

**SENSTRONICS LIMITED**

**Report and Financial Statements**

**31 December 2009**

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COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2009**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M J Powers (Resigned 1 January 2010)  
K J Kuckelhahn  
J U Vase  
M F Donahue  
A De Greef-Saffi (Appointed 1 January 2010)

**SECRETARY**

Bird & Bird LLP

**REGISTERED OFFICE**

90 Fetter Lane  
London  
EC4A 1EQ

**BANKERS**

HSBC plc  
49 Corn Street  
Bristol  
BS99 7PP

**SOLICITORS**

Dorsey & Whitney LLP  
21 Wilson Street  
London  
EC2M 2TD

**AUDITORS**

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Newcastle upon Tyne

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report for the company for the year ended 31 December 2009. The directors' report has been prepared in accordance with the provisions applicable to small companies.

### **PRINCIPAL ACTIVITY**

The company is principally engaged in the design and manufacture of high pressure sensors that are sold through the various sales channels of its parent companies.

### **BUSINESS REVIEW, RESULTS AND DIVIDENDS**

The global recession started to affect sales in the second half of 2008 and caused a further reduction in unit sales in 2009 of 11% compared to a global market demand decline of 25%. Turnover for the year was 4.4% (£153K) higher compared to 2008. Sales volume decreased 11.2% (380K) in line with unit volume. Partner "2009 Take or Pay" revenue and the release of deferred revenue from 2006 resulted in a revenue increase of 17.8% (533K). The directors feel that this performance to market demonstrates the broad appeal for the Senstronics pressure transducer line. Senstronics procures 85% of its material needs from LCR regions, primarily China. These purchases are mainly denominated in US Dollars. This resulted in further inflationary pressures as Sterling fell in value to the US Dollar. Management reduced overhead costs by £200,000 helping to offset this increase.

Senstronics' continues to be an environmentally friendly manufacturer and is constantly seeking new ways to make internal energy and utilise savings.

The company's loss for the financial year was £766,110 (2008: £1,105,925). The directors do not recommend the payment of a dividend (2008: £nil). The losses are in line with the directors' expectations given the development phase of the company.

The basis for calculating unit selling prices is to be changed with effect from 1 January 2010 which is expected to move the company into profitability in 2010.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company manufactures product that is sold into different markets by its parent companies. Competition is strong in these markets where performance, cost and package size are key differentiators. The directors feel that our products are well suited to compete globally despite increasing competition from both domestic and increasing competition from the Far East. Senstronics trades in GBP with both of its JV partners so as to place the sales currency risks with them.

Treasury management is considered to be a high priority and is monitored on an ongoing basis in conjunction with the ultimate parent companies so as to optimise cash flow within the joint venture.

### **FUTURE PROSPECTS**

Despite global economic uncertainty, the directors expect higher sales volumes in 2010 as new products provide increased access to new markets.

### **GOING CONCERN**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors have adopted the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note, on page 9 of the financial statements.

## **DIRECTORS' REPORT (continued)**

### **DIRECTORS**

The membership of the Board is set out below

M J Powers (Resigned 1 January 2010)  
K J Kuckelhahn  
J U Vase  
M F Donahue  
A De Greeft-Safft (Appointed 1 January 2010)

### **RESEARCH AND DEVELOPMENT**

During the year the company continued its development of high pressure sensors. The associated costs amounted to £68,440 (2008 £20,444) and have been charged to the profit and loss account. This investment, which will continue in 2010, supports the opening of new market potential which will allow Senstronics to maintain its current growth rate.

### **SUPPLIER PAYMENT POLICY**

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 December 2009 were equivalent to 60 (2008 34) days' purchases, based on the average daily amount invoiced by suppliers during the year.

### **AUDIT INFORMATION**

Each of the persons who are a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The information is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

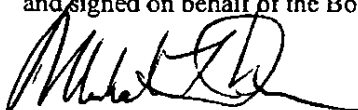
### **DIRECTORS' INDEMNITIES**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **AUDITORS**

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Director  
Michael Donahue

28 September 2010

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SENSTRONICS LIMITED**

We have audited the financial statements of Senstronics Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 22. 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 auditors' 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its 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 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors report.

  
**David Wilkinson (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne, United Kingdom  
29 September 2010

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2009**

	Note	2009 £	2009 £	2008 £	2008 £
<b>TURNOVER</b>	2		3,600,400		3,447,583
Cost of sales			<u>(2,147,538)</u>		<u>(2,073,904)</u>
<b>GROSS PROFIT</b>			1,452,862		1,373,679
Distribution costs		(79,029)		(92,849)	
Administrative expenses		<u>(2,142,769)</u>	<u>(2,221,798)</u>	<u>(2,336,162)</u>	<u>(2,429,011)</u>
<b>OPERATING LOSS</b>	3		(768,936)		(1,055,332)
Interest receivable and similar income			2,826		7,437
Interest payable and similar charges	6		<u>-</u>		<u>(33,038)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(766,110)		(1,080,933)
Tax on loss on ordinary activities	7		<u>-</u>		<u>(24,992)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	15		<u><u>(766,110)</u></u>		<u><u>(1,105,925)</u></u>

All activities derive from continuing operations

The company has no recognised gains or losses for the current or prior year other than the loss shown above and therefore no separate statement of total recognised gains and losses has been presented



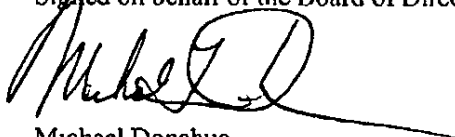
# SENSTRONICS LIMITED

## BALANCE SHEET 31 December 2009

	Note	2009 £	2009 £	2008 £	2008 £
<b>FIXED ASSETS</b>					
Tangible assets	8		1,248,395		1,579,579
<b>CURRENT ASSETS</b>					
Stocks	9	263,450		282,129	
Debtors	10	1,216,853		680,320	
Cash at bank and in hand		147,544		908,742	
		<u>1,627,847</u>		<u>1,871,191</u>	
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(942,077)</u>		<u>(517,695)</u>	
<b>NET CURRENT ASSETS</b>			<u>685,770</u>		<u>1,353,496</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,934,165		2,933,075
<b>CREDITORS: amounts falling due after more than one year</b>	12		<u>-</u>		<u>(232,800)</u>
<b>NET ASSETS</b>			<u>1,934,165</u>		<u>2,700,275</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		7,733,184		7,733,184
Share premium account	14		14,759,472		14,759,472
Other reserves	14		704,757		704,757
Profit and loss account	14		<u>(21,263,248)</u>		<u>(20,497,138)</u>
<b>SHAREHOLDERS' FUNDS</b>	15		<u>1,934,165</u>		<u>2,700,275</u>

These financial statements of Senstronics Limited, registered number 3504198 were approved by the Board of Directors and authorised for issue on 28 September 2010

Signed on behalf of the Board of Directors



Michael Donahue  
Director

28 September 2010

# SENSTRONICS LIMITED

## CASH FLOW STATEMENT Year ended 31 December 2009

	Note	2009 £	2009 £	2008 £	2008 £
Net cash outflow from operating activities	17		(764,024)		(919,962)
<b>Returns on investments and servicing of finance</b>					
Interest received		2,826		7,437	
Interest paid		-		(6,010)	
Interest element of finance lease rentals		-		(27,028)	
Net cash inflow/(outflow) from returns on investments and servicing of finance			2,826		(25,601)
<b>Taxation</b>			-		(24,992)
<b>Cash outflow before financing</b>			(761,198)		(970,555)
<b>Financing</b>					
Issue of ordinary share capital		-		490,000	
Recovery of Retention Funds		-		704,757	
Capital element of finance lease rental payments		-		(157,792)	
Net cash inflow from financing			-		1,036,965
<b>(Decrease)/increase in cash</b>	16		(761,198)		66,410

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2009

#### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

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

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

##### **Going concern basis**

As discussed in the Directors' Report, the financial statements have been prepared under the assumption that the entity will continue as a going concern. The directors consider this appropriate given there are agreements in place which allow the recharge of costs plus a margin to other entities. In addition the directors have received confirmation of financial support from the Group for at least 12 months of the approval date of these financial statements.

##### **Turnover**

Turnover represents the value of sales of high pressure sensors to third parties, net of trade discounts and value added tax. Turnover is recognised when the sensors are despatched to third parties.

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

Expenditure incurred on research and development is charged to the profit and loss account as incurred.

##### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at acquisition cost less provision for impairment. Depreciation is charged to the profit and loss account so as to write off the cost of tangible fixed assets to their estimated residual value over their estimated useful economic lives using the straight line method.

The estimated useful economic lives are as follows:

Plant and machinery	3-10 years
Fixtures, fittings and office equipment	3 years

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost comprises the purchase cost of raw materials consumed plus all directly related conversion costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### **Leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

##### **Foreign currencies**

Monetary assets and liabilities held at the balance sheet date and denominated in foreign currency are translated at the rate of exchange prevailing at that date. Foreign currency transactions entered into during the year are translated at the rate of exchange prevailing at the date of the transaction. Exchange differences arising on these transactions are accounted for through the profit and loss account.

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 December 2009

### 1. ACCOUNTING POLICIES (continued)

#### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date as reduced by the surrender of consortium relief to the company's consortium members at nil cost

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Pensions

The company operates an independently administered money purchase (defined contribution) pension scheme for all of its employees. Pension costs are recognised in the profit and loss account as they fall due.

### 2. TURNOVER BY DESTINATION

	2009 £	2008 £
United Kingdom	385,417	603,017
Rest of Europe	1,362,588	1,161,059
North America	1,650,070	1,571,756
China	195,679	20,778
Rest of World	6,646	1,683,507
	<u>3,600,400</u>	<u>3,447,583</u>

In the opinion of the directors all turnover is attributable to one continuing activity.

### 3. OPERATING LOSS

	2009 £	2008 £
Operating loss is stated after charging/(crediting)		
Operating lease rentals		
- Plant and machinery	1,076	4,095
- Other	211,900	168,866
Depreciation of tangible fixed assets		
- owned	331,184	254,273
- held under finance leases	-	78,711
Research and development	68,440	20,444
Fees payable to the company's auditors for the audit of the company's financial statements	15,000	18,000
Foreign exchange (gain)/loss	<u>(7,458)</u>	<u>83,530</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2009**

**4. DIRECTORS' EMOLUMENTS**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments	<u>129,183</u>	<u>193,228</u>

**5 STAFF COSTS AND EMPLOYEE INFORMATION**

Total staff costs (including directors) for the year were as follows

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,151,558	1,217,810
Social security costs	100,367	109,317
Other pension costs	<u>72,142</u>	<u>74,205</u>
	<u>1,324,067</u>	<u>1,401,332</u>

The average monthly number of persons (including executive directors) employed by the company during the year was as follows

	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>
Directors	4	4
Finance and administration	5	5
Operations	<u>32</u>	<u>34</u>
	<u>41</u>	<u>43</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Interest payable on bank loans and overdrafts	-	74
Interest on overdue taxation	-	5,936
Finance leases	<u>-</u>	<u>27,028</u>
	<u>-</u>	<u>33,038</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2009**

**7. TAXATION ON LOSS ON ORDINARY ACTIVITIES**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<i>a) Analysis of tax credit on ordinary activities</i>		
Current tax	-	-
Adjustment in respect of prior periods	-	24,992
Total current tax	<u>-</u>	<u>24,992</u>

*b) Factors affecting tax credit for the year*

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	<u>(766,110)</u>	<u>(1,080,933)</u>
Tax on loss on ordinary activities at standard rate of corporation tax in the UK of 28% (2008 28.5%)	(214,511)	(308,037)

*Effect of*

Expenses not deductible for tax purposes	24,854	23,166
Capital allowances for the period in excess of depreciation	71,315	(143,147)
Other timing differences	6,777	(133)
Consortium relief surrendered for nil consideration	111,565	428,151
Adjustments in respect of prior periods	-	24,992
Current tax credit for period (note 7(a))	<u>-</u>	<u>24,992</u>

*c) Factors that may affect the future charges*

Future taxation charges are expected to be impacted by the utilisation of tax losses carried forward

The company has an unprovided deferred tax asset amounting to £4,416,996 (2008 £4,124,817). The asset has not been recognised in the financial statements due to uncertainty over its recovery in the future.

The unprovided deferred tax asset is as follows

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	(756,141)	(472,980)
Losses	(3,650,045)	(3,650,045)
Other short term timing differences	(10,810)	(1,792)
	<u>(4,416,996)</u>	<u>(4,124,817)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2009

#### 7. TAXATION ON LOSS ON ORDINARY ACTIVITIES (continued)

The Finance Act 2010, which provides for a reduction in the main rate of corporation tax from 28% to 27% effective from 1 April 2011, was substantively enacted on 21 July. As it was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 19, as it is a non-adjusting event occurring after the reporting period.

The impact of the rate reduction, which will be reflected in the next reporting period, is estimated to reduce our UK deferred tax asset disclosed at 31 December 2009 by £157,750.

The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 24% by 1 April 2014.

The future 1% main tax rate reductions are expected to have a similar impact on our financial statements as outlined above, however the actual impact will be dependent on our deferred tax position at that time.

#### 8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings and office equipment £	Total £
<b>Cost</b>			
At 1 January 2009 and at 31 December 2009	3,888,582	3,195	3,891,777
<b>Accumulated depreciation</b>			
At 1 January 2009	2,310,955	1,243	2,312,198
Charge for the year	330,119	1,065	331,184
At 31 December 2009	2,641,074	2,308	2,643,382
<b>Net book value</b>			
At 31 December 2009	1,247,508	887	1,248,395
At 31 December 2008	1,577,627	1,952	1,579,579

#### 9. STOCKS

	2009 £	2008 £
Raw materials and consumables	244,752	179,399
Work in progress	3,806	15,703
Finished goods	14,892	87,027
	<u>263,450</u>	<u>282,129</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2009**

**10. DEBTORS**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Trade debtors	145,933	113,560
Amounts owed by related undertakings	863,851	430,061
Other debtors	64,142	31,049
Prepayments and accrued income	142,927	105,650
	<u>1,216,853</u>	<u>680,320</u>

**11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Trade creditors	645,607	247,012
Amounts owed to related undertakings	16,507	9,976
Other taxation and social security	26,143	32,545
Other creditors	67,214	121,673
Accruals and deferred income	186,606	106,489
	<u>942,077</u>	<u>517,695</u>

The bank holds a fixed and floating charge over the company's assets for any future borrowings

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	-	232,800
	<u>-</u>	<u>232,800</u>

**13 CALLED UP SHARE CAPITAL**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Called up, allotted and fully paid</b>		
773,318,391 (2008 773,318,391) ordinary shares of £0.01 each	<u>7,733,184</u>	<u>7,733,184</u>

**14. RESERVES**

	<b>Other Reserves</b>	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2009	704,757	14,759,472	(20,497,138)
Loss for the financial year	-	-	(766,110)
Balance at 31 December 2009	<u>704,757</u>	<u>14,759,472</u>	<u>(21,263,248)</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2009**

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2009 £	2008 £
Loss for the financial year	(766,110)	(1,105,925)
Net proceeds of issue of ordinary share capital	-	490,000
Capital Contribution	-	704,757
Opening shareholders' funds	<u>2,700,275</u>	<u>2,611,443</u>
Closing shareholders' funds	<u><u>1,934,165</u></u>	<u><u>2,700,275</u></u>

**16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2009 £	2008 £
(Decrease)/increase in cash in the year	(761,198)	66,410
Cash outflow from lease financing	<u>-</u>	<u>157,792</u>
(Decrease)/increase in net funds in the year	(761,198)	224,202
Opening net funds	<u>908,742</u>	<u>684,540</u>
Closing net funds	<u><u>147,544</u></u>	<u><u>908,742</u></u>

**17. RECONCILIATION OF OPERATING LOSS TO CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2009 £	2008 £
Operating loss	(768,936)	(1,055,332)
Depreciation	331,184	332,984
Decrease in stock	18,679	6,768
Increase in debtors	(536,533)	(83,836)
Increase/ (decrease) in creditors	<u>191,582</u>	<u>(120,546)</u>
Net cash outflow from operating activities	<u><u>(764,024)</u></u>	<u><u>(919,962)</u></u>

**18. ANALYSIS OF NET FUNDS**

	At 1 January 2009 £	Cash flows £	At 31 December 2009 £
Cash at bank and in hand	<u>908,742</u>	<u>(761,198)</u>	<u><u>147,544</u></u>

**19. PENSIONS**

The company contributes to an individual money purchase pension scheme for the benefit of the employees and directors. The assets of the schemes are in funds independent from those of the company. The amount outstanding as at 31 December 2009 was £6,751 (2008 £7,301)

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 December 2009

### 20. FINANCIAL COMMITMENTS

The company has annual commitments under operating lease arrangements expiring as follows

	2009 Land and buildings £	2009 Other £	2009 Total £	2008 Land and buildings £	2008 Other £	2008 Total £
Within one year	-	-	-	-	2,080	2,080
Within two to five years	220,320	9,509	229,829	-	3,128	3,128
In five years or more	-	-	-	220,320	-	220,320
	<u>220,230</u>	<u>9,509</u>	<u>229,829</u>	<u>220,320</u>	<u>5,208</u>	<u>225,528</u>

### 21. RELATED PARTY TRANSACTIONS

Included within debtors falling due after one year is £63,040 owed by (2008 £55,883) the immediate parent undertaking, Senstronics Holdings Limited

Danfoss A/S and Danaher Corporation each control 50% of the share capital of Senstronics Holdings Limited. At the year end, the company was entitled to compensation under a joint venture agreement between Danfoss A/S, Launchchange Limited (a subsidiary of Danaher Corporation) and Senstronics Holdings Limited for not meeting the volume targets of the Business Plan. The amounts receivable from Danfoss A/S and Launchchange Limited at the year end amounted to £368,169 (2008 £66,784) and £Nil (2008 £Nil) respectively. These amounts are shown within debtors (note 10).

The following related party transactions occurred during the year with companies that are under the control of Danfoss A/S or Danaher Corporation.

Sales of £375,317 (2008 £603,017) were made to Danaher UK Industries Limited. At 31 December 2009, a balance of £46,874 was due from (2008 £112,197) Danaher UK Industries. Purchases of £194,174 (2008 £144,278) were made from Danaher UK Industries Limited and a balance of £12,220 (2008 £Nil) was owed to Danaher UK Industries at 31 December 2009.

Sales of £195,679 (2008 £90,973) were made to Danaher Setra-ICG (Tianjin) Co Limited. The balance outstanding at 31 December 2009 was £61,439 (2008 £11,374).

Sales of £6,646 (2008 £20,564) were made to Danaher ICG Japan Co Limited. The balance outstanding at 31 December 2009 was £1,567 (2008 £716).

Sales of £103,631 (2008 £53,349) were made to Setra Systems Inc. The balance outstanding at 31 December 2009 was £22,910 (2008 £5,664).

Sales of £1,362,172 (2008 £1,227,852) were made to Danfoss A/S. The balance outstanding at 31 December 2009 was £441,895 (2008 £192,436). Purchases of £4,601 (2008 £Nil) were made from Danfoss A/S and a balance of £4,287 (2008 £Nil) was owed to Danfoss A/S at 31 December 2009.

Sales of £1,526,236 (2008 £1,440,732) were made to Gems Sensors Inc. At 31 December 2009, a balance of £226,126 was owed by (2008 £51,791) Gems Sensors Inc.

### 22. IMMEDIATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The company is a 100% subsidiary of Senstronics Holdings Limited, a company incorporated in England and Wales.

Copies of Senstronics Holdings Limited financial statements can be obtained from the Registered Office at 90 Fetter Lane, London, EC4A 1EQ.

The ultimate controlling parties are Danfoss A/S and Danaher Corporation, who each control 50% of the share capital of Senstronics Holdings Limited.