

Teledyne CML Group Limited

Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

Teledyne CML Group Limited

Registered No 1564040

Directors

G D Stewart
A Pichelli
R Mehrabian
H T Barnshaw

Secretary

HT Barnshaw

Auditors

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

Bankers

Barclays Bank Plc
Park House
Stroke Gifford
Bristol BS34 8TN

JP Morgan Chase Bank
125 London Wall
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Solicitors

K&L Gates LLP
One New Change
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EC4M 9AF

Registered Office

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West Drayton
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Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The loss for the period after taxation amounted to £ 1,241,558 (loss for the 9 month period ended 31 December 2010 – £2,903,550) The directors do not recommend the payment of a dividend

Principal activities and review of the business and future developments

The company's principal activities are precision engineering and manufacturing of sub assemblies and components for the aerospace and transportation industries

The shares in the company were sold by Intelek Limited to another Teledyne Technologies Inc group company, Rhombi Holdings Limited, during the year

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 main key performance indicators are profit before tax as a % of turnover, with profit measured in accordance with US parent guidelines under US GAAP principles The actual result was 2.0%, which was greater than the original budget target for the year -8.4% Managed working capital as % of sales is measured throughout the year with the year-end budget target being 27.2% This result was not achieved at the year end, with the actual result being 29.4%

Principal risks and uncertainties

The financial statements contain certain forward-looking statements These statements are made by the directors in good faith, based on the information available to them up to the time of approval of this report Actual results may differ from those expressed in such statements, depending on a variety of factors These factors include customer acceptance of the company's products, changes in customer requirements and in levels of demand in the market, restrictions to market access, competitive pressure on pricing, delivery or technology, global defence spending levels, delays or additional cost in product design and launch programmes, fluctuations in manufacturing delivery performance, yields and costs, the loss or lack of key personnel, overall economic conditions

Financial risk management policy

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates, foreign currency exchange rates, credit risk and liquidity risk

The company's principal financial instruments comprise cash and bank deposits, bank overdrafts and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations

The main risks arising from the company's financial instruments can be analysed as follows

Foreign currency risk

The company is exposed in its trading operations to the risk of changes in foreign currency exchange rates The main foreign currencies in which the company operates are the euro and the US dollar The company has not used derivative instruments in its management of this risk

Directors' report

Financial risk management policy (continued)

Credit risk

The company's principal financial assets are bank balances, cash and trade debtors, which represents the company's maximum exposure to credit risk in relation to financial assets

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating

The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment

Despite the company having a significant concentration of credit risk, with the majority of its sales coming from a small number of customers, these are large multi-national companies of strong financial standing, with an established and reliable payment record

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

Liquidity risk

The company's policy has been to ensure continuity of funding through acquiring an element of the company's fixed assets under finance leases and hire purchase agreements, and arranging funding for operations via additional credit facilities to aid short-term flexibility

Going concern

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's business activities, together with factors likely to affect its future development, its financial position, financial risk management objectives and exposure to foreign currency, credit and liquidity risk are described above. The parent company has confirmed its intention to support the activities of the company over the next twelve months from 5 September 2012.

After making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements

Directors

The directors who served the company during the period were as follows

G D Stewart
A Pichelli
R Mehrabian
H T Barnshaw

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 is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report

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 T Barnshaw
Director

5 September 2012

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 CML Group Limited

We have audited the financial statements of Teledyne CML Group Limited (formerly CML Group Limited) for the year ended 31 December 2011 which comprises the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and related notes 1 to 23. 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 5, 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 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 2011 and of its loss 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 CML Group 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

Ernst & Young LLP

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

5 September 2012

Profit and loss account

for the period ended 31 December 2011

		Year to 31 December 2011		9 months to 31 December 2010	
	Note	Prior to Exceptional Items	Exceptional items	Prior to exceptional items	Exceptional items
		£	£	£	£
Turnover – continuing operations	3	7,813,886	-	7,261,118	-
Cost of sales		(7,645,897)	-	(6,748,376)	-
Gross profit		167,989	-	512,742	-
Distribution costs		(118,943)	-	(122,403)	-
Administrative expenses	5	(798,116)	(85,500)	(540,631)	(2,581,423)
Operating loss prior to non-operating exceptional items	4	(749,070)	(85,500)	(150,292)	(2,581,423)
Non-operating exceptional items					
Costs in relation to closure of treatment facility	6	-	(82,603)	-	(463,803)
Operating loss on ordinary activities before interest and taxation		(749,070)	(168,103)	(150,292)	(3,045,226)
Interest payable and similar charges	9				
			(73,586)		(46,182)
Loss on ordinary activities before taxation	10		(990,759)		(3,241,700)
Tax			(250,799)		338,150
Loss for the financial period	18/19		(1,241,558)		(2,903,550)

Statement of total recognised gains and losses

for the period ended 31 December 2011

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £1,241,558 in the period year 31 December 2011 (period ended 31 December 2010 – loss of £2,903,550)

Balance sheet

at 31 December 2011

		31 December 2011	31 December 2010
	Notes	£	£
Fixed assets			
Tangible assets	11	2,521,963	3,021,417
Current assets			
Stocks	12	656,381	1,174,977
Debtors	13	2,171,223	2,554,171
Cash at bank and in hand		441,217	1,098,901
		3,268,821	4,828,049
Creditors: amounts falling due within one year	14	(5,515,705)	(6,153,640)
Net current liabilities		(2,246,884)	(1,325,591)
Total assets less current liabilities		275,079	1,695,826
Creditors: amounts falling due after more than one year	15	(123,052)	(280,937)
Accruals and deferred income	16	(162,837)	(184,141)
Net (liabilities)/assets		(10,810)	1,230,748
Capital and reserves			
Called up share capital	17	100,000	100,000
Profit and loss account	18	(2,310,810)	(1,069,252)
Capital contribution reserve	18	2,200,000	2,200,000
Shareholders' (deficit)/funds	19	(10,810)	1,230,748

These financial statements were approved by the directors and authorised for issue on 5 September 2012, and are signed on their behalf by



H T Barnshaw
Director

Notes to the financial statements

at 31 December 2011

1. Fundamental accounting concept

The financial statements have been prepared under the going concern concept because the parent company has confirmed its intention to support the activities of the company over the next twelve months from 5 September 2012 or, if shorter, for so long as the company remains a wholly owned subsidiary of the parent company

2. Accounting policies

Basis of preparation

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

Turnover

Turnover is the amount receivable for goods and services supplied, excluding value added tax. Turnover is recognised either on delivery, or on long term contracts as these progress and comprises the sales value of work performed in the year

Statement of cash flows

The company has taken advantage of the exemption 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

Tangible fixed assets

Depreciation is provided to write-down the cost of tangible fixed assets over their estimated useful lives. No depreciation is provided on assets in the course of construction. The principal annual rates used are

Plant and fixtures	– 8% and 20% straight line
Motor vehicles	– 25% straight line

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

Stocks

Stock and work in progress is stated at the lower of cost and net realisable value. Cost comprises direct material and labour and, where appropriate, includes attributable overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal

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

Notes to the financial statements

at 31 December 2011

2. Accounting policies (continued)

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

All differences are taken to the profit and loss account

Leased assets

Fixed assets subject to finance leases are capitalised and depreciated in accordance with the depreciation policy stated above. The corresponding liability for the capital element is included in creditors, and the interest calculated on the basis of the amount outstanding, is charged against profits over the period of the lease.

The rental costs of assets subject to operating lease are charged against the profit and loss account, as incurred.

Incentives received to enter into operating lease contracts are deferred in the balance sheet and released to the profit and loss account over the period to first rent review.

Pensions

Certain employees are members of a defined benefit pension scheme operated by the company. The scheme requires contributions to be made to an independently administered fund. Contributions to this fund are charged to the profit and loss account on a defined contribution basis.

In respect of the defined contribution section of the Intelek pension scheme, pension contributions are charged to the profit and loss account as incurred.

Deferred income

Grants in respect of fixed assets are credited to the profit and loss account in equal annual instalments over the useful lives of the assets concerned. Other grants are credited to the profit and loss account in the same year as the expenditure to which they contribute.

3. Turnover

An analysis of turnover by geographical market is given below

	<i>Year ended</i>	<i>9 months ended</i>
	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
UK	7,461,460	7,049,890
Rest of Europe	83,157	3,585
America	269,269	207,643
	<u>7,813,886</u>	<u>7,261,118</u>

Notes to the financial statements

at 31 December 2011

4. Operating loss prior to non-operating exceptional items

This is stated after charging/(crediting)

	<i>Year ended 31 December 2011</i>	<i>9 months ended 31 December 2010</i>
	<i>£</i>	<i>£</i>
Auditors' remuneration – audit services	-	10,300
– taxation services	-	2,800
Depreciation	501,175	350,085
Amortisation of government grants	(21,304)	(15,987)
Operating lease rentals – land and buildings	233,846	238,230
Realised foreign exchange loss	741	39,873

Auditors' remuneration of £11,000 is borne by one of the company's associated undertakings

5. Exceptional administrative expenses

As a result of the acquisition of the company by Teledyne Technologies Inc during the prior year and the company complying with the new owners' basis of calculating certain provisions, adjustments made to provisions were incorporated amounting to £85,500 (9 months to 31 December - £224,123, which is part of the total of £ 2,581,423)

6. Exceptional restructuring costs

A review was undertaken of the resources at the company taking into account the reduction of sales volume. The financial effect was a restructuring charge in the period of £82,603 (9 months ended 31 December 2010 – £463,803)

7. Directors' remuneration

	<i>Year ended 31 December 2011</i>	<i>9 months ended 31 December 2010</i>
	<i>£</i>	<i>£</i>
Remuneration in respect of qualifying services	103,826	123,467
Pension contributions	7,010	9,255
	110,836	132,722
	<i>No</i>	<i>No</i>
Directors who accrue benefits under a money purchase scheme	1	2

Notes to the financial statements

at 31 December 2011

7. Directors' remuneration (continued)

One director is also a director of associated group undertakings, from which he received remuneration for qualifying services, amounting to £155,685 (2010 - £145,896). The directors do not believe that it is practicable to apportion this amount over the other Teledyne group companies.

Two other directors do not perform any qualifying services to the company, therefore their emoluments are £nil (2010 - £nil).

8. Staff costs

	<i>Year ended</i> <i>31 December</i> <i>2011</i> <i>£</i>	<i>9 months</i> <i>ended</i> <i>31 December</i> <i>2010</i> <i>£</i>
Wages and salaries	2,904,221	2,882,074
Social security costs	285,373	269,365
Other pension costs	107,447	104,993
	<u>3,297,041</u>	<u>3,256,432</u>

Additionally, as highlighted in note 21, during the year, the company contributed £ nil to the pension plan (period to 31 December 2010 – £2,357,300).

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

	<i>No</i>	<i>No</i>
Production	99	141
Administration and distribution	12	13
	<u>111</u>	<u>154</u>

9. Interest payable and similar charges

	<i>Year ended</i> <i>31 December</i> <i>2011</i> <i>£</i>	<i>9 months</i> <i>ended</i> <i>31 December</i> <i>2010</i> <i>£</i>
Bank loans and overdrafts	-	7,789
Group loans	46,655	5,910
Finance leases	26,931	32,483
	<u>73,586</u>	<u>46,182</u>

Notes to the financial statements

at 31 December 2011

10. Tax

(a) Tax on loss on ordinary activities

The tax charge/(credit) is made up as follows

	Year ended 31 December 2011 £	9 months ended 31 December 2010 £
<i>Current tax</i>		
UK corporation tax on the loss for the period	-	-
Total current tax (note 10(b))	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	214,713	(338,150)
Effect of changes in tax rate	36,086	-
Total deferred tax (note 10(d))	250,799	(338,150)
Tax on loss on ordinary activities	250,799	(338,150)

(b) Factors affecting tax charge/(credit) for the period

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010-28%). The differences are explained below

	Year ended 31 December 2011 £	9 months ended 31 December 2010 £
Loss on ordinary activities before tax	(990,759)	(3,241,700)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 -28%)	(262,551)	(907,676)
<i>Effects of</i>		
Expenditure that is not tax deductible	7,072	48,352
Capital allowances in excess of depreciation	(22,191)	(54,494)
Short term timing differences	(223,747)	420,337
Group relief	501,417	291,065
Unrelieved tax losses carried forward	-	202,416
Current tax for the period (note 10(a))	-	-

Notes to the financial statements

at 31 December 2011

10. Tax (continued)

(c) Factors that may affect future tax charges

The company also has unrelieved tax losses of £ 829,688 at 31 December 2011 that are available indefinitely for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as the directors do not 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.

The UK government has announced its intention to reduce the UK corporation tax rate by annual reductions in the rate such that by 1 April 2014 the rate would be to 22%. The first stage of this reduction from 28% to 26% was substantively enacted on 29 March 2011 and came into effect on 1 April 2011. A blended rate of 26.5% therefore applies to current tax charges arising during the period.

A further reduction from 26% to 25% was substantively enacted on 5 July 2011 and was intended to be effective from 1 April 2012. However this reduced further to 24% through a Budget announcement on 21 March 2012, was substantively enacted on 26 March 2012 and came into effect on 1 April 2012.

(d) Deferred tax asset

	£
At 1 January 2011	645,236
Charge to profit and loss account (note 10(a))	(214,713)
Effect of change in tax rates	(36,086)
	<hr/>
At 31 December 2011	394,437
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	31 December 2011 £	31 December 2010 £
Deferred tax comprises		
Depreciation in excess of capital allowances	138,746	184,864
Short-term timing differences	255,691	460,372
	<hr/>	<hr/>
Deferred tax asset (note 13)	394,437	645,236
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Notes to the financial statements

at 31 December 2011

11. Tangible fixed assets

	<i>Plant and fixtures</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£
Cost or valuation			
At 1 January 2011	8,563,576	100,713	8,664,289
Additions	158,687	-	158,687
Disposals	(832,408)	-	(832,408)
At 31 December 2011	7,889,855	100,713	7,990,568
Depreciation			
At 1 January 2011	5,576,418	66,454	5,642,872
Charged in year	481,597	19,577	501,174
Disposals	(675,441)	-	(675,441)
At 31 December 2011	5,382,574	86,031	5,468,605
Net book value			
At 31 December 2011	2,507,281	14,682	2,521,963
At 31 December 2010	2,987,158	34,259	3,021,417

The net book value of the tangible fixed assets includes £874,097 (2010 – £1,102,391) in respect of assets held under finance leases and hire purchase. Depreciation charged in the year on those assets amounted to £228,294 (period ended 31 December 2010 – £169,910).

Included in plant and fixtures above is £ nil (2010 – £1,043,988) of assets in the course of construction.

12. Stocks

	<i>31 December 2011</i>	<i>31 December 2010</i>
	£	£
Raw materials and consumables	261,209	281,535
Work in progress	359,238	857,309
Finished goods and goods for resale	35,934	36,133
	656,381	1,174,977

The replacement cost of the above would not be significantly different from the values stated.

Notes to the financial statements

at 31 December 2011

13. Debtors

	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	£	£
Trade debtors	1,532,248	1,524,479
Other debtors	680	680
Prepayments and accrued income	243,858	232,888
Deferred tax asset (note 10(d))	394,437	645,236
Amounts due from group undertakings	-	150,888
	<u>2,171,223</u>	<u>2,554,171</u>

14. Creditors: amounts falling due within one year

	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	£	£
Obligations under finance leases	157,883	267,269
Trade creditors	555,728	819,690
Amounts due to group undertakings	3,983,532	3,816,872
Other taxation and social security	248,912	288,440
Other creditors	13,840	21,925
Accruals	555,810	939,444
	<u>5,515,705</u>	<u>6,153,640</u>

15. Creditors: amounts falling due after more than one year

	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	£	£
Obligations under finance leases – due between one and two years	85,501	157,883
– due between two and five years	37,551	123,054
	<u>123,052</u>	<u>280,937</u>

Notes to the financial statements

at 31 December 2011

16. Deferred income

	<i>Government grants £</i>
At 1 January 2011	184,141
Credit to profit and loss account	(21,304)
At 31 December 2011	<u>162,837</u>

17. Issued share capital

	<i>31 December 2011</i>		<i>31 December 2010</i>	
	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
		<u>100,000</u>		<u>100,000</u>

18. Movements on reserves

	<i>Capital contribution reserve £</i>	<i>Profit and loss account £</i>
At 1 January 2011	2,200,000	(1,069,252)
Loss for the year	-	(1,241,558)
At 31 December 2011	<u>2,200,000</u>	<u>(2,301,516)</u>

19. Reconciliation of shareholders' funds

	<i>31 December 2011 £</i>	<i>31 December 2010 £</i>
Loss for the period	(1,241,558)	(2,903,550)
Movement in equity shareholders' funds	<u>(1,241,558)</u>	<u>(2,905,550)</u>
Opening equity shareholders' funds	1,230,748	4,134,298
Closing equity shareholders' (deficit)/funds	<u>(10,810)</u>	<u>1,230,748</u>

Notes to the financial statements

at 31 December 2011

20. Other financial commitments

Capital commitments

	31 December 2011	31 December 2010
	£	£

Operating lease commitments

The annual commitments under operating leases are analysed to the year in which each lease expires, as follows

	31 December 2011	31 December 2010
	£	£
Land and buildings, leases expiring		
Within one year	16,000	26,200
Over five years	330,000	330,000
	<u>346,000</u>	<u>356,200</u>
Other leases expiring		
Within one year	4,903	5,760
Between one and five years	16,092	25,168
	<u>20,995</u>	<u>30,928</u>

21. Pensions

FRS 17 disclosure

Some of the company's employees, along with other employees of fellow subsidiary undertakings, are members of the Intelek Pension Scheme, a 'defined benefit' scheme. A full actuarial valuation of the Scheme was carried out in April 2008 by a qualified actuary.

This funding valuation showed that on 1 April 2008 there was a shortfall of £6,209,000 on an ongoing basis. A schedule of contributions was agreed aimed at removing the deficit on the ongoing valuation basis over a period of ten years. This requires payment of £820,000 per annum for three years from 1 July 2009, and £860,000 per annum for the remainder of the ten year period. The members of the scheme advanced contributions totalling £4,998,000 in December 2010, of which Teledyne CML Limited's contribution was £2,357,500. Therefore, the employer is not required to make further contributions under the existing Schedule for approximately six years.

An updated valuation of this scheme for FRS17 purposes was carried out by a qualified actuary at 31 December 2011. It is not possible to separately identify the company's share of the underlying assets and liabilities of the scheme and hence, as permitted by FRS 17, the company has accounted for the contributions to the scheme as if it were a defined contribution scheme.

During the period, the company contributed £ nil to the pension plan (period to 31 December 2010 – £2,357,300).

Notes to the financial statements

at 31 December 2011

21. Pensions (continued)

The major assumptions used by the actuary were (in nominal terms)

	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	%	%
Rate of increase in pensions in payment	2.75	3.2
Discount rate	4.7	5.4
Inflation assumption	2.75	3.2

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2011

	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
Member age 65 (current life expectancy)	22.1	20.8
Member age 45 (life expectancy at age 65)	23.6	22.1

The assets and liabilities of the scheme were as follows

	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	£	£
Equities	10,523,000	11,352,000
Debt securities	1,808,000	1,668,000
Property	1,369,000	1,323,000
Cash	3,647,000	4,864,000
Total market value of assets	17,347,000	19,207,000
Present value of scheme liabilities	(21,296,000)	(20,135,000)
Pension liability before deferred tax	(3,949,000)	(928,000)
Related deferred tax asset	1,026,740	250,560
Net pension liability	(2,922,260)	(677,440)

22. Related party transactions

Advantage has been taken of the special exemption for group companies regarding related party disclosures

23. Ultimate parent undertaking and controlling party

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