Teledyne UK Limited

Annual Report and Financial Statements
52 week period ended 01 January 2023

Company number 00432014

STRATEGIC REPORT

The Directors present their annual report and the audited financial statements for the period ended 01 January 2023.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company's principal activity during the period was the manufacture and distribution of group products.

The Company's business is organised into the following operating segments:

Digital Imaging – design, develop and manufacture of high performance and high reliability radio frequency power generation components and sub-systems for healthcare, defence and security, transport and industrial application, together with high performance and high quality imaging sensors, arrays and cameras for space and other scientific applications. Operates from sites in Birmingham and Chelmsford.

Instrumentation – manufactures industry-leading solutions for harsh underwater environments, including instrumentation and interconnect solutions. Operates from sites in Aberdeen and Alton.

Aerospace and Defence Electronics – manufacture and service of sophisticated electronic components and subsystems and communications products, including defence electronics, data acquisition and communications equipment for air transport and business aircraft, harsh environment interconnects, and components and subsystems for wireless and satellite communications. Operates from sites in Cumbernauld, Shipley, Bromborough, Presteigne, Lincoln, Newbury and Chelmsford.

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

	Period ended 01 Jan 2023 £000	**Period ended 02 Jan 2022 £000**
Turnover	**230,830**	200,255
Gross profit	**82,286**	73,312
Gross profit margin	***35.6%***	*36.6%*
Operating profit before amortisation	**42,721**	44,785
Operating profit before amortisation margin	***18.5%***	*22.4%*
Profit after tax	**26,157**	32,702
Current assets as % of current liabilities ('current ratio')	**148%**	107%

Turnover increased by £30.5m (15%) to £230.8m (period 02 January 2022: £200.3m) which was in line with expectations for the period. This increase was principally driven by a full year of trade in the period from the businesses acquired in May 2021 together with an improvement in the legacy Digital Imaging businesses as market conditions improved.

STRATEGIC REPORT (continued)

Turnover can be analysed between segments as follows:

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
Digital Imaging	**131,195**	124,085
Instrumentation	**19,917**	13,528
Aerospace and Defence Electronics	**79,718**	62,642
	230,830	200,255

Gross profit has increased by £9.0m to £82.3m, primarily as a result of the full year of trade in the period from the businesses acquired in May 2021.

Operating profit before amortisation has decreased by £2.1m to £42.7m (period ended 02 January 2022: £44.8m). The higher level of gross profit was offset by a one-off intercompany loan write off of £4.1m that adversely impacted operating profit in the period. We also experienced increased IT costs in the period reflecting the upgrading of Teledyne Group IT infrastructure. The Company maintained the company funded R&D spending at £9.3m (period ended 02 January 2022: £9.1m).

Profit after tax of £26.2m (period ended 02 January 2022: £32.7m) has decreased by £6.5m. Amortisation expense increased by £3.9m in the period reflecting a full year of amortisation expense from the goodwill arising on the businesses acquired in May 2021. Dividend income of £49.2m was partially offset by investment impairment charges of £43.9m. Tax expense for the period increased £2.1m compared to the prior period.

The increase in the current ratio is principally due to group transactions. The acquisition of the business units from Teledyne Limited in May 2021 was funded by the issuance of an inter company loan note which increased the group payable balance due within one year. This loan note was subsequently settled during 2022 reducing the group payable balance with an increase of the current ratio as a result.

STRATEGIC REPORT (continued)

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

RISK & POTENTIAL EFFECT	MITIGATING ACTIONS
Advancement in technology Teledyne UK operates in competitive global markets characterised by continuous technological development which is integral to the Company's business of design and manufacture of specialist technology for high performance systems and equipment. Failure to innovate could result in our product offering becoming obsolete. The development of new technologies carries risks including failure to develop a commercially viable offering, taking longer to reach the market than planned and the risk that market size will be smaller than originally envisaged.	• Focussing research and development programmes on innovations consistent with the Company's strategic aims. • Working closely with customers and to ensure the Company develops solutions tailored to their needs and involving them extensively during product development. • Working closely with other companies in the Group to share technologies.
Global markets Teledyne UK's business is subject to wider political and macro-economic conditions. A number of the Company's products are supplied for use into industries which are dependent upon, and subject to, government policies and national and international political considerations and budgetary constraints. Reduction in military spending or prolonged downturn due to recession or economic instability would adversely affect our sales.	• Increasing diversity of products through ongoing development of strategic growth application areas. • Expanding geographical spread. • Maintaining flexibility within the cost base to enable prompt response to significant changes in market conditions and demand. • Strengthening sales management processes.
Knowledge and skills Our business invests significantly in the research and development of technologically advanced products. Failure to protect the Company's intellectual property could result in lack of competitive advantage and products, erosion of margin, or inability to recover investment. In addition, our success is reliant on our ability to attract, retain and continuously develop the right people in all areas of the business. In particular to deliver the strategic growth opportunities, the Company relies heavily on the skills, experience and competence of its people.	• Identification and documentation of intellectual property arising throughout development, with protection of certain products and manufacturing processes by use of patents. • Safeguarding know-how by ensuring suppliers, customers and employees are subject to confidentiality obligations in respect of treatment and disclosure of intellectual property. • Maintaining development and succession programmes, competitive remuneration and good communications at all levels.
Long term contract execution In excess of a third of the Company's turnover relates to long term contracts, many of which involve advancements in technology and are fixed price. An inherent risk in fixed price contracts is that actual performance costs may exceed the projected costs on which the contracts are agreed; failure to anticipate technical problems, estimate costs accurately or control costs during the performance of a contract can reduce its profitability or result in a loss.	• Major projects are subject to review and approval by Divisional and Group management. • Projects are reviewed at levels and frequencies appropriate to their performance and potential risks. • Standardised project management approach across the Company and ensure appropriate tools available.

STRATEGIC REPORT (continued)

RISK & POTENTIAL EFFECT	MITIGATING ACTIONS
Cyber security Computer systems are critical to the business and its future growth. A complete failure of the IT system, with the loss of trading and other records, would be damaging to the business. Furthermore, Teledyne UK faces an increased threat of system security breaches and data loss (including unintentional loss by employees) due to velocity of change in the dynamic external environment and as a result of the increasing global information sharing both within the Teledyne Group and externally with customer and suppliers.	• Senior IT management identify emerging external IT issues and prioritises mitigating actions. • Insider threat program, training of all employees to raise awareness and assist in threat detection. • Reviewing and enhancing IT security policies and tools on a continuing basis. • Continued development of IT security processes and procedures.
Product quality and liabilities There is a risk that the Company's products do not achieve the required specification or deliver to the customer's expectations which could lead to significant liabilities for warranty claims, defects and product recalls.	• Standardising production, where practical, and applying stringent quality procedures to minimise production defects. • Minimise potential risks arising from complex or extended contracts through specification certainty and clear contractual arrangements through a robust contract review process.
Supply chain disruption Teledyne UK's ability to supply products to our customers could be adversely affected by a disaster or disruptive event. Any interruption to supplies, or increases in costs, could adversely affect our financial position and future trading. For both projects and the production of standard product, there are a number of strategic partnerships and a reliance on external suppliers for specialist materials and products, often in small quantities. Some of these may be sourced from a single supplier, particularly for custom built or older components, and supply may be vulnerable to delay as suppliers prioritise customers with volume orders.	• Maintaining a business continuity plan to minimise any business implications or disruption to production capability and subjecting the plan to testing to manage the risk of a loss of a major production facility or supplier. • Mitigating financial effect through business interruption insurance. • Using accredited supplier programmes and cementing long term partnership based relationships at every point in the supply chain. • Standardising components in production developments and retaining appropriate inventory levels of components. • Determining and validating other suppliers/ sources of supply for key materials reducing the number of components/ materials purchased from a sole supplier. • Committed to operating in an environmentally responsible manner. Manage, and where possible, reduce any impact on the environment and climate change from our operational activities.
Laws and regulations Teledyne UK is subject to applicable laws and regulations of many jurisdictions, including but not limited to, export-import controls, health and safety, environmental, tax, bribery and corruption. Failing to comply could harm business operations or the Company's reputation.	• Employing individuals with relevant experience in these areas, aided by outside advisors where required, to oversee management of these dynamic risks. • Deploying resources to meet new requirements as they arise. • Maintaining ethics and business conduct programmes, a combination of online training and certifications.

STRATEGIC REPORT (continued)

Financial risk management objectives and policies

Currency risk
The Company operates internationally and is exposed to a number of foreign currencies, the most significant being the US dollar and to a lesser extent the Euro. Fluctuations in exchange rates will affect both foreign currency denominated transactions and the translation of net assets and income statements of foreign subsidiaries which could result in profit and balance sheet volatility. The Company operates under the Group wide hedging policy which manages both transactional and translational currency exposure.

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

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

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

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

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT
The Company comprises a number of varied business units and operates a governance framework that delegates authority for local decision making to the business unit level. The leadership teams of each business unit are encouraged to make decisions with a long-term view in mind in accordance with Group policies. Major decisions are discussed with affected groups and Divisional and Group management prior to implementation.

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

Long-term consequences
Three year strategic plans are prepared by each segment, all of which are discussed with and approved by Divisional and Group Management.

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

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

Relationship with suppliers, customer 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 recognizes the important 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 high reputation f r 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.

Approved by the oard and sign on its behalf by:

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i tor

22 September 2023

Teledyne UK Limited
Company no. 00432014

Registered of ice:
106 Waterhouse Lane, Chelmsford, Essex, CM1 2QU

DIRECTORS' REPORT

The Directors present their report and financial statements for the period ended 01 January 2023.

RESULTS AND DIVIDENDS
The profit for the period, after taxation, amounted to £26,157,000 (period ended 02 January 2022: £32,702,000). Dividends of £39,000,000 were paid during the period to the Company's immediate parent company (period ended 02 January 2022: £95,051,000). No dividends have been paid subsequent to the period end.

RESEARCH AND DEVELOPMENT
The Company continues to commit significant resources to existing product enhancement as well as the introduction of new products for established and emerging markets. Resource is also invested in a number of collaborative relationships with key universities to achieve leverage, knowledge exchange and access to and training of talented young scientists and engineers. Customers fund directly a proportion of expenditure on product enhancement and new product development. The amount funded by the Company amounted to £9,270,000 (period ended 02 January 2022: £9,050,000).

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

S Main
N Wargent

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

N Wargent

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

POLITICAL DONATIONS
No political donations were made during the period (period ended 02 January 2022: £nil).

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

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

DIRECTORS' REPORT (continued)

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS
Details of future developments can be found in the Strategic Report on pages 1 to 6.

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

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

GOING CONCERN
As at 01 January 2023, the Company had net current assets of £39,069,000 (02 January 2022: £6,783,000) and cash at bank and in hand of £16,772,000 (02 January 2022: £13,986,000). The Company continues to be profitable, generating cash from its operations. The Group operates a central treasury function which gives the Company access to intercompany funding facilities. The Directors have received confirmation from its ultimate parent company that it will not seek to withdraw cash from the Company in a manner which may threaten the ability of the Company to continue as a going concern.

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

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

DIRECTORS' REPORT (continued)

PROVISION OF INFORMATION TO AUDITOR
The Directors at the date of approval of this report confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and

- the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Approved by the board and signed on its behalf by:

N Wargent
Director

22 September 2023

Teledyne UK Limited
Company no. 00432014

Registered office: 106 Waterhouse Lane, Chelmsford, Essex, CM1 2QU

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Report on the audit of the financial statements

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

- give a true and fair view of the state of the company's affairs as at 01 January 2023 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 23.

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

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:
- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act; FRS 102; tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included UK health and safety laws and employment laws.

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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

Use of our report

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

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

22 September 2023

PROFIT AND LOSS ACCOUNT

For the period ended 01 January 2023

	Notes	**Period ended 01 Jan 2023 £000**	Period ended 02 Jan 2022 £000
Turnover	2	**230,830**	200,255
Cost of sales		**(148,544)**	(126,943)
GROSS PROFIT		**82,286**	73,312
Distribution costs		**(7,201)**	(6,531)
Research and development costs	3	**(9,270)**	(9,050)
Administrative costs	3	**(24,689)**	(15,450)
Other operating income	3	**1,595**	2,504
		(39,565)	(28,527)
OPERATING PROFIT BEFORE AMORTISATION	3	**42,721**	44,785
Amortisation of goodwill	9	**(11,964)**	(8,015)
OPERATING PROFIT	3	**30,757**	36,770
Dividends received		**49,203**	3,444
Investment income	5	**851**	728
Impairment of investments	11	**(43,898)**	-
Interest payable and similar expenses	6	**(1,496)**	(1,073)
PROFIT BEFORE TAXATION		**35,417**	39,869
Tax on profit	7	**(9,260)**	(7,167)
PROFIT FOR THE FINANCIAL PERIOD		**26,157**	32,702

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

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 01 January 2023

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
Profit for the financial period	**26,157**	32,702
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges (note 22):		
(Losses)/gains arising during the period	**(8,946)**	(1,213)
Less: reclassification adjustments for gains/(losses) included in profit or loss	**9,075**	1,049
Income tax relating to items that may be reclassified subsequently to profit or loss (note 7)	**(41)**	31
Other comprehensive income / (expense) for the period	**88**	(133)
Total comprehensive income for the period	**26,245**	32,569

The notes on pages 20 to 47 form part of these statements.

STATEMENT OF FINANCIAL POSITION
As at 01 January 2023

	Notes	**01 Jan 2023 £000**	02 Jan 2022 £000
FIXED ASSETS			
Intangible assets	9	**99,888**	112,041
Tangible assets	10	**36,119**	38,858
Investments	11	**44,558**	88,456
		180,565	239,355
CURRENT ASSETS			
Stocks	12	**33,673**	23,907
Debtors	13	**70,101**	69,287
Current asset investments	11	**100**	338
Cash at bank and in hand		**16,772**	13,986
		120,646	107,518
CREDITORS: amounts falling due within one year	14	**(81,577)**	(100,735)
NET CURRENT ASSETS		**39,069**	6,783
TOTAL ASSETS LESS CURRENT LIABILITIES		**219,634**	246,138
CREDITORS: amounts falling due after more than one year	15	**-**	(14,000)
PROVISIONS FOR LIABILITIES	16	**(4,646)**	(4,976)
NET ASSETS		**214,988**	227,162
CAPITAL AND RESERVES			
Called up share capital	18	**3,000**	3,000
Share premium account	18	**184,708**	184,708
Cash flow hedge reserve	18	**(45)**	(133)
Profit and loss account	18	**27,325**	39,587
SHAREHOLDE S FUNDS		**214,988**	227,162

The notes on pages 20 to 47 form part of these statements.

The financial statements were approved by the Directors and authorised for issue on 22 September 2023.

N Wargent
Director

STATEMENT OF CHANGES IN EQUITY
For the period ended 01 January 2023

	Called up share capital £000	Share premium account £'000	Cash flow hedge reserve £000	Profit and loss account £000	Total £000
Balance at 04 January 2021	3,000	184,708	-	101,402	289,110
Cash flow hedges:					
Gains/(losses) arising during the period	-	-	(1,213)	-	(1,213)
Reclassification adjustments for gains/(losses) included in profit or loss	-	-	1,049	-	1,049
Income tax relating to items that may be reclassified subsequently to profit or loss (note 7)	-	-	31	-	31
Other comprehensive expense	-	-	(133)	-	(133)
Profit for the period	-	-	-	32,702	32,702
Total comprehensive income for the period	-	-	(133)	32,702	32,569
Share-based payment charge	-	-	-	534	534
Dividends paid (note 8)	-	-	-	(95,051)	(95,051)
Total contributions by and distributions to owners	-	-	-	(94,517)	(94,517)
Balance at 02 January 2022	3,000	184,708	(133)	39,587	227,162

The notes on pages 20 to 47 form part of these statements.

STATEMENT OF CHANGES IN EQUITY
For the period ended 01 January 2023

	Called up share capital £000	Share premium account £000	Cash flow hedge reserve £000	Profit and loss account £000	Total £000
Balance at 03 January 2022	3,000	184,708	(133)	39,587	227,162
Cash flow hedges:					
Gains/(losses) arising during the period	-	-	(8,946)	-	(8,946)
Reclassification adjustments for gains/(losses) included in profit or loss	-	-	9,075	-	9,075
Income tax relating to items that may be reclassified subsequently to profit or loss (note 7)	-	-	(41)	-	(41)
Other comprehensive income	-	-	88	-	88
Profit for the period	-	-	-	26,157	26,157
Total comprehensive income for the period	-	-	88	26,157	26,245
Share-based payment charge	-	-	-	581	581
Dividends paid (note 8)	-	-	-	(39,000)	(39,000)
Total contributions by and distributions to owners	-	-	-	(38,419)	(38,419)
Balance at 01 January 2023	3,000	184,708	(45)	27,325	214,988

The notes on pages 20 to 47 form part of these statements.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023

1. ACCOUNTING POLICIES

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

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 6.

These financial statements are separate financial statements, and have been prepared for a period of 52 weeks (period ended 02 January 2022: 52 weeks) and are presented in sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and the Companies Act 2006.

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)
The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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

Going concern
As at 01 January 2023, the Company had net current assets of £39,069,000 (02 January 2022: £6,783,000) and cash at bank and in hand of £16,772,000 (02 January 2022: £13,986,000). The Company continues to be profitable, generating cash from its operations. The Group operates a central treasury function which gives the Company access to intercompany funding facilities. The Directors have received confirmation from its ultimate parent company that it will not seek to withdraw cash from the Company in a manner which may threaten the ability of the Company to continue as a going concern.

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

1. ACCOUNTING POLICIES (continued)

Intangible assets – goodwill
Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over the estimated useful life of which can range between 5 to 10 years. Provision is made for any impairment.

Intangible assets – contract fulfilment costs
Contract fulfilment costs incurred to ensure that a customer specific project has appropriate specific operational and technical infrastructures in place to ensure the full delivery of the contract are included within intangible fixed assets. These costs are amortised on a systematics basis that is consistent with the transfer of the related goods or services to the customer. The expense is recognised in profit or loss.

Other intangible assets
Intangible assets acquired separately from a business are capitalised at cost. Intangible assets created within the business are not capitalised and expenditure is charged against profit or loss in the period in which it is incurred.

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis. Provision is made for any impairment. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, it is provided so as to write-off the cost of intangible assets on a straight-line basis over the estimated useful life, as follows:

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

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

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

Net realisable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

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

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

1. ACCOUNTING POLICIES (continued)

Financial instruments – Classification and measurement
Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

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

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

Financial liabilities
Financial liabilities primarily consist of trade payables and derivatives.

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

Investments
Investments in non-derivative instruments that are the equity of the issuer (where shares are publically traded or their fair value is reliably measureable) are measured at FVPL. Where fair value cannot be measured reliably, investments are measured at cost less impairment. Provision is made for any impairment.

Investments in subsidiaries are held at historical cost less provision for impairment.

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

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

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

During the periods ended 01 January 2023 and 02 January 2022, certain derivative financial instruments have been designated as cash flow hedges. All existing effective hedging relationships continue to qualify for hedge accounting under IFRS 9.

1. ACCOUNTING POLICIES (continued)

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

Impairment
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from the measurement of the present value of the future cash flows of the cash generating units (‘CGU’) of which the goodwill is part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets in that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, in a pro-rata basis. Impairment of goodwill is never reversed. There have been no reversals in the period.

Financial assets
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset’s carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in the impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

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

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

1. ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

The Company has taken advantage of the disclosure exemptions contained in Section 26 of FRS 102 because the share based payment arrangement concerns equity instruments of another group entity of which the company is a subsidiary.

Pensions
The Company contributes to personal pension arrangements for its employees. The pension cost is the amount of contributions payable in the period (see note 19) and is recognised as an expense in the profit and loss account when they fall due. Amounts not paid are included in the balance sheet and included within creditors due within one year.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. There are no finance leases.

Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

1. ACCOUNTING POLICIES (continued)

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

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

1. the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
2. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
3. the amount of turnover can be measured reliably;
4. it is probable that the economic benefits associated with the transaction will flow to the entity; and
5. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

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

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

Dividend income
Dividend income from investments is recognised when the shareholder’s rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

1. ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

Critical accounting judgements and key sources of estimation uncertainty
In the application of the Company's accounting policies, management must make judgements, estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based upon factors such as historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material misstatement to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

1. ACCOUNTING POLICIES (continued)

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

Impairment of fixed asset investments and goodwill
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. Where there are indicators of impairment, an estimation of the value of the fixed asset investment or value in use of the CGU to which the goodwill has been allocated is required. In performing an impairment review, discounted cash flow models are prepared that include a number of assumptions in respect to: the future financial performance of the CGU including the CGU's success in pursuing a number of new products and markets; an appropriate rate for the weighted average cost of capital; and the long-term growth rate for the market. There are inherent uncertainties related to these assumptions and actual results could differ from these forecasts. In order to evaluate the sensitivity of the present value calculations, sensitivities are applied to the models for hypothetical reductions to the future revenue growth assumptions.

At the reporting date, the carrying value of fixed asset investments and goodwill are £44,558,000 (02 January 2022: £88,456,000) and £99,439,000 (02 January 2022: £111,403,000), respectively.

On 11 November 2022, the Company received a dividend of £45,184,000 from it's subsidiary undertaking Teledyne Limited. Subsequent to this, an impairment of £43,898,000 was recognised against the investment in Teledyne Limited.

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

Provisions for liabilities
The Company has a number of leased premises for which there are obligations relating to the reinstatement of the properties to the condition at the commencement of the lease. On owned premises, a provision is made for expected environmental remediation requirements. The obligations are determined based on management's estimates supported with the knowledge of a third party expert, where required. At the reporting date, property provisions are £2,533,000 (02 January 2022: £2,790,000).

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

2. TURNOVER AND REVENUE

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

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
Sale of goods	**152,357**	119,154
Contract revenue recognised in the period	**69,532**	70,975
Rendering of services	**8,941**	10,126
Turnover	**230,830**	200,255
Dividends received	**49,203**	3,444
Third party contributions and government grants (note 3)	**1,807**	3,094
Interest income (note 5)	**851**	390
Total revenue	**282,691**	207,183

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

Analysis of turnover by segment is as follows:

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
Digital Imaging	**131,195**	124,085
Instrumentation	**19,917**	13,528
Aerospace and Defence Electronics	**79,718**	62,642
	230,830	200,255

Analysis of turnover by geographical market is as follows:

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
United Kingdom	**49,481**	39,007
North America	**68,881**	62,380
Rest of Europe	**73,934**	66,283
Rest of World	**38,534**	32,585
	230,830	200,255

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

		Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
Research and development expenditure, before Government grant funding		**9,270**	9,050
Depreciation of tangible fixed assets		**7,130**	6,110
Amortisation of goodwill		**11,964**	8,015
Amortisation of other intangible assets		**255**	180
Gain on sale of fixed assets		**(18)**	(2)
Auditor's remuneration	- audit of the financial statements[1]	**150**	139
Write off intercompany loan[2]		**4,079**	-
Operating lease rentals	- land and buildings	**1,251**	897
	- plant and machinery	**563**	802
Foreign currency losses/(gains) arising from fair value adjustments		**132**	878
Other net foreign currency exchange (gains)/losses		**751**	(994)
Total net foreign currency (gains)/losses		**883**	(116)
Government grant funding		**(58)**	(860)
Research and development tax credits		**(1,537)**	(1,644)

Notes:
1. There are no fees related to other audit or non-audit services.
2. During the period, the Company assumed the obligation of an amount owed of £4,079,000 between members of the Teledyne group of companies where one member was unable to repay the debt. A charge of £4,079,000 has been recorded in respect of this transaction.

During the period, government grants of £58,000 (period ended 02 January 2022: £794,000) were received for projects to develop and build new products as part of a Government initiative to provide financial support for innovation. There are no future related costs in respect of these grants which were received solely as compensation for a proportion of the costs incurred in the period.

During the period the Company received no other government grants relating to the Coronavirus Job Retention Scheme (period ended 02 January 2022: £66,000).

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

4. STAFF COSTS

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
Wages and salaries	**62,369**	53,374
Social security costs	**6,617**	5,641
Other pension costs (note 19)	**2,857**	2,531
Share based payment charges (note 20)	**581**	534
	72,424	62,080

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

	Period ended 01 Jan 2023 No.	Restated Period Ended 02 Jan 2022 No.
Manufacturing, engineering and operations	**1,193**	1,058
Sales and support functions	**261**	263
	1,454	1,321

The average number of employees for the period ended 02 January 2022 has been restated to reflect a revised calculation for the period.

Two directors (period ended 02 January 2022: three) of the Company served during the period, both (period ended 02 January 2022: two) of whom are also directors of other Teledyne Group companies. One of these directors (period ended 02 January 2022: one) did not receive any remuneration in respect of their services to this Company. The other director (period ended 02 January 2022: two) received total remuneration of £272,000 (period ended 02 January 2022: £346,000) from the Company during the period. This director is a (period ended 02 January 2022: two are) member of the Company's group stakeholder pension scheme and received company funded pension contributions to this money purchase scheme of £5,000 during the period (period ended 02 January 2022: £18,000).

The highest paid director received remuneration of £272,000 (period ended 02 January 2022: £248,000) and the value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £5,000 (period ended 02 January 2022: £16,000).

During the period one director, who was the highest paid director (period ended 02 January 2022: one who was the highest paid director), received share options in respect of qualifying services and one director (period ended 02 January 2022: two) exercised options during the period.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

5. INVESTMENT INCOME

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
Mark to market gains on listed securities	**-**	338
Interest receivable from group undertakings	**842**	390
Bank interest receivable	**9**	-
	851	728

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
Impairment of investment (note 11)	**-**	25
Mark to market losses on listed securities	**238**	-
Interest payable to group undertakings	**1,250**	1,006
Bank interest payable	**2**	16
Other interest	**6**	26
	1,496	1,073

7. TAX ON PROFIT

Recognised in the profit and loss account

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
UK corporation tax		
Current tax on income in the period	**8,800**	8,035
Adjustments in respect of prior periods	**(847)**	(552)
Total current tax	**7,953**	7,483
Deferred tax (note 17)		
Origination and reversal of temporary differences	**(1)**	355
Increase in tax rate	**293**	(1,088)
Adjustment in respect of prior periods	**1,015**	417
Total deferred tax	**1,307**	(316)
Tax on profit	**9,260**	7,167

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

7. TAX ON PROFIT (continued)

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

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
Deferred tax		
Relating to cash flow hedges	**41**	(31)

A reconciliation of the tax expense applicable to the accounting profit before tax at the statutory income tax rate to the tax expense at the Company's effective tax rate for the period ended 01 January 2023 and the period ended 02 January 2022 is as follows:

	Period ended 01 Jan 2023 £000	Period ended 02 Jan 2022 £000
Profit before taxation	**35,417**	39,869
At UK statutory income tax rate of 19**%** (period ended 02 January 2022: 19%)	**6,729**	7,575
Non-taxable income	**(9,348)**	(687)
Non-deductible expenses	**11,509**	1,416
Share based payments	**(91)**	86
Adjustment in respect of deferred tax of previous periods	**1,015**	417
Adjustment in respect of current tax of previous periods	**(847)**	(552)
Change in tax rate	**293**	(1,088)
Total tax expense reported in the profit and loss account	**9,260**	7,167

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

8. DIVIDENDS

During the period the Company paid dividends of £39,000,000 (period ended 02 January 2022: £95,051,000).

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

9. INTANGIBLE FIXED ASSETS

	Goodwill £000	Patents and techno-logy £000	Contract fulfilment costs £000	Software £000	Total £000
Cost:					
At 03 January 2022	121,170	239	442	15,670	137,521
Additions	-	-	-	38	38
Disposals	-	-	-	-	-
Transfer from tangible assets	-	-	-	28	28
At 01 January 2023	**121,170**	**239**	**442**	**15,736**	**137,587**
Amortisation and Impairments:					
At 03 January 2022	9,767	239	79	15,395	25,480
Provided during the period	11,964	-	167	88	12,219
Disposals	-	-	-	-	-
At 01 January 2023	**21,731**	**239**	**246**	**15,483**	**37,699**
Net book value:					
At 01 January 2023	**99 439**	**-**	**196**	**253**	**99,888**
At 02 January 2022	111,403	-	363	275	112,041

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Leasehold improve-ments £000	Long leasehold premises £000	Plant and equipment £000	Office equipment, fixtures and fittings £000	Assets under construction £000	Total £000
Cost:							
At 03 January 2022	10,584	313	414	115,012	5,409	10,102	141,834
Additions	-	73	-	532	13	3,797	4,415
Disposals	-	-	-	(4)	-	-	(4)
Transfer to intangible assets	-	-	-	-	-	(28)	(28)
Reclassifications	-	-	-	6,071	311	(6,382)	-
At 01 January 2023	**10,584**	**386**	**414**	**121,611**	**5,733**	**7,489**	**146,217**
Depreciation:							
At 03 January 2022	5,392	56	2	92,978	4,548	-	102,976
Provided during the period	242	97	403	5,973	415	-	7,130
Disposals	-	-	-	(8)	-	-	(8)
At 01 January 2023	**5,634**	**153**	**405**	**98,943**	**4,963**	**-**	**110,098**
Net book value:							
At 01 January 2023	**4,950**	**233**	**9**	**22,668**	**770**	**7,489**	**36,119**
At 02 January 2022	5,192	257	412	22,034	861	10,102	38,858

Included within freehold land and buildings is land of £1,203,000 (02 January 2022: £1,203,000) which is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

11. INVESTMENTS

Fixed asset investments

	Investment in subsidiaries £000
Cost	
At 03 January 2022	88,481
Transferred to goodwill	-
At 01 January 2023	**88,481**
Amounts provided for impairment of investments	
At 03 January 2022	25
Provided during the period	43,898
At 01 January 2023	**43,923**
Net book value	
At 01 January 2023	**44,558**
At 02 January 2022	88,456

On 11 November 2022, the Company received a dividend of £45,184,000 from it's subsidiary undertaking Teledyne Limited. Subsequent to this, an impairment of £43,898,000 was recognised against the investment in Teledyne Limited.

At the period end, the Directors undertook a review of the carrying value of its investments in subsidiary undertakings and no further impairments have been identified.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

11. INVESTMENTS (continued)

Fixed asset investments (continued)
As at 01 January 2023, the Company has investments in the following subsidiary undertakings. Shares are held directly except where noted below. The Company has control over 100% of the ordinary share capital in respect of each of its subsidiary undertakings.

Name of undertaking	Country of incorporation	Registered office address	Principal activity
Teledyne Limited	England & Wales	106 Waterhouse Lane, Chelmsford, Essex CM1 2QU	Non-trading
Teledyne Innovaciones Microelectronicas S.L.U.	Spain	5, Pabellon de Italia, Parque Tecnologico Isla de la Cartuja, Calle Isaac Newton, 4, 41092 Sevilla	Electronic component manufacturer
Teledyne Signal Processing Devices Sweden AB	Sweden	Teknikringen 6, SE-583 30 Linköping	Electronic component manufacturer
Teledyne e2v Asia Pacific Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong	Holding company, sales & distribution
Teledyne e2v (Beijing) Co. Ltd [1]	China	Room 101, No. 1 Building, No,9 Jiuxianqiao East Road, Chaoyang District, Beijing	Electronic component manufacturer

[1] held through Teledyne e2v Asia Pacific Limited

Current asset investments – listed investments
Listed investments represent investments in ordinary shares. The fair value of listed investments was determined with reference to the quoted market price at the reporting date. During the period the fair value of the listed investments decreased by £238,000, (period ended 02 January 2022: increase £338,000).

12. STOCKS

	01 Jan 2023 £000	02 Jan 2022 £000
Raw materials and consumables	**16,456**	10,530
Work in progress	**15,348**	11,477
Finished goods and goods for resale	**1,869**	1,900
	33,673	23,907

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

13. DEBTORS

	01 Jan 2023 £000	02 Jan 2022 £000
Amounts due within one year		
Trade debtors	**31,847**	26,255
Amounts receivable from parent undertakings	**4,743**	10,141
Amounts receivable from group undertakings	**9,787**	9,749
Other debtors	**2,805**	2,333
Other financial assets (note 22)	**362**	790
Prepayments	**4,319**	2,316
Accrued income	**12,438**	12,555
	66,301	64,139
Amounts due after more than one year		
Deferred tax asset (note 17)	**3,800**	5,148
	70,101	69,287

Trade debtors include £10,678,000 in respect of amounts recoverable on long term contracts (02 January 2022: £8,384,000).

Accrued income includes £4,681,000 in respect of amounts receivable from group undertakings (02 January 2022: £1,290,000).

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	01 Jan 2023 £000	02 Jan 2022 £000
Progress billings to customers	**8,170**	7,758
Trade creditors	**19,890**	18,434
Amounts owed to group undertakings	**33,779**	59,768
Corporation tax	**-**	29
Other taxes and social security	**1,426**	1,840
Other creditors	**5,067**	2,308
Other financial liabilities (note 22)	**1,607**	602
Accruals and deferred income	**11,638**	9,996
	81,577	100,735

Progress billings to customers include £593,000 (02 January 2022: £1,577,000) from group undertakings.

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

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

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

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

	01 Jan 2023 £000	02 Jan 2022 £000
Amounts owed to group undertakings	**-**	14,000

16. PROVISIONS FOR LIABILITIES

	Property provisions (1) £000	Uninsured risks £000	Product warranty £000	Total £000
At 03 January 2022	**2,790**	**313**	**1,873**	**4,976**
Arising during the period	70	-	245	315
Utilised	(327)	-	(57)	(384)
Released in the period	-	-	(261)	(261)
At 01 January 2023	**2,533**	**313**	**1,800**	**4,646**

(1) Property provisions includes property dilapidations and environmental provisions

Property provisions
Provisions are recognised for the expected environmental costs relating to the Company's manufacturing operations, and any expected reinstatement costs for the Company's leasehold properties that are returned to the freeholder on the expiry of the individual lease agreements, between 2 and 20 years. The provision represents the value of the latest estimate of future costs.

Uninsured risks
A provision is recognised for expected costs relating to a historical personal injury claim not covered by insurance and which pre-dates the coverage provided by the Financial Services Compensation Scheme. The timing of the payment of this provision is uncertain.

Product warranty
A provision is recognised for expected warranty claims on products sold that are within their warranty period at the end of the financial period. The warranty period can be date or hours usage based. It is expected that the majority of these costs will be incurred in the next two financial periods. Assumptions used to calculate the provision for warranties are based on relevant sales levels and current information available about warranty claims.

17. DEFERRED TAX ASSETS AND LIABILITIES

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

	Deferred tax assets £000
At 03 January 2022	**5,148**
Charged to profit and loss account	(1,307)
Charged to other comprehensive income	(41)
At 01 January 2023	**3,800**

The deferred tax assets comprise the following origination and reversal of temporary differences, the majority of which are expected to reverse after 1 April 2023.

	01 Jan 2023 £000	02 Jan 2022 £000
Capital allowances	**2,794**	4,270
Share based payment charges	**254**	253
Provisions and accruals	**717**	529
Revaluation of financial instruments	**35**	96
	3,800	5,148

The UK budget 2021 announced that the corporation tax rate will be increased to 25% from 1 April 2023. This provision was substantially enacted on 10 June 2021. UK deferred tax balances as at 01 January 2023 and at 02 January 2022 have been calculated on the corporation tax rates of 19% and 25% being the relevant tax rate that is expected to apply to the period when the asset is realised or the liability is settled.

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

18. SHARE CAPITAL AND RESERVES

Ordinary shares issued and fully paid of £1 each	**Number**	**£000**
At 02 January 2022 and **01 January 2023**	**3,000,008**	**3,000**

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

Share premium account
Generally, additions to this account are made when shares are issued, for cash or otherwise, by the Company for amounts in excess of their nominal value. This account can be utilised to issue fully paid bonus shares and to write-off any issue costs.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

18. SHARE CAPITAL AND RESERVES (continued)

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

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

19. PENSIONS

The Company contributes to personal pension arrangements for its employees. Costs incurred during the period ended 01 January 2023, in respect of this scheme, were £2,857,000 (period ended 02 January 2022: £2,531,000). Contributions included in creditors at 01 January 2023 amounted to £546,000 (02 January 2022: £528,000).

20. SHARE BASED PAYMENTS

The ultimate parent company, Teledyne Technologies Incorporated operates one share-based award scheme (Share Incentive Plan) where employees of this Company had an interest. This scheme was accounted for as equity settled share-based payments. The share-based payment expense charged to the profit and loss account in respect of this scheme for the period ended 01 January 2023 was £581,000 (period ended 02 January 2022: £534,000).

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

21. COMMITMENTS AND CONTINGENCIES

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

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

	Land and Buildings		**Plant and Machinery**	
	01 Jan 2023 £000	02 Jan 2022 £000	**01 Jan 2023 £000**	02 Jan 2022 £000
No later than one year	**1,102**	1,074	**338**	503
After one year but not more than five years	**1,693**	2,178	**293**	545
After five years	**2,081**	2,134	**-**	3
	4,876	5,386	**631**	1,051

Capital commitments
At 01 January 2023, the Company has commitments of £587,000 (02 January 2022: £2,185,000) principally relating to the acquisition of new plant and equipment.

Contingent liabilities
The Company may be party to legal proceedings and claims which arise in the ordinary course of business and can be material in value. Appropriate provision has been made in these accounts where, in the opinion of the Directors, liabilities are likely to materialise.

Furthermore, in the ordinary course of business, the Company may also issue performance and advance payment guarantees to third parties. As at 01 January 2023, guarantees of £8,648,000 (02 January 2022: £9,576,000) were outstanding.

The Company has issued a guarantee to the trustees of the Intelek Pension Scheme, a scheme which belongs to a fellow subsidiary within the Teledyne Group, of all present and future obligations and liabilities to make payments to the scheme up to a maximum value of £8,400,000 (02 January 2022: £8,400,000)

The Directors are of the opinion that the risk to the Company associated with these guarantees is not material and consequently no provision is recorded.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

22. FINANCIAL INSTRUMENTS

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

Fair values
The carrying values of the Company's financial assets and liabilities are summarised below:

	Carrying amount	
	01 Jan 2023 £000	02 Jan 2022 £000
Financial assets		
Measured at fair value through profit or loss		
Current asset investments - listed	**100**	338
Designated and effective as hedging instruments carried at fair value		
Forward currency contracts	**342**	85
Measured at fair value through profit or loss		
Forward currency contracts	**20**	705
Derivative financial assets	**362**	790
Financial liabilities		
Designated and effective as hedging instruments carried at fair value		
Forward currency contracts	**(669)**	(342)
Held for trading at fair value through profit or loss		
Forward currency contracts	**(938)**	(260)
Derivative financial liabilities	**(1,607)**	(602)

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

22. FINANCIAL INSTRUMENTS (CONTINUED)

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

Level 1 quoted prices (unadjusted) in active markets for identifiable assets or liabilities;

Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of current asset listed investments, which are all traded in active markets, has been determined with reference to the quoted market price at the reporting date, which is categorised within Level 1.

The fair value of forward currency contracts is calculated by management based on external valuations received from the Company's bankers and are based on forward exchange rates and yield curves. The fair value measurement basis of the instruments is categorised within Level 2.

22. FINANCIAL INSTRUMENTS (CONTINUED)

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

CASHFLOW	**Currency**	**Average exchange rate**	**Maturing within 1 year £000**	**Maturing after 1 year £000**
01 January 2023				
US$ 22,868,149	**USD : GBP**	**1.2388**	**15,373**	**3,087**
02 January 2022				
US$ 25,284,236	USD : GBP	1.3696	15,373	3,087

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

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

Total currency value of contracts	**Currency**	**Average exchange rate**	**Maturing within 1 year £000**
01 January 2023			
US$ 17,100,000	**USD : GBP**	**1.2853**	**13,771**
EURO 8,100,000	**EUR : GBP**	**1.1347**	**7,138**
02 January 2022			
US$ 33,400,000	USD : GBP	1.3282	25,146
EURO 3,800,000	EUR : GBP	1.1732	3,239

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 01 January 2023 (continued)

23. PARENT UNDERTAKING AND CONTROLLING PARTY

At the reporting date, the immediate parent undertaking was Rhombi Holdings Limited, a company registered in England and Wales.

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