

Broadcom Innovision Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2012

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COMPANIES HOUSE

Company Registration No. 03024348

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# Broadcom Innovision Limited

## DIRECTORS AND ADVISERS

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Directors	Robert Rango DeAnn Work
Secretary	Abogado Nominees Limited 100 New Bridge Street London EC4V 6JA
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor Cambridge United Kingdom
Bankers	Bank of America 26 Elmfield Road Bromley BR1 1WA
Registered Office	100 New Bridge Street London EC4V 6JA
Company no	03024348

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# Broadcom Innovision Limited

## DIRECTORS' REPORT

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The Directors submit their report and the financial statements of Broadcom Innovision Limited for the year ended 31 December 2012

### Results and dividends

The results of the Company are set out in the statement of comprehensive income on page 7. The result for the year after taxation was £nil (2011 profit of £679,000). On 15 June 2012, the Company declared a dividend to its sole shareholder, Broadcom Europe Limited, of £4,771,732 (2011 £nil), leaving £1 of retained earnings.

### Principal activities and review of the Business

The principal activities of the company were inter-company sales for services of research and development of semiconductor technology and in particular design of integrated circuits in the near field data communications and RFID areas.

On 30 December 2011 the company disposed all of its trade and activities to Broadcom Europe Limited at book value in return for a promissory note amounting to £4,771,733. As a result the company ceased trading at this date.

### Key Performance Indicators

The Company's key performance indicators are financial measures relating to revenue, profitability and cash. These are detailed as follows:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Turnover	-	7,907
Administrative expenses	-	1,611
Profit after taxation	-	679
Net cash inflow from operating activities	-	1,832
Net holdings of cash and cash equivalents	-	-

### Research and Development

Prior to ceasing trading, research and development was an integral part of the Company's activities and considerable investment was made during the prior year. Expenditure on research and development during the year amounted to £nil (2011: £4,447,000).

### Directors

The directors who served throughout the year and to the date of this report were as follows:

R A Rango  
D F Work

### Employees

The Company had no employees during the year.

### Health & Safety and the Environment

The Company is committed to upholding the highest standards of health and safety and environmental protection for the benefit of the public at large and the environment.

# Broadcom Innovision Limited

## DIRECTORS' REPORT

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### **Charitable and Political Donations**

The Company did not make any charitable or political donations during the year (2011 £nil)

### **Financial Risk Management**

As part of the Broadcom Group, the Company seeks to align itself with the treasury management policies of the parent. The Company does not use any derivative financial instruments. Cash funding is provided by other Group undertakings as required.

- **Credit, liquidity risk and cash flow risk**

The Company's sales are made to other companies within the Broadcom Group, which the directors consider to be credit worthy. An assessment of the financial position of the Broadcom Group can be made by visiting [www.broadcom.com](http://www.broadcom.com)

Further financial risks facing the business are set out in note 2 to the financial statements

### **Going concern**

On 30 December 2011 the company ceased to trade. In accordance with IAS1 as a result the directors have prepared the financial statements on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis of preparation in either the current or previous year.

### **Directors' qualifying third party indemnity provisions**

During 2009 the directors implemented an indemnity provision in favour of one or more directors of Broadcom Innovision Limited against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. This remains in place.

### **Directors' and officers' liability insurance**

The Company has, as permitted by section 233 of the Companies Act 2006, maintained insurance cover on behalf of the Directors, Officers and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

### **Disclosure of information to the Auditor**

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; and
- having made enquiries of fellow directors, 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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### **Re-appointment of Auditor**

Pursuant to section 487(2) Companies Act 2006, Deloitte LLP are deemed to continue as auditors.

This report was approved by the board on 20 September 2013 and signed on its behalf by

DeAnn Work  
Director



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## Broadcom Innovision Limited

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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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 of the company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must 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 the financial statements, the directors are required to

- a. select suitable accounting policies and then apply them consistently,
- b. make judgements and accounting estimates that are reasonable and prudent,
- c. state whether they have been prepared in accordance with IFRS as adopted by the EU, and
- d. 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Broadcom Innovision Limited

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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We have audited the financial statements of Broadcom Innovision Limited for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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 auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 annual report 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 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 result for the year then ended,
- have been properly prepared in accordance with IFRSs adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the note 1 of the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern in both the current and previous year.

## Broadcom Innovision Limited

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **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



**Stuart Henderson (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditor  
Cambridge, UK

Date 25 September 2013

# Broadcom Innovision Limited

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	<i>Notes</i>	Year ended 31 December 2012	Year ended 31 December 2011
		£'000	£'000
Revenue	3	-	7,907
Cost of sales		-	(5,670)
Gross profit		-	2,237
Administrative expenses		-	(1,611)
OPERATING PROFIT		-	626
Investment Income	4	-	53
PROFIT BEFORE TAXATION	5	-	679
Taxation	7	-	-
PROFIT FOR THE YEAR		-	679
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNER		-	679

The operating result for the current and preceding years arises from the Company's discontinued operations. The company ceased to trade on 30 December 2011.



# Broadcom Innovision Limited

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	<i>Notes</i>	2012 £'000	2011 £'000
<b>Current Assets</b>			
Trade and other receivables	12	-	4,772
<b>TOTAL ASSETS</b>		-	4,772
<b>NET ASSETS</b>		-	4,772
<b>Equity</b>			
Share Capital	13	-	-
Retained Earnings		-	4,772
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		-	4,772

The accompanying notes are an integral part of the financial statements. The financial statements of Broadcom Innovision Limited (registered member 03024348) were approved and authorised for issue by the Board of Directors on 20 September 2013 and signed on their behalf by

  
DeAnn Work  
Director

# Broadcom Innovision Limited

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	<i>Notes</i>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Retained Earnings</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 January 2011</b>		<b>933</b>	<b>26,936</b>	<b>(24,998)</b>	<b>2,871</b>
<b>Comprehensive Income</b>					
Profit for the year		-	-	679	679
<b>Total comprehensive income for the year</b>		<b>933</b>	<b>26,936</b>	<b>(24,319)</b>	<b>3,550</b>
Credit to Equity for share based payments	14	-	-	1,222	1,222
Capital reduction	13	(933)	(26,936)	27,869	-
		<b>(933)</b>	<b>(26,936)</b>	<b>29,091</b>	<b>1,222</b>
<b>At 31 December 2011</b>		<b>-</b>	<b>-</b>	<b>4,772</b>	<b>4,772</b>
<b>Comprehensive Income</b>					
Result for the year		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dividend paid	8	-	-	(4,772)	(4,772)
		<b>-</b>	<b>-</b>	<b>(4,772)</b>	<b>(4,772)</b>
<b>At 31 December 2012</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There are no gains or losses recognised directly in equity.

# Broadcom Innovision Limited

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	<i>Notes</i>	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
<b>Operating activities</b>			
Cash generated by operations	15	-	1,832
<b>Net cash from operating activities</b>		-	<b>1,832</b>
<b>Investing activities</b>			
Interest received		-	53
Purchases of property, plant & equipment		-	(298)
Net cash from disposal of trade and assets		-	(4,719)
<b>Net cash used in investing activities</b>		-	<b>(4,964)</b>
Net decrease in cash & cash equivalents		-	(3,132)
Cash & cash equivalents at the beginning of the year		-	3,132
<b>Cash &amp; cash equivalents at the end of the year</b>		-	-

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# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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### **1 Accounting policies**

#### ***Basis of preparation***

Broadcom Innovision Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The financial information is presented in sterling which is the functional currency of the Company and is presented on a historical cost basis. The principal accounting policies adopted are set out below.

The company is exempt from the requirement to prepare and deliver consolidated accounts under section 400 of the Companies Act 2006, as its ultimate parent undertaking Broadcom Corporation, a company incorporated in the USA, prepares group accounts which incorporate the results of the company and are publicly available. Information is therefore presented for the individual company, not its group.

#### **Going concern**

On 30 December 2011 following the transfer of the trade and assets to a fellow group company, the company ceased to trade. In accordance with IAS1 as a result the directors have prepared the financial statements on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis of preparation in either the current or previous year.

#### ***Basis of accounting***

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments.

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# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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### 1 Accounting policies (continued)

#### ***New standards and interpretations***

The following standards have been adopted in the current period however their adoption has not had any significant impact on the amounts reported in these financial statements

Amendments to IAS 12 (December 2010)	Deferred Tax Recovery of Underlying Assets
Amendments to IFRS 1 (December 2010)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7 (October 2010)	Disclosures – Transfers of Financial Assets

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

Amendments to IAS 39 (June 2013)	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to IAS 36 (May 2013)	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IFRS 10, IFRS 12 and IAS 27 (October 2012)	Investment Entities Annual Improvements to IFRSs 2009-2011 Cycle (May 2012)
Amendments to IFRS 1 (March 2012)	Government Loans
Amendments to IAS 32 (Dec 2011)	Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 7 (Dec 2011)	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 1 (June 2011)	Presentation of Items of Other Comprehensive Income
IFRS 9	Financial Instruments
Amendments to IAS 1 (June 2011)	Presentation of Items of Other Comprehensive Income
IAS 19 (revised June 2011)	Employee Benefits
IFRS 13	Fair Value Measurement
IFRS 12	Disclosure of Interests in Other Entities
IFRS 11	Joint Arrangements
IFRS 10	Consolidated Financial Statements
IAS 28 (revised May 2011)	Investments in Associates and Joint Ventures
IAS 27 (revised May 2011)	Separate Financial Statements
IFRIC 21	Leases
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the Company in future periods

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# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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### **1 Accounting policies (continued)**

The principal accounting policies are set out below

#### ***Revenue***

In the current period the Company had no revenue. In the prior period, the Company recognised revenue from intercompany sales of research and development services on a cost plus mark-up basis as the costs were incurred. The company also recognised revenue in relation to contracts existing at the acquisition in July 2010. This revenue is recognised as follows:

Revenue is recognised when it is probable that economic benefits will flow to the Company, and is measured at the fair value of the consideration received or receivable. Revenue represents the amounts receivable for goods, services, royalties and licence fees provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed to the buyer. The sale of services is generally provided under fixed-price contracts. Revenue is recognised in accounting periods in which the service is rendered based on a percentage completion basis. The percentage completion is calculated based on the man days worked on the project as a percentage of the total man days to complete the contract.

Licence fees are recognised as income during the period in which the Company has fulfilled its obligations to the customer in accordance with the terms of the licence.

Non-refundable advance royalties and guaranteed royalties are recognised as income when the Company is contractually entitled to the relevant amounts and has no further obligations to provide services in respect of such royalties.

#### ***Cost of Sales***

Cost of Sales comprises direct costs of development engineering work and products sold. The cost of engineering time spent on development projects is also included within Cost of Sales.

#### ***Operating profit***

Operating profit is the surplus of revenue after cost of sales and administrative expenses have been deducted.

#### ***Investment Income***

Investment income relates to interest income, which is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

#### ***Research and development expenditure***

Expenditure on research activities is recognised as an expense to the Statement of Comprehensive Income in the period in which it is incurred, other than costs which meet the development criteria of IAS 38 'Intangible assets' which are capitalised as intangible assets on the Statement of Financial Position.

#### ***Patents***

Expenditure on patents is recognised as an expense in the period in which it is incurred. Patents are treated as internally generated intangible assets as there is uncertainty as to the technical feasibility of the patent at the time the expenditure is incurred.

# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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### 1 Accounting policies (continued)

#### ***Property, Plant and Equipment***

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses. Depreciation is charged so as to write off the cost of the assets, less estimated residual value, over their useful lives, using the straight line method, on the following basis:

- Fixtures, fittings & equipment – 25% to 50%

Residual value is the estimated amount that the Company would obtain from the disposal of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life, based on prices prevailing at the reporting date. In general residual values are zero or negligible, due to the nature of assets held.

#### ***Intangible Assets***

Intangible assets are stated at cost or fair value, net of amortisation and any provision for impairment. Amortisation is provided at rates calculated to write off the cost or fair value, less estimated residual value, of each asset over its expected useful life, based on the revenue income that the asset is expected to generate. In general residual values are zero or negligible, due to the technical and specialised nature of assets held.

#### ***Impairment of property, plant & equipment and intangible assets***

At each reporting date, the Company reviews the carrying value of its property, plant & equipment and intangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

#### ***Foreign Currencies***

The presentational and functional currency of the Company is pounds sterling. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the statement of comprehensive income for the period within administrative expenses.

#### ***Financial Instruments***

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All financial assets both current and non-current are classed as loans and receivables per the requirements of IFRS7.

Trade receivables do not carry any interest and are initially recognised at their fair value. They are subsequently measured at their amortised cost less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will be recovered in accordance with the original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the recoverable amount. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the statement of comprehensive income within administrative expenses.

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# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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### **1 Accounting policies (continued)**

#### ***Financial Instruments (continued)***

Trade payables are interest bearing and are stated at their fair value. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Liquid resources surplus to immediate requirements are held on short to medium term deposit. The Company considers all highly-liquid investments with original maturity dates of three months or less to be cash equivalents.

#### ***Equity Instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### ***Taxation***

The corporation tax liability is based on the taxable profit or loss for the period. Taxable profit or loss differs from net profit or loss reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. The Company also receives a tax credit for its research and development activities.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused carried forward tax losses and unused carried forward tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except where it relates to items charged directly to equity, in which case the deferred tax is also dealt with in equity.

#### ***Provisions***

A provision is made for onerous contracts at the fair value of the minimum unavoidable lease payments. A provision is recognised when the Company has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

#### ***Operating leases***

Costs in respect of operating leases are charged on a straight line basis over the lease term even if payments are not made on such a basis.

#### ***Retirement benefit costs***

The pension costs charged in the financial statements represent the contributions payable by the Company during the period to the personal pension plans of certain directors and employees as part of a group personal pension plan.



# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 1 Accounting policies (continued)

#### **Share-based Payments**

IFRS 2, 'Share-based payments', has been applied to all grants of equity instruments after 7 November 2002 that were unvested as at 31 December 2012.

In accordance with IFRS 2, equity-settled share based payments are measured at fair value (including the effect of non market-based vesting conditions) at the date of grant. Fair value is measured by the use of the Black-Scholes pricing model incorporating an appropriate market price discount based on the volume of shares. The fair value is recognised on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

#### **Critical accounting judgements and key sources of estimation uncertainty**

Following the transfer of the Company's trade and assets to a fellow group company on 30 December 2011, the Company ceased trading. The directors do not consider that there are any critical accounting judgements or key sources of estimation uncertainty that have a significant risk of causing a material misstatement to the carrying values of assets and liabilities in these financial statements.

### 2 Financial Risk Management

#### 2.1 Financial Risk Factors

Prior to the cessation of trading on 30 December 2011, the Company's activities exposed it to a variety of risks with financial impacts: market risk, technology risk, liquidity risk and credit risk. The Company's overall risk management programme focused on the unpredictability of key markets and sought to minimise potential adverse effects on the Company's financial performance. Risk management is managed by the Board of Broadcom Corporation.

##### (a) Market Risk

###### (i) Foreign exchange risk

Prior to the cessation of trading on 30 December 2011, the Company transacted internationally and was exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro and the UK pound. Foreign exchange risk arose from future commercial transactions, and recognised assets and liabilities. The Company did not hedge foreign currency transactions.

###### (ii) Commodity Price risk

The Company was exposed to increases in silicon processing costs directly through the assessment of the fair value of inventory through profit or loss and the cost of fulfillment of future orders. The exposure to commodity price risk is currently immaterial to the results of the Company.

##### (b) Technology Risk

The Company operated in an advanced technology area. Developments were often made ahead of the anticipated market and therefore there was a risk that this market would never materialise or that the technology developed would not meet the exact market requirements.

##### (c) Credit risk

Credit risk was only with related parties, which the directors consider to be creditworthy. Details of the company's maximum credit risk are disclosed in note 12.

The following table presents the company's financial assets and liabilities at 31 December 2012.

	2012	2011
<b>Financial Assets</b>	<b>£'000</b>	<b>£'000</b>
Loans and receivables	-	4,772

# Broadcom Innovision Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## 2 Financial Risk Management (continued)

### 2.2 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of long term trade receivables and payables is estimated by discounting the future contractual cash flows at the current market interest rate for the underlying currency of the transaction.

## 3 Segmental Reporting

An analysis of revenue by product type is given below

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Development engineering	-	5,636
License fees and royalties	-	1,985
Product sales	-	286
	<u>-</u>	<u>7,907</u>
	<u>-</u>	<u>7,907</u>

An analysis of revenue by geographical marketing is given below:

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
United Kingdom	-	43
North America	-	7,738
Asia	-	126
	<u>-</u>	<u>7,907</u>
	<u>-</u>	<u>7,907</u>

## 4 Investment Income

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Bank interest received on cash balances	-	53
	<u>-</u>	<u>53</u>
	<u>-</u>	<u>53</u>

# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 5 Profit Before Taxation

#### 5a Nature of expenses

The following table analyses the nature of expenses

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Staff costs (note 6)	-	5,509
Depreciation and amortisation (see notes 9 & 10)	-	279
Premises cost	-	143
Transport costs	-	53
Professional fees	-	20
Exchange rate gain	-	(41)
Other expenses	-	1,318
Total cost of sales and administrative expenses	-	7,281
Included within cost of sales and administrative expenses are operating lease rentals payable		
Land and buildings	-	143
Plant & machinery	-	8

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
5b Auditor's remuneration in respect of both audit and non-audit services		
Fees payable to the Company's auditor for the audit of the Company's annual report	-	10
Fees payable to the Company's auditor and their associates for other services to the Company		
Tax services	-	5
Total non-audit fees	-	5

Given that the Company has ceased trade, the audit fees of £6,000 have been borne by the Company's sole shareholder, Broadcom Europe Limited

# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 6 Staff Costs and Directors' Emoluments

#### (a) Staff Costs

The average monthly number of persons, including directors, employed by the Company during the year was.

	Year ended 31 December 2012	Year ended 31 December 2011
	No	No
Marketing and administration	-	4
Research and engineering	-	53
	<u>-</u>	<u>57</u>

Following the transfer of the Company's trade and assets on 30 December 2011, the employees of the Company were transferred Broadcom Europe Limited

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Aggregate remuneration for the above persons comprised		
Salaries	-	3,587
Social security costs	-	410
Pension contributions	-	290
Share based payments (note 14)	-	1,222
	<u>-</u>	<u>5,509</u>

Of the staff costs above £nil (2011 5,204,000) is included within cost of sales and £nil (2011 £305,000) is included within administrative expenses in the statement of comprehensive income

#### (b) Directors' emoluments and key management compensation

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Directors' emoluments	<u>-</u>	<u>-</u>

# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 6 Staff Costs and Directors' Emoluments (continued)

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Aggregate contributions to defined contribution pension schemes in the United Kingdom	-	-

Number of directors accruing benefits under defined benefit contribution schemes

	Year ended 31 December 2012	Year ended 31 December 2011
	No	No
Aggregate contributions to defined contribution pension schemes in the United Kingdom	-	-

No amounts were paid to directors as compensation for loss of office in either the current or preceding financial year

The amounts in respect of the highest paid director are as follows

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Emoluments	-	-
Share option gains	-	-
Bonus	-	-
Company contributions paid to money purchase pension schemes	-	-
Compensation for loss of office	-	-
	-	-

The Directors of the company receive no remuneration in respect of services to the company from Broadcom Innovision Limited, this is borne by other companies within the Broadcom Corporation Group

# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

7 Taxation	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Based on the profit for the year	-	-
Factors affecting tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for the UK of 24.5% (2011: 26.5%). The differences are explained below		
	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Profit on ordinary activities before tax	-	679
Profit on ordinary activities multiplied by standard rate of corporation tax of 24.5% (2011: 26.5%)	-	180
Effects of:		
Expenses not deductible for tax purposes/income taxable	-	1
Temporary differences	-	71
Research & development tax relief	-	(78)
Losses carried forward	-	(579)
IFRS 2 Share option charge	-	519
Capital allowances in excess of depreciation	-	(114)
Total tax credit for the year	-	-

On 30 December 2011 the company transferred the trade and assets to Broadcom Europe Limited. As part of this transfer the remaining unutilised tax losses of £19,139,000 were transferred to Broadcom Europe Limited. No deferred tax asset has been recognised in respect of these losses as the timing of their utilisation is uncertain.

The Finance Act 2012, which provides for a reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact future reductions in the main tax rate down to 21% effective from 1 April 2014 and to 20% by 1 April 2015. As these tax rates were not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with IAS 10 as it is a non-adjusting event occurring after the reporting period.

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# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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### 8 Dividends

The Company paid a dividend of £4,771,732 to its sole shareholder, Broadcom Europe Limited, on 15 June 2012 in respect of the single ordinary share that it owns

### 9 Property, Plant and Equipment

Fixtures,  
fittings and  
equipment  
£'000

#### Cost

1 January 2011	1,589
Additions	298
Disposals	(1,032)
Disposals to parent company	(855)

**31 December 2011 and 31 December 2012**

-

#### Depreciation

1 January 2011	1,061
Charge for the year	279
Disposals	(1,015)
Disposals to parent company	(325)

**31 December 2011 and 31 December 2012**

-

#### Carrying amount

**At 31 December 2012**

-

At 31 December 2011

-

At 1 January 2011

528

The depreciation charge is included within administrative expenses in the statement of comprehensive income

# Broadcom Innovision Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## 10 Intangible Assets

	Development Projects £'000
<b>Cost</b>	
1 January 2011	4,993
Disposals	(4,993)
<b>31 December 2011 and 31 December 2012</b>	-
<b>Amortisation and impairment</b>	
1 January 2011	4,993
Disposals	(4,993)
<b>31 December 2011 and 31 December 2012</b>	-
<b>Carrying amount</b>	
<b>At 31 December 2012</b>	-
At 31 December 2011	-
At 1 January 2011	-

## 11 Investments

On 31 March 2011, Innovision Concepts Limited, a company registered in England and Wales was dissolved. This company had previously been the Company's only investment with a carrying value of £2,000 at 31 December 2010, which was fully written down once the company was dissolved.

## 12 Trade and Other Receivables

	2012 £'000	2011 £'000
Amounts falling due within one year:		
Amounts due from related parties (note 16)	-	4,772

There are no amounts falling due after more than one year in either the current or preceding financial year.

At 31 December 2012 there were no trade receivables (2011: £nil) that were past due but not impaired, and no (2011: £nil) trade receivables were impaired and provided for. There is no material difference between the book value and fair value of the trade and other receivables.

There were no trade receivables for the year ended 31 December 2012. The average credit period during the year ended 31 December 2011 was 86 days.



# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

<b>13 Share Capital</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Authorised Share Capital		
125,000,000 (2011: 125,000,000) ordinary shares of 1p each	1,250	1,250
Allotted, issued and fully paid		
1 (2011: 1) ordinary share of 1p	-	-

The Company has one class of ordinary shares which carry no right to fixed income

On 9 December 2011 the company completed a capital reduction, reducing the share capital to £0.01 by cancelling and extinguishing 93,275,070 ordinary shares, and cancelling the share premium account of £26,936,000, with the amounts being credited to distributable reserves.

### **14 Share Based Payments**

Various unapproved share based compensation schemes are provided, giving employees the opportunity to acquire an interest in the parent undertaking, Broadcom Corporation, as an incentive to attract and retain their services

#### **Employee Stock Purchase Plan**

Eligible employees may contribute to an employee stock purchase plan. Under the plan, employees may purchase shares in Broadcom Corporation's Class A common stock at six-month intervals at 85% of the fair market value (calculated in the manner provided in the plan).

#### **Stock Incentive Plans**

Employees are able to participate in Broadcom Corporation's stock incentive plans under which stock options and restricted stock units have been granted to employees.

Options in Broadcom Corporation stock generally have a term of 10 years, and in the case of new hires generally vest and become exercisable at the rate of 25% after one year and then on a monthly basis over a period of 36 months thereafter; subsequent option grants to existing employees generally vest and become exercisable on a monthly basis over a period of 48 months measured from the date of grant.

In addition, restricted stock units are granted to existing employees as part of Broadcom Corporation's regular annual employee equity compensation review programme as well as to new hires. Restricted stock units are share awards that entitle the holder to receive freely tradable shares of Broadcom Corporation's Class A common stock upon vesting. Generally, restricted stock units granted to employees vest on a quarterly basis over 16 quarters from the date of grant.

# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 14 Share Based Payments (continued)

There were no movements in options for either the year ended 31 December 2012 or 31 December 2011. The weighted average fair value of options granted in the year was £nil (2011 £nil). There were no outstanding share options at 31 December 2012 (2011 £nil).

During the year ended 31 December 2012, no (2011 16,667) restricted stock units in Broadcom Corporation were awarded to employees. A reconciliation of restricted stock unit movements over the year ended 31 December 2012 is shown below.

	2012	2011
	Number	Number
Outstanding at 1 January	-	84,655
Granted	-	16,677
Vested	-	23,040
Forfeited	-	(7,709)
Lapsed	-	-
Transferred to Broadcom Europe Limited	-	(116,663)
	<hr/>	<hr/>
Outstanding at the end of the year	-	-
	<hr/>	<hr/>

The fair value of these restricted stock units at the date of grant was £nil (2011 £419,000). The assumptions for the Black-Scholes model were as follows.

	2012	2011
Expected volatility	-	34%
Expected life (years)	-	3.6
Risk free rate	-	1.56%
Expected dividend yield	-	0.80%

The total charge for the period relating to employee share based payment plans was £nil (2011 £1,222,000), all of which related to equity-settled share based payment transactions.

# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 15 Cash Flow

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Profit before tax	-	679
Adjustments for:		
Depreciation of property, plant & equipment	-	279
Loss on disposal of property, plant & equipment	-	17
Share based payments	-	1,222
Decrease in provisions	-	(350)
Investment income	-	(53)
Operating cash flows before movements in working capital	-	1,794
Decrease in receivables	-	310
Decrease in payables	-	(272)
Cash generated by operations	-	1,832

### 16 Related Party Transactions

Transactions between the group and its associates are disclosed below

During the year the group entered into the following transactions with related parties who are part of the Broadcom Corporation group Dividends paid to the parent company, Broadcom Europe Limited, are included in note 8

	Sale of goods		Purchase of goods	
	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000	£'000	£'000
Broadcom Corporation	-	5,615	-	-
Broadcom Europe Limited	-	-	-	356
Broadcom International Limited	-	-	-	40
Broadcom Singapore Pte Limited	-	126	-	464
Broadcom UK Ltd	-	-	-	44
	-	5,741	-	904

# Broadcom Innovision Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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### 16 Related Party Transactions (continued)

The following amounts were outstanding at the balance sheet date

	Amounts owed by related parties		Amounts owed to related parties	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Broadcom Europe Limited	-	4,772	-	-

The key management personnel for the business are considered to be the directors. The directors' emoluments are disclosed in note 6.

### 17 Capital Commitments

There were no amounts contracted for, but not provided in the accounts (2011: £nil).

### 18 Ultimate Controlling Party

At 31 December 2012, the immediate parent company is Broadcom Europe Limited, a company registered in the United Kingdom and the ultimate parent company, controlling party and the parent undertaking of the smallest and largest group for which group accounts are prepared and of which the company is a member was Broadcom Corporation of 5300 California Avenue, Irvine, California, 92617 (incorporated in the State of California, USA).