

Teledyne Paradise Datacom Limited

Report and Financial Statements

31 December 2013

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COMPANIES HOUSE

Company information

Directors

R Mehrabian
HT Barnshaw
A Pichelli

Secretary

HT Barnshaw

Auditors

Ernst & Young LLP
G1
5 George Square
Glasgow G2 1DY

Bankers

JP Morgan Chase Bank
125 London Wall
London
EC2 5AJ

Solicitors

K&L Gates LLP
One New Change
London
EC4M 9AF

Registered Office

Aviation House The Lodge
Harmondsworth Lane
West Drayton
Middlesex UB7 0LD

Directors' report

Registered no: 02829165

The Directors present their report and financial statements for the year ended 31 December 2013.

Results and dividends

The profit for the year after taxation amounted to £431,961 (2012: £449,884). A dividend of £1,379,365 was paid during the year (2012: £Nil).

Principal activity and review of the business

The company provides design, support and marketing services for high specification digital satellite communications equipment.

The Directors consider the results to be satisfactory.

Future developments

The company's strategy is to consolidate and grow its presence in the niche markets within which the company operates.

Key performance indicators

The company, which forms part of a larger Teledyne business for internal performance reporting, does not report its own KPI's.

Directors

The Directors who served the company during the period were as follows:

R Mehrabian
HT Barnshaw
A Pichelli

Financial risk management policy

The company's principal financial instruments comprise cash, and debtors. As all the company's revenue is constituted from other Teledyne Group companies, the Directors are of the opinion that there are no material financial risks to the company.

Going concern review

In line with the FRC guidance on Going Concern issued in November 2009, the Directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis. The company has no external trade and, in the opinion of the Directors, will continue to generate sufficient revenues to cover the costs incurred by the business. The Directors have therefore adopted the going concern basis of accounting.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' report (continued)

Registered no: 02829165

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the Board



H Barnshaw
Director

1/9/14

Statement of Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper 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.

Independent auditors' report

to the members of Teledyne Paradise Datacom Limited

We have audited the financial statements of Teledyne Paradise Datacom Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

- In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

- In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of Teledyne Paradise Datacom Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Strategic report and Directors' Report.

Ernst & Young LLP

Walter Campbell (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

11/9/14

Profit and loss account

For the year to 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	2,259,303	2,190,678
Cost of sales		(1,078,709)	(1,019,759)
Gross profit		1,180,594	1,170,919
Distribution costs		(520,060)	(514,010)
Administrative expenses		(190,776)	(177,756)
Profit on ordinary activities before taxation	3	469,758	479,153
Tax on profit on ordinary activities	6	(37,797)	(29,269)
Profit on ordinary activities after taxation	12	431,961	449,884

All operations are continuing.

Statement of total recognised gains and losses

for the year ended 31 December 2013

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £431,961 in the year ended 31 December 2013 (2012: profit of £449,884).

Balance Sheet

At 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	8	90,866	83,204
Current assets			
Debtors	9	771,121	1,712,296
Cash at bank and in hand		694	1,341
		771,815	1,713,637
Creditors: amounts falling due within one year	10	(158,518)	(145,274)
Net current assets		613,297	1,568,363
Net assets		704,163	1,651,567
Capital and reserves			
Called up share capital	11	60,000	60,000
Profit and loss account	12	644,163	1,591,567
Equity Shareholders' funds	12	704,163	1,651,567

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective 2008).

These financial statements were approved by the directors and authorised for issue on 1/9/14, and are signed on their behalf by:



H Barnshaw
Director

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and are prepared in accordance with Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is exempt from the requirement to prepare group accounts by virtue of Section 401 of the Companies Act 2006.

Statement of cash flows

The directors have relied upon the exemption provided within Financial Reporting Standard No 1 (Revised 1996) 'Cash Flow Statements' not to prepare a cash flow statement as the company is a wholly owned subsidiary undertaking of Teledyne Technologies Incorporated.

Turnover

Turnover is the amount receivable for goods supplied, excluding value added tax, and is recognised when the goods are dispatched to the customer.

Fixed assets

All fixed assets are stated at cost.

Depreciation is provided on all tangible fixed assets to write down the cost of each asset over their estimated useful lives, as follows:

Leasehold property	–	over the period of the lease
Plant and machinery	–	14% – 33% straight line
Fixtures, fittings and equipment	–	20% straight line

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, or, if hedged, at the forward contract rate.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date, or, if hedged, the forward contract rate.

All exchange differences are recognised in the profit and loss account.

Notes to the financial statements

at 31 December 2013

1. Accounting policies (continued)

Operating leases

The rental and operating lease costs of all other assets are charged against profit before interest, as incurred.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the period.

2. Turnover

All turnover recognised during the year, and the previous year, is attributable to the North America geographical market.

3. Profit on ordinary activities before taxation

This is stated after charging:

	2013	2012
	£	£
Depreciation of tangible assets	32,939	34,000
Research and development expenditure	703,376	700,286
Realised foreign exchange loss	980	1,676
Operating lease rentals – land and buildings	94,500	94,500
	<u>732,800</u>	<u>730,462</u>

Auditors' remuneration of £9,000 (2012: £8,500) is borne by one of the company's associated undertakings.

4. Directors' remuneration

No Directors were paid directly by the company.

One Director is also a Director of associated group undertakings, from which he received remuneration for qualifying services, amounting to £186,731 (2012: £168,926). The Directors do not believe that it is practicable to apportion these amounts between their services as Directors of the company and their services as Directors over the other Teledyne group companies.

Two other Directors do not perform any qualifying services to the company, therefore their emoluments are £nil (2012: £nil).

Notes to the financial statements

at 31 December 2013

5. Staff costs

	2013 £	2012 £
Wages and salaries	1,009,745	966,577
Social security costs	116,314	112,128
Pension costs	50,800	57,865
	<u>1,176,859</u>	<u>1,136,570</u>

The average monthly number of employees during the year was made up as follows:

	2013 No.	2012 No.
Production	17	15
Administration and distribution	4	6
	<u>21</u>	<u>21</u>

6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013 £	2012 £
<i>Current tax:</i>		
UK corporation tax on the profit for the period	-	-
Total current tax (note 6(b))	<u>-</u>	<u>-</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(23,503)	(18,674)
Effect of changes in tax rate	(14,294)	(10,595)
Total deferred tax (note 6(c))	<u>(37,797)</u>	<u>(29,269)</u>
Tax on profit on ordinary activities	<u>(37,797)</u>	<u>(29,269)</u>

Notes to the financial statements

at 31 December 2013

6. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	469,758	479,153
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	109,218	117,392
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	7,350
Accelerated capital allowances	(19,366)	(25,084)
Research and development credit	(49,060)	(56,374)
Group relief received for no consideration	(40,792)	(43,284)
Current tax for the year (note 6(a))	-	-

(c) Deferred tax asset

Depreciation in excess of capital allowances at 20% (2012:23%) is as follows:

	£
At 1 January 2013	(131,644)
Profit and loss account	37,797
At 31 December 2013	(93,847)

(d) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 24% to 23% took effect from 1 April 2013. A further reduction from 23% to 21% was substantively enacted in July 2013 and will be effective from 1 April 2014. The rate of UK corporation tax will further reduce to 20% from 1 April 2015. Accordingly, these rates have been applied in the measurement of the deferred tax assets and liabilities at 31 December 2013.

Notes to the financial statements

at 31 December 2013

7. Dividends

Equity dividends on ordinary shares paid during the year

	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
60,000 Ordinary shares at £22.99 per share	1,379,365	-

8. Tangible fixed assets

	<i>Leasehold property</i>	<i>Plant and fixtures</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cost:			
At 1 January 2013	26,487	1,900,290	1,926,777
Additions	-	40,601	40,601
At 31 December 2013	26,487	1,940,891	1,967,378
Depreciation:			
At 1 January 2013	6,389	1,837,184	1,843,573
Charge for the year	163	32,776	32,939
At 31 December 2013	6,552	1,869,960	1,876,512
Net book value:			
At 31 December 2013	19,935	70,931	90,866
At 1 January 2013	20,098	63,106	83,204

9. Debtors

	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Amounts owed by group undertakings	625,481	1,523,090
Other debtors	30,367	29,845
Prepayments and accrued income	21,426	27,717
Deferred tax asset (note 6(c))	93,847	131,644
	771,121	1,712,296

Notes to the financial statements

at 31 December 2013

10. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	19,073	15,280
Accruals and deferred income	139,445	129,994
	<u>158,518</u>	<u>145,274</u>

11. Issued share capital

		2013		2012
	No.	£	No.	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	60,000	60,000	60,000	60,000
		<u>60,000</u>		<u>60,000</u>

12. Reconciliation of equity shareholders' funds and movements on reserves

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2013	60,000	1,591,567	1,651,567
Profit for year	-	431,961	431,961
Dividends (note 7)	-	(1,379,365)	(1,379,365)
At 31 December 2013	<u>60,000</u>	<u>644,163</u>	<u>704,163</u>

13. Other financial commitments

At 31 December 2013, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	Land and buildings
	2013	2012
	£	£
Operating leases which expire: More than five years	<u>105,000</u>	<u>105,000</u>

Notes to the financial statements

at 31 December 2013

14. Ultimate parent undertaking and related party transactions

The company's immediate parent undertaking is Teledyne Holdings UK LLC, which holds 100% of the issued share capital. The ultimate parent undertaking and controlling party is Teledyne Technologies Incorporated. It has included the company in its group accounts, which is the smallest and largest group for which group accounts are available. Copies of the Teledyne Technologies Incorporated, a company incorporated in the United States of America, accounts are available from its registered office: 1049 Camino Dos Rios, Thousand Oaks, CA 91360.

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 from disclosing transactions with related parties that are wholly owned subsidiaries of the Teledyne group.