Registered No 2829165

Teledyne Paradise Datacom Limited

Report and Financial Statements

31 December 2012

Registered No 2829165

Directors
R Mehrabian
HT Barnshaw
A Pichelli

Secretary
HT Barnshaw

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

Bankers
Barclays Bank plc
Park House
Stoke Gifford
Bristol BS34 8TN

JP Morgan Chase Bank
125 London Wall
London
EC2 5AJ

Registered Office
Aviation House The Lodge
Harmondsworth Lane
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Directors' report

Registered no 2829165

The directors present their report and financial statements for the period ended 31 December 2012

Results and dividends

The profit for the period after taxation amounted to £449,884 (2011 £295,459) The directors do not recommend the payment of a dividend

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 2829165

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
Secretary
4 July 2013

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 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15 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 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 2012 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 year 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 Directors' Report

Ernst & Young LLP

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

4 July 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	*2012* £	*2011* £
Turnover – continuing operations	2	2,190,678	2,046,205
Cost of sales		(1,019,759)	(953,400)
Gross profit		1,170,919	1,092,805
Distribution costs		(514,010)	(467,191)
Administrative expenses		(177,756)	(246,176)
Operating profit	3	479,153	379,438
Tax	6	(29,269)	(83,979)
Profit for the financial year	11	449,884	295,459

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £449,884 in the year ended 31 December 2012 (2011 profit of £295,459)

Balance sheet
at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	7	83,204	85,081
Current assets			
Debtors	8	1,712,296	482,490
Cash at bank and in hand		1,341	794,609
		1,713,637	1,277,099
Creditors: amounts falling due within one year	9	(145,274)	(160,497)
Net current assets		1,568,363	1,116,602
Total assets less current liabilities		1,651,567	1,201,683
Capital and reserves			
Called up share capital	10	60,000	60,000
Profit and loss account	11	1,591,567	1,141,683
Shareholders' funds	12	1,651,567	1,201,683

These financial statements were approved by the directors and authorised for issue on 4 July 2013, and are signed on their behalf by

H Barnshaw
Secretary

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Statement of cash flows

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows on the basis that it is a wholly owned subsidiary of Teledyne Technologies Inc for which group financial statements have been prepared

Turnover

Turnover is the amount receivable for goods supplied, excluding value added tax, and is recognised when the goods are dispatched to the customer Turnover is recognised on long-term contracts as these progress and comprises the sales value of work performed in the period

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	–	7% – 33% straight line
Fixtures, fittings and equipment	–	15% 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 2012

1. Accounting policies (continued)

Operating lease

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. Operating profit

This is stated after charging

	2012	*2011*
	£	*£*
Depreciation of tangible assets	34,000	44,072
Research and development expenditure	700,286	668,290
Realised foreign exchange loss	1,676	1,287
Operating lease rentals – land and buildings	94,500	83,241

Auditors' remuneration of £8,500 (2011 £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 £168,926 (2011 £155,685) 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 of the former holding company nor as directors of parent and fellow subsidiary undertakings

Two other directors do not perform any qualifying services to the company, therefore their emoluments are £nil (2011 £nil).

Notes to the financial statements

at 31 December 2012

5. Staff costs

	2012	*2011*
	£	*£*
Wages and salaries	966,577	925,523
Social security costs	112,128	108,201
Pension costs	57,865	44,763
	1,136,570	1,078,487

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

	2012	*2011*
	No	*No*
Production	15	15
Administration and distribution	6	6
	21	21

6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2012	*2011*
	£	*£*
Current tax		
UK corporation tax on the profit for the period	-	-
Adjustment in respect of prior years	-	(19,726)
Total current tax (note 6(b))	-	(19,726)
Deferred tax		
Origination and reversal of timing differences	(18,674)	(50,428)
Effect of changes in tax rate	(10,595)	(13,825)
Total deferred tax (note 6(c))	(29,269)	(64,253)
Tax on profit on ordinary activities	(29,269)	(83,979)

Notes to the financial statements

at 31 December 2012

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 24 5% (2011 26 5%) The differences are explained below

	2012	*2011*
	£	*£*
Profit on ordinary activities before tax	479,153	379,438
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 26 5%)	117,392	100,551
Effects of		
Expenses not deductible for tax purposes	7,350	11,326
Accelerated capital allowances	(25,084)	(37,178)
Other timing differences	-	(13,250)
Research and development credit	(56,374)	(52,793)
Adjustment in respect of prior years	-	(19,726)
Group relief received for no consideration	(43,284)	(8,656)
Current tax for the year (note 6(a))	-	(19,726)

(c) Deferred tax asset

Depreciation in excess of capital allowances is as follows

	£
At 1 January 2012	(160,913)
Profit and loss account	29,269
At 31 December 2012	(131,644)

(d) Factors that may affect future tax charges

The Finance Act 2011 reduced the main rate of corporation tax from 26% to 25% from 1 April 2012 however this rate reduction was latterly amended to 24% in the 2012 Budget with effect from 1 April 2012 The 23% rate of corporation tax was enacted on 17 July 2012 and will apply from 1 April 2013 Further reductions are proposed to reduce the rate of corporation tax to 21% by 1 April 2014 and to 20% by 1 April 2015

The effect of the reduction in tax rate from 23% to 21% on the company's deferred tax asset is £ 9,079

Notes to the financial statements

at 31 December 2012

7. Tangible fixed assets

	Leasehold property	*Plant and fixtures*	*Total*
	£	*£*	*£*
Cost			
At 1 January 2012	26,487	1,868,167	1,894,654
Additions	-	32,123	32,123
At 31 December 2012	26,487	1,900,290	1,926,777
Depreciation			
At 1 January 2012	1,324	1,808,249	1,809,573
Charge for the year	5,065	28,935	34,000
At 31 December 2012	6,389	1,837,184	1,843,573
Net book value			
At 31 December 2012	20,098	63,106	83,204
At 1 January 2012	25,163	59,918	85,081

8. Debtors

	2012	*2011*
	£	*£*
Amounts owed by group undertakings	1,523,090	301,382
Other debtors	29,845	151
Prepayments and accrued income	27,717	20,044
Deferred tax asset (note 6(c))	131,644	160,913
	1,712,296	482,490

9. Creditors: amounts falling due within one year

	2012	*2011*
	£	*£*
Trade creditors	15,280	12,401
Amounts owed to group undertakings	-	28,157
Other taxes and social security	-	36,452
Accruals and deferred income	129,994	83,487
	145,274	160,497

Notes to the financial statements

at 31 December 2012

10. Issued share capital

		2012		2011
Allotted, called up and fully paid	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	60,000	60,000	60,000	60,000

11. Movements on reserves

	Profit and loss account
	£
At 1 January 2012	1,141,683
Profit for the year	449,884
At 31 December 2012	1,591,567

12. Reconciliation of shareholders' funds

	2012	*2011*
	£	*£*
Profit on ordinary activities after taxation	449,884	295,459
Opening shareholders' funds	1,201,683	906,224
Closing shareholders' funds	1,651,567	1,201,683

13. Other financial commitments

At 31 December 2012, the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012	*Land and buildings 2011*
	£	*£*
Operating leases which expire		
More than five years	105,000	105,000

Notes to the financial statements

at 31 December 2012

14. Related party transactions

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

15. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Teledyne Technologies Inc , which is registered in the United States of America Its group financial statements are available on the Teledyne web-site, www teledyne com