

Teledyne TSS Limited

Report and Accounts

31 December 2009

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25/09/2010

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COMPANIES HOUSE

Directors

H Barnshaw

A Pichelli

J Davis

D Schnuttjer

Secretary

H Barnshaw

Auditors

Ernst & Young LLP

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Glasgow

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Bankers

Barclays Bank plc

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Directors' report

The director's present their report and financial statements for the year ended 31 December 2009

Principal activity and review of the business

The company's principal activity during the period was the design, manufacture and distribution of marine survey instruments and provision of related services

Results and dividends

The profit for the period, after taxation, amounted to £1,906,000

No dividends were paid during the year

The directors are satisfied with the results for the year

The company intends to continue with its activities and have no plans to substantially change the business activities

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 reports on a number of key performance indicators on a quarterly basis

The company measures sales per employee and operating profit per employee. In the year to 31 December 2009 these metrics were £212,000 (9 months to 31 December 2008 £163,000) and £34,000 (9 months to 31 December 2008 £39,000) respectively

Directors

The directors of the company at 31 December 2009 were as follows

H Barnshaw

J Davis

A Pichelli

D Schnittjer

Directors' statement as to disclosure of information to 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.

Financial risk management policy

The company's principal financial instruments comprise cash, cash equivalents and loans. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from operating activities.

The main risks associated with the company's financial assets and liabilities are set out below

Credit risk The company's principal financial assets are cash and trade debtors. The principal credit risk is associated with trade debtors. In order to manage credit risk a credit limit is set for each customer based on a combination of payment history and third party credit references. In accordance with Corporate requirements, credit limits and overdue amounts are reviewed regularly by management.

Exchange rate risk The company's foreign trading exposes it to foreign exchange risk, predominately translation risk. Translation exposures are hedged when known, principally using forward exchange contracts.

Directors' report (continued)

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 business continues to prosper and generate significant cash, some of which was used to finance the move to a new, purpose designed and built facility. This new facility positions the company for future business expansion. The prospects for the future of the business remain good and the Directors are unaware of any issues that would affect the future viability of the business. The Directors have therefore adopted the going concern basis of accounting.

Auditors

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

On behalf of the board



H Barnshaw
Secretary

21st Sept 2010

Statement of directors' responsibilities in respect of the accounts

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 judgments and accounting estimates that are reasonable and prudent,
- 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.

Independent auditors' report to the members of Teledyne TSS Limited

We have audited the financial statements of Teledyne TSS Limited for the year ended 31 December 2009 which comprise Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 18. 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 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.

Opinion on 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 2009 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 TSS Limited (continued)

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

Ernst & Young LLP

Walter Campbell (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

21/9/2010

Profit and Loss Account

for the period ended 31 December 2009

		<i>Year to 31 December 2009 £'000</i>	<i>9 months to 31 December 2008 £'000</i>
	<i>Notes</i>		
Turnover	2	16,316	11,416
Cost of sales		(10,639)	(7,107)
Gross profit		5,677	4,309
Administrative expenses		(1,547)	(617)
Selling and distribution expenses		(1,506)	(907)
Operating profit	3	2,624	2,785
Interest receivable	4	2	15
Interest payable	5	-	(5)
Profit on ordinary activities before taxation		2,626	2,795
Tax on profit on ordinary activities	7(a)	(720)	(782)
Profit retained for the financial period	15	1,906	2,013

Statement of total recognised gains and losses

for the period ended 31 December 2009

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £1,906,000 in the year ended 31 December 2009 and £2,013,000 in the period ended 31 December 2008

Balance Sheet

at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	9	1,656	271
Current assets			
Stocks	10	4,008	3,550
Debtors	11	3,647	4,705
Cash at bank and in hand		1,967	1,007
		9,622	9,262
Creditors amounts falling due within one year	12	(2,327)	(2,586)
Net current assets		7,295	6,676
Total assets less current liabilities		8,951	6,947
Provisions for liabilities and charges			
Deferred taxation	7(d)	(40)	-
Other	13	(318)	(260)
Net assets		8,593	6,687
Capital and reserves			
Called up share capital	14/15	102	102
Profit and loss account	15	8,491	6,585
Equity shareholders' funds		8,593	6,687

These financial statements were approved by the directors and authorised for issue on 21 September 2010, and are signed on their behalf by



H Barnshaw
Director

21st Sept 2010

Notes to the accounts

at 31 December 2009

1. Accounting policies

Basis of preparation

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

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows

Leasehold land and buildings	-	over the term of the lease
Plant and machinery	-	over 2 to 10 years
Fixtures and fittings	-	over 4 to 10 years
Motor vehicles	-	over 4 years

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

Research and Development

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

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the exception of deferred tax assets which 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

Cash flow statement

The company has taken advantage of the exemption allowed by FRS 1 (revised) for wholly owned subsidiary undertakings and has not prepared a cash flow statement

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

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

The exchange differences arising from the retranslation of the opening investment in the US branch are taken directly to reserves. All other differences are taken to the profit and loss account

Notes to the accounts

at 31 December 2009

1. Accounting policies (continued)

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

Pensions

The company operates a defined contribution group personal pension scheme. Contributions were charged to the profit and loss account as they became payable in accordance with the rules of the scheme.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts derived from the provision of goods and services to third parties and relates to the continuing activity of the design, manufacture and distribution of marine survey instruments and provision of related services. An analysis of turnover by geographical market is given below.

	<i>Year end 31 December 2009 £'000</i>	<i>9 months to 31 December 2008 £'000</i>
United Kingdom	5,277	3,856
Europe	2,615	1,472
Rest of the World	8,424	6,088
	<u>16,316</u>	<u>11,416</u>

3. Operating profit

This is stated after charging/(crediting)

	<i>Year end 31 December 2009 £'000</i>	<i>9 months to 31 December 2008 £'000</i>
Auditors' remuneration – audit	-	-
Depreciation of owned fixed assets	86	151
Research and development	1,163	802
Operating lease rentals - land and buildings	308	115
- other operating leases	49	40
Exchange losses/(gains)	65	(135)
	<u>1,661</u>	<u>1,073</u>

Auditor's remuneration is borne by a company's parent undertaking.

Notes to the accounts

at 31 December 2009

4 Interest receivable

	<i>Year end 31 December 2009 £'000</i>	<i>9 months to 31 December 2008 £'000</i>
Bank interest	2	15

5. Interest payable

	<i>Year end 31 December 2009 £'000</i>	<i>9 months to 31 December 2008 £'000</i>
Bank interest	-	5

6. Directors' emoluments and staff costs

No director received remuneration during the period

	<i>Year end 31 December 2009 £'000</i>	<i>9 months to 31 December 2008 £'000</i>
Staff costs		
Wages and salaries	2,502	1,918
Social security costs	280	207
Other pension costs	136	87
	<u>2,918</u>	<u>2,212</u>

Notes to the accounts

at 31 December 2009

6. Directors' emoluments and staff costs (continued)

The average weekly number of employees during the period was as follows

	<i>Year end 31 December 2009 No</i>	<i>9 months to 31 December 2008 No</i>
Selling and distribution	8	10
Administration	9	8
Production	60	52
	<u>77</u>	<u>70</u>

7. Taxation

(a) Tax on profit on ordinary activities

	<i>Year end 31 December 2009 Notes</i>	<i>9 months to 31 December 2008 £'000</i>
<i>Current tax</i>		
UK Corporation tax	658	788
Adjustments in respect of prior periods	(33)	(179)
	<u>625</u>	<u>609</u>
Foreign tax		
Adjustments in respect of prior periods	-	198
	<u>625</u>	<u>807</u>
Total current tax	7(b) 625	807
<i>Deferred tax</i>		
Origination and reversal of timing differences	96	(25)
Reversal of provision for Industrial Buildings Allowances	(1)	-
	<u>720</u>	<u>782</u>
Tax on profit on ordinary activities	720	782

Notes to the accounts

at 31 December 2009

7. Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of Corporation tax in the UK of 28%. The differences are reconciled below

	Year end 31 December 2009 Notes £'000	9 months to 31 December 2008 £'000
Profit on ordinary activities before tax	2,626	2,795
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 28%	735	783
Expenses not deductible for tax purposes	5	-
Non taxable income	-	(12)
Accelerated/ (Decelerated) capital allowances	(93)	25
Other timing differences	11	(8)
Foreign tax	-	198
Tax over provided in previous periods	(33)	(179)
Total current tax	7(a) 625	807

(c) Factors that may affect future tax charges

At the balance sheet date, there are no future factors which may significantly affect future tax charges

(d) Deferred tax

The deferred tax liability (2008 asset) at 28% included in the balance sheet is as follows

	Note	2009 £'000	2008 £'000
Accelerated/ (Decelerated) capital allowances		53	(40)
Short term timing differences		(13)	(15)
Deferred tax liability/(asset)	11/12	40	(55)
			£'000
At 31 December 2008			(55)
Profit and loss account			84
Reversal of provision for Industrial Buildings Allowance			(1)
Adjustment in respect of prior periods			12
At 31 December 2009			40

Notes to the accounts

at 31 December 2009

8. Dividends

Equity dividends on ordinary shares paid during the period

	<i>Year end 31 December 2009 £'000</i>	<i>9 months to 31 December 2008 £'000</i>
There were no dividends paid in the period (December 2008 £7 35 per share)	-	750

9. Tangible fixed assets

	<i>Leasehold land and buildings £'000</i>	<i>Plant and machinery £'000</i>	<i>Fixtures & fittings £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost					
At 31 December 2008	301	1,332	348	6	1,987
Reallocation between categories	-	5	(5)	-	-
Additions	1,298	173	-	-	1,471
Disposals	-	(11)	-	-	(11)
At 31 December 2009	1,599	1,499	343	6	3,447
Depreciation					
At 31 December 2008	159	1,229	324	4	1,716
Reallocation between categories	-	5	(5)	-	-
Provided during the period	46	22	16	2	86
Disposals	-	(11)	-	-	(11)
At 31 December 2009	205	1,245	335	6	1,791
Net book value					
At 31 December 2009	1,394	254	8	-	1,656
At 31 December 2008	142	103	24	2	271

Notes to the accounts

at 31 December 2009

10. Stocks

	2009	2008
	£'000	£'000
Raw materials	2,380	2,356
Work in progress	672	775
Finished goods and goods for resale	956	419
	<u>4,008</u>	<u>3,550</u>

11. Debtors

	2009	2008
	£'000	£'000
Trade debtors	1,213	1,998
Amounts owed by group undertakings	1,720	1,742
Other debtors	5	6
Prepayments and accrued income	667	659
Other taxes	42	245
Deferred tax	7(d) -	55
	<u>3,647</u>	<u>4,705</u>

Included within amounts owed by group undertakings is an amount of £1,431,000 (31 December 2008 - £1,431,000) which is due after one year

12. Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Trade creditors	588	604
Amounts owed to group undertakings	39	54
Corporation tax	205	574
Other taxes and social security costs	92	74
Customer deposits	56	125
Other creditors	170	126
Accruals and deferred income	1,177	1,029
	<u>2,327</u>	<u>2,586</u>

Notes to the accounts

at 31 December 2009

13. Provisions for liabilities and charges

	<i>Warranty & sales provisions £'000</i>
At 31 December 2008	260
Provided during period	58
At 31 December 2009	<u>318</u>

14 Equity share capital

	<i>Authorised 31 December 2009 and 31 December 2008</i>	<i>Allotted, called up and fully paid 31 December 2009 and 31 December 2008</i>
	<i>No</i>	<i>No</i>
Ordinary shares of £1 each	500,000	101,816
	<u>£'000</u>	<u>£'000</u>
Ordinary shares of £1 each	500	102
	<u></u>	<u></u>

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

	<i>Share capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 31 March 2008	102	5,322	5,424
Profit for period	-	2,013	2,013
Equity dividends paid	-	(750)	(750)
At 31 December 2008	<u>102</u>	<u>6,585</u>	<u>6,687</u>
Profit for year	-	1,906	1,906
At 31 December 2009	<u>102</u>	<u>8,491</u>	<u>8,593</u>

Notes to the accounts

at 31 December 2009

16. Pension commitments

The company operates defined contribution group personal pension schemes for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions outstanding at the balance sheet date and included in accruals were £12,831 (31 December 2008 - £9,000)

17. Other financial commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	2009	2009	2008	2008
	<i>Land and</i>	<i>Other</i>	<i>Land and</i>	<i>Other</i>
	<i>buildings</i>	<i>operating</i>	<i>buildings</i>	<i>operating</i>
	<i>£'000</i>	<i>leases</i>	<i>£'000</i>	<i>leases</i>
Operating leases which expire				
Within one year	22	9	11	14
Within two to five years	139	43	22	37
Over five years	338	-	120	4
	<u>499</u>	<u>52</u>	<u>153</u>	<u>55</u>

18. Ultimate parent undertaking and related parties

The company's immediate parent undertaking is SG Brown Limited. The company's ultimate parent undertaking and controlling party is Teledyne Technologies Incorporated. It has included the company's results 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 part of the Teledyne group or investees of the group.