Registered No: 01564040

Teledyne CML Group Limited

Report and Financial Statements

31 December 2013

Registered No: 01564040

Company information

Directors
G D Stewart
A Pichelli
R Mehrabian
H T Barnshaw

Secretary
H T 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

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Aviation House The Lodge
Harmondsworth Lane
West Drayton
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Strategic report

The Directors present their strategic report for the year ended 31 December 2013.

Review of the business

The company's principal activities are precision engineering and manufacturing of sub-assemblies and components for the aerospace and transportation industries. The loss for the year after taxation amounted to £2,201,023 (2012: loss £1,750,636). The company ceased its precision machining and fabrications operations during the year, sold the assets relating to those businesses and incurred significant exceptional costs in closing the facilities and in employee redundancy programs. The remaining composites manufacturing business was transferred to Teledyne Limited on 29 December 2013.

Future developments

Following the transfer of the remaining composites business to Teledyne Limited, the company no longer trades and is dormant.

Principal risks and uncertainties

Financial risk management policy

The company's operations exposed 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 comprised cash and bank deposits, bank overdrafts and obligations under finance leases together with trade debtors and trade creditors that arose directly from its operations.

The main risks, which arose from the company's financial instruments are analysed as follows:

Foreign currency risk

The company was exposed in its trading operations to the risk of changes in foreign currency exchange rates. The main foreign currencies in which the company operated were the Euro and the US dollar. Hedging against this currency risk was carried out on a consolidated group basis by one of Teledyne CML Limited's affiliated companies.

Credit risk

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

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

Liquidity risk

The company's policy was 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.

Key performance indicators

The company reported on a number of key performance indicators on a quarterly basis. The main key performance indicators were profit before tax as a % of turnover, with profit measured in accordance with US parent guidelines under US GAAP principles. The actual result was -38.0%, which was lower than the original budget target for the year (-20.6%). Managed working capital as % of sales was measured throughout the year with the year-end budget target being 26.8 %. This result was achieved at the year end, with the actual result being 25.9%.

On behalf of the Board

H T Barnshaw
Director
1/9/14

Registered No: 01564040

Directors' report

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

Results and dividends

The loss for the year after taxation amounted to £2,201,023 (2012: loss £1,750,636). The company ceased its precision machining and fabrications operations during the year, sold the assets relating to those businesses and incurred significant exceptional costs in closing the facilities and in employee redundancy programs. The remaining composites manufacturing business was transferred to Teledyne Limited on 29 December 2013. The Directors do not recommend the payment of a dividend.

Future developments

Following the transfer of the remaining composites business to Teledyne Limited, the company no longer trades and is dormant.

Directors and their interests

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

G D Stewart (resigned 20 December 2013)
A Pichelli
R Mehrabian
H T Barnshaw

None of the directors hold any interest in the share capital of the company.

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.

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
1/9/14

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, 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 2013 which comprises the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and related notes 1 to 20. 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 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 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 Strategic Report and 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

1/9/14

Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	5,909,625	6,472,582
Cost of sales		(5,977,458)	(6,648,554)
Gross loss		(67,833)	(175,972)
Distribution costs		(99,879)	(129,003)
Administrative expenses before exceptional items		(1,069,368)	(1,165,789)
Exceptional items:			
Restructuring costs	4	(1,159,660)	(9,821)
Operating loss	3	(2,396,740)	(1,480,585)
Gain on sale of fixed assets		338,221	-
Interest payable and similar charges	7	(4,531)	(68,020)
Loss on ordinary activities before taxation		(2,063,050)	(1,548,605)
Tax	8	(137,973)	(202,031)
Loss for the financial year	16	(2,201,023)	(1,750,636)

All activities are discontinuing due to the transfer of trade to another group undertaking.

Statement of total recognised gains and losses

for the year ended 31 December 2013

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £2,201,023 in the year ended 31 December 2013 (2012: loss of £1,750,636).

Balance sheet

As at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	9	-	2,108,347
Current assets			
Stocks	10	-	749,920
Debtors	11	1	1,307,134
Cash at bank and in hand		-	67,410
		1	2,124,464
Creditors: amounts falling due within one year	12	-	(4,099,966)
Net current assets/(liabilities)		1	(1,975,502)
Total assets less current liabilities		1	132,845
Creditors: amounts falling due after more than one year	13	-	(37,551)
Accruals and deferred income	14	-	(141,534)
Net assets/(liabilities)		1	(46,240)
Capital and reserves			
Called up equity share capital	15	100,000	100,000
Profit and loss account	16	(6,262,469)	(4,061,446)
Capital contribution reserve	16	6,162,470	3,915,206
Shareholders' surplus/(deficit)	17	1	(46,240)

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

H T 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 in accordance with applicable accounting standards.

Turnover

Turnover is the amount receivable for goods and services supplied, excluding value added tax. Turnover is recognised upon delivery.

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.

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.

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.

Notes to the financial statements

at 31 December 2013

1. Accounting policies (continued)

Leasing and hire purchase contracts

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.

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 Teledyne Ltd. 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.

2. Turnover

An analysis of turnover by geographical market is given below:

	2013	*2012*
	£	*£*
UK	5,360,451	6,095,108
Rest of Europe	358,267	185,619
Other	190,907	191,855
	5,909,625	6,472,582

3. Operating loss

This is stated after charging/(crediting):

Depreciation of owned fixed assets	334,786	229,300
Depreciation of assets held under finance lease	12,549	222,190
	347,335	451,490
Amortisation of government grants	(21,303)	(21,303)
Operating lease rentals – land and buildings	377,584	233,846
Operating lease rentals – plant and machinery	27,853	17,552
Realised foreign exchange loss	1,146	9,811
Exceptional restructuring costs (note 4)	1,159,660	9,821

Auditors' remuneration of £11,670 (2012: £11,330) is borne by one of the company's associated undertakings.

Notes to the financial statements

at 31 December 2013

4. Exceptional items

	2013	*2012*
	£	*£*
Redundancy and facility closure costs	1,159,660	9,821

5. Directors' remuneration

	2013	*2012*
	£	*£*
Remuneration	71,545	82,104
Pension contributions	50,004	25,421
	121,549	107,525

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 this amount over the other Teledyne group companies.

During the year £110,385 (2012: £Nil) was payable to one Director as compensation for loss of office.

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

6. Staff costs

	2013	2012
	£	*£*
Wages and salaries	2,369,995	2,842,876
Social security costs	272,688	280,941
Other pension costs	210,074	182,592
	2,852,757	3,306,409

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

	No.	*No.*
Production	79	100
Administration and distribution	12	11
	91	111

Notes to the financial statements

at 31 December 2013

7. Interest payable and similar charges

	2013	2012
	£	£
On amounts due to group undertakings	-	55,746
Finance leases	4,531	12,274
	4,531	68,020

8. Tax

	2013	*2012*
	£	*£*
(a) The tax charge is made up as follows:		
Current tax:		
UK corporation tax on the loss for the period	-	-
Deferred tax:		
Origination and reversal of timing differences	128,038	177,858
Effect of changes in tax rate	9,935	24,173
Total deferred tax (note 8(c))	137,973	202,031
Tax on loss on ordinary activities	137,973	202,031

(b) Factors affecting tax charge for the period

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

Loss on ordinary activities before tax	(2,063,050)	(1,548,605)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(479,659)	(379,409)
Effects of:		
Expenditure that is not tax deductible	10,417	2,695
Capital allowances in excess of depreciation	16,061	(8,972)
Short term timing differences	(44,360)	(167,631)
Group relief surrendered for nil payment	497,541	553,317
Current tax for the period (note 8(a))	-	-

Notes to the financial statements
at 31 December 2013

8. Tax (continued)

(c) Deferred tax asset

	£
At 1 January 2013	192,406
Charge to profit and loss account	(128,038)
Effect of change in tax rates	(9,935)
Transferred to group undertaking	(54,433)
At 31 December 2013	-

	2013	2012
	£	£
Deferred tax comprises:		
Depreciation in excess of capital allowances	-	118,808
Short-term timing differences	-	73,598
Deferred tax asset (note 11)	-	192,406

9. Tangible fixed assets

	Plant and fixtures	*Motor vehicles*	*Total*
	£	£	£
Cost or valuation:			
At 1 January 2013	7,927,729	100,713	8,028,442
Additions	276,437	-	276,437
Disposals	(5,282,931)	(70,759)	(5,353,690)
Transfer to group undertaking	(2,921,235)	(29,954)	(2,951,189)
At 31 December 2013	-	-	-
Depreciation:			
At 1 January 2013	5,819,783	100,312	5,920,095
Charged in year	346,934	401	347,335
Disposals	(4,742,870)	(70,759)	(4,813,629)
Transfer to group undertaking	(1,423,847)	(29,954)	(1,453,801)
At 31 December 2013	-	-	-
Net book value:			
At 31 December 2013	-	-	-
At 31 December 2012	2,107,946	401	2,108,347

Notes to the financial statements

at 31 December 2013

10. Stocks

	2013	2012
	£	£
Raw materials and consumables	-	234,112
Work in progress	-	461,644
Finished goods and goods for resale	-	54,164
	-	749,920

11. Debtors

	2013	2012
	£	£
Trade debtors	-	867,558
Other debtors	-	750
Prepayments and accrued income	-	241,774
Deferred tax asset (note 8(d))	-	192,406
Amounts due from group undertakings	1	4,646
	1	1,307,134

12. Creditors: amounts falling due within one year

	2013	2012
	£	£
Obligations under finance leases	-	85,501
Trade creditors	-	523,568
Amounts due to group undertakings	-	2,807,217
Other taxation and social security	-	106,863
Other creditors	-	4,766
Accruals	-	572,051
	-	4,099,966

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

	2013	2012
	£	£
Obligations under finance leases – due between one and two years	-	37,551
	-	37,551

Notes to the financial statements

at 31 December 2013

14. Deferred income

Government grants

	£
At 1 January 2013	141,534
Credit to profit and loss account	(21,303)
Transferred to group undertaking	120,231
At 31 December 2013	-

15. Issued share capital

		2013		*2012*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	100,000	100,000	100,000	100,000

16. Movements on reserves

	Capital contribution reserve £	*Profit and loss account* £
At 1 January 2013	3,915,206	(4,061,446)
Capital contribution received from parent company	2,247,264	-
Loss for the year	-	(2,201,023)
At 31 December 2013	6,162,470	(6,262,469)

The company transferred its net liabilities, trade and employees to a group undertaking on 29 December 2013. The financial consideration exceeded the book value of the net liabilities transferred and the difference was treated as a capital contribution.

17. Reconciliation of shareholders' funds

	2013 £	*2012* £
Loss for the year	(2,201,023)	(1,750,636)
Capital contribution received	2,247,264	1,715,206
Opening equity shareholders' funds	(46,240)	(10,810)
Closing equity shareholders' funds/(deficit)	1	(46,240)

Notes to the financial statements
at 31 December 2013

18. Other financial commitments

Operating lease commitments

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

	Other		*Land and Buildings*	
	2013	*2012*	*2013*	*2012*
	£	*£*	*£*	*£*
Operating leases which expire:				
Within one year	-	1,275	-	16,000
In two to five years	-	14,392	-	-
Over five years	-	-	-	330,000
	-	15,667	-	346,000

19. 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 December 2010 by a qualified actuary.

This funding valuation showed that on 31 December 2010 there was a shortfall of £1,643,000 on an ongoing basis. A schedule of contributions had been agreed in 2009 aimed at removing the deficit on the ongoing valuation basis. This required payment of £410,000 between January 2012 and July 2012 and £860,000 per annum for the following seven years. The companies who are 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 employers are not required to make further contributions under the existing Schedule until 2016. Teledyne CML Group's share of future contributions will be borne by a group undertaking.

An updated valuation of this scheme for FRS17 purposes was carried out by a qualified actuary at 31 December 2013. 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 year, the company contributed £nil to the pension plan (2012: £nil). In March 2014, a sum of £1,500,000 was contributed to the scheme.

Notes to the financial statements

at 31 December 2013

19. Pensions (continued)

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

	2013	*2012*
	%	%
Discount rate	4.3	4.2
Inflation assumption	3.4	2.5

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2013:

	2013	*2012*
Male member age 65 (current life expectancy)	21.9	22.3
Female member age 65 (current life expectancy)	24.1	24.3
Male member age 45 (life expectancy at age 65)	23.3	23.6
Female member age 45 (life expectancy at age 65)	25.6	25.9

The assets and liabilities of the scheme were as follows:

	2013	*2012*
	£	*£*
Equities	15,255,000	13,778,000
Debt securities	1,955,000	2,075,000
Property	1,393,000	1,349,000
Cash	373,000	345,000
Total market value of assets	18,976,000	17,547,000
Present value of scheme liabilities	(22,100,000)	(21,782,000)
Pension liability	(3,124,000)	(4,235,000)

20. Ultimate parent undertaking and controlling party

The company's 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.