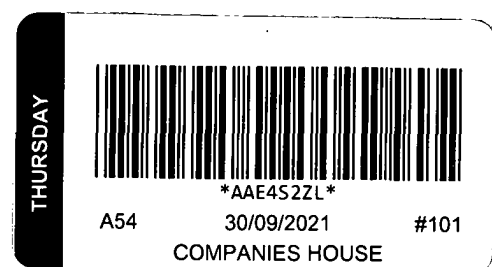


## **Radiodetection Limited**

**Annual Report and Financial Statements  
for the year ended 31 December 2020**

**Registered number: 01334448**



# Radiodetection Limited

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# **Radiodetection Limited**

## **Officers and professional advisers**

### **DIRECTORS**

M A Reilly  
J W Nurkin  
S W Sproule (resigned 01 September 2020)  
J E Harris (appointed 01 September 2020)  
M D R Dakin

### **REGISTERED OFFICE**

Western Drive  
Bristol  
BS14 0AF

### **SOLICITORS**

Eversheds  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

### **BANKERS**

Bank of America NA  
5 Canada Square  
London  
E14 5AQ

Bank Mendes Gans N.V  
P.O. Box 198, 1000 AD  
Amsterdam  
The Netherlands

### **AUDITOR**

Grant Thornton UK LLP  
2 Glass Wharf  
Bristol  
BS2 0EL

# Radiodetection Limited

## Strategic report

### STRATEGY AND OBJECTIVES

The principal activity of the company is the design and manufacture of equipment used for the location and inspection of buried utilities. The objectives of the company are to continue to grow our business and maintain our position as market leaders, without sacrificing financial stability. Our strategy to achieve these objectives is to focus on growth globally, while ensuring that our products continue to meet the needs of our customers by investing in research and development activities to support a programme of new product launches.

### BUSINESS MODEL

Commitment to the customer is the foundation of Radiodetection's success. This, combined with design innovation and a skilled and dedicated workforce, has produced a range of products that are an essential part of utility workers' and contractors' lives in over sixty countries throughout the world. Radiodetection maintains a strong practice of ongoing development of products and commercial research.

Every product in the Radiodetection range is designed and manufactured to the highest standards. Radiodetection's manufacturing operations are ISO 9001 accredited, and our products benefit from a range of approvals in specific industries.

To back up this commitment to excellence, Radiodetection customers benefit from an extensive service and technical support programme. With complete customer support, repair and parts facilities located around the globe, clients have access to "hands-on" advice and consulting.

### REVIEW OF THE BUSINESS

In 2020 revenue decreased by 2.20% (2019: 5.4% increase) to £54,340,000. The reduction was in both intercompany and external sales relating to locator and inspection products. The lack of growth in 2020 was caused by challenging conditions in the United Kingdom and worldwide affected by the Covid-19 pandemic.

Profit before tax was £22,722,000 in 2020, which is higher than in 2019 when the profit before tax was £20,910,000. The increase is driven by several factors, including material cost control and reduction in discretionary spend during the pandemic.

### FUTURE DEVELOPMENTS

2021 will continue to present challenges due to ongoing economic volatility around the globe caused by COVID-19.

The company will nevertheless continue its programme of launching new or updated existing product ranges, including enhancements to its locator and inspection product ranges. These new or updated products and services will ensure the company continues to lead the market in terms of product capability, and the company will therefore be strongly positioned to return to growth.

### KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) that we use to monitor our progress against our objectives are:

#### Revenue and revenue growth

This KPI enables the company to monitor how it is progressing against its objective of business growth. Revenue for 2020 decreased by 2.20% (2019: 5.4% increase). The decline in revenue growth was due to unprecedented worldwide market conditions caused by the Covid-19 pandemic.

# Radiodetection Limited

## Strategic report (continued)

### KEY PERFORMANCE INDICATORS (continued)

#### Operating profit

This KPI enables the company to monitor its ongoing financial stability and maintain its tight control over costs. Operating profit increased from 37.3% in 2019 to 41.1% in 2020. The increase was due to combination of increased efficiencies in sales contracts and cost management.

#### Net cash movement, before group cash pooling, and cash conversion of operating profits

The company uses this KPI to monitor its financial stability and to ensure that control is maintained over working capital requirements. The company has continued to maintain tight controls over working capital, achieving strong cash conversions. The net cash movement for the cash pooling arrangement was £18,144,000. Excluding corporation tax payments (£2,883,000) the net cash was £21,027,000 (93% conversion) in 2020 and £18,950,000 (91% conversion) in 2019. The higher cash conversion rate in 2020 was mainly due timing differences in sales and higher operating profit for the year.

#### Stock turns

This KPI is used by the company to monitor how efficiently it is using stock and to ensure that the levels of stock held are suitable for the level of trade being carried out. The measure is calculated as the cost of stock recognised as an expense (note 6) divided by the stock value per the balance sheet. The stock turns reduced in 2020 to 3.92 from 5.69 in 2019. This was caused by increase in stock holding due to the Covid-19 uncertainties. The company continues to maintain strict controls over stock levels.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company could be adversely affected by the impact of the current macroeconomic and political environment on key suppliers and customer groups. In particular, both Brexit and Covid-19 have the potential to affect the Company. We have dedicated project teams to assess and mitigate the potential effects of both Brexit and Covid-19 on our business.

#### a. Brexit

The UK left the European Union on 31 January 2020 with a transitional period until 31 December 2020. The following key risk areas have been identified with appropriate mitigating actions put in place:

Brexit risk factors	Mitigating actions
Product delays at custom borders in and out of the UK	Timely reviews of inventory and stock levels in the UK and international locations to ensure continued operations
Duty charges on imports and exports with the EU	This is considered to have a negligible financial impact on the Company and the customers as the WTO tariffs do not differ materially from our current cost related to tariffs
Current UK CE marking certifications on our products could cease to be compliant	CE marking is required for our products sold within the EU. An Authorised Representative will be designated in the EU to carry out conformity assessments for those products where Radiodetection Limited is the legal manufacturer

# Radiodetection Limited

## Strategic report (continued)

### KEY PERFORMANCE INDICATORS (continued)

#### b. Covid-19

The emergence and spread of COVID-19 in early 2020 is currently affecting the business. We were classified as a critical business by the UK government and continued to successfully operate throughout 2020. The following key risk areas were identified with appropriate mitigating actions put in place:

<b>Covid-19 risk factors</b>	<b>Mitigating actions</b>
<b>Decrease in customer demand</b>	The business sells its products to many countries globally which will have varying business restrictions in place at any one time.
<b>Product delays from our supplier</b>	Early measures in 2020 were put in place to increase inventory levels at key supplier locations in order to mitigate the risk of disruption. To date our suppliers have been able to manufacture our products without any disruption.
<b>Decrease of operating profit</b>	In order to offset the potential impact of reduced revenue, discretionary spend was minimised and advantage of the government's employee furlough scheme was taken.
<b>Increased risk of bad debt</b>	Regular cash forecast reviews whilst keeping close communication with customers to identify and minimise any collection risk.

The company's activities expose it to financial risks including foreign exchange risk, interest rate risk and cash flow risk. To reduce these risks, the company manages cash through a group cash pooling arrangement and operates foreign currency bank accounts. Further detail is included in the directors' report.

Loss of key customers is also a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers.

Approved by the Board of Directors  
and signed on behalf of the Board

*Mike Dakin*

**M D R Dakin**  
Director

Date: 28/9/2021

# Radiodetection Limited

## Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2020.

### GOING CONCERN

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

The company is financed through ongoing operating cash flows.

The company's forecasts, which allow for reasonably possible changes in trading performance including Brexit and Covid-19, show that the company will continue to be cash-generative across the forecast period, which is more than one year from the date of approval of these financial statements. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

### RESEARCH AND DEVELOPMENT

The company is committed to ongoing investment in engineering, research and development to produce high quality products using the latest technology. The amount spent on research and development during the year was £2,401,000 (2019: £1,963,000).

### RESULTS AND DIVIDENDS

The profit after tax for the year was £21,415,000 (2019: £19,156,000). There was no dividend declared or paid during 2020 or 2019.

### DIRECTORS

The directors who served during the year and subsequently were as follows:

M A Reilly  
J W Nurkin  
S W Sproule (resigned 01 September 2020)  
J E Harris (appointed 01 September 2020)  
M D R Dakin

### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. It is the company's policy that no speculative trading in financial instruments shall be undertaken. The current policy is not to enter into forward exchange contracts as foreign currency exposure is managed by the parent company. However, the company operates foreign currency bank accounts to mitigate foreign currency risk.

# Radiodetection Limited

## Directors' report (continued)

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company also sources some materials from outside the UK. The company minimises the risk of exchange rate fluctuations by operating foreign currency bank accounts where necessary.

#### Credit risk

The company's principal financial assets are bank balances and trade receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

#### Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company has access to a group central cash pooling account.

### ENERGY AND EMISSIONS REPORT

This report is prepared for the first time for 2020 in accordance with The Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulation 2018.

In the year the company upgraded factory and office lights with intelligent LED lighting which is estimated to result in energy saving of 75,000 kWh per annum.

As at 31 December 2020 the Company's energy usage was as follows:

	2020
Energy use, kWh	717,823
Associated Greenhouse gas emissions, tCO <sub>2</sub> e	149
Intensity ratio, tCO <sub>2</sub> e per £m of revenue	2.74

The total energy usage consists of gas, electricity and business travel. The usage calculation is based on the data extracted from supplier invoices for gas and electricity and staff expenses. The electricity consumption was lower by approximately 25% in 2020 due to reduced number of staff on site as the result of COVID-19 restrictions.

In 2021 the company has started to transition its fleet to electric vehicles. Charging stations are planned to be installed on the Bristol site for both company and personal vehicles to support this transition.

Associated Greenhouse gas emissions have been calculated using UK Government GHG Conversion Factors for Company Reporting for 2020, published on [www.gov.uk](http://www.gov.uk)

# Radiodetection Limited

## Directors' report (continued)

### AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware;  
and
- each of the directors has taken all the steps that they ought to have taken as a director 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.

A resolution to appoint Grant Thornton UK LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

*Mike Dakin*

**M D R Dakin**  
Director

Date: 28/9/2021

# Radiodetection Limited

## Section 172 Statement

The following disclosure describes how the directors have had regard to the matters set out in section 172(1) and forms the director statement required under section 414 CZA of the Companies Act 2006. The directors, in line with their duties under the Companies Act 2006, act in good faith in generating and preserving the long-term success of the company and regard to the following:

- (a) The likely consequences of any decision making in the long term
- (b) The interests of the company's employees
- (c) *The need to foster the company's business relationships with suppliers, customer and others*
- (d) The impact of the company's operations on the community and the environment
- (e) The desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) The need to act fairly between the members of the company.

The Directors' regard to these matters is embedded in their decision-making process, through the Company's business strategy, culture, governance framework, management information flows and stakeholder engagement processes.

The Company's business strategy is focused on achieving success for the Company in the long-term. In setting this strategy, the Board takes into account the impact of relevant factors and stakeholder interests on the Company's performance. The Board also identifies principal risks and opportunities facing the business and sets objectives to manage these.

The Board promotes a culture of upholding the highest standards of business conduct and regulatory conduct. The Board ensures these core values are communicated to the Company's employees and embedded in the Company's policies and procedures, employee induction and training programmes and its risk control and oversight framework.

The Board recognizes that building strong and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate a sustainable business.

The Directors are supported in the discharge of their duties by:

- Processes which ensure the provision of timely management information and escalation through reporting lines to the Board from the Company's business areas, its risk and control functions, support teams and committees of the Board
- Agenda planning for Board and Committee meetings to provide sufficient time for consideration and discussion of key matters

### Stakeholder engagement

The Board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Company.

The Board regularly discusses issues concerning employees, clients, suppliers, community and environment, regulators and its shareholder, which it takes into account in its discussions and in its decision-making process. In addition to this, the Board seeks to understand the interests and views of the Company's stakeholders by engaging with them directly when required. The below summarises the key stakeholders and how we engage with each:

# Radiodetection Limited

## Section 172 Statement (continued)

### Stakeholder engagement (continued)

Stakeholders	Engagement
Customers	<p>Customers are at the centre of our business.</p> <p>Our direct sales teams and channel partners build lasting relationships with both current and future customers to understand their needs and to provide value adding products and solutions. We are in regular contact with customers and channel partners and this allows us to monitor and address both existing and evolving requirements. We engage with our customer through direct face-to-face meeting, phones call, product training, online content and marketing activities.</p> <p>As part of our pre and post-sale processes, we provide training on the safe and efficient use of our products. Radiodetection equipment is largely used for safety critical applications and this engagement with customers is valuable in ensuring that our users know how to make the most out of their investment. It also gives us valuable insight into how our products are used in the field. Our focus here is on reducing damage to underground cables and pipes thereby improving the safety of our customers and improving their locating teams' performance.</p>
Suppliers	<p>As a global business, we work with a wide range of suppliers both in the UK and globally. We remain committed to being fair and transparent in our dealings with all of our suppliers.</p> <p>The business has a supplier audit policy and process to review and oversee the appointment and provision of goods by suppliers, including initial and ongoing due diligence. Reports from this process are updated to the Board on a regular basis.</p> <p>The Company has procedures requiring due diligence of suppliers as to their internal governance, including for example, their anti-bribery and corruption practices, data protection policies and modern slavery matters.</p> <p>The Company has systems and processes in place to ensure suppliers are paid in a timely manner.</p>
Workforce	<p>Our employees are key to the long-term success of the company. We create a committed and well-trained workforce through HR recruitment and selection programmes, regular performance reviews and award events to formally recognise employee achievements.</p> <p>We continually invest in staff development by regular e-training relevant to their roles as well as professional development when required.</p> <p>During all employee and manager meetings, directors provide updates to employees on the company performance including achievement of financial and operational KPIs as well as company strategy. The employees are also encouraged to share their ideas and opinions on company developments and their health and wellbeing.</p> <p>A Star awards process is run bi-annually in order to formally recognise employee's exceptional achievements and contributions, which align with the company objectives and values.</p> <p>Formal bi-annual appraisals are embedded in line-management processes and encourage employee performance feedback. Appraisals also provide an opportunity to both managers and employees to set performance goals and review progress against these on a regular basis.</p>
Regulators/Government	<p>The Board's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards and good governance expected of a regulated business like ours. In doing so, we believe we will achieve our long-term business strategy and further develop our reputation in our sector.</p> <p>We have a Code of Ethics and Business Conduct to which all employees, officers, and directors are required to adhere. The Code provides standards to deter improper actions and promote honest, ethical, and responsible conduct; compliance with applicable laws and regulations; full, fair, accurate, and timely disclosure in filings and other public communications; prompt internal reporting of violations; and individual accountability. The new Code also includes guidance promoting responsible sourcing throughout the supply chain, community.</p>
Pension Schemes	<p>The company operates a stakeholder pension scheme that is available to all qualifying employees. There is also a defined benefit pension scheme, which is closed to new applicants. The company is committed to provide regular and timely funding to the pension schemes in line with their terms and conditions.</p>
Shareholders	<p>The Board seeks to behave in a responsible manner towards our ultimate shareholder. The Board communicates information relevant to its ultimate shareholder, such as its financial reporting.</p>
Community and Environment	<p>Our business is committed to operating throughout the world in a manner that reflects the highest standards of ethics and integrity and meets or exceeds applicable environmental, health and safety laws and regulations. We will strive to continuously improve the management of our environmental, health and safety responsibilities in a manner that is protective of the environment, public health, and in keeping with developing sustainable solutions to meet our environmental challenges.</p> <p>Managers and employees are made aware of our Environmental, Health &amp; Safety policies and practice and will share the responsibility to abide by them and apply them to their jobs.</p>

# Radiodetection Limited

## 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 year. 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 and 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 the prevention and detection of fraud and other irregularities.

The directors confirm that: so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors are responsible for preparing the annual report in accordance with applicable law and regulations.

The Directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

*Mike Dakin*

**M D R Dakin**  
Director

Date: 28/9/2021

# Radiodetection Limited

## Independent auditor's report to the members of Radiodetection Limited

### Opinion

We have audited the financial statements of Radiodetection Limited (the 'company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

# Radiodetection Limited

## Independent auditor's report to the members of Radiodetection Limited (continued)

### Other information

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

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

We have nothing to report in this regard.

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

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

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

### Matter on which we are required to report under the Companies Act 2006

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

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

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

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

### Responsibilities of directors for the financial statements

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.

# Radiodetection Limited

## Independent auditor's report to the members of Radiodetection Limited (continued)

### Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the financial reporting framework (Financial Reporting Standard 102, Companies Act 2006 and the tax legislation relevant to the jurisdiction in which the company operates); health and safety, employee matters, environmental and bribery and corruption procedures;
- We enquired of management and those charged with governance as to whether they are aware of any non-compliance with laws and regulations and whether they had knowledge of actual, suspected or alleged fraud. We corroborated the results of our enquiries to board minutes and other supporting documentation;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with different parts of the business, including the finance team and the IT department, to understand where it is considered there was a susceptibility of fraud;
- In assessing the potential risk of material misstatement, we obtained an understanding of:
  - The company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risk of material misstatement;
  - the company's control environment including:
    - the finance system and controls, including the controls over journal postings that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitor the finance system and the controls;
    - Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. Our audit procedures involved: journal entry testing, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
    - In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- We also considered the key performance indicators and their propensity to influence efforts made by management to manage earnings;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

# Radiodetection Limited

## Independent auditor's report to the members of Radiodetection Limited (continued)

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

- Understanding of, and practical experience with, the audit engagements of similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the company operates; and
  - Understanding of the legal and regulatory requirements specific to the company.
- We did not identify any matters relating to non-compliance with laws and regulations or relating to fraud.

### 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.



**Timothy Lincoln BA ACA**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Bristol

Date: 28/9/2021

# Radiodetection Limited

## Statement of comprehensive income, incorporating the profit and loss account For the year ended 31 December 2020

	*Notes	2020 £'000	2019 £'000
<b>Turnover</b>	3	54,340	55,563
Cost of sales		(21,607)	(24,078)
<b>Gross profit</b>		32,733	31,485
Distribution costs		(2,717)	(3,015)
Administrative expenses		(7,679)	(7,735)
<b>Operating profit</b>		22,337	20,735
Government grant	5	242	-
Interest receivable and similar income	4	77	130
Net interest income relating to pensions and other post-retirement benefits	21	66	45
<b>Profit before taxation</b>	6	22,722	20,910
Tax on profit	9	(1,307)	(1,754)
<b>Profit for the financial year attributable to the equity shareholder of the company</b>		21,415	19,156
<b>Other comprehensive income</b>			
Remeasurement of net defined benefit asset	21	(1,923)	1,707
Tax relating to components of other comprehensive income		365	(290)
<b>Total comprehensive income attributable to equity shareholder of the company</b>		19,857	20,573

All of the activities of the company are classed as continuing.

\* Notes to the financial statements can be found on pages 17 to 37

# Radiodetection Limited

## Balance sheet

At 31 December 2020

	*Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Intangible assets	10	130	271
Tangible assets	11	2,046	2,008
Investments	12	1,649	1,649
Defined benefit pension scheme asset	21	1,730	3,502
Deferred tax asset due in more than one year	15	126	116
		<u>5,681</u>	<u>7,546</u>
<b>Current assets</b>			
Stocks	13	4,708	3,671
Debtors	14	8,761	7,423
Cash at bank and in hand		100,515	82,371
		<u>113,984</u>	<u>93,465</u>
<b>Creditors</b>			
Creditors: amounts falling due within one year	16	(7,658)	(8,533)
		<u>106,326</u>	<u>84,932</u>
<b>Net current assets</b>		<u>106,326</u>	<u>84,932</u>
<b>Total assets less current liabilities</b>		<u>112,007</u>	<u>92,478</u>
Creditors: amounts falling due after more than one year			
Amounts owed to group undertakings	17	(142)	(76)
Defined benefit pension liability	21	-	-
Provisions for liabilities	18	(305)	(609)
		<u>111,560</u>	<u>91,793</u>
<b>Net assets</b>		<u>111,560</u>	<u>91,793</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	19	262	262
Pension reserve		1,128	2,686
Profit and loss account		110,170	88,845
		<u>111,560</u>	<u>91,793</u>
<b>Shareholder's funds</b>		<u>111,560</u>	<u>91,793</u>

The financial statements of Radiodetection Limited, registered number 01334448, were approved by the Board of Directors and authorised for issue on

They were signed on its behalf by:

*Mike Dakin*

**M D R Dakin**  
Director

Date: 28/9/2021

\* Notes to the financial statements can be found on pages 17 to 37

# Radiodetection Limited

## Statement of changes in equity At 31 December 2020

	*Notes	Called-up share capital £'000	Pension reserve £'000	Profit and loss account £'000	Total £'000
<b>At 31 December 2018</b>		262	1,269	70,190	71,721
Profit for the financial year		-	-	19,156	19,156
Remeasurement of net defined benefit asset		-	1,707	-	1,707
Tax relating to other comprehensive income		-	(290)	-	(290)
<b>Total comprehensive income</b>		262	2,686	89,346	92,294
Debit to equity for equity-settled share-based payment		-	-	(501)	(501)
<b>At 31 December 2019</b>		262	2,686	88,845	91,793
Profit for the financial year		-	-	21,415	21,415
Remeasurement of net defined benefit asset	21	-	(1,923)	-	(1,923)
Tax relating to other comprehensive income	18	-	365	-	365
<b>Total comprehensive income</b>		262	1,128	110,260	111,650
Debit to equity for equity-settled share-based payment		-	-	(90)	(90)
<b>At 31 December 2020</b>		262	1,128	110,170	111,560

The Pension reserve and Profit and loss account are both distributable reserves.

The Pension reserve reflects the movements in the defined benefit pension asset and the corresponding deferred tax liability. Equity-settled share based payment relates to capital contributions and recharge arrangement as an adjustment to capital contributions in the year.

\* Notes to the financial statements can be found on pages 17 to 37

# Radiodetection Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### a. General information and basis of accounting

Radiodetection Limited is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act. The address of the registered office is Radiodetection Limited, Western Drive, Bristol BS14 0AF. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The functional currency of Radiodetection Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Radiodetection Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Radiodetection Limited is consolidated in the financial statements of its parent, SPX Corporation, which may be obtained from the company's website ([www.spx.com](http://www.spx.com)). Exemptions have been taken from the requirement to produce consolidated accounts, and in these separate company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

#### b. Consolidated financial statements

The company is exempt from the preparation of consolidated financial statements as it is included in the parent company's financial statements, details of which may be obtained from the company's website ([www.spx.com](http://www.spx.com)).

#### c. Going concern

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

The company is financed by operating cash flows. The company meets its day-to-day working capital requirements from cash reserves and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### d. Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the company is expected to benefit. This period is three years.

# Radiodetection Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 1. ACCOUNTING POLICIES (continued)

#### e. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold land and buildings	2.5% per annum
Motor vehicles	20% to 33% per annum
Plant and machinery	14% to 33% per annum
Production tooling	25% per annum

#### f. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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

##### (i) *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### (ii) *Investments*

Investments in subsidiaries and associates are measured at cost less impairment.

##### (iii) *Equity instruments*

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

##### (iv) *Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 1. ACCOUNTING POLICIES (continued)

#### g. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling prices, less further costs expected to be incurred to completion and disposal. Cost is calculated using standard costs adjusted for recorded variances to approximate the FIFO (first-in, first-out) method. Standard costs are updated annually to ensure a close relationship with actual costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### h. Impairment of assets

Assets 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 as described below.

##### *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.

Where indicators exist for a decrease in impairment loss, 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.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's 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 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.

#### i. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

# Radiodetection Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 1. ACCOUNTING POLICIES (continued)

#### i. Taxation (continued)

The company is part of a group of companies which are eligible to claim current year tax losses from other group companies. The company's current year tax charge recognises the benefit of tax losses claimed under group relief if there is sufficient evidence at the time of preparation that such losses are available. Changes arising to the company's tax charge as a result of the benefit of tax losses are reflected in the financial statements as prior year adjustments in financial statements for subsequent years.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### j. Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Revenue is recognised on transfer of the risks and rewards of ownership of goods to the customer. This is generally on despatch of goods, in accordance with the company's standard terms of business. This also applies to the majority of service revenue, which largely represents repair and maintenance of customers' equipment: the revenue is recognised at the time the repaired equipment is despatched to the customer.

For other service revenue, including the provision of training in the correct operation of Radiodetection equipment, revenue is recognised at the time the service is provided to the customer.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

#### k. Employee benefits

For defined contribution pension schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

# Radiodetection Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 1. ACCOUNTING POLICIES (continued)

#### k. Employee benefits (continued)

Radiodetection Limited sponsors two defined benefit plans. For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of planned introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

#### l. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

#### m. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### n. Share-based payments

The company operates a share-based payments scheme for certain of its employees. Equity instruments in SPX Corporation are awarded at no exercise price to the recipient. Awards are equity-settled at their gross value net of associated income tax liabilities. To the extent that the value of shares required is in excess of a round number of shares, the excess value is settled in cash.

Each award is valued at the grant date, and the value is recognised as an expense over the vesting period. The company reimburses SPX Corporation for the value of shares issued, and the company recognises liabilities for the reimbursement due for shares that have not yet vested. Changes in the value of liabilities due to fluctuations in the share price of SPX Corporation between the grant date and vesting date are recognised directly through equity as either capital contributions from or distributions to the parent company.

The following are types of equity instruments issued to qualifying employees:

##### (i) Stock options

Stock Options vest rateably over a three-year period (33 1/3 percent per year) and are generally subject to continued employment during the period, with a maximum term of ten years. There were no stock options exercised in 2020 (16,604 in 2019).

##### (ii) Performance stock units (PSUs)

PSUs cliff vest at the end of a three-year performance period based on pre-established financial performance targets and are generally subject to continued employment during the performance period. The performance criteria for the PSUs are based on the Relative Total Shareholder Return (r-TSR) of SPX as compared to the results of a peer group within the S&P 600 Capital Goods Index. Payouts under the program are made in shares of our common stock and range from 0% to 150% based on r-TSR achievement versus the peer group. Payout cannot exceed target if SPX's r-TSR is negative. There were 1,690 units granted and zero units vested in 2020.

##### (iii) Restricted stock units (RSUs)

RSUs vest rateably over a three-year period (33 1/3 percent per year) and are generally subject to continued employment during the period. There were 1,102 units granted and 1,070 units vested in 2020.

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 2. CRITICAL ACCOUNTING JUDGEMENTS / IMPAIRMENT OF INVESTMENTS

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which 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 both current and future periods.

#### **Critical accounting judgement – impairment of investments**

An entity shall assess at the end of each reporting period whether there is any indication that the investment may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the investment. The assessment of existence of impairment indicators from both external and internal sources is a key judgement. There have been no impairment indicators that trigger the need for value in use calculation of recoverable amount of the investment in the current year.

#### **Key source of estimation uncertainty – defined benefit pension scheme actuarial assumptions**

The actuarial valuations of the defined benefit obligations require assumptions to be made regarding price inflation based on an average RPI, discount rates based on high quality corporate bonds, mortality rates based on the CMI mortality projections model and future increases in pension benefits based on LPI. The professional actuaries for each plan propose suitable values for the assumptions, and the company reviews these to ensure that they are suitable. A reduction of 1.43% of the present value of the SPX defined benefit obligations would be required to change the net asset recognised on the balance to a net liability of £1,000. The net asset position as at the end of 2020 reporting period was £1,557,000.

### 3. TURNOVER

The directors are of the opinion that the company's activities comprise two classes of business (product sales and service).

An analysis of the company's turnover by geographical market is set out below:

	2020 £'000	2019 £'000
<b>Turnover</b>		
USA	19,505	18,821
United Kingdom	12,250	12,608
Rest of Europe	7,859	9,060
Asia	9,595	8,646
Other overseas countries	5,131	6,428
	<u>54,340</u>	<u>55,563</u>

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 3. TURNOVER (continued)

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

	2020 £'000	2019 £'000
Sale of goods	52,648	53,869
Rendering of services	1,692	1,694
<b>Total turnover</b>	<u>54,340</u>	<u>55,563</u>

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Bank interest	77	130
	<u>77</u>	<u>130</u>

### 5. GOVERNMENT GRANT

Government grant for the year relates to the Coronavirus Job Retention Scheme to support employees who were put on furlough as a result of Covid-19.

The amount of grants recognised in the financial statements was £242,068 (2019-£Nil).

### 6. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets (note 11)	198	223
Amortisation of intangible assets (note 10)	141	128
Research and development expenditure	2,401	1,963
Operating lease rentals	210	236
Foreign exchange gains	(285)	134
Cost of stock recognised as an expense	18,440	20,895
Impairment of stock recognised as an expense	107	231
Reversal of impairment of stock	(195)	(181)
Auditor's remuneration:		
- the group audit of the company's annual financial statements (Deloitte LLP)	-	96
- the statutory audit of the company's annual financial statements (Grant Thornton UK LLP)	44	40
- taxation compliance services (Deloitte LLP)	58	44
	<u>58</u>	<u>44</u>

The impairment of stock arose as a result of anticipated future demand for the items being insufficient to ensure the recoverability of the carrying value of the stock.

The reversal of past impairment losses arose as a result of unforeseen demand for stock items previously impaired.

Impairments, reversal of impairments of fixed assets, intangible assets and stocks and amortisation of intangible assets are included in administrative expenses.

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 7. STAFF NUMBERS AND COSTS

	2020 Number	2019 Number
The average monthly number of employees (including executive directors) was:		
Production	60	58
Sales	44	43
Administration	26	25
Engineering	36	37
	<u>166</u>	<u>163</u>
Their aggregate remuneration comprised:	<b>£'000</b>	<b>£'000</b>
Wages and salaries	7,064	6,889
Defined benefit pension costs (see note 21)	626	642
Social security costs	626	674
Other pension costs	404	374
Share-based payments	67	56
	<u>8,787</u>	<u>8,635</u>

### 8. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2020 £'000	2019 £'000
<b>Directors' remuneration:</b>		
Emoluments	216	199
Restricted stock units and share options	-	636
Company contributions to money purchase pension schemes	40	23
	<u>256</u>	<u>858</u>
	<b>Number</b>	<b>Number</b>
<b>The number of directors who:</b>		
Are members of a defined benefit pension scheme	-	-
Are members of a money purchase pension scheme	1	2
Exercised options over shares in the parent company	2	2
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	<u>4</u>	<u>4</u>

# Radiodetection Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 8. DIRECTORS' REMUNERATION AND TRANSACTIONS (continued)

	2020 £'000	2019 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	216	199
Restricted stock units and share options	-	636
Company contributions to defined contribution pension schemes	40	23
	<u>256</u>	<u>858</u>

The remuneration of the other directors was borne by other group companies for both years. The other directors spend an insignificant portion of their time on the affairs of the company and no amount has been allocated in respect of their emoluments relating to services provided to the company (2019: £nil).

There were no directors who were members of defined benefit or target benefit pension schemes in 2020 (2019: none). Shares were received by one director under long-term incentive schemes (2019: one director).

### 9. TAX ON PROFIT

The tax charge comprises:	2020 £'000	2019 £'000
<b>Current tax on profit</b>		
UK corporation tax	1,682	1,327
Adjustments in respect of prior years	(411)	198
<b>Total current tax</b>	<u>1,271</u>	<u>1,525</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	36	229
Changes in tax rates	-	-
<b>Total deferred tax</b>	<u>36</u>	<u>229</u>
<b>Total tax on profit</b>	<u>1,307</u>	<u>1,754</u>

The standard rate of tax applied to reported profit is 19% (2019: 19%).

Deferred taxes are valued at 19%, based on the future tax rates introduced in the Finance Act 2020 (2019: 17%, based on the future tax rates introduced in the Finance Act 2016).

There is no expiry date on timing differences, unused tax losses or tax credits.

Adjustment in respect of prior years of (£411,000) represents an adjustment to Income Tax payable account. This is primarily due to resubmission of the 2018 tax return relating to updated patent box calculations.

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 9. TAX ON PROFIT (continued)

#### Factors affecting the future tax charge

At Budget 2020, the government announced that rate of corporation tax will remain at 19% for years starting 1 April 2020 and 2021. The corporation tax rate was set by sections 5 and 6 of Finance Act 2020.

Legislation will be introduced in Finance Bill 2021 to set the main rate of corporation tax to 19% for 2022 and increase the rate to 25% for 2023.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2020 £'000	2019 £'000
<b>Profit before tax</b>	<u>22,722</u>	<u>20,910</u>
	<b>£'000</b>	<b>£'000</b>
Tax on profit at standard UK corporation tax rate of 19 per cent (2019: 19 per cent)	4,317	3,973
Effects of:		
- Expenses not deductible for tax purposes	4	21
- Movements in short-term timing differences	(101)	(97)
- Depreciation in excess of capital allowances	110	(66)
- Patent box deduction	(1,354)	(962)
- Group relief	(1,237)	(1,242)
- R&D enhanced relief	(28)	(170)
- Defined benefit pension adjustment	(29)	(96)
- Adjustments in respect of prior years	(411)	198
- Deferred tax expense relating to origination and reversal of timing differences	36	195
- Deferred tax expense relating to changes in tax rates	-	-
<b>Total tax charge for year</b>	<u>1,307</u>	<u>1,754</u>

The standard rate of tax applied to reported profit on ordinary activities is 19% (2019: 19%). The applicable tax rate has changed in accordance with Section 5 of the Finance Act 2020.

There is no expiry date on timing differences, unused tax losses or tax credits.

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 10. INTANGIBLE FIXED ASSETS

	<b>Software capitalisation £'000</b>
<b>Cost</b>	
At 1 January 2020	1,246
Additions	-
	<hr/>
At 31 December 2020	1,246
	<hr/>
<b>Amortisation</b>	
At 1 January 2020	975
Charge for the year	141
	<hr/>
At 31 December 2020	1,116
	<hr/>
<b>Net book value</b>	
<b>At 31 December 2020</b>	<u>130</u>
	<hr/>
At 31 December 2019	<u>271</u>
	<hr/>

Development costs have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss.

# Radiodetection Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 11. TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £'000	Motor vehicles £'000	Plant and machinery £'000	Production tooling £'000	Total £'000
<b>Cost</b>					
At 1 January 2020	2,650	120	4,427	1,916	9,113
Additions	87		66	84	237
Disposals			(109)	(50)	(159)
At 31 December 2020	<u>2,737</u>	<u>120</u>	<u>4,384</u>	<u>1,950</u>	<u>9,191</u>
<b>Depreciation</b>					
At 1 January 2020	1,157	114	3,954	1,881	7,106
Charge for the year	79	2	103	14	198
Disposals			(109)	(50)	(159)
At 31 December 2020	<u>1,236</u>	<u>116</u>	<u>3,948</u>	<u>1,845</u>	<u>7,145</u>
<b>Net book value</b>					
At 31 December 2020	<u>1,501</u>	<u>4</u>	<u>436</u>	<u>105</u>	<u>2,046</u>
At 31 December 2019	<u>1,493</u>	<u>6</u>	<u>473</u>	<u>36</u>	<u>2,008</u>

### 12. FIXED ASSET INVESTMENTS

#### Investments

The company has investments in the following subsidiary undertakings.

#### Subsidiary undertakings

	Country of incorporation	Holding	%
Radiodetection BV	Netherlands	Ordinary shares	100
Radiodetection SARL	France	Ordinary shares	100
Radiodetection (Canada) Limited	Canada	Ordinary shares	100
Radiodetection (Hong Kong) Ltd	China	Ordinary shares	100
Dormant Radio Australia PTY Ltd	Australia	Ordinary shares	100
Radiodetection Australia PTY Limited	Australia	Ordinary shares	100
SPX Pension Trust Company Limited	United Kingdom	Ordinary shares	100

All shares are held directly by Radiodetection Limited.

#### Principal activity

Dormant Radio Australia PTY Ltd and Radiodetection (Hong Kong) Ltd are dormant.

SPX Pension Trust Company Limited acts as trustee of the SPX UK Pension Scheme.

The remaining companies' principal activities are the sale of equipment manufactured by Radiodetection Limited.

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 12. FIXED ASSET INVESTMENTS (continued)

#### Registered offices

Radiodetection BV	Industriestraat 11, Heerenberg, Netherlands 7041 GD's, Netherlands
Radiodetection SARL	13 Grand Rue, Neuf Marché, France 76220, France
Radiodetection (Canada) Limited	344 Edgeley Blvd., Unit 34 Concord, Ontario, L4K 4B7, Canada
Radiodetection (Hong Kong) Ltd	Room 708, 7/F CC Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong
Dormant Radio Australia PTY Ltd	Unit H1, 101 Rookwood Rd, Yagoona, NSW 2199, Australia
Radiodetection Australia PTY Ltd	Unit H1, 101 Rookwood Rd, Yagoona, NSW 2199, Australia
SPX Pension Trust Company Ltd	25 Goodlass Road, Liverpool, L24 9HJ, UK

#### Subsidiary undertakings

	£'000
<b>Cost</b>	
At 1 January 2020 and at 31 December 2020	7,243
<b>Provisions for impairment</b>	
At 1 January 2020 and at 31 December 2020	5,594
<b>Carrying value</b>	
At 31 December 2019 and at 31 December 2020	1,649

Subsidiary undertakings have not been consolidated by Radiodetection Limited as permitted by s.401 of the Companies Act 2006 as they are consolidated in the financial statements of SPX Corporation.

### 13. STOCKS

	2020 £'000	2019 £'000
Raw materials and consumables	2,640	2,116
Finished goods and goods for resale	1,816	1,313
Work in progress	252	242
	<u>4,708</u>	<u>3,671</u>

### 14. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	4,791	4,123
Amounts owed by group undertakings	2,220	2,410
Prepayments and accrued income	339	283
VAT	168	436
Other debtors	0	1
Income tax receivable	1,243	170
	<u>8,761</u>	<u>7,423</u>

Amounts owed by group undertakings relate to unsecured non-interest-bearing intercompany debtors balances that are settled under normal business terms and conditions in the course of normal trading activities.

# Radiodetection Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 15. DEFERRED TAX ASSET

The deferred tax asset comprises the following:

	2020 £'000	2019 £'000
Depreciation in excess of capital allowances	20	58
Other timing differences	106	58
	<u>126</u>	<u>116</u>
		<b>Deferred tax asset £'000</b>
At 1 January 2020		116
Origination and reversal of timing differences		10
Changes in tax rates		<u>        </u>
<b>At 31 December 2020</b>		<u><u>126</u></u>

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the company.

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	6,298	6,475
Amounts owed to group undertakings	499	315
Accruals and deferred income	628	604
Corporation tax	-	687
Other taxation and social security	199	434
Payments received on account	34	18
	<u>7,658</u>	<u>8,533</u>

Amounts owed to group undertakings relate to unsecured intercompany creditors balances that are settled in the course of normal trading activities.

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £'000	2019 £'000
Amounts owed to group undertakings	142	76
	<u>142</u>	<u>76</u>

Amounts owed to group undertakings relate to long terms liability to SPX on employee share based payments and are payable when vested.

### 18. PROVISIONS FOR LIABILITIES

	Product warranties £'000	Deferred tax liability £'000	Total £'000
At 1 January 2020	14	595	609
Charged to profit and loss account	44	45	89
Charged to statement of changes in equity	-	(365)	(365)
Utilisation of provision	(28)	-	(28)
<b>At 31 December 2020</b>	<u>30</u>	<u>275</u>	<u>305</u>

#### Product warranties

The warranty provision is established to recognise known and expected claims against delivered products within the contractual warranty period for such sales. The expenditure is expected to be incurred after 12 months of the balance sheet date.

#### Deferred tax liability

The deferred tax liability relates to temporary timing differences on the defined benefit pension surplus. Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the company.

### 19. CALLED-UP SHARE CAPITAL

	2020 £'000	2019 £'000
<b>Allotted, called-up and fully-paid</b>		
261,751 Ordinary shares of £1 each	262	262
	<u>262</u>	<u>262</u>

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

# Radiodetection Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 20. FINANCIAL COMMITMENTS

	2020 £'000	2019 £'000
Total future minimum lease payments under non-cancellable operating leases are as follows:		
- within one year	176	129
- between one and five years	220	132
- after five years	687	695
	<u>1,083</u>	<u>956</u>

### 21. EMPLOYEE BENEFITS

#### Defined contribution schemes

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 December 2020 was £404,000 (2019: £374,000). There was nil amount owed to the provider as at period end 31 December 2020.

#### Defined benefit schemes

The company participates in two group defined benefit schemes for qualifying employees:

The SPX UK Pension Scheme (previously the SPX UK Pension Plan) and the related costs are assessed in accordance with the advice of professionally qualified actuaries, Willis Towers Watson.

The Dezurik International – Stanplan F scheme and the related costs are assessed in accordance with the advice of professionally qualified actuaries, KPMG.

#### SPX UK Pension Scheme

The SPX UK Pension Scheme is a funded defined benefit plan.

The SPX UK Pension Scheme replaced the SPX UK Pension Plan in 2015, which was closed to future accrual on 1 March 2015. During 2015, a new pension scheme “SPX UK Pension Scheme” was set up and Radiodetection Limited is the single sponsoring employer of this new arrangement.

The wind-up of the SPX UK Pension Plan was triggered during 2015. As part of the wind-up, certain members with relatively low value benefits were offered a winding-up lump sum to extinguish their benefit entitlement in the SPX UK Pension Plan. The remaining liabilities and the majority of the assets were transferred from the SPX UK Pension Plan to the SPX UK Pension Scheme in 2015.

# Radiodetection Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 21. EMPLOYEE BENEFITS (continued)

In December 2014, the majority of pensioner and dependent liabilities were bought out with Just.

A comprehensive actuarial valuation was carried out by the trustees as at 31 December 2018 for funding purposes. The company has employed an independent actuary to approximately update the results from the 31 December 2018 actuarial valuation allowing for differences between the actuarial assumptions used for funding purposes and those adopted by the company to measure the Defined Benefit Obligation, as well as adjusting for benefits paid, accrual of benefits and special events between 31 December 2018 and 31 December 2020.

There is no contractual agreement or stated policy for charging the net defined benefit cost and therefore the sponsoring employer of the scheme recognises the whole of the scheme surplus or deficit in its financial statements.

During 2020, Radiodetection Limited has paid employer contributions of £710,000 (2019: £732,000).

Following the High Court ruling in October 2018, a Guaranteed Minimum Pension ("GMP") equalisation is required. The additional liabilities associated with GMP equalisation were estimated to be an increase of 1.1% in the Scheme's liabilities and treated as a plan amendment at 31 December 2018, which was recognised as a past service cost in the 2018 profit and loss.

Based on historic transfers from the scheme since the inception in 2015 and assuming the existing GMP equalisation loading of 1.1%, an additional allowance of £80,000 has been made for the year end 31 December 2020. The amount has been included as a loss through OCI as at 31 December 2020 on the grounds of materiality.

The total cost related to the scheme was:

	2020 £'000	2019 £'000
Recognised as expense in the profit or loss account	517	549
(Income)/Cost recognised in other comprehensive income	1,681	(1,095)
	<u>2,198</u>	<u>(546)</u>

The amount included in the balance sheet arising from the company's reimbursement rights in respect of the schemes is as follows:

	£'000	£'000
Present value of defined benefit obligations	(108,856)	(98,390)
Fair value of scheme assets	110,413	101,435
<b>Net asset recognised in the balance sheet</b>	<u>1,557</u>	<u>3,045</u>

Movements in the value of defined benefit obligation were as follows:

	£'000	£'000
At 1 January	98,390	91,579
Interest cost on the defined benefit obligation	1,794	2,376
Remeasurement of the defined benefit obligation	11,500	8,290
Scheme introductions, changes, curtailments and settlements	-	-
Benefits paid from scheme assets	(2,828)	(3,855)
<b>At 31 December</b>	<u>108,856</u>	<u>98,390</u>

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 21. EMPLOYEE BENEFITS (continued)

Movements in the fair value of scheme assets were as follows:

	2020 £'000	2019 £'000
At 1 January	101,435	93,346
Interest income on scheme assets	1,852	2,424
Return on scheme assets greater than discount rate	9,819	9,385
Scheme introductions, changes, curtailments and settlements	-	-
Employer contributions	710	732
Benefits paid	(2,828)	(3,855)
Administrative costs paid	(575)	(597)
<b>At 31 December</b>	<b>110,413</b>	<b>101,435</b>
	<b>£'000</b>	<b>£'000</b>
Return on scheme assets	11,671	11,809

Movements in the reimbursement right recognised as an asset were:

	£'000	£'000
At 1 January	3,045	1,767
Interest income	58	48
Remeasurement of the defined benefit obligation	(11,500)	(8,290)
Return on scheme assets greater than discount rate	9,819	9,385
Scheme introductions, changes, curtailments and settlements	-	-
Employer contributions - paid by Radiodetection Limited	710	732
Administrative costs paid	(575)	(597)
<b>At 31 December</b>	<b>1,557</b>	<b>3,045</b>

The scheme assets comprise the following:

	2020	2019
Equity securities	33.7%	50.1%
Debt securities	66.0%	49.8%
Real estate/property	0.0%	0.0%
Other assets	0.3%	0.1%
	<b>100%</b>	<b>100%</b>

None of the scheme assets includes any of the company's own financial instruments (2019: £nil), nor are any of the scheme assets occupied by, or in use by, the company (2019: £nil).

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 21. EMPLOYEE BENEFITS (continued)

The principal actuarial assumptions used were:

	2020	2019
Discount rate	1.30%	1.85%
Price inflation (RPI)	3.05%	3.10%
Rate of salary increase	N/A	N/A
Pension increases for in-payment benefits	2.85%	2.90%
Pension increases for deferred benefits	2.55%	2.35%
Male life expectancy at age 65	21.4	21.3
Female life expectancy at age 65	23.8	23.6
Male life expectancy at age 65 in fifteen years	22.3	22.2
Female life expectancy at age 65 in fifteen years	24.9	24.7

#### Dezurik International – Stanplan F

On 24 September 2015, Radiodetection Limited became the sponsoring employer of the Dezurik International – Stanplan F, which is a defined benefit arrangement. All benefit accruals under the scheme ceased with effect from 30 September 1999, although the wind-up on the scheme has not been triggered.

A full actuarial valuation was carried out on 31 January 2021 and the defined benefit obligation has been adjusted to the reporting date of 31 December 2020 using an approximate roll-forward approach, allowing for benefits paid to members over the period.

During 2020, Radiodetection Limited has paid employer contributions of £59,000 (2019: £50,000).

Following the High Court ruling in October 2018, a Guaranteed Minimum Pension (“GMP”) equalisation is required. The additional liabilities associated with GMP equalisation were estimated and treated as a plan amendment at 31 December 2018, recognised as a past service cost in the 2018 profit and loss. This remains an estimated figure with no further adjustment to this estimate to date.

The total cost related to the scheme was:

	2020 £'000	2019 £'000
Recognised as expense in the profit and loss account	101	93
(Income)/Cost in other comprehensive income	242	(612)
	<u>343</u>	<u>(519)</u>

The amount included in the balance sheet arising from the company’s reimbursement rights in respect of the scheme is as follows:

	£'000	£'000
Present value of defined benefit obligations	(6,825)	(6,003)
Fair value of scheme assets	6,998	6,460
<b>Net asset/(liability) recognised in the balance sheet</b>	<u>173</u>	<u>457</u>

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 21. EMPLOYEE BENEFITS (continued)

Movements in the value of defined benefit obligation were as follows:

	2020 £'000	2019 £'000
At 1 January	6,003	6,061
Interest cost on the defined benefit obligation	119	169
Remeasurement of the defined benefit obligation	835	2
Benefits paid from scheme assets	(132)	(229)
Past service cost (credit)	-	-
	<u>6,825</u>	<u>6,003</u>

Movements in the fair value of scheme assets were as follows:

	£'000	£'000
At 1 January	6,460	5,949
Interest income on scheme assets	127	166
Return on scheme assets greater than discount rate	593	614
Employer contributions	59	50
Benefits paid	(132)	(229)
Administrative costs paid	(109)	(90)
	<u>6,998</u>	<u>6,460</u>

	£'000	£'000
Return on scheme assets	<u>720</u>	<u>780</u>

Movements in the net liability/reimbursement right recognised as an asset were:

	£'000	£'000
At 1 January	457	(112)
Interest income	8	(3)
Remeasurement of the defined benefit obligation	(835)	(2)
Return on scheme assets greater than discount rate	593	614
Employer contributions	59	50
Administrative costs paid	(109)	(90)
Past service cost (credit)	-	-
	<u>173</u>	<u>457</u>

# Radiodetection Limited

## Notes to the financial statements For the year ended 31 December 2020

### 21. EMPLOYEE BENEFITS (continued)

The scheme assets comprise the following:

	2020	2019
Equity securities	10.5%	60.7%
Debt securities	89.1%	38.9%
Other assets	0.4%	0.4%
	100%	100%
	100%	100%

None of the scheme assets includes any of the company's own financial instruments (2019: £nil), nor are any of the scheme assets occupied by, or in use by, the company (2019: £nil).

The principal actuarial assumptions used were:

	2020	2019
Discount rate	1.30%	2.00%
Price inflation (RPI)	2.95%	3.00%
Pension increases (CPI max 5%)	2.25%	2.10%
Male life expectancy at age 65	21.9	21.8
Female life expectancy at age 65	24.2	24.0
Male life expectancy at age 65 in twenty years	23.2	23.1
Female life expectancy at age 65 in twenty years	25.6	25.5

### 22. CAPITAL COMMITMENTS

The Company had capital commitments for production tooling of £28,000 (2019: £90,000)

### 23. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard SPX Corporation, a company incorporated in the United States of America, as the ultimate parent company and the ultimate controlling party.

SPX Corporation is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. The consolidated financial statements of SPX Corporation are available to the public and may be obtained from the company's website ([www.spx.com](http://www.spx.com)). The registered office of SPX Corporation is 6325 Ardrey Kell Road, Suite 400, Charlotte, NC 28277, U.S.A.