

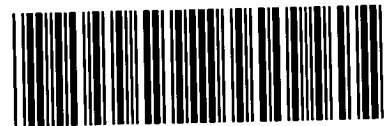
# Teledyne Limited

Registered number: 03863642

## Annual Report

For the period ended 2 January 2022

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**TELEDYNE LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	S Main N J Wargent
<b>Company secretary</b>	N J Wargent
<b>Registered number</b>	03863642
<b>Registered office</b>	106 Waterhouse Lane Chelmsford Essex England CM1 2QU
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD

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**TELEDYNE LIMITED**

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## TELEDYNE LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 2 JANUARY 2022

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#### Introduction

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

#### Business review and principal activity

Prior to 10 May 2021, the company's principal activity during the period was the marketing, manufacture and distribution of Teledyne Group products mainly through our Aerospace and Defence Electronics and Marine Instrumentation segments. The company operated in a number of industries, including commercial avionics, space, oil and gas and defence industries, selling and providing services for niche instrumentation products, electronic subassemblies and other components.

On 10 May 2021, the remaining trade and associated net assets of the company were transferred to Teledyne UK Limited, the company's immediate parent undertaking in exchange for an intercompany loan note of £45,184,000.

The loss for the period after taxation amounted to £979,000 (3 January 2021: loss of £2,892,000).

For the period to 10 May 2021, the company continued to see improved performance in the Marine Instrumentation segment, but this was offset by the reduction in activity in the Aerospace and Defence Electronics segment due to the transfer of the Teledyne Controls business to Teledyne UK Limited on 30 November 2020. The company reported an improvement in annual net interest of £1,118,000 arising from the interest income on the loan note referred to above.

#### Key performance indicators

The company's key performance indicators, were as follows:

	2 January 2022 £'000	3 January 2021 £'000
Turnover	25,910	77,837
Operating loss	(1,337)	(2,376)
Operating loss margin	(5.2) %	(3.1) %
Loss after tax	(979)	(2,892)

Following the transfer of the trade, managed working capital is no longer considered a key performance indicator for the company.

#### Principal risks and uncertainties

The significant risks and uncertainties faced by the company are set out below:

##### *Financial risk*

The company's remaining operations expose it to a variety of financial risks including the effects of changes in interest rates, foreign currency exchange rates and liquidity risk.

The company's principal financial instruments comprise cash and bank deposits, Teledyne Group debt, both loan notes and balances under a revolving credit facility.

The main risks arising from the company's financial instruments can be analysed as follows:

##### *Interest rate risk*

The company undertakes loan arrangements with both intergroup and external sources, which expose it to interest rate risk. Interest charges are incurred and interest income is received, on a market rate, arms-length basis. Interest rates can change based on market forces, which are outside of the company's control.

**STRATEGIC REPORT (continued)**  
**FOR THE PERIOD ENDED 2 JANUARY 2022**

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***Foreign currency risk***

Following the transfer of the trade, the company holds bank deposits and balances with other Teledyne Group companies in foreign currency, which exposes it to foreign currency translation risk. Translation risk is associated with changes in the value of the company's foreign currency monetary assets and liabilities due to movements in exchange rates. The company hedges its exchange rate risk against balances denominated in this currency.

***Liquidity risk***

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

***Future developments and post balance sheet events***

The company will continue to wind down its operations.

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The directors have taken account of these potential impacts in their going concern assessment.

This report was approved by the board on 11 November 2022 and signed on its behalf by

*Nick Wargent*

N Wargent  
Director

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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The directors present their report and the financial statements for the period ended 2 January 2022.

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the company's financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The loss after taxation, for the period amounted to £979,000 (3 January 2021: loss of £2,892,000).

No dividends were paid in the period ended 2 January 2022 (3 January 2021: £nil).

No dividends were declared or paid between the reporting date and the date of signing these financial statements.

**Research and development**

Prior to the transfer of trade in May 2021, the company continued to commit significant resources to existing product enhancement as well as the introduction of new products for established and emerging markets. Resource was also invested in the training of young scientists and engineers. Customers funded directly a proportion of expenditure on product enhancement and new product development.

**Directors**

The directors who served during the period and thereafter were:

S Main  
N J Wargent

**DIRECTORS' REPORT (continued)  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**Community and environment**

The Teledyne 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 company has complied with the UK Streamlined Energy and Carbon Reporting (SECR) requirements along with other UK entities that are part of the UK organizational structure of Teledyne Technologies Incorporated. The relevant information is reported in our highest UK entity, Rhombi Holdings Limited.

**Going concern**

The company meets its day to day liquidity requirements through intercompany advances from its immediate parent undertaking, Teledyne UK Limited. Subsequent to the transfer of the trade and associated net assets of the company to Teledyne UK Limited, the company's Balance Sheet remained solvent and it has been able to meet its liabilities as they fall due. Thus the company continues to adopt the going concern basis of accounting in preparing the annual financial statements notwithstanding that the company's activities are now discontinued.

**Matters covered in the Strategic Report**

Details of business review, future developments, post balance sheet events and principal risks and uncertainties can be found in the Strategic Report.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 11 November 2022 and signed on its behalf.

*Nick Wargent*

**N Wargent  
Director**

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

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**Opinion**

We have audited the financial statements of Teledyne Limited (the 'company') for the period ended 2 January 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 January 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

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



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

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial 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.

**Matters on which we are required to report by exception**

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

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

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

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

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**Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

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

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We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

**Use of the audit 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.

Anna Campbell  
Anna Campbell (Nov 15, 2022 08:54 GMT)

Anna Campbell (Senior statutory auditor)

for and on behalf of

Mazars LLP  
Chartered Accountants and Statutory Auditor  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

Nov 15, 2022

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**TELEDYNE LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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	Note	2 January 2022 £'000	3 January 2021 £'000
Turnover	4	25,910	77,837
Cost of sales		(22,255)	(60,834)
<b>Gross profit</b>		<b>3,655</b>	<b>17,003</b>
Selling and distribution expenses		(748)	(3,867)
Administrative expenses		(4,273)	(16,075)
Other operating income		29	563
<b>Operating loss</b>	5	<b>(1,337)</b>	<b>(2,376)</b>
Interest receivable and similar income	9	680	33
Interest payable and similar expenses	10	(20)	(491)
<b>Loss before tax</b>	11	<b>(677)</b>	<b>(2,834)</b>
Tax on loss		(302)	(58)
<b>Loss for the financial period</b>		<b>(979)</b>	<b>(2,892)</b>

There were no recognised gains and losses for the current and prior period other than those included in the Profit and Loss Account.

On 10 May 2021, the remaining trade and associated net assets of the company were transferred to Teledyne UK Limited, the company's immediate parent undertaking. All the company's activities are therefore discontinued.

The notes on pages 12 to 31 form part of these financial statements.

**BALANCE SHEET  
AS AT 2 JANUARY 2022**

	Note	£'000	2 January 2022 £'000	£'000	3 January 2021 £'000
<b>Fixed assets</b>					
Intangible fixed assets	12		-		24,091
Tangible fixed assets	13		-		10,637
Investments	14		-		1,329
					36,057
<b>Current assets</b>					
Stocks	15	-		9,271	
Debtors: amounts falling due after more than one year	16	-		1,252	
Debtors	16	49,396		30,660	
Cash and cash equivalents		5,047		7,434	
		54,443		48,617	
Creditors: amounts falling due within one year	17	(485)		(27,059)	
<b>Net current assets</b>			53,958		21,558
<b>Total assets less current liabilities</b>			53,958		57,615
<b>Provisions for liabilities</b>					
Provisions	20		-		(2,716)
<b>Net assets</b>			53,958		54,899
<b>Capital and reserves</b>					
Called up share capital	21		578		578
Profit and loss account	22		53,380		54,321
			53,958		54,899

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 November 2022.

*Nick Wargent*

N J Wargent  
Director

The notes on pages 12 to 31 form part of these financial statements.

**TELEDYNE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 2 JANUARY 2022**

	Share capital £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total equity £'000
<b>At 29 December 2019</b>	3,532	54,236	(144)	57,624
<b>Comprehensive loss for the period</b>				
Loss for the period	-	-	(2,892)	(2,892)
Credit to equity for share based payments	-	-	167	167
<b>Total comprehensive loss for the period</b>	-	-	(2,725)	(2,725)
<b>Distribution to owners</b>				
Capitalisation of capital contributions	54,236	(54,236)	-	-
Capital reduction	(57,190)	-	57,190	-
<b>At 3 January 2021</b>	578	-	54,321	54,899
<b>Comprehensive loss for the period</b>				
Loss for the period	-	-	(979)	(979)
Credit to equity for share based payments	-	-	38	38
<b>Total comprehensive loss for the period</b>	-	-	(941)	(941)
<b>At 2 January 2022</b>	578	-	53,380	53,958

The notes on pages 12 to 31 form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**1. General information**

Teledyne Limited is a private company limited by shares and registered in England and Wales. The company's registered office and trading address is 106 Waterhouse Lane, Chelmsford, Essex, England, CM1 2QU. The company's registered number is 03863642.

These financial statements have been prepared for a period of 52 weeks (period ended 3 January 2021: 53 weeks) and are presented in the company's functional currency of Pound Sterling (£), as this is the currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest £'000.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 – reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland:

- 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;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Teledyne Technologies Incorporated as at 2 January 2022 and these financial statements may be obtained from 1049 Camino Dos Rios, Thousand Oaks, CA, USA 91360.

**2.3 Exemption from preparing consolidated financial statements**

The company was a parent company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**2. Accounting policies (continued)**

**2.4 Going concern**

The company's business activities, together with the factors likely to affect its future developments, performance and position are set out in the Strategic Report. The Strategic Report further describes the financial position of the company; its liquidity position; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The company meets its day to day working capital requirements through intercompany advances from its immediate parent undertaking, Teledyne UK Limited. Subsequent to the transfer of the trade and associated net assets of the company to Teledyne UK Limited, the company's Balance Sheet remained solvent and it has been able to meet its liabilities as they fall due. Thus the company continues to adopt the going concern basis of accounting in preparing the annual financial statements notwithstanding that the company's activities are now discontinued.

**2.5 Foreign currency translation**

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing exchange rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Profit and Loss Account within administrative expenses.

**2.6 Revenue**

The company's revenue related to its principal activity during the period which was the marketing, manufacture and distribution of group products. The company operates in a number of industry segments, including commercial avionics, oil and gas and defence industries, selling and providing services for niche instrumentation products, electronic subassemblies and other components.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**2. Accounting policies (continued)**

**2.6 Revenue (continued)**

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.7 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.8 Research and development**

All research and development costs are expensed in the period they are incurred.

**2.9 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and Loss Account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

**2.10 Interest income**

Interest income is recognised in the Profit and Loss Account using the effective interest method.

**2.11 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**2. Accounting policies (continued)**

**2.12 Pensions**

The company contributes to group stakeholder arrangements for its employees. The pension cost is the amount of contributions payable in the period and is recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

**2.13 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Profit and Loss Account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Profit and Loss Account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Profit and Loss Account is charged with fair value of goods and services received.

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.

The company measures its share based payment expense on the basis of an allocation from its group which is based on options held by employees of the company.

**2.14 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**2. Accounting policies (continued)****2.14 Current and deferred taxation (continued)**

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.15 Intangible fixed assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to administration expenses in the Profit and Loss Account over its useful economic life of 7 to 10 years.

**Contract fulfillment costs**

Contract fulfillment costs incurred to ensure that a customer specific project has appropriate operational and technical infrastructures in place to enable the full delivery of the contract are included within intangible fixed assets as contract fulfillment costs. The company amortises these assets on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer. The expense is recognised in the Profit and Loss Account in the period.

**2.16 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- over 50 years
Long-term leasehold property	- over respective lease term
Plant and machinery	- over 3-10 years
Office equipment	- over 3-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**2. Accounting policies (continued)**

**2.17 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.18 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.19 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Profit and Loss Account.

**2.20 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.21 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.22 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.23 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the period that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**2. Accounting policies (continued)**

**2.23 Provisions for liabilities (continued)**

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.24 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. Derivatives are initially recognised at fair value at the date a derivative contract is entered into. The company's derivatives have not been designated as fair value or cash flow hedges and are valued at mark to market and any fair value movement thereon is recognised in the Profit and Loss Account.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**2. Accounting policies (continued)****2.25 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

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

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

Following the transfer of the business and associated net assets to Teledyne UK Limited, the critical judgements made by the directors in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements, has reduced to revenue recognition only.

**Revenue recognition**

Certain complex and long term contracts undertaken by the company require regular assessment of progress against the contracted deliverables and price to assess revenue to be recognised, and to recognise any foreseeable losses. In addition, determining the amount of revenue to be recognised on certain long term contracts requires an estimate of future costs to be incurred up to the completion of a project. These estimates are reviewed on a regular basis throughout the period and adjustments made accordingly.

**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2 January 2022 £'000</b>	<b>3 January 2021 £'000</b>
Sales of electronic instrumentation	<b>16,186</b>	45,019
Sales of cables and connectors for defence and oil and gas markets	<b>4,903</b>	16,491
Service and repair sales	<b>4,307</b>	4,869
Sale of components for avionics products	<b>514</b>	11,326
Other	-	132
	<b>25,910</b>	<b>77,837</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**
**4. Turnover (continued)**

Analysis of turnover by country of destination:

	2 January 2022 £'000	3 January 2021 £'000
United Kingdom	9,102	30,847
Europe	3,480	14,996
Rest of the World	13,328	31,994
	<u>25,910</u>	<u>77,837</u>

**5. Operating loss**

The operating loss is stated after charging/(crediting):

	2 January 2022 £'000	3 January 2021 £'000
Research and development charged as an expense	1,797	6,265
Exchange differences	96	3,573
Operating lease rentals – land and buildings	299	1,037
Operating lease rentals – plant and equipment	344	672
Depreciation of owned tangible fixed assets	856	1,827
Investment (write back) / impairment	(3)	95
Amortisation of intangible fixed assets	1,653	4,891
Gain on sale of tangible fixed assets	(16)	(40)
Research and development credit income	(212)	(689)
Job retention scheme grant income	(29)	(563)
Restructuring costs within cost of sales	-	509
Restructuring costs within administrative expenses	-	181
Restructuring costs within selling and distribution expenses	-	188
	<u></u>	<u></u>

**6. Auditor's remuneration**

	2 January 2022 £'000	3 January 2021 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	26	55
	<u></u>	<u></u>
<b>Fees payable to the company's auditor in respect of:</b>		
All other services	3	5
	<u></u>	<u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**
**7. Employees**

Staff costs, including directors' remuneration where employed by the company, were as follows:

	2 January 2022 £'000	3 January 2021 £'000
Wages and salaries	6,445	18,852
Social security costs	627	2,054
Wages and salaries severance costs	24	937
Pension costs	280	984
	<u>7,376</u>	<u>22,827</u>

Included in wages and salaries is a total expense for equity-settled share based payments of £38,000 (3 January 2021: £167,000).

Pension costs constitute company contributions to the group stakeholder plan.

The monthly average number of employees, including the directors, during the period was as follows:

	2 January 2022 No.	3 January 2021 No.
Selling and distribution	13	50
Administration	10	39
Manufacturing and development	131	430
	<u>154</u>	<u>519</u>

**8. Directors' remuneration**

	2 January 2022 £'000	3 January 2021 £'000
Directors' emoluments	18	329
Contributions paid to money purchase pension schemes	-	6
	<u>18</u>	<u>335</u>

The directors of the company that served during the period were also directors of other Teledyne Group companies.

Neither of the directors (3 January 2021: 2) received any remuneration in respect of their services to this company. Some of the remuneration of one of the directors (3 January 2021: 1) was recharged to the company during the period as part of a management services charge of £18,000 (3 January 2021: £82,000).

In the previous period, one director, who was the highest paid director, received remuneration of £247,000, including £159,000 of termination payments. The director was a member of the company's group stakeholder pension scheme and received company funded pension contributions to a money purchase scheme in total of £6,000. The director received shares in respect of qualifying services and also exercised options during the previous period.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022

9. Interest receivable and similar income

	2 January 2022 £'000	3 January 2021 £'000
Interest receivable	680	33

10. Interest payable and similar expenses

	2 January 2022 £'000	3 January 2021 £'000
Other interest payable	20	491

11. Taxation

	2 January 2022 £'000	3 January 2021 £'000
<b>Corporation tax</b>		
Current tax on loss for the period	279	220
Adjustments in respect of previous periods	(84)	410
<b>Total current tax</b>	<b>195</b>	<b>630</b>
<b>Foreign Tax</b>	<b>30</b>	<b>-</b>
<b>Deferred tax</b>		
Current period (credit) / charge	(72)	18
Adjustments in respect of previous periods	149	(456)
Effects of change in tax rate	-	(134)
<b>Total deferred tax</b>	<b>77</b>	<b>(572)</b>
<b>Taxation on loss on ordinary activities</b>	<b>302</b>	<b>58</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**
**11. Taxation (continued)****Factors affecting the tax charge for the period**

The tax assessed for the period is higher than (3 January 2021: higher than) the standard rate of corporation tax in the UK of 19% (3 January 2021: 19%). The differences are explained below:

	2 January 2022 £'000	3 January 2021 £'000
Loss on ordinary activities before tax	(677)	(2,834)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (3 January 2021: 19%)	(128)	(538)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	337	865
Adjustments in respect of previous periods	65	(46)
Share based payments	(2)	(89)
Foreign tax	30	-
Effects of change in tax rate on deferred tax	-	(134)
<b>Total tax charge for the period</b>	<b>302</b>	<b>58</b>

**Factors that may affect future tax charges:**

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%.

**12. Intangible fixed assets**

	Contract fulfilment costs £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 4 January 2021	770	50,735	51,505
Disposal of business	(770)	(50,735)	(51,505)
<b>At 2 January 2022</b>	-	-	-
<b>Amortisation</b>			
At 4 January 2021	248	27,166	27,414
Charge for the period	80	1,573	1,653
Disposal of business	(328)	(28,739)	(29,067)
<b>At 2 January 2022</b>	-	-	-
<b>Net Book Value</b>			
<b>At 2 January 2022</b>	-	-	-
At 3 January 2021	522	23,569	24,091

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**
**13. Tangible fixed assets**

	Freehold property £'000	Long-term leasehold property £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
<b>Cost</b>					
At 4 January 2021	4,919	276	10,885	935	17,015
Additions	-	-	671	-	671
Disposals	-	-	(3)	-	(3)
Disposal of business	(4,919)	(276)	(11,553)	(935)	(17,683)
<b>At 2 January 2022</b>	-	-	-	-	-
<b>Depreciation</b>					
At 4 January 2021	552	58	4,936	832	6,378
Charge for the period	378	17	325	136	856
Disposals	-	-	(3)	-	(3)
Disposal of business	(930)	(75)	(5,258)	(968)	(7,231)
<b>At 2 January 2022</b>	-	-	-	-	-
<b>Net Book Value At 2 January 2022</b>	-	-	-	-	-
<b>At 3 January 2021</b>	4,367	218	5,949	103	10,637

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**TELEDYNE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**14. Fixed asset investments**

	Investment in subsidiary companies £'000
<b>Cost</b>	
At 4 January 2021	1,424
Liquidation of subsidiary	(1,424)
<b>At 2 January 2022</b>	-
<b>Provision for impairment</b>	
At 4 January 2021	(95)
Liquidation of subsidiary	92
Written back to profit and loss account	3
<b>At 2 January 2022</b>	-
<b>Carrying Value</b>	
<b>At 2 January 2022</b>	-
At 3 January 2021	1,329

The subsidiary undertaking was Teledyne Scientific Imaging Limited, with registered office at 106, Waterhouse Lane, Chelmsford, England CM1 2QU. The company held 100% of the issued ordinary shares of the subsidiary.

During the prior period the trade and assets of Teledyne Scientific Imaging Limited were transferred to Teledyne UK Limited, the company's immediate parent undertaking. The subsidiary was dissolved on 6 August 2022.

**15. Stocks**

	2 January 2022 £'000	3 January 2021 £'000
Raw materials	-	5,868
Work in progress	-	2,857
Finished goods and goods for resale	-	546
	-	9,271

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**
**16. Debtors**

	2 January 2022 £'000	3 January 2021 £'000
<b>Due after more than one year</b>		
Deferred tax asset (note 19)	-	1,252
<b>Due within one year</b>		
Trade debtors	-	10,517
Amounts owed by group undertakings (note 29)	48,908	562
Prepayments and accrued income	3	17,807
Other debtors	188	823
Corporation tax	297	-
Other taxation and social security	-	561
Derivative financial asset (note 28)	-	390
	<b>49,396</b>	<b>30,660</b>

During the period, the company received a loan note of £45,184,000 as consideration for the transfer of the business and associated net assets of the company. This loan is repayable on demand, with interest payable monthly at an annual fixed interest rate of 1.736%.

Other 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.

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.

**17. Creditors**

	2 January 2022 £'000	3 January 2021 £'000
Trade creditors	11	7,339
Amounts owed to group undertakings (note 29)	296	13,684
Accruals and deferred income	146	3,099
Customer deposits	-	2,068
Corporation tax	-	189
Pension (note 24)	-	154
Other taxation and social security	32	520
Derivative financial liability (note 28)	-	6
	<b>485</b>	<b>27,059</b>

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**
**18. Financial Instruments**

	2 January 2022 £'000	3 January 2021 £'000
<b>Financial assets</b>		
Financial assets representing cash and cash equivalents	5,047	7,434
Financial assets that are debt instruments measured at amortised cost	49,096	28,641
	<u>54,143</u>	<u>36,075</u>
<b>Financial liabilities</b>		
Financial instruments measured at amortised cost	(453)	(25,423)

Financial assets comprise trade and other receivables and cash and cash equivalents that are measured at initial recognition at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised including where there is objective evidence that the asset is impaired. Cash and cash equivalents comprises cash in hand.

Financial liabilities comprise trade and other payables that are measured at initial recognition at fair value and subsequently at amortised cost.

**19. Deferred taxation**

	2 January 2022 £'000
At beginning of period	1,252
Credited to profit and loss account – current period	72
Charged to profit and loss account – prior period	(149)
Disposal of business	(1,175)
<b>At end of period</b>	<u>-</u>

The deferred tax asset is made up as follows:

	2 January 2022 £'000	3 January 2021 £'000
Accelerated capital allowances	-	915
Other timing differences	-	266
Financial derivative instruments	-	71
	<u>-</u>	<u>1,252</u>

The UK Budget 2021 announced that the rate of corporation tax was to be increased to 25% with effect from 1 April 2023. This provision was substantially enacted on 10 June 2021. At 3 January 2021, the UK deferred tax balances had been calculated based on the corporation tax rate of 19%, the rate which was substantively enacted at that date. No deferred tax balances are recognised at 2 January 2022.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**
**20. Provisions**

	Property provision £'000	Warranty provision £'000	Total £'000
At 4 January 2021	2,130	586	2,716
Charged to profit and loss account	21	181	202
Utilised in period	(60)	-	(60)
Disposal of business	(2,091)	(767)	(2,858)
<b>At 2 January 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Property provision**

The company provides for obligations relating to reinstatements of its leasehold properties. The provision represents the value of the future estimated costs. The amount payable is dependent on the latest estimate of future costs. The timing of payments is dependent on the timing of the exit of property leases.

**Warranty provision**

The warranty provision relates to expected product warranty claims based on historical experience of claims on products sold in the last one to five years, depending on the product line.

**21. Share capital**

	2 January 2022 £'000	3 January 2021 £'000
<b>Allotted, called up and fully paid</b>		
57,767,819 (3 January 2021: 57,767,819) Ordinary shares of £0.01 (3 January 2021: £0.01) each	578	578

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

In the previous period, the company carried out a bonus issue of shares by capitalising an amount of £54,235,719 (being the amount standing to the credit of the company's capital contribution reserve) and applying that sum in paying up in full 54,235,719 ordinary shares of £1 each which were allocated to the sole shareholder of the company. Subsequent to the bonus issue of shares the company reduced its share capital by reducing the nominal value of each issued fully paid up share from £1.00 to £0.01.

**22. Reserves****Profit and loss reserve**

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

**Capital contribution reserve**

The capital contribution reserve represented additional capital contributions provided by affiliated entities.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**23. Discontinued operations**

On 10 May 2021, the trade and associated net assets of the company were transferred to Teledyne UK Limited, the company's immediate parent undertaking.

Net assets disposed of, and the related sale proceeds were as follows:

	<b>£'000</b>
Tangible fixed assets	10,452
Intangible fixed assets	442
Current assets (including deferred tax asset of £1,175,000)	29,472
Creditors	(14,320)
Provisions for liabilities	(2,858)
Net assets	<hr/> 23,188
Related goodwill	21,996
	<hr/>
<b>Sale proceeds</b>	<b>45,184</b>
	<hr/>
Satisfied by receipt of loan notes	45,184
	<hr/>

**24. Employee benefits**

The company contributes to group stakeholder arrangements for its employees. The total expense charged to profit or loss in the period ended 2 January 2022 was £280,000 (3 January 2021: £984,000). Amounts payable included in creditors at the reporting date are £nil (3 January 2021: £154,000).

**25. Capital commitments**

There were no capital commitments as at 2 January 2022 (3 January 2021: £526,000).

**26. Contingent liabilities**

There were no contingent liabilities at 2 January 2022.

As at 3 January 2021, the following contingent liabilities existed:

A guarantee with the trustees of the Inteltek Pension Scheme, a scheme which belongs to another Teledyne Technologies Incorporated group company, of all present and future obligations and liabilities to make payments to the scheme up to a maximum of £8,400,000. This was cancelled in March 2021.

An indemnity of up to £150,100 with Aerospace Engineering Investments Limited relating to any claims or costs resulting from the members' voluntary liquidation of Aerospace Engineering Investments Limited, a former associated undertaking of the company. This lapsed during the period.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**


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**27. Commitments under operating leases**

At 2 January 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2 January 2022 £'000	3 January 2021 £'000
<b>Land &amp; buildings</b>		
Within one year	-	985
Between one and five years	-	2,948
After 5 years	-	1,849
	<hr/> -	<hr/> 5,782
<b>Other</b>		
Within one year	-	920
Between one and five years	-	1,117
After five years	-	14
	<hr/> -	<hr/> 2,051

**28. Other financial commitments**

Prior to the transfer of trade the company entered into forward foreign currency contracts to hedge the impact on profit or loss of exchange rate risk upon revaluation of trade debtors, accrued income, trade creditors, and intercompany balances with a related entity, which are not denominated in GBP Sterling. The derivatives were not designated as fair value or cash flow hedges and were valued at mark to market with any fair value movement recognised in profit or loss. All forward exchange contracts expired within three months. There were no contracts outstanding at 2 January 2022.

Derivative assets and liabilities recognised in debtors and creditors relating to forward foreign currency contracts amount to a net asset of £nil (3 January 2021: £384,000).

**29. Related party transactions**

Advantage has been taken of the exemption granted by FRS 102 not to report details of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by the same parent undertaking.

**30. Post balance sheet events**

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The directors have taken account of these potential impacts in their going concern assessment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2022**

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**31. Parent undertaking and controlling party**

The company's immediate parent undertaking is Teledyne UK Limited, a company registered in England and Wales.

The company's ultimate parent undertaking is Teledyne Technologies Incorporated. Teledyne Technologies Incorporated has included the company in its group financial statements, which is the smallest and largest group for which group financial statements are available. Copies of the consolidated financial statements are available from its registered office: 1049 Camino Dos Rios, Thousand Oaks, CA 91360.

In the directors' opinion, the company has no ultimate controlling party due the listed status of the ultimate parent undertaking.