

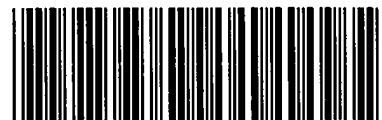
Company Registration No. 04578449

Raymarine UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

COMPANIES HOUSE
28 SEP 2023



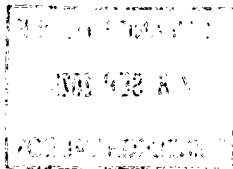
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Raymarine UK Limited

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Directors' Report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2022.

Branches

On 3 January 2022 the business assets of the Company's Danish branch, Raymarine Denmark, were sold to a sister company, Teledyne Reson A/S for DKK1.4m (£166k). The profit on sale of the branch assets was DKK1.1m (£126k). The branch had two employees who were also transferred to Teledyne Reason A/S. The Danish branch has subsequently been deregistered in July 2022.

Dividends

On 29 December 2022 an interim dividend of £47,082,917 was paid to RIHL Ltd (2021: £11,073,406).

Directors and directors' interests

The directors who held office throughout the year and to the date of signing were as follows:

Grégoire Outters
Nicholas Wargent, also Company Secretary
Melanie Cibik

No director held any shares in the Company during current or previous financial years.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this annual report confirms 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 in order 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.

Directors' Report (continued)

Streamlined Energy and Carbon Reporting (SECR) for period 1 January 2022 to 31 December 2022 (with comparatives)

Energy Consumption	Unit	2022	2021
Mains electricity	Kwh	920,957	965,993
Transport fuel - company fleet	Kwh	22,382	14,563
Transport fuel - business travel in employee-owned vehicles	Kwh	14,520	11,969
Fuel used in Boat	Kwh	114,936	146,046
Total energy consumption	Kwh	1,072,794	1,138,571

Emissions - mandatory SECR reporting	Unit	2022	2021
Purchased electricity (scope 2, location-based)	Kg CO2e	177,745	186,437
Combustion of fuel for transport (Scope 1 - company fleet)	Kg CO2e	5,134	3,479
Combustion of fuel for transport (Scope 1 - business travel in employee-owned vehicles)	Kg CO2e	2,626	2,972
Combustion of fuel used in Boat	Kg CO2e	32,080	40,763
Total gross emissions for which SECR reporting required	Kg CO2e	217,584	233,651

		2022	2021
Number of employees		191	189
Intensity ratio (per employee)	tCO2e	1.14	1.24

Notes

Mains electricity consumption data is derived from invoices from energy supplier.

Fleet fuel data and employee own vehicles has been compiled using miles information from the Company's expense handling software.

The boat fuel has been obtained from the Company's expense handling software.


Emissions have been calculated using the 2020 UK Government Greenhouse Gas Conversion Factors for Company reporting.

Reducing our carbon footprint

The Company takes seriously the effect our business has on the environment. As a result of covid we were not able to initiate many significant changes to reduce our carbon footprint. However we began, towards the end of the year, to replace the air conditioning system in the Fareham head office which we expect to reduce energy consumption by up to 40%. The new system uses a refrigerant which is not so harmful to the environment as our old fixed speed air conditioning unit.

Raymarine UK Limited
Marine House
Cartwright Drive
Fareham
Hampshire
PO15 5RJ

By order of the Board


Grégoire Outters (Sep 28, 2023 11:52 GMT+1)

Grégoire Outters
Director

Sep 28, 2023

Strategic Report

Principal activities

Raymarine products are engineered to deliver the very best in visual navigation information and with a legacy of marine technology spanning over 80 years, we are renowned today for ease-of-use, rugged design, and reliability.

FLIR Maritime thermal imaging systems are used by thousands of military, first responder, commercial and recreational mariners every day for navigation, collision avoidance, threat detection, surveillance, and search and rescue missions.

Until 30 June 2020 Raymarine UK Ltd supplied research & development expertise, and sales, marketing and administrative support to FLIR Belgium BV, within a contractual agreement which is based on costs incurred to be recharged plus a mark-up. After 1 July 2020, when it purchased the Maritime Intellectual Property from Raymarine Belgium BV, it then became the Principal beneficial owner of the Raymarine business and FLIR Belgium BV became the undisclosed Agent/Commissionaire for Raymarine UK Limited.

Business review

The Company continues to be a leader in the development and sale of high-performance marine electronics for the recreational boating and light commercial marine markets. The Company offers a full system solution to customers around the world encompassing multifunctional displays, sonar, radar, instruments, autopilots, fish-finders, navigation aids and charts, VHF radio and various accessories. Since 14th May 2021 the Company has been owned by Teledyne Technologies Inc. following the acquisition of its ultimate parent company FLIR Systems Inc. by Teledyne Technologies Inc.

The COVID-19 pandemic and the various measures implemented by governments around the world to help control the spread of the virus, including quarantines, “stay at home” orders and travel restrictions, business trading restrictions, school and university closures had a strong negative impact upon our market initially, and therefore, to our revenues in the first half of 2020 which saw a marked year-on-year decline in revenue for Raymarine Group.

However, the market recovered quickly in the second half of 2020 and that recovery continued into 2021. The Pandemic created an increase in interest in socially-distanced activities with the Maritime sector observing more first-time buyers / participants entering the market as outdoor recreation (including boating, RVing, camping and powersports) captured mindshare and many consumers explored “safer” recreational alternatives.

The continued market rebound is reflected in the Maritime Division’s 2021 performance with bookings, revenue and operating profit all up strongly against the prior year. Reflecting the wider electronic industry’s challenges sourcing electrical components in the second-half of 2021, bookings exceeded sales and the business entered 2022 with an unprecedented order backlog despite the strong 2021 sales performance.

After the Pandemic-induced market bounce in the second-half of 2020 and 2021, the market returned to more normal levels in 2022 and orders followed. The challenges related to the sourcing of electrical components also eased significantly, greatly improving product availability. The latter enabled the business to significantly reduce the order backlog through 2022, ending 2022 with an order backlog closer to historic norms. This backlog partly compensated for the market returning to normal levels and fx headwinds, with the Maritime Division declining 5% compared to 2021. In constant fx rates the business grew by 1.5%.

Trading

Prior to 1 July 2020 the Company provided marine electronic equipment research and development, sales, order processing, customer service, engineering, marketing and supply chain services to FLIR Belgium BV and earned revenue through the recharge of costs to FLIR Belgium BV at agreed marks up varying between 9% and 15%.

On 1 July 2020 FLIR Belgium BV sold its marine and thermal electronics intellectual property assets and assigned its service level agreements to Raymarine UK Limited for \$67.9m. The Company has issued a promissory note to FLIR Belgium BV for this. This has changed the nature of the relationship between Raymarine UK Limited and FLIR Belgium such that FLIR Belgium became the undisclosed agent commissioner for Raymarine UK after this date. With this transfer Raymarine UK Limited is responsible for the risks and rewards of the Maritime business worldwide and its Revenue fluctuates in line with the performance of this business.

Performance of the Company is accordingly and primarily reviewed and assessed in the aggregate as the Maritime Business Unit, a component of Teledyne’s Digital Imaging Segment, by the Maritime Executive Leadership Team.

Strategic Report (continued)

Trading (continued)

As the Company operates primarily as a service provider to the wider group, there are no other Key Performance Indicators that the Board uses to assess performance of the Company. A comprehensive analysis of the performance of the Teledyne Technologies Incorporated Group, in which Raymarine UK Limited is consolidated, is available to the public as set out in note 27 to the financial statements.

During the year the directors reviewed the business and trading of its subsidiaries and investments it holds which did not result in any changes to impairment to fixed asset investments (in 2021: Nil) – see Notes 10 and 13.

Principal risks and uncertainties

The Board has a pro-active approach to risk management with the aim of protecting its employees and customers and safeguarding the interests of the Company and its shareholders. The Company has specific policies in place to ensure that risks are properly evaluated and managed at the appropriate level within the business. A risk assessment exercise is carried out across the Company regularly and the outcome is reviewed by the Board.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Economic market uncertainty

The current economic conditions create uncertainty particularly over the level of demand for the Company's products. Inflation, particularly in the cost of fuel, and the impact on the cost of borrowing in an attempt to control inflation levels is causing some marine leisure market to slow. Markets most impacted are the Americas and smaller boats. However, not all markets are impacted, with the market for larger boats is still buoyant. To mitigate against this the Board continually strives to develop best in class products at a competitive price, and to prioritise investment towards market segments less impacted by economic downturns. In addition there is an on-going review of operating expenditure to ensure costs are at a level appropriate to levels of trading.

Section 172 report

The board of directors of Raymarine UK Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its stakeholders as a whole in the decisions taken during the year ended 31 December 2022. Raymarine UK Limited is a subsidiary of Teledyne Technologies Inc and also manages the Raymarine Group of companies and recognizes that its success is irrevocably tied to that of both of these groups.

Strategic Report (continued)

As a board we have regard when making our decisions, amongst other matters, to the following:

Long term consequences

Three year strategic plans are prepared and 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.

Relationship with suppliers, customers and others

We recognise the importance of stakeholders outside the business, such as customers and suppliers, 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 Company is committed to conducting business in a manner consistent with the well-being of the communities in which it works and of those who buy and use our products. We strive to make positive contributions to those communities. We are also committed to compliance with environmental, health and safety laws and require the same commitment to be made of our suppliers. The Company recognises the importance of the environment and nature resources and encourages our employees to embrace our responsibility to society when using and planning the use of natural resources.

The desirability of maintaining a reputation for high 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.

Competition

The Board is aware that the marine electronics market is a competitive arena. To mitigate this, existing products and products in development are continually assessed against competitor products in the market place to ensure performance and price competitiveness.

Product reliability and safety

Raymarine products must be robust and reliable to withstand the harsh environments they are used in and to aid safety on the water where appropriate. Products are designed with this in mind and the Company has invested considerable engineering resource to this end. All new product introductions must undergo extensive testing, both on and off the water, before the new products are launched to meet Raymarine’s rigorous standards.

People retention and motivation

To develop, support and market products the Company must employ and retain highly skilled and motivated employees with particular expertise. The Company’s strategic plans could be undermined by failure to recruit or retain key personnel. This risk has been mitigated by the implementation of a management development programme, appraisal process, succession planning, appropriate remuneration packages and a rigorous recruitment process.

Employees

The Company continued its policy of providing regular information on the financial performance, business activities and related matters to all employees. Extensive team briefing is operational in the Company to ensure employee awareness of factors affecting Company performance and their involvement in decisions. An ‘open door’ policy is operated under which any employee may seek information from senior management on business performance.

Company policy with regard to disabled people is to provide equal employment opportunity by giving full and fair consideration to their applications for employment and continuing employment, wherever possible, of employees who become disabled and providing suitable opportunities for their training, career development and promotion.

Strategic Report (continued)

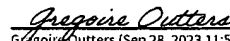
Post Balance sheet events

On 24th March 2023 the residual shareholding of 60,000 shares in FLIR Belgium BV was contributed to RIHL Limited in the amount £68,310,832 from its parent company.

On 24th March 2023 this shareholding in Flir Belgium NV was then contributed in the amount £68,310,832 by RIHL to Raymarine UK Limited, which was satisfied by the issue of 2 ordinary shares.

Raymarine UK Limited
Marine House
Cartwright Drive
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Hampshire, PO15 5RJ

By order of the Board


Grégoire Outters (Sep 28, 2023 11:52 GMT+1)

Grégoire Outters
Director

Sep 28, 2023

Raymarine UK Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the member of Raymarine UK Limited

Opinion

We have audited the financial statements of Raymarine UK Limited (the 'Company') for the year ended 31 December 2022 which comprise Statement of Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the member of Raymarine UK Limited

(continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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, and anti-money laundering regulation.

Independent auditor's report to the member of Raymarine UK Limited

(continued)

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 and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the carrying value of investments and intangible fixed assets, revenue recognition (which we pinpointed to the accuracy 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. 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

Sep 28, 2023

Anna Campbell (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Capital Square,
58 Morrison Street,
Edinburgh
EH3 8BP

Raymarine UK Limited

Statement of Profit and Loss Account Year ended 31 December 2022

		2022	2021
	Note	£'000	£'000
Turnover	3	67,688	63,439
Staff costs	5	(14,666)	(15,288)
Depreciation and amortisation expense	4	(7,719)	(7,676)
Other expenses – administrative expenses	4	(25,163)	(20,652)
Administrative expenses		(47,548)	(43,616)
Operating profit	4	20,140	19,823
Gain on disposal of investment	13	-	2,591
Other interest receivable and similar income	7	18	-
Interest payable and similar charges	8	(11,586)	(1,819)
Profit before taxation		8,572	20,594
Tax on profit	9	(1,452)	(3,691)
Profit after taxation	22	7,120	16,903

Notes from pages 15 to 32 form part of these financial statements.

Raymarine UK Limited

Statement of Comprehensive Income Year ended 31 December 2022

	2022 £'000	2021 £'000
Profit for the year	7,120	16,903
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	13	(22)
Reduction in share capital	63,342	11,073
Interim dividend	(47,083)	(11,073)
Other comprehensive income/(charge) for the year	16,272	(22)
Total comprehensive income for the year	23,392	16,881

Notes from pages 15 to 32 form part of these financial statements.

The accompanying notes form an integral part of these financial statements

Balance Sheet

At 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible fixed assets	10	36,750	44,103
Property, plant and equipment	11	6,949	5,467
Investments	13	39,241	39,241
Deferred tax asset	15	1,381	774
		<u>84,321</u>	<u>89,585</u>
Current assets			
Debtors	14	29,454	50,385
Cash at bank and on hand		508	1,271
		<u>29,962</u>	<u>51,656</u>
Creditors: amounts falling due within one year	16	<u>(19,177)</u>	<u>(13,666)</u>
Net current assets		<u>10,785</u>	<u>37,990</u>
Creditors: amounts falling due after one year	17	<u>(48)</u>	<u>(52,753)</u>
Net assets		<u><u>95,058</u></u>	<u><u>74,822</u></u>
Capital and reserves			
Share capital	18	634	15,277
Share premium	19	59,878	604
Capital contribution reserve	20	308	48,095
Translation reserve	21	-	(752)
Retained earnings	22	34,238	11,598
Shareholders' funds	23	<u><u>95,058</u></u>	<u><u>74,822</u></u>

Notes from pages 15 to 32 form part of these financial statements.

The financial statements of Raymarine UK Limited (registered number 04578449), were approved by the Board of directors and authorised for issue on

They were signed on its behalf by:

Grégoire Outters
Grégoire Outters (Sep 28, 2023 11:52 GMT+1)

Sep 28, 2023

Grégoire Outters
Director

Teledyne Confidential; Commercially Sensitive Business Data

Raymarine UK Limited

Statement of Changes in Equity

2022	Called up Share Capital £'000	Share Premium account £'000	Capital Contribution reserve £'000	Translation reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2022	15,277	604	48,095	(752)	11,598	74,822
Total comprehensive income for the period						
Profit	-	-	-	-	7,120	7,120
Other comprehensive charge (Notes 21&23)	-	-	-	13	-	13
Allotment of shares	48,095	59,878	(48,095)	-	-	59,878
Reduction of share capital and transfer to retained earnings	(62,738)	(604)	-	-	63,342	-
Dividend	-	-	-	-	(47,083)	(47,083)
Reclassification	-	-	-	739	(739)	-
Transactions with owners, recorded directly in equity						
Equity-settled share based payment transactions	-	-	308	-	-	308
Balance at 31 December 2022	634	59,878	308	-	34,238	95,058

2021	Called up Share Capital £'000	Share Premium account £'000	Capital Contribution reserve £'000	Translation reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2021	26,350	604	47,181	(730)	(5,305)	68,100
Total comprehensive income for the period						
Profit	-	-	-	-	16,903	16,903
Other comprehensive charge (Notes 21&23)	-	-	-	(22)	-	22
Reduction of share capital and transfer to retained earnings	(11,073)	-	-	-	11,073	-
Dividend	-	-	-	-	(11,073)	(11,073)
Transactions with owners, recorded directly in equity						
Equity-settled share based payment transactions	-	-	914	-	-	914
Balance at 31 December 2021	15,277	604	48,095	(752)	11,598	74,822

Notes from pages 15 to 32 form part of these financial statements.

Notes to the financial statements

Year ended 31 December 2022

1. General information

Raymarine UK Limited is a company incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' Report and Strategic Report on pages 1 to 6.

These financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out in Note 2.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has prepared company accounts and not consolidated accounts as it has taken advantage of the equivalence exception under s401 of the Companies Act 2006 since the directors consider the consolidated financial statements of its ultimate parent company, Teledyne Technologies Incorporated (a company incorporated in the USA) to be prepared under an equivalent GAAP.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below and have been applied consistently year on year.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Teledyne Technologies Inc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets; and
- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, to meet its liabilities as they fall due for that period.

Notes to the financial statements (continued)

Year ended 31 December 2022

2. Significant accounting policies (continued)

Going concern

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

Investments

Fixed asset investments are stated at cost, but provision is made if it is considered that there has been any impairment in value

Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the fair value of the identical assets and liabilities of the subsidiaries at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Turnover recognition

Turnover is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. After review, it has been deemed that there is no impact of the transition to IFRS 15 to the Company.

Interest receivable and interest payable

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts and payments through the expected life of the financial asset to that asset's net carrying amount.

Leasing

The Company has applied IFRS 16 using the modified retrospective with cumulative effect.

(a) Definition of a lease

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 2. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

Notes to the financial statements (continued)

Year ended 31 December 2022

2. Significant accounting policies (continued)

Leasing (continued)

(b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

Assets and liabilities of the Danish branch are recorded in Danish Krone and then translated at the period end rate at the balance sheet dates with any foreign exchange differences being recorded in the translation reserve.

Income and expense items are translated at the rate on the date of transaction, for which an average is used unless exchange rates fluctuate significantly.

Operating (loss)/ profit

Operating (loss)/ profit comprises (loss)/ profit from operations and is stated after charging restructuring costs but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items 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 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 taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Notes to the financial statements (continued)

Year ended 31 December 2022

2. Significant accounting policies (continued)

Taxation (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 that 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 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 is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

Tax provisions are subject to uncertainty in respect of the outcome of future events. It is not possible to estimate more accurately the expected timing of any resulting outflows of economic benefits.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land	Life of the lease	Buildings	30 years
Furniture, fixtures and fittings	7 years	Tools and equipment	4 years
Computer equipment and software	5 years		

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Assets in the course of construction represent costs directly associated with the construction by the Company of test equipment. These assets are not depreciated until they are brought into use.

Research and development expenditure

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred. The Company receives tax credits for research and development expenditure which are treated as grant income to offset the expense incurred.

Technology, knowhow and software

Technology and know-how are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives which is determined to be 7.5 years.

Software, being the Company's enterprise resource planning software, is capitalised and amortised on a straight line basis over its estimated useful life which is determined to be 10 years.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Notes to the financial statements (continued)

Year ended 31 December 2022

2. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Non-current assets held for resale

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to stocks, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Intangible assets and tangible fixed assets once classified as held for sale or distribution are not amortised or depreciated.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade debtors

Trade debtors do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Derecognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

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

Notes to the financial statements (continued)

Year ended 31 December 2022

2. Significant accounting policies (continued)

Trade and other creditors

Trade payables are not interest-bearing and are stated at their nominal value.

Derivative financial instruments

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts to hedge these exposures as appropriate. The Company does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. The purpose for which a derivative is used is identified at inception.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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.

Provisions

Provisions for restructuring costs are recognised when the Company has a detailed formal plan for the restructuring that has been communicated to affected parties.

Share-based payments

The Company has applied the requirements of IFRS 2 Share-based Payments. Certain employees of the Company participate in an equity-settled share-based scheme operated by Teledyne Technologies Inc (USA). Equity-settled share-based payments are measured at fair value at the date of the accounts as there is no performance element attached to the grant. The cost of this fair value is expensed in the income statement over the life of the scheme, but the expense of the shares at the date of vesting is not recharged from the parent company and so the cost is reversed in the retained earnings reserve.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described above, management has made the following judgements and estimations about the future that have the most significant effect on the amounts recognised in the financial statements. We regularly review these estimates and update them when required.

Assessment of the carrying values of assets

Future cash flow forecasts are used as the basis to assess the carrying value of the Company's assets and to determine whether provisions or impairment is necessary.

There are a number of assumptions and estimates involved in calculating the net present value of future cash flows from the Company's businesses, including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortization;
- timing and quantum of future capital expenditure;
- uncertainty of future technological developments;
- long term growth rates; and
- the selection of discount rates to reflect the risks involved.

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Notes to the financial statements (continued)

Year ended 31 December 2022

2. Significant accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

The Company prepares and internally approves formal three year plans for its businesses and uses these as the basis for its impairment reviews. Management use these plans to review the carrying value of the goodwill and internally generated research and development.

The Company has used reasonable discount rates and growth rate assumptions for its cash flow projections. If these were to be revised this could affect the Company's impairment evaluation and, hence, results.

Goodwill was fully impaired in 2020. The other intangible assets of technology and knowhow, which are being written off over their estimated useful life, have been reviewed for impairment with no impairment charge being necessary.

Investment in Group undertakings

The carrying value of investment in shares in Group undertakings is given in more detail in Note 13. At the end of each reporting period it is required under IAS 36 Impairment of Assets to assess whether there is any indication that an asset may be impaired. Following identification that an asset may be impaired an impairment review is carried out involving judgement of the future cash flow of the undertaking. Management prepare such cash flow forecasts derived from the most recent budgets approved by the Board for the next three years.

Taxation

In arriving at our tax obligations, we make judgements on appropriate tax law within the relevant tax jurisdictions that we have a taxable presence. We seek professional tax advice, as appropriate, before making judgements on tax matters. 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 taxable profits will be available against which deductible temporary differences can be utilised (see Note 15). The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

In arriving at the tax charge for the period a judgement has been made on the appropriate level of expenditure which will qualify for the research and development tax credits. A prudent view has been taken at this stage on the level of qualifying spend due to the uncertainty over the final quantum of the claim, which is currently near completion.

3. Turnover

An analysis of the Company's turnover is as follows:

	2022 £'000	2021 £'000
Continuing operations		
Maritime transfer pricing	67,688	63,439
	<u>67,688</u>	<u>63,439</u>

Revenue in 2022 and 2021 was all earned from the Maritime business worldwide.

Notes to the financial statements (continued)
Year ended 31 December 2022

4. Operating profit

	2022	2021
	£'000	£'000
Operating profit is stated after charging or (crediting):		
Research and development costs expensed	5,758	2,074
Research and development tax credit	(1,140)	(650)
Amortisation of intangible fixed assets	7,353	7,310
Depreciation and other amounts written off property, plant and equipment:	366	366
Staff costs (see Note 5)	14,666	15,288
Sales and marketing costs recharged from other Maritime businesses	11,425	11,237
Auditor's remuneration for audit services (see below)	27	27

	2022	2021
	£'000	£'000
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor's for the audit of the Company's annual accounts	27	27

5. Staff costs

The average monthly number of employees (including executive directors) was:

	2022	2021
	Number	Number
Operations	143	142
Sales and marketing	23	22
Administration	25	25
	191	189

	2022	2021
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	11,684	12,214
Share based payments	548	1,005
Redundancy costs	128	-
Social security costs	1,426	1,261
Other pension costs (see Note 25)	880	808
	14,666	15,288

Notes to the financial statements (continued)
Year ended 31 December 2022

6. Remuneration of directors

	2022 £'000	2021 £'000
Salary and benefits	390	692
Share based payments	91	375
Defined contribution pension scheme	34	46
	<u>515</u>	<u>1,113</u>

The emoluments of the highest paid director were £515k (2021: £1,113k) . Only one director is remunerated through Raymarine UK Limited. The other directors are remunerated through other Group companies and is not reported here as apportioning their cost to each entity is not practical.

7. Other interest receivable and similar income

	2022 £'000	2021 £'000
Other interest	10	-
Foreign exchange gains on trading activities and intercompany loans	8	-
	<u>18</u>	<u>-</u>

8. Interest payable and similar charges

	2022 £'000	2021 £'000
Bank interest	2	2
Lease interest	1	2
Other interest	6	-
Interest payable on intercompany loan	1,696	1,579
Foreign exchange losses on trading activity	9,881	236
	<u>11,586</u>	<u>1,819</u>

Notes to the financial statements (continued)

Year ended 31 December 2022

9. Taxation

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax:		
Current tax on profits for the year	1,526	3,709
Adjustment recognised in period for current tax of prior years	533	(217)
Foreign tax:		
Current year	-	(1)
Current tax charge for year	<u>2,059</u>	<u>3,491</u>
Deferred tax (Note 15):		
Current year (release)/ charge	(275)	200
Adjustment recognised in period for deferred tax of prior years	-	-
Effect of changes in tax rates	(332)	-
	<u>(607)</u>	<u>200</u>
Total tax charge	<u>1,452</u>	<u>3,691</u>

The effective tax rate is 17% (2021: 18%) for the year.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2022 £'000	%	2021 £'000	%
Profit before tax	<u>8,572</u>		<u>20,594</u>	
Tax at the income tax rate of 19% (2021: 19.00%)	1,629		3,913	
Prior year current tax adjustment	533		(217)	
(Income)/expenses not deductible	(378)		(5)	
Tax rate changes	(332)		-	
Tax charge and effective tax rate for the year	<u>1,452</u>	<u>17%</u>	<u>3,691</u>	<u>18%</u>

Notes to the financial statements (continued)

Year ended 31 December 2022

10. Intangible fixed assets

	Goodwill £'000	Technology and know how £'000	Software £'000	Total £'000
Cost				
At 1 January 2022	13,332	55,120	259	68,711
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2022	13,332	55,120	259	68,711
Amortisation				
At 1 January 2022	-	11,024	252	11,276
Charge for the year	-	7,349	4	7,353
Disposals	-	-	-	-
At 31 December 2022	-	18,373	256	18,629
Impairment				
At 1 January 2022	13,332	-	-	13,332
Incurred for the year	-	-	-	-
At 31 December 2022	13,332	-	-	13,332
Net book value				
At 31 December 2022	-	36,747	3	36,750
At 31 December 2021	-	44,096	7	44,103

Notes

¹ Amortisation of intangible fixed assets is included in other administration expenses in the income statement.

Notes to the financial statements (continued)

Year ended 31 December 2022

11. Property, plant and equipment

	Short leasehold land and buildings £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 January 2022	6,579	3,453	10,032
Additions	-	1,848	1,848
Disposals	-	(3)	(3)
At 31 December 2022	6,579	5,298	11,877
Accumulated depreciation			
At 1 January 2021	2,125	2,440	4,565
Charge for the year	208	158	366
Disposals	-	(3)	(3)
At 31 December 2022	2,333	2,595	4,928
Net book value			
At 31 December 2022	4,246	2,703	6,949
At 31 December 2021	4,454	1,013	5,467

12. Leases as a lessee (IFRS 16)

Right-of-use assets

Right-of-use assets related to plant and equipment are presented as property, plant and equipment (see note 11):

	Plant and equipment £'000
Balance as at 1 January 2022	29
Disposal of right of use assets	-
Depreciation charge for the year	(21)
Balance as at 31 December 2022	8

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee

	£'000
2022 Leases under IFRS 16	
Interest expense on lease liabilities	1
2021 Leases under IFRS 16	
Interest expense on lease liabilities	2

Notes to the financial statements (continued)

Year ended 31 December 2022

13. Fixed asset investments

Details of the Company's investments at 31 December 2022 are as follows:

	Shares in Group undertakings £'000
Cost	
At 1 January 2022	67,188
Disposals	-
At 31 December 2022	67,188
Impairment	
At 1 January 2022	(27,947)
Disposal	-
At 31 December 2022	(27,947)
Net book value	
At 31 December 2022	39,241
At 31 December 2021	39,241

Name and address of group company	Place of incorporation (or registration)	Principal activity	Class and percentage of shares held
Raymarine Italia Srl Via L. Manara, 2, 20051 Limbiate, Milan, Italy	Italy	Sales agent	Ordinary 100%
Raymarine Norge AS Stasjonsveien 19 1580, Rygge, Norway	Norway	Sales agent	Ordinary 100%
FLIR Belgium BV Luxemburgstraat 2, 2321 Meer, Belgium	Belgium	Marine Electronics	Ordinary 40%

No impairment has been recognised in 2022 (2021: Nil).

Notes to the financial statements (continued)

Year ended 31 December 2022

14. Debtors

	2022 £'000	2021 £'000
Amounts owed by Group undertakings	27,959	49,127
Tax receivable	550	712
Other receivables	615	312
Prepayments and accrued income	330	233
	<u>29,454</u>	<u>50,385</u>

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand. All other amounts are due to be received within one year.

15. Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior reporting periods.

	Accelerated tax depreciation £'000	Other £'000	Total £'000
At 1 January 2022	(771)	(3)	(774)
Credited to income	(610)	3	(607)
As 31 December 2022	<u>(1,381)</u>	<u>-</u>	<u>(1,381)</u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase from 19% to 25% for companies with profits over £250k. The deferred tax asset as at 31 December 2021 has been recognised based on a tax rate of 25% (2021 – 25%).

Under UK tax rules, there is a deemed disposal for UK tax purposes relating to the contribution of the assets of the Belgium branch to BVBA on 1 November 2011, which gives rise to a held-over chargeable gain. Part or all of the gain would crystallise if Raymarine UK Limited were to dispose of part or all of its shareholding in FLIR Belgium BV at any time. The estimated tax charge that would arise is £28m. As the likelihood of this occurring is considered to be remote, in accordance with IAS 12 no provision has been made for this.

Notes to the financial statements (continued)

Year ended 31 December 2022

16. Creditors: amounts falling due within one year

Trade and other payables

	2022 £'000	2021 £'000
Current liabilities		
Trade creditors	1,527	848
Amounts owed to Group undertakings	10,824	7,940
Taxation and social security	546	41
Corporation tax creditor	797	20
Tax provision	3,000	3,000
Accruals and deferred income	2,474	1,796
Current lease obligations	9	21
	<u>19,177</u>	<u>13,666</u>

Trade creditors comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 51 days (2021: 44 days).

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Amounts owed to Group undertakings:

	2022 £'000	2021 £'000
Amount due for settlement within 12 months (shown under current liabilities)	<u>10,824</u>	<u>7,940</u>
Amounts owed to Group undertakings are split between:		
Intercompany creditor (included under current liabilities)	10,824	6,398
Interest bearing intercompany debt	-	1,542
	<u>10,824</u>	<u>7,940</u>

The directors consider that the carrying amount of amounts owed to Group undertakings approximates to their fair value.

Notes to the financial statements (continued)
Year ended 31 December 2022

17. Creditors: amounts falling due after one year

	2022 £'000	2021 £'000
Long term lease obligations (repayable in 1-2 years)	-	9
Intercompany loan (repayable in 2-5 years)	-	52,744
Other creditors	48	-
	48	52,753

The intercompany loan in 2021 is a promissory Note, denominated in USD and was issued by Raymarine UK Limited to FLIR Belgium BV on purchase of the Intellectual Property in July 2020. This loan note was distributed up to RIHL before the end of the year as part of a broader reorganisation to facilitate cash management and reduce hedging and accounting costs.

18. Share capital

	Number of shares	£
<u>Allotted, called up and fully paid:</u>		
Equity: Ordinary shares of £1.00 each		
As at 31 December 2021	15,277,038	15,277,038
Allotment of shares	48,094,820	48,094,820
Reduction of share capital	-	(62,738,139)
As at 31 December 2022	63,371,858	633,719

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

On 19 December 2022 the Company reduced the nominal value of the Company's issued Ordinary shares from £1 to £0.01.

19. Share premium

	£'000
As at 31 December 2021	604
Allotment of shares	59,878
Reduction of share capital	(604)
As at 31 December 2022	59,878

On 19 December 2022 the Company reduced its share premium account by £604,046.

Notes to the financial statements (continued)

Year ended 31 December 2022

20. Capital contribution reserve

	£'000
<u>Additional paid in capital</u>	
As at 31 December 2021	48,095
Transfer to retained earnings	(48,095)
IFRS2 movement for employee share scheme	308
	<hr/>
As at 31 December 2021	308 <hr/>

There is an employee LTIP scheme which under IFRS2 results in a capital contribution of £308k in 2022 (2021: £914k) by the ultimate parent company as they issue shares to employees of the Company as part of the scheme at no additional cost to the Company.

21. Translation reserve

	£'000
Balance at 31 December 2021	(752)
Exchange loss on translation of foreign currency operations	13
Transfer to retained earnings	739
	<hr/>
Balance at 31 December 2022	- <hr/>

As all the foreign branches have now closed this reserve is considered to now be realised and accordingly has been transferred to retained earnings going forward.

22. Retained earnings

	£'000
Balance at 31 December 2021	11,598
Reduction in share capital transfer	63,342
Profit for the year	7,120
Transfer from Translation reserve	(739)
Dividend	(47,083)
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Balance at 31 December 2022	34,238 <hr/>

Notes to the financial statements (continued)

Year ended 31 December 2022

23. Shareholders' funds

	£'000
Balance at 31 December 2020	68,100
Exchange gain on translation of foreign currency operations	(22)
Profit for the year	16,903
Dividend	(11,073)
IFRS2 movement for employee share scheme	914
Balance at 31 December 2021	74,822
Exchange loss on translation of foreign currency operations	13
Profit for the year	7,120
Allotment of shares	59,878
Dividend	(47,083)
IFRS2 movement for employee share scheme	308
Balance at 31 December 2022	95,058

On 7th November 2022 as part of a broader reorganisation to facilitate cash management and reduce hedging and accounting costs, the majority of the Company's intercompany balances as at 5 September 2022 were consolidated into a loan note with Teledyne Flir LLC.

On 19 December 2022 the Company reduced its share capital by £62,738,139 and reduced the nominal value of the Company's issued Ordinary shares from £1 to £0.01.

On 20 December 2022 the Company allotted 2 shares at a premium to its parent Company RIHL Limited in consideration for the full and final settlement of the Company from its obligation under loan notes in the aggregate sum of £60,389,090.

On 29 December 2022 there was a distribution of the loan note with Teledyne Flir LLC to RIHL Ltd as part of the intercompany project.

24. Contingent liabilities

There were no contingent liabilities as at 31 December 2022 (2021: £Nil), other than in disclosure in note 15.

Notes to the financial statements (continued)

Year ended 31 December 2022

25. Retirement benefit schemes

Defined contribution schemes

The Company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The cost charged to income in respect of this pension scheme, of £880k (2021: £809k), represents contributions payable to the scheme by the Company at rates specified in the rules of the plans. As at 31 December 2022, contributions of £Nil (2021: £14k) due in respect of the current reporting period had not been paid over to the scheme and are included in creditors.

26. Events after the balance sheet date

On 24th March 2023 the residual shareholding of 60,000 shares in FLIR Belgium BV was contributed to RIHL Limited in the amount £68,310,832 from its parent company.

On 24th March 2023 this shareholding in Flir Belgium NV was then contributed in the amount £68,310,832 by RIHL Limited to Raymarine UK Limited, which was satisfied by the issue of 2 ordinary shares.

27. Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of RIHL Limited, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent undertaking is Teledyne Technologies Inc (USA), incorporated in the United States of America.

The registered office of RIHL Limited is Marine House, Cartwright Drive, Fareham, Hampshire PO15 5RJ, UK.

The consolidated financial statements of Teledyne Technologies Inc and the results of the Company will be included in their consolidated financial statements which are available to the public and are available on line by visiting www.teledyne.com or 1049 Camino Dos Rios, Thousand Oaks, California, 91360-2362, United States.

The directors do not consider there to be an ultimate controlling party given the listed status of the ultimate parent undertaking.

28. Related party transactions

There were no related party transactions other than those with other wholly owned Group companies.