

Company Registration No. 10013182

TGA UK ALPHA LIMITED

Report and Financial Statements

31 December 2020



TGA UK ALPHA LIMITED

REPORT AND FINANCIAL STATEMENTS 2020

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TGA UK ALPHA LIMITED

REPORT AND FINANCIAL STATEMENTS 2020

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G J Mathers
R S Yadava
A Malhotra

REGISTERED OFFICE

Lennox Road
Basingstoke
RG22 4AW

BANKERS

HSBC Bank plc
27th Floor
8 Canada Square
London
E14 5HQ

AUDITORS

Ernst & Young LLP
Grosvenor House
Grosvenor Square,
Southampton
SO15 2BE

STRATEGIC REPORT

REVIEW OF BUSINESS

The principal activity of the company is that of an investment company. The company expects to continue current activities.

The loss after taxation for the period was £(14,379,000) (2019: £(15,039,000)). No dividend was paid during the year.

The Fortive Group manages its Key Performance Indicators (KPIs) at a segmental and geographical level. As this is an investment company, there are no relevant KPIs in respect of this entity.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is integrated into the process of planning and performance management at a Group level and is monitored by Fortive Group through quarterly performance reviews. Company level risks have been considered and classified as credit risk, interest rate risk, liquidity risk and investment risk.

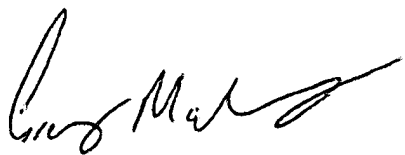
Credit risk is the risk that a counterparty to a financial instrument causes the company to suffer a financial loss by failing to discharge its obligations. Company policies are aimed at minimising such losses which are mitigated to a certain extent through all receivables being due from entities that are part of the Fortive group, which has significant resources. However, the company does continuously review its exposure to debtors to ensure the carrying value is appropriate.

Interest rate risk is the risk that the company's interest exposure increases due to an adverse fluctuation in interest rates. The credit facilities in place are influenced by the 12 month LIBOR rate. The company reviews the interest rate charged periodically to ensure this risk is managed.

Liquidity risk is the risk that the company encounters difficulty in meeting its obligations as they fall due. This risk is mitigated by the availability of a subsidiary entity to distribute dividends as and when required and access to support from Fortive Corporation which will cover temporary liquidity restraints if the need should arise.

Investment risk is the risk that the value of the company's investments could be adversely affected by changes in the underlying business of the companies. The company actively monitors the performance and underlying value of its investments, which are also monitored by the Fortive group, and where any impairment indicators occur will consider whether an impairment is required.

On behalf of the Board



G J Mathers

Director

Date: 24 September 2021

TGA UK ALPHA LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company is that of an investment holding company.

FUTURE DEVELOPMENTS

The company does not expect to change its activity in the near future. It will service interest obligations of the inter-group debt through distributions from its subsidiary.

DIRECTORS

The directors who served during the year were as follows:

T M Sinkinson	(resigned 7 April 2020)
D A J Rodgers	(resigned 7 April 2020)
R S Yadava	
N J C Blomfield	(appointed 7 April 2020, resigned 11 June 2021)
G J Mathers	(appointed 7 April 2020)

Subsequent to the year end the following was appointed as a director:

A Malhotra	(appointed 13 May 2021)
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COVID-19 AND GOING CONCERN

During the year, the COVID-19 pandemic has spread across the world. The COVID-19 pandemic has, at the time of approving these financial statements, had no direct impact on the company.

The Company is an investment holding company and holds debt listed on The International Stock Exchange (TISE) for which it must continue to service annual interest obligations (£13.6 million) along with interest accrued to 31 August 2021 of £49.6 million. At 31 December 2020 the company has moved to a net liability position due to interest accrued on the listed debt. The Company does not have sufficient funds to meet the interest liability thus is dependent on either its ability to call on its subsidiary to pay dividends or on support from the parent company, which may consist of either the annual interest expense continuing to accrue or a further capital injection. Fortive Corporation, the ultimate parent company, has indicated its willingness to support the company and has provided a letter of support confirming that it will provide financial and other support necessary for the Company to meet its liabilities as and when they become due until 30 September 2022.

After making due enquiries and considering the impact of COVID-19, the directors have a reasonable expectation that the company has adequate resources to continue in operation until 30 September 2022. The directors have assessed the willingness and ability of the parent to provide the required support and concluded that support will be available if required. These considerations included the impact of COVID-19 on the company, as well as the wider UK and Fortive Corporation group. Accordingly, the financial statements have been prepared on the going concern basis.

FINANCIAL INSTRUMENTS

The primary treasury objectives of the company are to identify and manage the financial risks that arise in relation to underlying business needs and to provide secure funding for the activities of the company. If appropriate, the company uses financial instruments to manage these risks.

The company finances its activities using inter-group funding and has access to support from Fortive Corporation to satisfy short term cash flow requirements. Other financial instruments are those that arise directly from the operations of the company such as other debtors and creditors. No speculative trading in derivative financial instruments is undertaken.

Details of the risks and uncertainties on the use of financial instruments are set out in the Strategic Report and notes to the financial statements.

DIRECTORS' REPORT

THIRD PARTY INDEMNITIES

Fortive Corporation has provided to all directors limited indemnities in respect of the cost of defending claims against them and third party liabilities. These are all third party indemnity provisions for the purpose of the Companies Act 2006 and are all currently in force.

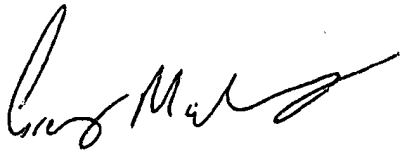
DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors at the date of approving this report are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditors are unaware. Having made enquiries of the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

POST BALANCE SHEET EVENTS

There are no significant post balance sheet events to report.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'G J Mathers', written in a cursive style.

G J Mathers

Director

Date: 24 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether applicable UK Accounting Standards, including FRS 101, 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 appropriate to presume that the company will not continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TGA UK ALPHA LIMITED

Opinion

We have audited the financial statements of TGA UK Alpha Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 14, 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 company's affairs as at 31 December 2020 and of its loss 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 as applied to listed entities 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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Performing a walkthrough of the Company's financial close process to confirm our understanding of management's going concern assessment process and engaging with management to ensure all key factors were considered in their assessment.
- Obtaining management's going concern assessment, including consideration of the company's recent results and financial position and access to dividend income considering the financial position and forecast for its subsidiary undertaking. The assessment also considers the results and financial position of the ultimate parent company, Fortive Corporation. Procedures were performed to confirm clerical accuracy within the assessment.
- Management's assessment is based on the company receiving a letter of support from the ultimate parent company, Fortive Corporation. We obtained a copy of the letter of support to ensure that the support provided is unconditional and covers the going concern assessment period to 30 September 2022. The letter confirms the parent company's ability and willingness to provide support.
- We assessed the parent company's ability to provide ongoing support to the company by reviewing the group's latest financial results and forecasts for the going concern assessment period and performing sensitivity analysis on its liquidity position taking into account reasonably possible downsides on the operations and financial resources. We also performed enquiries as to any undisclosed commitments.
- For the significant intercompany loan liability (listed debt) comfort is obtained from it being confirmed as long term, thus the lender will not require repayment within the going concern assessment period to 30 September 2022.

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

Conclusions relating to going concern (continued)

- We read board meeting minutes and assessed whether there was any information contradictory to the directors' use of the going concern basis of accounting.
- We considered the potential continuing impact of BREXIT and of the COVID-19 pandemic. Neither have significantly impacted the company to date and there is no expectation that they will significantly impact during the going concern assessment period.
- We considered the appropriateness of the disclosures made in the financial statements in respect of going concern

The audit procedures performed have established that management's assessment includes all relevant considerations and is based on appropriate data and documentary evidence. Going concern is predicated on the support of the ultimate parent undertaking, Fortive Corporation, and this company's willingness and ability to support has been established.

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 up to 30 September 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">• Impairment assessment of investment in subsidiary
Materiality	<ul style="list-style-type: none">• Overall materiality of £2.4m which represents 0.5% of assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matters (continued)

Risk	Our response to the risk	Key observations communicated to those in governance
<p>Investment impairment (£470,450k, PY comparative £470,450k)</p> <p><i>Refer to Accounting Policies (page 16); and Note 6 of the Financial Statements (page 20)</i></p> <p>The principal activity of the company is that of a holding company. As a result, the company's principal risk is its dependency on the operations of its subsidiary undertaking and the risk of impairment over the investment held.</p> <p>Management on an annual basis compare the subsidiary's recoverable amount to the carrying value of the investment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised as an expense in profit or loss.</p> <p>Based on the review performed at the balance sheet date, there was no impairment.</p>	<p>To address the identified risk, we have completed procedures as follows:</p> <ul style="list-style-type: none"> ➤ We updated our understanding of management's annual impairment testing process to assess the recoverability of the investment balance in the subsidiary. ➤ We obtained and tested the clerical accuracy of the management's calculation, which compares the carrying value of the investment to the recoverable amount of the subsidiary. The subsidiary does not trade but holds one significant underlying asset. Management assesses recoverability of this asset to determine whether an impairment is required. ➤ We performed procedures to challenge the accuracy of the data used in management's review. ➤ Our audit procedures included an assessment of the recoverability of the significant underlying asset in the subsidiary, being a loan receivable from another group entity. This was tested through analysis of trading performance and financial position of the group entity with whom the loan is held. ➤ We assessed the overall environment to establish whether there were any further indicators of impairment. ➤ We considered the appropriateness of related disclosures in the financial statements. 	<p>Based on the procedures performed, we have not identified any evidence of material misstatement in the carrying value of investments recorded as at 31 December 2020. We have reviewed the related disclosures in the statutory accounts and consider these disclosures to be consistent with our audit work and the requirements of IAS 36 – Impairment of Assets.</p>

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

Key audit matters (continued)

In the prior year, our auditor's report included a key audit matter in relation to going concern due to uncertainty as to the impact of the COVID pandemic on Fortive Corporation, which supports the company. In the current year, the impact has become clearer from the trading performance and the financial position of Fortive Corporation throughout the pandemic to date. COVID has not been and is not expected to become significant in terms of Fortive Corporation's ability to provide support to the company during the going concern assessment period to 30 September 2022 thus going concern is no longer included as a key audit matter.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £2.4 million (2019: £500k), which is 0.5% (2019: 0.1%) of assets. We use an assets basis as the company does not trade and acts as a holding company. The company has been established for five years and 0.5% assets better reflects the magnitude of omission or misstatement that would influence users of the financial statements.

During the course of our audit, we reassessed initial materiality and no change was required.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £1.8m (2019: £375k). We have set performance materiality at this percentage as there were no audit differences in the prior year and a low likelihood of misstatements generally due to the non-complex nature of the company.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those in governance that we would report to them all uncorrected audit differences in excess of £120k (2019: £25k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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

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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 5, 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.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

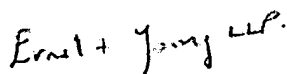
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant to be those relating to United Kingdom General Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. The company has minimal transactions, and no employees.
- We understood how TGA UK Alpha Limited is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by determining the rationale behind the specific accounting transactions and confirming that required authorisation was obtained. Due to the nature of the company, as a holding company, and the limited number of transactions that take place the risk of material misstatement is deemed to be low.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included reading board meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance and agreement of transactions to supporting source documentation.

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

Use of our report

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



James Harris (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton

24 September 2021

TGA UK ALPHA LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2020

	Note	2020 £000	2019 £000
Operating expense	3	(2)	(13)
Interest payable and similar expenses	4	<u>(17,750)</u>	<u>(18,553)</u>
LOSS BEFORE TAXATION		(17,752)	(18,566)
Tax credit on loss	5	<u>3,373</u>	<u>3,527</u>
LOSS AFTER TAXATION, AND TOTAL COMPREHENSIVE INCOME		<u><u>(14,379)</u></u>	<u><u>(15,039)</u></u>

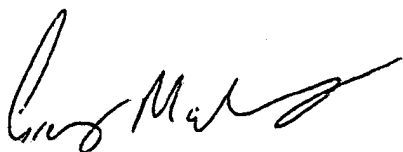
The accompanying notes are an integral part of this statement of comprehensive income.

All activities derive from continuing operations.

TGA UK ALPHA LIMITED**Registered number 10013182****BALANCE SHEET
At 31 December 2020**

	Note	2020 £000	2019 £000
FIXED ASSETS			
Investments	6	470,450	470,450
CURRENT ASSETS			
Debtors	7	6,900	3,527
Cash at bank and in hand		20	22
		6,920	3,549
CREDITORS: amounts falling due within one year	8	(41,689)	(23,939)
NET CURRENT LIABILITIES		(34,769)	(20,390)
TOTAL ASSETS LESS CURRENT LIABILITIES		435,681	450,060
CREDITORS: amounts falling due after more than one year	9	(445,000)	(445,000)
NET (LIABILITIES) / ASSETS		(9,319)	5,060
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account		(9,319)	5,060
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS		(9,319)	5,060

These financial statements have been approved by the board on 24 September 2021 and signed on its behalf by



G J Mathers
Director

The accompanying notes are an integral part of this balance sheet.

TGA UK ALPHA LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2020

	Ordinary share capital £000	Profit and loss account £000	Total Shareholders funds £000
At 1 January 2019	-	1,099	1,099
Share Capital issued	19,000	-	19,000
Reduction in Share Capital	(19,000)	19,000	-
Loss and total comprehensive income for the period	-	(15,039)	(15,039)
At 31 December 2019	-	5,060	5,060
Loss and total comprehensive income for the year	-	(14,379)	(14,379)
At 31 December 2020	-	(9,319)	(9,319)

The accompanying notes are an integral part of this statement of changes in equity.

TGA UK ALPHA LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2020

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS101

The financial statements of TGA UK Alpha Limited (the "Company") for the period ended 31 December 2020 were authorised for issue by the board of directors on 24 September 2021 and the balance sheet was signed on the board's behalf by G J Mathers. TGA UK Alpha Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards and the Companies Act 2006.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Fortive Corporation.

The results of TGA UK Alpha Limited are included in the consolidated financial statements of Fortive Corporation which are available from 6920 Seaway Boulevard, Everett, WA 98203, USA.

The principal accounting policies adopted by the Company are set out in note 2.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 *Financial Instruments: Disclosures*,
- (b) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*,
- (c) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 111, and 134-136 of IAS 1 Presentation of Financial Statements;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- (h) the requirements of paragraphs 130(f)(ii)-130(f)(iii) of IAS 36 Impairment of Assets

COVID-19 and Going Concern

During the year, the COVID-19 pandemic has spread across the world. The COVID-19 pandemic has, at the time of approving these financial statements, had no direct impact on the company.

The Company is an investment holding company and holds debt listed on The International Stock Exchange (TISE) for which it must continue to service annual interest obligations (£13.6 million) along with interest accrued to 31 August 2021 of £49.6 million. At 31 December 2020 the company has moved to a net liability position due to interest accrued on the listed debt. The Company does not have sufficient funds to meet the interest liability thus is dependent on either its ability to call on its subsidiary to pay dividends or on support from the parent company, which may consist of either the annual interest expense continuing to accrue or a further capital injection. Fortive Corporation, the ultimate parent company, has indicated its willingness to support the company and has provided a letter of support confirming that it will provide financial and other support necessary for the Company to meet its liabilities as and when they become due until 30 September 2022.

After making due enquiries and considering the impact of COVID-19, the directors have a reasonable expectation that the company has adequate resources to continue in operation until 30 September 2022. The directors have assessed the willingness and ability of the parent to provide the required support and concluded that support will be available if required. These considerations included the impact of COVID-19 on the company, as well as the wider UK and Fortive Corporation group. Accordingly, the financial statements have been prepared on the going concern basis.

TGA UK ALPHA LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2020

2. ACCOUNTING POLICIES continued.

2.2 NEW STANDARDS, AMENDMENTS AND IFRIC INTERPRETATIONS

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2020 that have had a material impact on the company.

2.3 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There were no significant judgements or sources of estimation uncertainty in the preparation of these financial statements.

2.4 SIGNIFICANT ACCOUNTING POLICIES

Interest payable

Interest expense is recognised using the effective interest rate method.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Investments

Investments are stated at cost less provision for impairment.

Investment impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement.

Cash at bank and in hand

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

TGA UK ALPHA LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2020

2. ACCOUNTING POLICIES continued

Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets – recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The classification depends on the purpose for which the financial assets were acquired and is determined by management at initial recognition.

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income

There are no instruments which have been classified under this category.

(b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows.
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

De-recognition

The company de-recognises a financial asset:

- a) When the contractual right to cashflows from the financial asset expire, or
- b) It transfers the financial asset and the transfer qualifies for de-recognition under IFRS 9.

Impairment of financial assets

In accordance with IFRS 9 the company applies the expected credit loss (ECL) model for the measurement and recognition of impairment loss on loans and receivables.

For intercompany receivables that are considered by the company to have a low credit risk the company considers the 12 month expected credit loss. However, when there is judged to have been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Financial liabilities

The Company's financial liabilities include loan notes.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. All financial liabilities are classified as 'other financial liabilities' and are initially measured at fair value net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

TGA UK ALPHA LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2020

3. OPERATING EXPENSE

	2020	2019
	£000	£000
Auditors' remuneration (paid by group undertaking)		
- audit	<u>11</u>	<u>11</u>

The Directors of this company are employed by other group companies and provide services to a number of group companies.

The proportion of Directors' time relating to services provided to this company is not material and therefore a £nil apportionment of Directors' salary is made.

The company has no employees other than the directors.

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£000	£000
Interest on loan notes issued to group undertakings	<u>17,750</u>	<u>18,553</u>

TGA UK ALPHA LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2020

5. TAX ON LOSS

Tax charged to profit or loss in the statement of comprehensive income

	2020 £000	2019 £000
The tax charge/(credit) comprises:		
Current tax - UK		
Corporate tax at the standard rate of 19% (2019: 19%)	(3,373)	(3,527)
Deferred tax		
Charge/(credit) for current year	-	-
Taxation charge/(credit) for the year	<u>(3,373)</u>	<u>(3,527)</u>

Reconciliation of the total tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19.00% (2019: 19.00%). The actual tax charge for the year differs from the standard rate of UK corporation tax for the reasons set out in the following reconciliation.

	2020 £000	2019 £000
Loss before tax	<u>(17,752)</u>	<u>(18,566)</u>
Tax on loss at standard UK corporation tax rate of 19.00% (2019: 19.00%)	(3,373)	(3,527)
Effects of:		
Income from investments not taxable	-	-
Total tax (credit)/expense reported in the income statement	<u>(3,373)</u>	<u>(3,527)</u>

No deferred tax arises as there are no significant temporary differences or unused tax losses.

Corporation Tax rate

A reduction in the rate of corporation tax to 17% (effective 1 April 2020) was enacted in 2016. In his budget of 2020, the Chancellor of the Exchequer proposed measures to hold the rate of corporation tax at 19%, effective 1 April 2020. This was substantively enacted on 17 March 2020 and hence the impact of any resulting changes to the valuation of deferred tax assets and liabilities is reflected within the financial statements.

In his budget of 2021, the Chancellor of the Exchequer proposed measures to increase the rate of corporation tax from 1 April 2023 to 25%. The change had not been substantively enacted by the balance sheet date and therefore does not impact on the carrying value of deferred tax assets and liabilities in the financial statements.

TGA UK ALPHA LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2020

6. FIXED ASSET INVESTMENTS

	Subsidiary undertakings	Total
	£000	£000
Cost		
At 1 January 2020	470,450	470,450
Additions	-	-
Disposals	-	-
At 31 December 2020	470,450	470,450
Impairment		
At 1 January 2020	-	-
Charge for the year	-	-
Disposals	-	-
At 31 December 2020	-	-
Carrying value		
At 31 December 2020	470,450	470,450
At 1 January 2020	470,450	470,450

The company holds an investment in the ordinary shares of the following subsidiary undertaking:

<u>Company Name</u>	<u>Registered office</u>	<u>Class of shares held</u>	<u>Proportion of nominal value of shares held (%)</u>	<u>Direct and indirect holdings</u>
TGA UK Omega Limited	Lennox Road, Basingstoke, RG22 4AW	Ordinary	100	Direct

7. DEBTORS

	2020 £000	2019 £000
Amounts owed by other group undertakings	6,900	3,527
	6,900	3,527

Amounts owed by other group undertakings are receivable on demand and management has assessed the Expected Credit Loss (ECL) to be £nil.

TGA UK ALPHA LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2020

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000	2019 £000
Accrued interest	41,689	23,939
	<u>41,689</u>	<u>23,939</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £000	2019 £000
Listed loan notes issued to group undertaking	445,000	445,000
	<u>445,000</u>	<u>445,000</u>

On 14 June 2016 the company issued loan notes totalling £445,000,000 to TGA CI US Finance Limited. The loan notes are listed under the terms of The International Stock Exchange (TISE), formerly the Channel Islands Stock Exchange. Interest is charged at 12 month LIBOR plus 3% and the notes are repayable 14 June 2031. From 31 December 2021 LIBOR rates will no longer be published and the company is in the process of determining an appropriate interest rate for the remainder of the loan term at the time of approval of the financial statements.

10. CALLED UP SHARE CAPITAL

	2020 £000	2019 £000
Authorised, called up, allotted and fully paid		
1 ordinary share of £1 each (2019: 1)	-	-
	<u>-</u>	<u>-</u>

11. GUARANTEES

An unlimited multi-lateral guarantee exists between all the United Kingdom based subsidiaries of Fortive Corporation and HSBC Bank plc. The guarantee is to a maximum amount of £10,000,000 (2019: £10,000,000).

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is TGA CI US-Finance Limited, a company registered in the Cayman Islands. The ultimate parent undertaking and controlling party is Fortive Corporation, a company incorporated in the USA.

The largest and smallest group in which the results of the company are consolidated is Fortive Corporation, a company incorporated in the USA. The consolidated financial statements of this group are available to the public and may be obtained from 6,920 Seaway Boulevard, Everett, WA 98203, USA.

13. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

14. POST BALANCE SHEET EVENTS

There are no significant post balance sheet events to report.