT OF CHANGES IN EQUITY
 For the period ended 03 January 2021

	Called up share capital £000	Share premium account £'000	Cash flow hedge reserve £000	Profit and loss account £000	Total £000
Balance at 30 December 2018	3,000	-	(122)	64,013	66,891
Adjustment from FRS 101 to FRS 102	-	-	-	(91)	(91)
Balance at 30 December 2018 – restated	3,000	-	(122)	63,922	66,800
Cash flow hedges:					
Losses arising during the period	-	-	(1,845)	-	(1,845)
Reclassification adjustments for gains/(losses) included in profit or loss	-	-	2,099	-	2,099
Income tax relating to items that may be reclassified subsequently to profit or loss (note 17)	-	-	(48)	-	(48)
Other comprehensive income	-	-	206	-	206
Profit for the period – restated	-	-	-	25,647	25,647
Total comprehensive income for the period – restated	-	-	206	25,647	25,853
Share-based payment charge	-	-	-	754	754
Tax on share-based payment charge – restated	-	-	-	-	-
Total contributions by and distributions to owners – restated	-	-	-	754	754
Dividends paid	-	-	-	(12,600)	(12,600)
Balance at 29 December 2019 – restated	3,000	-	84	77,723	80,807

The notes on pages 22 to 50 form part of these statements.

STATEMENT OF CHANGES IN EQUITY
 For the period ended 03 January 2021

	Called up share capital £'000	Share premium account £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total £'000
Balance at 29 December 2019	3,000	-	84	77,723	80,807
Share Premium on shares issued	-	184,708	-	-	184,708
Cash flow hedges:					
Gains/(losses) arising during the period	-	-	31	-	31
Reclassification adjustments for gains/(losses) included in profit or loss	-	-	(135)	-	(135)
Income tax relating to items that may be reclassified subsequently to profit or loss (note 17)	-	-	20	-	20
Other comprehensive expense	-	-	(84)	-	(84)
Profit for the period	-	-	-	22,862	22,862
Total comprehensive income for the period	-	-	(84)	22,862	22,778
Share-based payment charge	-	-	-	817	817
Tax on share-based payment charge	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	817	817
Balance at 03 January 2021	3,000	184,708	-	101,402	289,110

The notes on pages 22 to 50 form part of these statements.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021

1. ACCOUNTING POLICIES

Basis of preparation

Teledyne UK Limited ("the Company") is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 3.

These financial statements are separate financial statements, and have been prepared for a period of 53 weeks (period ended 29 December 2019: 52 weeks) and are presented in sterling because that is the currency of the primary economic environment in which the Company operates.

To be consistent with other UK subsidiaries of the Teledyne Group, for the first time these financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The Company previously prepared its financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"), a full explanation of the adjustments made to prior period results using the transition date of 30 December 2018 is set out in note 1 below.

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under the standard as follows:

- the requirements of Section 7 – Statement of Cash Flows;
- the requirements of Section 3 – Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 – Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 26 – Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 – Related Party Disclosures paragraph 33.7.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts, as it is included in the consolidated financial statements of its ultimate parent undertaking, Teledyne Technologies Incorporated, a company registered in the United States of America ("USA"). The consolidated financial statements of Teledyne Technologies Incorporated are prepared in accordance with generally accepted accounting practices in the United States of America ("USGAAP") and are available to the public. Copies may be obtained from 1049 Camino Dos Rios, Thousand Oaks, California, 91360 USA, which is the registered office address of the consolidating parent and where relevant, equivalent disclosures have been given in these group accounts.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Section 26 of FRS 102 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Section 13 of FRS 102 or value in use in Section 27 of FRS 102.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Restatement of prior period results from FRS 101 to FRS 102

Reconciliation of equity at 29 December 2019

	Notes	Previous GAAP £000	Effect of Restatement £000	Current GAAP £000
Intangible assets	a	523	(64)	459
Right of use assets	b	496	(496)	-
Tangible assets		31,203	-	31,203
Deferred Taxation	c	2,259	11	2,270
Other current assets		104,792	-	104,792
Creditors: Amounts due within one year	b	(55,327)	256	(55,071)
Creditors: Amounts due after more than one year	b	(1,565)	245	(1,320)
Provisions for Liabilities		(1,526)	-	(1,526)
Net Assets		80,855	(48)	80,807
Called up share capital		3,000	-	3,000
Cash flow hedge reserve		84	-	84
Retained earnings	d	77,771	(48)	77,723
Total Equity		80,855	(48)	80,807

Notes to the reconciliation of equity at 29 December 2019

- Expenditure on Research and Development that had been capitalised and amortised through the profit and loss account under FRS 101 is now written off as incurred under FRS 102. The carrying amount of £64,000 has been written off.
- Under FRS 101, operating lease agreements are capitalised as Right of Use Assets with corresponding lease liabilities included within creditors. Under FRS 102 these agreements are accounted for as operating leases, with rental payments charged to the profit and loss account as incurred. The carrying value of Right of Use Assets of £496,000, together with the total lease liabilities included in creditors of £(501,000) have now been written off.
- Tax adjustment at 19% on adjustments a and b above.
- The adjustments to retained earnings are as follows:

	Note	£000
Research and development written off	a	(64)
Operating lease adjustment	b	5
Tax at 19% on above adjustments	c	11
Total adjustments to retained earnings		(48)

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Restatement of prior period results from FRS 101 to FRS 102 (continued)

Reconciliation of equity at 30 December 2018

	Notes	Previous GAAP £000	Effect of Restatement £000	Current GAAP £000
Intangible assets	e	834	(112)	722
Tangible assets		28,668	-	28,668
Deferred Taxation	f	939	21	960
Other current assets		81,313	-	81,313
Creditors: Amounts due within one year		(38,204)	-	(38,204)
Provisions for Liabilities		(6,659)	-	(6,659)
Net Assets		66,891	(91)	66,800
Called up share capital		3,000	-	3,000
Cash flow hedge reserve		(122)	-	(122)
Retained earnings	g	64,013	(91)	63,922
Total Equity		66,891	(91)	66,800

Notes to the reconciliation of equity at 30 December 2018

- e. Expenditure on Research and Development that had been capitalised and amortised though the profit and loss account under FRS 101 is now written off as incurred under FRS 102. The carrying amount of £112,000 has been written off.
- f. Tax adjustment at 19% on adjustments e above.
- g. The adjustments to retained earnings are as follows:

	Note	£000
Research and development written off	e	(112)
Tax at 19% on above adjustments	f	21
Total adjustments to retained earnings		(91)

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Restatement of prior period results from FRS 101 to FRS 102 (continued)

Reconciliation of total comprehensive income for period ended 29 December 2019

	Notes	Previous GAAP £000	Effect of Restatement £000	Current GAAP £000
Turnover		152,650		152,650
Cost of Sales		(97,771)		(97,771)
Gross profit		54,879		54,879
Research and development costs	h	(9,339)	48	(9,291)
Distribution costs		(4,231)		(4,231)
Administrative costs	i	(13,316)	2	(13,314)
Other operating income		2,704		2,704
Operating profit		30,697	50	30,747
Interest receivable and similar income		573		573
Interest payable and similar charges	i	(90)	3	(87)
Profit before tax		31,180	53	31,233
Tax charge	j	(5,783)	197	(5,586)
Profit after tax		25,397	250	25,647
Net income for cash flow hedging		206	-	206
Total comprehensive income		25,603	250	25,853

Notes to the reconciliation of total comprehensive income for period ending 29 December 2019

- h. Write back of amortisation charged on Research and Development of £56,000 less write off £8,000 of Research and Development costs incurred in 2019 that were previously capitalised under FRS 101.
- i. Write back of depreciation charged on Right of Use assets of £231,000 and interest payable on leases of £3,000 under FRS 101, replaced by rentals paid under operating leases of £(229,000) under FRS 102.
- j. Tax adjustment at 19% on adjustments a and b above; and under FRS 101, the deferred tax effect on share-based payment entries charged directly to reserves is also charged directly to reserves. Under FRS 102 the deferred tax effect is charged through the profit and loss account. A transfer of £207,000 from reserves movements to profit and loss arises but has no impact on retained reserves.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed below in note 1.

Going concern

As at 3 January 2021, the Company had net current assets of £88.5m (2019: £52.0m) and cash at bank and in hand of £18.4m (2019: £12.7m). The Company is profitable, generates cash from its operations and has a track record of distributing excess cash to other group companies. The Teledyne Group operates a central treasury function which gives the Company access to intercompany facilities provided by Rhombi Holdings Limited, an intermediate holding company, who subsequently receives its funding requirements from Teledyne Technologies Incorporated, the ultimate parent company. The Directors have received confirmation from its ultimate parent company that it will not seek to withdraw cash from the Company in a manner which may threaten the ability of the Company to continue as a going concern.

The Company's forecasts and projections take account of reasonably possible changes in trading performance, including those related to COVID-19, Brexit, fluctuations in demand for its products and services and the exchange rates between Sterling, US dollars and Euros. These projections show that the Company should be able to meet its liabilities as they fall due for the next 12 months from the date of these financial statements.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements and as such the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Foreign currencies

Transactions in foreign currencies are recognised at the rate of exchange prevailing on the date of the transactions.

Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Tangible assets

Tangible fixed assets held for use in production or supply of goods or services, or for administrative purposes are stated at cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated and is held at historical cost.

Depreciation is recognised so as to write-off the cost of assets less their residual value on a straight-line basis over the estimated useful life, as follows:

Freehold buildings	-	25 to 50 years
Short leasehold premises	-	over the respective lease term
Plant and equipment	-	3 to 10 years
Office equipment, fixtures and fittings	-	3 to 10 years

Assets in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation on these assets commences when the asset is brought into use.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

1. ACCOUNTING POLICIES (continued)

Tangible assets (continued)

The carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of net selling price 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the profit and loss account in the administrative expenses line item. Where an impairment loss subsequently reverses, the carrying value of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for this asset in prior periods. A reversal of impairment loss is recognised immediately in the profit and loss account.

Investments

Investments in subsidiaries are held at historical cost less provision for impairment. The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where reasons for such impairment provisions no longer apply, they are written back to the extent that they are no longer necessary.

Intangible assets – goodwill

Positive goodwill is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided so as to write-off the cost of goodwill on a straight-line basis over the estimated useful life of which can range between 5 to 10 years. Goodwill is allocated to cash generating unit and is tested annually for impairment.

Intangible assets – research and development

Expenditure on research and development activities are recognised in the profit and loss account as an expense as incurred.

Other intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which it is incurred.

Intangible assets are tested for impairment annually either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, it is provided so as to write-off the cost of intangible assets on a straight-line basis over the estimated useful life, as follows:

Patents & technology	- 5 to 10 years
Software	- 2 to 7 years

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

1 ACCOUNTING POLICIES (continued)

Stocks (excluding long term contract balances)

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition on an average cost basis, as follows:

Raw materials, consumables and goods for resale	- purchase cost
Work in progress and finished goods	- cost of direct materials and labour and a proportion of manufacturing overheads based on a normal operating capacity

Net realisable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate. A net increase in provision for the period as a whole is recognised as an expense in the period whilst a net reversal of provision for the period as a whole is recognised as a reduction in expense.

Long term contracts

The company becomes entitled to invoice customers based on achieving a series of performance related milestones. The Company may have previously recognised a contract asset for any work performed, which is recorded within accrued income in debtors. Any amount previously recognised as a contract asset is reclassified to trade debtors at the point at which it is invoiced to the customer. If the amount billed to the customer exceeds the turnover recognised, then the difference is presented as progress billings within creditors in the balance sheet. Full provision is made for losses on projects in the period in which they are first foreseen.

Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long term contract balances in stock, as work in progress if an asset, or included as a provision for contract losses if a liability.

Pensions

The Company contributes to personal pension arrangements for its employees. The pension cost is the amount of contributions payable in the period (see note 19).

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 based on the best reliable estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation and its carrying amount is the present value of those cash flows. The effect of the time value of money is not material and therefore provisions are not discounted.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and that the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

1. ACCOUNTING POLICIES (continued)

Share based payment transactions

Employees (including the Directors) of the Company receive remuneration in the form of share-based transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions) in the ultimate parent company, Teledyne Technologies Incorporated.

The cost of equity settled transactions with employees has been measured by reference to the fair value at the date at which they were granted. The fair value is determined by using a lattice-based option pricing model. In valuing equity settled transactions, no account has been taken of any vesting conditions, other than conditions linked to the price of the underlying shares (market-based conditions).

The cost of equity settled transactions has been recognised, together with a corresponding increase in equity, over the period in which the performance conditions were fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date reflects the extent to which the vesting period has expired.

No expense has been recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

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

The Company has taken advantage of the disclosure exemptions contained in Section 26 of FRS 102 because the share based payment arrangement concerns equity instruments of another group entity of which the company is a 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 lessee. All other leases are classified as operating leases.

Rental payments under operating leases are charged to the profit and loss account 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 the economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT.

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

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the 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.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

1. ACCOUNTING POLICIES (continued)

Turnover (continued)

Turnover in respect of long term contracts for non-standard products and services is recognised by reference to the stage of completion of the project. The stage of completion is determined either by reference to the completion of a physical proportion of the work, dependent upon the nature of the underlying project, or by reference to the proportion that costs incurred for the work performed to date bear to the estimated total project costs. Turnover derived from variations on projects are recognised only when they have been accepted by the customer.

Sales related warranties associated with these goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with Section 21 of FRS 102.

Costs for the reimbursement of overheads incurred in affiliated overseas selling companies who are acting as a principal have been included within cost of sales. Overhead costs for affiliated overseas selling entities acting as agents are included in selling and distribution costs.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants related to property, plant and equipment are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other government grants of a revenue nature are recognised in the profit and loss account over the periods necessary to match them with the related costs incurred, and are included in the profit and loss account as other income.

Interest

Income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Charges are recognised on an accruals basis in the profit and loss account, using the effective interest method.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Otherwise, income tax is recognised in the profit and loss account.

Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items of income or expense that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arising from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

1. ACCOUNTING POLICIES (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured on an undiscounted basis and is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments – Classification and measurement

Financial assets

Financial assets primarily include trade receivables, cash and cash equivalents, (comprising cash at bank and short term deposits) and derivatives (foreign exchange contracts).

- Trade receivables are classified as 'held to collect' and measured at amortised cost.
- Cash and cash equivalents (consisting of balances with banks and other financial institutions and short term deposits) are subject to low market risk. Cash balances and short term deposits are measured at fair value through profit and loss ("FVPL").
- Derivatives are measured at FVPL.

Financial liabilities

Financial liabilities primarily consist of trade payables and derivatives.

- Derivatives are classified and measured at FVPL.
- All other financial liabilities are classified and measured at amortised cost.

Derivative financial instruments and hedging

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 22.

Derivative financial instruments qualify for hedge accounting when (i) there is a formal designation and documentation, at inception of the hedge, of the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge; and (ii) the hedge is expected to be effective.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the profit and loss account immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the profit and loss account depends on the nature of the hedge relationship. The fair value changes of effective cash flow hedges derivatives are recognised in OCI and subsequently recycled in the profit and loss account to match the recognition of the hedged item. Any ineffectiveness in the hedging relationships is included in the profit and loss account. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probably forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

1. ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedging (continued)

During the period ended 03 January 2021 and period ended 29 December 2019, certain derivative financial instruments have been designated as cash flow hedges. All existing effective hedging relationships continue to qualify for hedge accounting under IFRS 9.

A derivative with a positive fair value is presented as a financial asset whereas a derivative with a negative fair value is presented as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management must make judgements, estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based upon factors such as 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods.

There are no accounting judgements that are significant to the accounts.

Impairments of fixed asset investments

Following the transfer of ownership of fellow Teledyne group companies as set out in note 11, the Company has undertaken a review of the carrying value of each investment for impairment. For impairment testing, the Company estimates present value of each investment through the use of a discounted cash flow model based on a best estimate of amounts and timing of future revenues and cash flows and the most recent business plans, and compares the estimated present value to the carrying value of the investment. The discounted cash flow model requires judgmental assumptions about projected revenue growth, future operating margins, discount rates and terminal values over a multi-year period.

Whilst the Company believes it has made reasonable estimates and assumptions to calculate present value of its investments, there are inherent uncertainties related to these assumptions and management's judgment in applying them. In order to evaluate the sensitivity of the present value calculations used in the impairment test, the Company applied hypothetical reductions to the future revenue growth assumptions within the discounted cash flow model of each investment and compared the resulting present values to the investment carrying values. Based on this sensitivity analysis, the Company did not identify any goodwill impairment.

The carrying amount of fixed asset investments at the reporting date was £184,708,000 (2019: £ nil).

Other key sources of estimation uncertainty that the Directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements is the measurement of long term contract balances, as included in work-in-progress (note 12), accrued income (note 13) and provisions (note 16), with regard to the stage of completion. This requires management to estimate the costs to complete, including an assessment of technical and other risk on long term contracts. Contract progress is closely monitored, and adjustments made to future periods if changes to estimates are required.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

2. TURNOVER AND REVENUE

An analysis of the Company's revenue (including turnover) is as follows.

	Period ended 03 Jan 2021 £000	Period ended 29 Dec 2019 £000
Sale of goods	100,703	108,407
Contract revenue recognised in the period	47,081	44,243
Rendering of services	806	-
Turnover	148,590	152,650
Third party contributions and government grants (note 3)	3,888	2,919
Finance income	929	573
Total revenue	153,407	156,142

For each performance obligation to be recognised over time, the Company recognises turnover using an input method, based on costs incurred in the period. Turnover and attributable margin are calculated with reference to reliable estimates of transaction price and total expected costs, after making suitable allowances for technical and other risks. Turnover and associated margin are therefore recognised progressively as costs are incurred and as risks have been mitigated or retired.

Analysis of turnover by activity is as follows:

	Period ended 03 Jan 2021 £000	Period ended 29 Dec 2019 £000
RF Power	84,260	90,557
Imaging	54,741	57,179
Semiconductors	8,783	4,914
Aerospace and defence electronics	806	-
	148,590	152,650

Analysis of turnover by geographical market is as follows:

	Period ended 03 Jan 2021 £000	Period ended 29 Dec 2019 £000
United Kingdom	21,672	22,902
North America	34,494	36,087
Rest of Europe	66,096	66,212
Rest of World	26,328	27,449
	148,590	152,650

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Period ended 03 Jan 2021 £000	As restated Period ended 29 Dec 2019 £000
Research and development expenditure, before Government grant funding:	9,159	9,291
Included in cost of sales:		
Depreciation of freehold buildings	130	133
Depreciation of plant and equipment	4,313	4,325
Depreciation of office equipment, fixtures and fittings	39	46
Amortisation of software	41	52
Included in administrative costs:		
Depreciation of freehold buildings	7	4
Depreciation of leasehold buildings	2	-
Depreciation of plant and equipment	262	249
Depreciation of office equipment, fixtures and fittings	205	216
Amortisation of software	218	275
Amortisation of goodwill	49	-
(Gain) on sale of fixed assets	(25)	-
Auditor's remuneration - for audit of the financial statements ¹	181	283
Operating lease rentals - land and buildings	307	237
- plant and machinery	161	109
Foreign currency gains arising from fair value adjustments	(1,747)	(173)
Other net foreign currency losses	2,717	283
Total net foreign currency losses	970	110
Government grant funding	(1,950)	(1,390)
Research and development tax credits	(1,278)	(1,314)
Other income	(3,228)	(2,704)
Cost of stock recognised as expense	97,118	95,319
Write downs of stock recognised as an expense ²	1,302	2,779
Reversal of write downs of stock recognised ²	(3,007)	(2,052)

Notes:

1. There are no fees related to other audit or non-audit services
2. These arise as a result of changes in demand for products and are recognised in cost of sales in the period

During the period, government grants of £1,529,000 (2019: £1,390,000) were received for projects to develop and build new products as part of a Government initiative to provide financial support for innovation. There are no future related costs in respect of these grants which were received solely as compensation for a proportion of the costs incurred in the period.

During the period the Company received other government grants relating to the Coronavirus Job Retention Scheme of £421,000 (2019: £ nil).

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 03 January 2021 (continued)

4. STAFF COSTS

	Period ended 03 Jan 2021 £000	Period ended 29 Dec 2019 £000
Wages and salaries	42,196	38,725
Social security costs	4,534	4,347
Other pension costs (note 19)	2,018	1,824
Share based payment charges (note 20)	817	754
	<u>49,565</u>	<u>45,650</u>

The average number of employees (excluding the Directors) during the period was as follows:

	Period ended 03 Jan 2021 No.	Period ended 29 Dec 2019 No.
Manufacturing, engineering and operations	812	816
Sales and support functions	209	177
	<u>1,021</u>	<u>993</u>

Four directors (2019: five) of the Company served during the period, two (2019: three) of whom are also directors of other Teledyne Group companies. One of these directors (2019: two) did not receive any remuneration in respect of their services to this Company. The other three directors (2019: three) received total remuneration of £576,000 (2019: £726,000) from the Company during the period. These three directors (2019: three) are members of the Company's group stakeholder pension scheme and received company funded pension contributions to a money purchase scheme of £10,000 during the period (2019: £21,000).

The highest paid director received remuneration of £295,000 (2019: £294,000) and the value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £5,000 (2019: £4,000).

During the period three directors (2019: three) including the highest paid director, received share options in respect of qualifying services and one director (2019: two) exercised options during the period.

5. INVESTMENT INCOME

	Period ended 03 Jan 2021 £000	Period ended 29 Dec 2019 £000
Interest receivable from group undertakings	926	507
Bank interest receivable	3	66
	<u>929</u>	<u>573</u>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period ended 03 Jan 2021 £000	As restated Period ended 29 Dec 2019 £000
Interest payable to group undertakings	455	18
Bank interest payable	19	3
Other interest	41	66
	<u>515</u>	<u>87</u>

7. TAX ON PROFIT**Recognised in the profit and loss account**

	Period ended 03 Jan 2021 £000	As restated Period ended 29 Dec 2019 £000
UK corporation tax		
Current tax on income in the period	5,091	5,857
Adjustments in respect of prior periods	911	1,087
Total current tax	<u>6,002</u>	<u>6,944</u>
Deferred tax (note 17)		
Origination and reversal of temporary differences	(82)	(126)
Change in estimated excess tax deductions related to share based payment	-	(207)
Increase in tax rate	(321)	-
Adjustment in respect of prior periods	(933)	(1,025)
Total deferred tax	<u>(1,336)</u>	<u>(1,358)</u>
Tax on profit	<u>4,666</u>	<u>5,586</u>

In addition to the amount charged in the profit and loss account, the following amounts related to tax have been recognised directly in other comprehensive income:

	Period ended 03 Jan 2021 £000	Period ended 29 Dec 2019 £000
Deferred tax		
Relating to cash flow hedges	(20)	48

NOTES TO THE FINANCIAL STATEMENTS
 For the period ended 03 January 2021 (continued)
7. TAX ON PROFIT (continued)

A reconciliation of the tax expense applicable to the accounting profit before tax at the statutory income tax rate to the tax expense at the Company's effective tax rate for the period ended 03 January 2021 and the period ended 29 December 2019 is as follows:

	Period ended 03 Jan 2021 £000	Period ended 29 Dec 2019 £000
Profit before taxation	<u>27,528</u>	<u>31,233</u>
At UK statutory income tax rate of 19% (period ended 29 December 2019: 19%)	5,230	5,934
Non-deductible expenses	(101)	(140)
Tax relief for patent box	(146)	(154)
Share based payments	26	(116)
Adjustment in respect of deferred tax of previous periods	(933)	(1,025)
Adjustment in respect of current tax of previous periods	911	1,087
Change in tax rate	(321)	-
Total tax expense reported in the profit and loss account	<u>4,666</u>	<u>5,586</u>

The UK budget 2021, that was substantively enacted on 10 June 2021, announced that the corporation tax rate will increase from the current 19% to 25% from 01 April 2023.

8. DIVIDENDS

No dividends were paid during the period (period ended 29 December 2019: £12,600,000 (£4.20 per share)).

On 4 March 2021, the Company paid a dividend of £70,051,035.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

9. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Patents and technology £'000	Develop- ment costs £'000	Software £'000	Total £'000
Cost:					
At 30 December 2019	1,703	239	9,919	15,499	27,360
Adjustment to FRS 102	-	-	(9,919)	-	(9,919)
At 30 December 2019 - restated	1,703	239	-	15,499	17,441
Business acquisitions (Note 11)	993	-	-	-	993
Additions	-	-	-	160	160
Reclassifications	-	-	-	-	-
At 03 January 2021	2,696	239	-	15,659	18,594
Amortisation and Impairments:					
At 30 December 2019	1,703	239	9,855	15,040	26,837
Adjustment to FRS 102	-	-	(9,855)	-	(9,855)
At 30 December 2019 - restated	1,703	239	-	15,040	16,982
Provided during the period	49	-	-	259	308
At 03 January 2021	1,752	239	-	15,299	17,290
Net book value:					
At 03 January 2021	944	-	-	360	1,304
At 29 December 2019 - restated	-	-	-	459	459

Goodwill

During the period, as part of a reorganisation within the Teledyne Group, the Company acquired the business and assets of two Teledyne operations and recognised goodwill of £993,000. This is being written off on a straight line basis over a period of 8.5 years.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021

10. TANGIBLE FIXED ASSETS

	Freehold land £'000	Freehold buildings £'000	Short Leasehold premises £'000	Plant and equipment £'000	Office equipment, fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost:							
At 30 December 2019	470	6,354	-	100,259	4,515	11,802	123,400
Business acquisitions (note 11)	-	-	32	189	35	-	256
Additions	-	-	-	-	-	4,495	4,495
Disposals	-	-	-	(53)	-	26	(27)
Reclassifications	-	-	-	4,408	142	(4,550)	-
At 03 January 2021	470	6,354	32	104,803	4,692	11,773	128,124
Depreciation:							
At 30 December 2019	-	5,053	-	83,182	3,962	-	92,197
Provided during the period	-	137	2	4,575	244	-	4,958
Disposals	-	-	-	(52)	-	-	(52)
At 03 January 2021	-	5,190	2	87,705	4,206	-	97,103
Net book value:							
At 03 January 2021	470	1,164	30	17,098	486	11,773	31,021
At 29 December 2019	470	1,301	-	17,077	553	11,802	31,203

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 03 January 2021

11. FIXED ASSET INVESTMENTS

Cost	Investment in subsidiaries £000
Additions	184,708
At 03 January 2021	<u>184,708</u>

At the period end, the Directors undertook a review of the carrying values of the investments in subsidiaries which identified that no investments were impaired.

As at 03 January 2021, the Company has investments in the following subsidiary undertakings. Shares are held directly except where noted below. The Company has control over 100% of the ordinary share capital in respect of each of its subsidiary undertakings.

Name of undertaking	Country of Incorporation	Registered office address	Principal activity
Teledyne Limited	England & Wales	Aviation House, Harmondsworth Lane, West Drayton, Middlesex, UB7 0LQ	Marketing, manufacture & distribution of group products
Teledyne Scientific Imaging Limited ⁽¹⁾	England & Wales	106 Waterhouse Lane, Chelmsford, Essex CM1 2QU	In Liquidation
Teledyne e2v (Overseas) Holdings Limited	England & Wales	106 Waterhouse Lane, Chelmsford, Essex CM1 2QU	In Liquidation
Teledyne Innovaciones Microelectronicas S.L.U.	Spain	5, Pabellon de Italia, Parque Tecnológico Isla de la Cartuja, Calle Isaac Newton, 4, 41092 Sevilla	Electronic component manufacturer
Teledyne Signal Processing Devices Sweden AB	Sweden	Teknikringen 6, SE-583 30 Linköping	Electronic component manufacturer
Teledyne e2v Asia Pacific Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Holding company, sales & distribution
Teledyne e2v (Beijing) Co. Ltd ⁽²⁾	China	Room 101, No. 1 Building, No.9 Jiuxianqiao East Road, Chaoyang District, Beijing	Electronic component manufacturer

⁽¹⁾ held through Teledyne Limited;

⁽²⁾ held through Teledyne e2v Asia Pacific Limited;

On 1 July 2020, the Company issued 6 ordinary shares to its immediate parent company Teledyne e2v Limited in exchange for the entire share capital of Teledyne e2v (Overseas) Holdings Limited, Teledyne Innovaciones Microelectronicas SLU and Teledyne Signal Processing Devices Sweden AB.

On 29 July 2020, the Company issued 2 ordinary shares to its immediate parent company Teledyne e2v Limited in exchange for the entire share capital of Teledyne Limited.

On 12 October 2020, Teledyne e2v (Overseas) Holdings Limited declared a dividend in specie of its shares in Teledyne e2v Asia Pacific Limited transferring the ownership of this entity to the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)**11. FIXED ASSET INVESTMENTS (continued)**

During the period, as part of a reorganisation within the Teledyne Group, the Company acquired the business and assets of two operations from Teledyne Limited and Teledyne Scientific Imaging Limited.

Details of the net assets acquired are provided below, on a combined basis.

	Net Assets acquired £000
Tangible Fixed Assets	256
Stock	365
Debtors	2,308
Creditors: Amounts falling due within one year	(1,931)
Provisions	(245)
	<hr/> 753
Goodwill	993
	<hr/>
Purchase price settled through intercompany loan notes	1,746

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

12. STOCKS

	03 Jan 2021 £000	29 Dec 2019 £000
Raw materials and consumables	9,654	12,503
Work in progress	5,976	5,664
Finished goods and goods for resale	1,276	1,303
	<u>16,906</u>	<u>19,470</u>

Work in progress includes the following amounts in respect of long term contracts:

	03 Jan 2021 £000	29 Dec 2019 £000
Net cost less foreseeable losses	3,088	2,468
Applicable progress billings	-	-
	<u>3,088</u>	<u>2,468</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. DEBTORS

	03 Jan 2021 £000	As restated 29 Dec 2019 £000
Amounts due within one year		
Trade debtors	20,355	18,685
Amounts receivable from parent undertakings	66,722	16,740
Amounts receivable from group undertakings	22,976	28,633
Other debtors	1,844	2,657
Other financial assets (note 22)	1,480	153
Prepayments	1,516	1,661
Accrued income	5,342	3,991
	<u>120,235</u>	<u>72,520</u>
Amounts due after more than one year		
Other financial assets (note 22)	-	58
Deferred tax asset (note 17)	3,626	2,270
	<u>3,626</u>	<u>2,270</u>
	<u>123,861</u>	<u>74,848</u>

Trade debtors include £9,225,000 in respect of amounts recoverable on long term contracts (29 December 2019: £8,008,000).

Accrued income includes £1,427,000 in respect of amounts receivable from group undertakings (29 December 2019: £717,000).

Amounts receivable from group undertakings that arise due to trading between Group entities are unsecured, non-interest bearing and are generally settled for cash on 30-day terms.

Amounts receivable from group undertakings that arise due to financing activities between Group entities are generally repayable upon demand, are unsecured and are interest bearing at 3 months LIBOR plus a margin.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

14. CREDITORS: amounts falling due within one year

	03 Jan 2021 £000	As restated 29 Dec 2019 £000
Progress billings to customers	14,606	6,378
Trade creditors	10,290	13,340
Amounts owed to group undertakings	33,884	21,935
Corporation tax	1,448	2,694
Other taxes and social security	1,483	1,412
Other creditors	2,180	2,117
Other financial liabilities (note 22)	62	120
Accruals and deferred income	6,757	7,075
	<u>70,710</u>	<u>55,071</u>

During the period £5,246,000 (29 December 2019: £11,486,000) of the opening progress billings to customers was recognised as turnover.

Progress billings to customers include £3,760,000 (29 December 2019: £2,289,000) from group undertakings.

Amounts payable to group undertakings that arise due to trading between Group entities are unsecured, non-interest bearing and are generally settled for cash on 30-day terms.

Amounts payable to group undertakings that arise due to financing activities between Group entities are generally repayable upon demand, are unsecured and are interest bearing at 3 months LIBOR plus a margin.

15. CREDITORS: amounts falling due after more than one year

	03 Jan 2021 £000	As restated 29 Dec 2019 £000
Amounts owed to group undertakings	14,000	-
Other creditors	924	1,320
	<u>14,924</u>	<u>1,320</u>

The amounts owed to group undertakings comprises a loan note of £14,000,000 repayable on 28 August 2023. Interest is payable quarterly at an annual fixed interest rate of 1.37255%.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

16. PROVISIONS FOR LIABILITIES

	Onerous contracts £'000	Property dilapidations £'000	Environ- mental £'000	Product warranty £'000	Total £'000
At 30 December 2019	5	-	226	1,295	1,526
Business acquisitions (note 11)	-	242	-	3	245
Arising during the period	15	4	-	324	343
Utilised	-	(2)	-	(327)	(329)
Released in the period	-	-	-	(324)	(324)
At 03 January 2021	20	244	226	971	1,461

Onerous contracts

A provision is recognised for expected losses on contracts in progress at the balance sheet date.

Property dilapidations

A provision is recognised for the expected remedial and reinstatement costs for the Company's properties that are returned to the freeholder on the expiry of the individual lease agreements. The provision represents the value of the latest estimate of future costs.

Environmental

A provision is recognised for expected environmental costs relating to the Company's manufacturing operations. It is expected that these costs will be incurred more than one year from the balance sheet date.

Product warranty

A provision is recognised for expected warranty claims on products sold that are within their warranty period at the end of the financial period. The warranty period can be date or hours usage based. It is expected that £971,000 (29 December 2019: £1,295,000) of these costs will be incurred in the next financial period. Assumptions used to calculate the provision for warranties are based on relevant sales levels and current information available about warranty claims.

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets to the extent that it is probable that these assets will be recovered through expected future taxable profits.

Movement in deferred tax during the period	03 Jan 2021		
	Asset / (liability) £000	Credited to income £000	Credited to OCI £000
Origination and reversal of temporary differences			
Capital allowances	2,902	1,211	-
Share based payment charges	506	114	-
Provisions and accruals	218	11	-
Revaluation of financial instruments	-	-	20
Total (note 13)	3,626	1,336	20

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movement in deferred tax during the period	29 Dec 2019		
	As restated Asset / (liability) £000	As restated Credited to income £000	As restated Charged to OCI £000
Origination and reversal of temporary differences			
Capital allowances	1,691	984	-
Share based payment charges	392	359	-
Provisions and accruals	207	15	-
Revaluation of financial instruments	(20)	-	(48)
Total (note 13)	2,270	1,358	(48)

The UK budget 2021 announced that the corporation tax rate was to be increased to 25% from 1 April 2023. This provision was substantially enacted on 10 June 2021, after the end of the reporting period, and so deferred tax closing balances have been calculated at 19%. Had the rate of 25% been applied to all timing differences expected to crystallise after 1 April 2023, the closing deferred tax balance would have increased by £975,000 to £4,601,000.

The UK budget 2020 announced that the corporation tax rate was to be held at 19% rather than reduced to 17% with effect from 1 April 2020 as previously enacted. This provision was substantially enacted on 17 March 2020, after the end of the 2019 reporting period, and so deferred tax closing balances at 29 December 2019 were calculated at 17%.

There are no income tax consequences for the Company attaching to the payment of dividends to its shareholders.

18. SHARE CAPITAL AND RESERVES

Ordinary shares issued and fully paid of £1 each	Number	£000
At 29 December 2019	3,000,000	3,000
Issued for cash	8	-
At 03 January 2021	3,000,008	3,000

On 01 July 2020, Teledyne e2v Limited subscribed for six additional shares in the Company. On 29 July 2020, Teledyne e2v Limited subscribed for two additional shares in the Company.

The Company has one class of shares which carry no fixed right to income.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 03 January 2021 (continued)

18. SHARE CAPITAL AND RESERVES (continued)

Share premium account

Generally, additions to this account are made when shares are issued, for cash or otherwise, by the Company for amounts in excess of their nominal value. This account can be utilised to issue fully paid bonus shares, to write-off any issue costs. The Company issued two ordinary shares of £1 each to its immediate parent undertaking Teledyne e2v Limited in exchange for each of the following investments:

Investment	Date	Value of Consideration £'000
Teledyne Signal Processing Devices Sweden AB	01 July 2020	12,555
Teledyne e2v (Overseas) Holdings Limited	01 July 2020	25
Teledyne Innovaciones Microelectronicas S.L.U.	01 July 2020	22,548
Teledyne Limited	29 July 2020	149,581

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

19. PENSIONS

The Company contributes to personal pension arrangements for its employees. Costs incurred during the period ended 03 January 2021, in respect of this scheme, were £2,018,000 (period ended 29 December 2019: £1,824,000). Contributions included in creditors at 03 January 2021 amounted to £358,000 (29 December 2019: £364,000).

20. SHARE BASED PAYMENTS

The ultimate parent company, Teledyne Technologies Incorporated operates one share-based award scheme (Share Incentive Plan) where employees of this Company had an interest. This scheme was accounted for as equity settled share-based payments. The share-based payment expense charged to the profit and loss account in respect of this scheme for the period ended 03 January 2021 was £817,000 (period ended 29 December 2019: £754,000).

Share Incentive Plan (SIP)

Options are exercisable at a price based on the estimated fair value of the shares of the ultimate parent company on the date of the grant. The vesting period is three years, and if the options remain unexercised after a period of ten years from the date of the grant, the options expire. Options can be forfeited if the employee leaves the Teledyne group.

The fair value of share options is determined by Teledyne Technologies Incorporated using a lattice-based option pricing model.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

20. SHARE BASED PAYMENTS (continued)

The number and weighted average exercise prices of share options outstanding at the period end, are as follows:

	03 Jan 2021		29 Dec 2019	
	Weighted average exercise price £	Number of options No.	Weighted average exercise price £	Number of options No.
Outstanding at beginning of period	156.75	28,598	141.03	14,910
Granted during the period	294.91	10,640	168.58	16,513
Transferred during the period *	-	-	115.43	232
Forfeited during the period	209.19	(1,059)	156.45	(545)
Exercised during the period	149.82	(5,152)	137.45	(2,512)
Outstanding at the end of the period	200.66	33,027	156.75	28,598
Exercisable at the end of the period	154.82	7,765	144.68	2,464

* During the period, employees from other Teledyne Technologies Incorporated group companies, who already held share options, were transferred to Teledyne UK Limited.

21. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Company as lessee

The Company has entered into commercial leases on certain properties, motor vehicles and items of machinery, where it is not in the best interest of the Company to purchase these assets

Future minimum rentals payable under non-cancellable operating leases at the period end dates are as follows:

	Land and Buildings		Plant and Machinery	
	03 Jan 2021 £000	29 Dec 2019 £000	03 Jan 2021 £000	29 Dec 2019 £000
No later than one year	349	234	56	161
After one year but not more than five years	380	118	-	56
After five years	9	-	-	-
	738	352	56	217

Capital commitments

At 03 January 2021, the Company has commitments of £431,000 (29 December 2019: £2,562,000) principally relating to the acquisition of new plant and equipment.

Contingent liabilities

The Company may be party to legal proceedings and claims which arise in the ordinary course of business and can be material in value. Appropriate provision has been made in these accounts where, in the opinion of the Directors, liabilities are likely to materialise. Furthermore, in the ordinary course of business, the Company may also issue performance and advance payment guarantees to third parties. As at 03 January 2021, guarantees of £9,637,000 (29 December 2019: £9,123,000) were outstanding. The Directors are of the opinion that the risk to the Company associated with these guarantees is not material and consequently no provision is recorded.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 03 January 2021 (continued)

22. FINANCIAL INSTRUMENTS

The Company purchases forward foreign currency contracts to hedge currency exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value	
	03 Jan 2021 £000	29 Dec 2019 £000	03 Jan 2021 £000	29 Dec 2019 £000
Financial assets				
Loans and receivables				
Cash	18,405	12,744	18,405	12,744
Designated and effective as hedging instruments carried at fair value				
Forward currency contracts	95	211	95	211
Held for trading at fair value through profit or loss				
Forward currency contracts	1,385	-	1,385	-
Derivative financial assets	1,480	211	1,480	211
Financial liabilities				
Designated and effective as hedging instruments carried at fair value				
Forward currency contracts	-	(117)	-	(117)
Held for trading at fair value through profit or loss				
Forward currency contracts	(62)	(3)	(62)	(3)
Derivative financial liabilities	(62)	(120)	(62)	(120)

Fair value hierarchy

In accordance with Section 2 of FRS 102, the Company classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

- Level 1 quoted prices (unadjusted) in active markets for identifiable assets or liabilities;
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of forward currency contracts is calculated by management based on external valuations received from the Company's bankers and are based on forward exchange rates. The fair value measurement basis of the instruments is categorised within Level 2. The carrying amount of the other financial instruments of the Company, i.e. short term trade receivables, payables and provisions that are not included in the above table, is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 03 January 2021 (continued)

22. FINANCIAL INSTRUMENTS (continued)

Cash flow hedges – forward exchange contracts

The Company operates a cash flow hedge programme and holds forward exchange contracts to hedge the exchange rate risk arising from anticipated future transactions. These are designated as cash flow hedges and the hedged cash flows are expected to occur and to affect profit or loss within the next financial year. The following table details the forward currency contracts, which have been designated as cash flow hedges, which are outstanding as at the year end.

CASHFLOW	Currency	Average exchange rate	Maturing within 1 year £000	Maturing after 1 year £000
03 January 2021				
US\$ 2,689,751	USD : GBP	1.2288	2,189	-
29 December 2019				
US\$ 18,383,066	USD : GBP	1.2972	13,229	942

The cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges are recorded within the cash flow hedge reserve. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction effects the profit and loss account, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy. Gains and losses transferred from the cash flow hedge reserve into profit or loss during the period are included in cost of sales.

Held for trading at fair value through profit or loss – forward exchange contracts

The Company holds forward exchange contracts which are treated as held for trading at fair value through profit or loss. These are held to mitigate the effect of re-translating non-functional currency monetary assets and liabilities to current period end rates. The following table details the forward currency contracts, which have not been designated as hedges, and which are outstanding as at the period end.

Total currency value of contracts	Currency	Average exchange rate	Maturing within 1 year £000	Maturing after 1 year £000
03 January 2021				
US\$ 87,500,000	USD : GBP	1.3398	65,307	-
EURO 12,200,000	EUR : GBP	1.1206	10,887	-
29 December 2019				
US\$ 30,000,000	USD : GBP	1.3005	23,068	-
EURO 1,400,000	EUR : GBP	1.1712	1,195	-

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 03 January 2021 (continued)

23. POST BALANCE SHEET EVENTS

On 4 March 2021, the Company paid a dividend of £70,051,035 to its immediate parent undertaking, Teledyne e2v Limited.

On 16 March 2021, the Company issued a guarantee with the trustees of the Intelek Pension Scheme, a scheme which belongs to another company in the Teledyne Group, for all present and future obligations and liabilities to make payments to the scheme up to a maximum amount of £8,400,000.

On 10 May 2021, as part of the reorganisation within the Teledyne UK Group, the Company acquired the trade and trading net assets of the remaining businesses of Teledyne Limited and the Paradise Modems business from Teledyne Defence Electronics LLC.

24. PARENT UNDERTAKING AND CONTROLLING PARTY

At the reporting date, the immediate parent undertaking was Teledyne e2v Limited, a company registered in England and Wales. From 23 September 2021, the immediate parent undertaking is Rhombi Holdings Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Teledyne Technologies Incorporated, a company registered in the United States of America. The largest and smallest group that these Company results are consolidated into is that headed by Teledyne Technologies Incorporated. Copies of the group financial statements of Teledyne Technologies Incorporated are available from 1049 Camino Dos Rios, Thousand Oaks, California 91360 USA.