

RTS Life Science Limited

Directors' report and financial statements

Registered number 4109439

For the year ended 31 December 2009

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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2009

Results and dividends

The Statement of Comprehensive Income is set out on page 7 and shows the profit for the year

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Operating profit/(loss) including 'exceptional' items	489	(937)
'Exceptional' administrative expenses	-	(1,155)
Operating profit before 'exceptional' items	489	218
Profit/(loss) before taxation	761	(1,550)
Profit/(loss) after taxation	1,069	(1,250)

The Company continued to see strong sales in the second half of the year, resulting in the full year sales increasing by 35% to £9.3m (2008: £6.9m). The higher sales led to an improved operating profit before "exceptional" items of £0.5m (2008: £0.2m).

The business benefited significantly in 2009 from a major store order booked in 2008 that contributed £2.4m to revenues in the year. In 2009 we have taken positive steps to address this reliance on large projects by increasing the competitiveness of our smaller storage product and expanding our product offerings.

Therefore, despite a reduction in the year end order book to £4.6m (2008: £5.9m), we enter the year with a more diversified prospect list, and are anticipating an increasing order book through 2010.

The Directors do not recommend the payment of a dividend (2008: £nil).

Principal activity

The principal activities of the Company are to provide automated products and services for drug discovery, delivery and quality control applications within pharmaceutical, biotech, biobanking and academic institutes.

Directors

Directors who have held office during the year were as follows:

D Harding
 J S Sharrock
 G Walsh

Performance in 2009

We entered the year with a strong opening order book and this provided a platform to increase turnover to £9.3m (2008: £6.9m). The higher volumes and improved operational performance resulted in an operating profit before "exceptional" items of £0.5m (2008: loss of £0.2m).

Our realignment strategy, initiated during 2008, placed emphasis on our core competence in sample management with selective diversification into niche adjacent markets. This strategy has allowed us to widen our customer base and reduce our reliance on large one-off projects.

We continue to invest in product development and successfully secured early adopter customer orders for our new Tube Auditor product launched in the year. These sales will serve as a foundation and reference points for sales growth in 2010.

Our return to profitability has been achieved by the dedication and commitment of our highly skilled and loyal staff who have delivered on their objectives and created an excellent basis from which to build.

Markets and technologies

We continue to see a shift in our customer base with an increasing proportion of our new sales being generated from academia and publicly funded research institutes. This has helped to offset a reduction in opportunities from large pharmaceutical companies, where consolidation and reduced research and development budgets have depressed demand for new capital equipment. Our large pharmaceutical customer base remains the foundation of our business and our after-sales team work in partnership with our customers to upgrade and support existing capital equipment ensuring that they maximise the value from their original investment.

We have been reviewing our options to serve the US market more effectively for some time, and at the beginning of 2009 we entered into a relationship with Hatch Science LLC, at both a sales and operating level. This arrangement has served both organisations well, and has culminated in RTS acquiring a 65% controlling interest in Hatch Science LLC during February 2010. Hatch Science LLC is a leading edge developer and manufacturer of scientific instruments for the pharmaceutical and medical industries and is located close to Boston, Massachusetts. This acquisition provides complementary products and skills to RTS and simultaneously increases our presence in the important US market.

We continue to strengthen our position in the premium sample storage market. With improvements in our offering and a more competitive position from the strength of the dollar, we have regained market share against US competitors. Further sales of the entry level SmaRTStore and recently updated Sample-Store provide evidence that our customers are starting to appreciate the benefits of the additional levels of service we bring in our offering.

New business in sample processing and storage of biological specimens is encouraging. In the biobanking market we secured several new customers for our ABF500 blood fractionation instrument and other related products. Although this emerging market suffers from lengthy sales cycles and the rigours of public procurement procedure we are optimistic that our investment in this sector will continue to deliver results.

In the drug delivery automation business, we successfully generated repeat sales of the "Walkaway Specialist" inhaler testing system range. This product is based on a standard platform that requires minimal modification and configuration for new devices and is now successfully serving an expanding customer base.

Outlook

Sample management, sample preparation and pharmaceutical testing applications in the Life Science sector remain our focus. With dedicated teams serving several related business lines and with an increasing range of products we expect to deliver improved operational performance. We anticipate that our investment in additional sales personnel, combined with our increased presence in the US through the acquisition of Hatch will lead to a growing order book in 2010.

Key performance indicators

Management use a range of performance measures to monitor and manage the business. Our KPIs measure past performance and also provide information to allow us to manage the business into the future. Revenue, operating profit and cash flow indicate the volume of projects, their profitability and the efficiency with which we have turned operating profits into cash, staff numbers show us how effective we have been in recruiting and retaining our key resource. These indicators are presented in the financial statements.

Key risks and uncertainties

There are risks and uncertainties associated with the Company's business activities and listed below are those that the Company thinks could cause the actual results to differ materially from the expected and historical results.

Risk	Approach
Consistent delivery of complex projects	Tight project management. We aim to deliver consistently to meet the needs of our customers.
Managing costs to complete long term projects	We aim to shorten reporting timescales and improve project management with the effective use of KPIs and a focus on managing technical risks.
Attracting, retaining and motivating key staff	We seek to ensure the workplace is demanding and rewarding. We are keen to emphasise development and internal promotion.
Financial risks	Financial risks include: Foreign exchange risk. Foreign exchange is managed centrally and the Company uses derivative financial instruments to minimise this risk. Speculative trading is not permitted. Liquidity risk. The risk that the Company may not be able to settle its obligations as a result of a mismatch of cash inflows and outflows of the business is monitored centrally through regular cashflow forecasting and a regular review of strategic plans. Significant risks are identified, reported and monitored internally.
The cyclical nature of the capital equipment market the Company serves	The Company aims to diversify its revenue streams by expanding the range of areas it operates in. This is illustrated by the multiple market facing business units within the Company.
IT system failure	We continuously test back-up procedures and review disaster recovery plans. The IT department provides system support in key areas.
Unforeseen competitor activity	Continuous market surveillance to gather information on competitor activity.

Going concern

The Directors consider that although the Company is in a net liability position as at 31 December 2009 as more fully explained in Note 1, at the date of approving these financial statements, it is appropriate to prepare the accounts on a going concern basis

Charitable and political contributions

During the year the Company made charitable contributions of £425 (2008 £140) There were no political contributions

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information

Auditors

In accordance with Section 487 of the Companies Act 2006 a resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the Board



J S Sharrock
Director
Date

Statement of Directors' responsibilities in respect of the Directors report and the financial statements

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to

select suitable accounting policies and then apply them consistently,

make judgments and estimates that are reasonable and prudent,

state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG Audit Plc
St James' Square
Manchester
M2 6DS
United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RTS LIFE SCIENCE LIMITED

We have audited the financial statements of RTS Life Science Limited for the year ended 31 December 2009 set out on pages 7 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

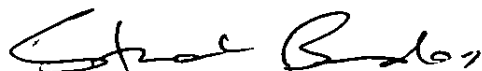
Opinion on other matter prescribed by the Companies Act 2006

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.



24 June 2010

Stuart Burdass (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St James' Square,
Manchester
M2 6DS, United Kingdom

RTS Life Science Limited
 Directors' Report and Financial Statements
 For the year ended 31 December 2009

**Statement of comprehensive income
 for the year ended 31 December 2009**

	Notes	2009	2008
		£'000	£'000
Revenue	2	9,291	6,907
Cost of sales		(6,240)	(4,881)
Gross profit		3,051	2,026
Distribution expenses		(779)	(867)
Administration expenses		(1,783)	(2,096)
Operating profit/(loss)	3	489	(937)
Operating profit before exceptional items		489	218
Exceptional items included in administrative expenses above	5	-	(1,155)
Operating profit/(loss)	3	489	(937)
Financial income	6	272	56
Financial expenses	7	-	(669)
Net financing income		272	(613)
Profit/(loss) before taxation		761	(1,550)
Taxation	8	308	300
Profit/(loss) for the period, all attributable to equity shareholders		1,069	(1,250)
Other comprehensive income			
Other comprehensive income for the period		-	-
Total comprehensive income/(loss) for the period, all attributable to equity shareholders of the parent		1,069	(1,250)

All amounts in the current and prior years relate to continuing activities

The notes on pages 11 to 32 form part of these financial statements

RTS Life Science Limited
 Directors' Report and Financial Statements
 For the year ended 31 December 2009

**Statement of changes in equity
 at 31 December 2009**

	Retained earnings £'000	Capital contribution £'000	Total £'000
Opening balance 1 January 2008	(2,272)	-	(2,272)
Equity share based payments	-	-	-
Loss for the financial year	(1,250)	-	(1,250)
Balance 31 December 2008 & 1 January 2009	(3,522)	-	(3,522)
Profit for the financial year	1,069	1,622	2,691
Balance 31 December 2009	(2,453)	1,622	(831)

Loans due to other subsidiary companies within the Robotic Technology Systems Group were waived during the year resulting in a capital contribution of £1,622,000

Authorised share capital at 31 December 2009 and 31 December 2008 was £1,000

Allotted, called up and fully paid share capital at 31 December 2009 and 31 December 2008 was £1

The notes on pages 11 to 32 form part of these financial statements

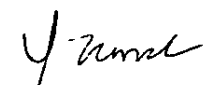
RTS Life Science Limited
Directors' Report and Financial Statements
For the year ended 31 December 2009

**Statement of financial position
at 31 December 2009**

	Notes	2009 £'000	2008 £'000
Non-current assets			
Property, plant and equipment	10	531	507
Intangible assets	9	38	73
Deferred tax asset	8	329	131
Total non-current assets		898	711
Current assets			
Inventories	11	109	179
Current tax receivable		-	283
Trade and other receivables	12	3,401	6,008
Cash and cash equivalents		-	1,790
Total current assets		3,510	8,260
Total assets		4,408	8,971
Current liabilities			
Trade and other payables	13	(4,885)	(11,947)
Total current liabilities		(4,885)	(11,947)
Non-current liabilities			
Other liabilities	14	(155)	(370)
Provisions	15	(198)	(173)
Deferred tax liability	8	(1)	(3)
Total non-current liabilities		(354)	(546)
Total liabilities		(5,239)	(12,493)
Net liabilities		(831)	(3,522)
Equity			
Share capital	16	-	-
Capital contribution		1,622	-
Retained earnings		(2,453)	(3,522)
Shareholders deficit		(831)	(3,522)

The notes on pages 11 to 32 form part of these financial statements

These financial statements were approved by the Board of Directors on 24 June 2010 and were signed on its behalf by


J S Sharrock
Director

RTS Life Science Limited
Directors' Report and Financial Statements
For the year ended 31 December 2009

**Cash flow statement
for the year ended 31 December 2009**

	2009 £'000	2008 £'000
Profit/(loss) for the year	1,069	(1,250)
Adjusted for		
Taxation	(308)	(300)
Depreciation charge	88	69
Amortisation	37	35
Foreign exchange (gains)/losses	2	(438)
Equity settled share based payment charge	21	33
Financial expense	-	669
Financial income	(272)	(56)
Changes in working capital		
Decrease/(increase) in inventories	70	(13)
Decrease/(Increase) in receivables	2,628	(957)
(Decrease)/Increase in payables	(5,999)	3,183
Increase in provisions	25	4
Cash (used in)/generated from operations	(2,639)	979
Financial expenses paid	-	(21)
Financial income received	-	56
Taxation received	391	-
Net cash generated from operating activities	(2,248)	1,014
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(112)	(13)
Payments to acquire intangible fixed assets	(2)	-
Net cash used in investing activities	(114)	(13)
Net (decrease)/increase in cash and cash equivalents	(2,362)	1,001
Cash and cash equivalents at beginning of the year	1,790	456
Exchange (losses)/gains on cash and cash equivalents	(23)	333
Cash and cash equivalents at end of the year	(595)	1,790

The notes on pages 11 to 32 form part of these financial statements

Notes (forming part of the financial statements)

1 Significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

The financial statements are prepared on the historical cost basis

Statement of compliance

The Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU

The financial statements were approved by the Board of Directors on 24 June 2010
The Company is domiciled in the United Kingdom

Presentation of financial statements

The Company applies revised IAS 1 "Presentation of Financial Statements" (2007), which became effective as of 1 January 2009. As a result, the Company presents in the Statement of Changes in Equity all owner changes in equity, whereas all non-owner changes in equity are presented in the Statement of Comprehensive Income

Basis of preparation

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £831,000 and net current liabilities of £1,375,000 which the directors believe to be appropriate for the following reasons. The company's ultimate parent Robotic Technology Systems PLC has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company. The Directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 8 Deferred taxation
- Note 9 Intangible non-current assets
- Note 15 Provisions
- Note 16 Share option schemes
- Note 21 Financial instruments

The disclosures are presented in a manner that helps users of financial statements to understand the judgements management makes about the future and about other key sources of estimation uncertainty. The nature and extent of the information provided varies according to the nature of the assumption and other circumstances.

The key judgements considered by the Directors are in relation to the going concern basis of preparation of the financial statements and revenue recognition.

Investments

Investments are stated at cost. Where in the opinion of the Directors an impairment of the investment has arisen, provisions are made in accordance with IAS 36 'Impairment of Assets'.

Notes (continued)

1 Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Share based payments

The share option programme allows Company employees to acquire shares in the ultimate parent Company, Robotic Technology Systems PLC, these awards are granted by the ultimate parent. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

From 1 January 2007 the ultimate parent Company, Robotic Technology Systems PLC has recharged the cost of share options granted to employees of the Company. Prior to this date the Company has applied IFRIC 8 'Scope of IFRS 2 Share Based Payments' and accounted for the cost of share options granted to its employees as a capital contribution from its parent.

Property, plant and equipment

Depreciation is provided to write-off the cost, less estimated residual values, of all property, plant and equipment on a straight line basis over their expected useful economic lives. It is calculated at the following annual rates:

Leasehold buildings	-	Over the period of the lease
Fixtures, fittings and equipment	-	20 - 33%
Plant and machinery	-	10 - 33%
Motor vehicles	-	20 - 33 %

Where significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated as the cost of materials, direct labour and appropriate production overheads. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Notes (continued)

1 Significant accounting policies (continued)

Intangible non-current assets

Research and development

Expenditure on research activities is recognised in the Statement of Comprehensive Income as an expense as incurred

Expenditure on development activities is capitalised only if the cost of the product or process can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resource to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged over time or on a per unit basis but in all cases over a period not exceeding five years, commencing in the year when the Company begins to benefit from the expenditure.

Impairment reviews of the carrying value of development expenditure are undertaken annually.

Software

External expenditure on computer systems and software is stated at cost less accumulated amortisation and impairment losses. Amortisation is on a straight line basis over the useful economic life of the asset, which is expected to be four to five years.

Revenue

Revenue is derived from the design and installation of equipment and systems and the provision of design services, either under fixed price or reimbursable contracts. For any design and installation contracts which include an amount for initial support and maintenance, this revenue is recognised in accordance with normal maintenance contracts. Revenue is recognised on long-term contracts as a proportion of the total contract value on a percentage of cost complete basis. Revenue is also derived from maintenance contracts and is recognised on a time apportioned basis. All revenue is stated net of revenue-related

Grant income

The Company allocates grant receipts between capital and revenue as specified under the terms of the grant.

Revenue grants received are credited to the Statement of Comprehensive Income in accordance with the provisions of the individual agreements for grants awarded in the year.

Capital grants are accounted for as deferred income and released over the estimated useful economic life of the assets to which they relate.

Warranty provisions

Provisions for warranty costs are based upon estimates of liabilities expected to arise and are accrued throughout the life of each relevant contract. Warranty costs incurred are then charged against the provision.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

Notes (continued)

1 Significant accounting policies (continued)

Pension costs

Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Income in the year in which they become payable

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Exceptional items

Income or costs which are material and non-recurring, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as exceptional items. These items are included and separately identified within their relevant Statement of Comprehensive Income category.

Foreign currencies

Foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction. At each Statement of Financial Position date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the Statement of Financial Position date. Translation differences on monetary items are taken to the Statement of Comprehensive Income.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of transaction.

Provisions

Provisions are made when there is a legal or constructive obligation as a result of past events and it is probable that expenditure will be incurred and a reliable estimate can be made of the cost. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Notes (continued)

1 Significant accounting policies (continued)

Geographical analysis

A geographical region is a region engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments

Leases

Where the Company has substantially all of the risks and rewards of ownership under a lease, the lease will be classified as a finance lease. All other leases are classified as operating leases.

Finance leases

Assets acquired through finance leases are capitalised as non current assets and depreciated over the lease term or the expected useful lives, whichever is shorter. The resulting lease obligations are included in liabilities net of finance charges. Interest costs on finance leases are charged directly to the Statement of Comprehensive Income.

Operating leases

Assets leased under operating leases are not recorded on the Statement of Financial Position. Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense.

Impairment of assets

The carrying amounts of the Company's assets other than inventories and deferred tax assets, are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each Statement of Financial Position date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Intangible assets were tested for impairment as at 1 January 2006 and at each reporting date since the date of transition to Adopted IFRSs, even though no indication of impairment existed.

Notes (continued)

1 Significant accounting policies (continued)

Impairment of assets (continued)

Calculation of recoverable amount

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Financial instruments

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Derivative financial instruments

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. Changes in the fair value of a derivative instrument are recognised immediately in the Statement of Comprehensive Income.

Notes (continued)

1 Significant accounting policies (continued)

The Company has not early adopted the following statements which have been endorsed by the EU, but are not yet effective. None of these are expected to have a material impact on the Company's accounts when adopted, except where stated.

Revised IFRS 3 Business Combinations (2008)

This standard incorporates the following changes:

- the definition of a business has been broadened, which may result in more acquisitions being treated as business combinations,
- contingent consideration will be measured at fair value, with subsequent changes in fair value recognised in profit or loss,
- transaction costs, other than share and debt issue costs, will be expensed as incurred,
- any pre-existing interest in an acquiree will be measured at fair value, with the related gain or loss recognised in profit or loss, and
- any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

Revised IFRS 3 is effective prospectively for annual accounting periods beginning on or after 1 July 2009.

Amended IAS 27 Consolidated and Separate Financial Statements (2008)

This standard requires accounting for changes in ownership interests in a subsidiary that occur without loss of control, to be recognised as an equity transaction. When control of a subsidiary is lost, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss.

The amendment is effective for accounting periods beginning on 1 July 2009.

In November 2008, the IASB issued IFRIC 17 *Distribution of non-cash Assets to Owners*, with an effective date for all periods beginning on or after 1 July 2009. This will not have an effect on the Company's financial statements.

In April 2009, the IASB issued *Improvements to IFRSs 2009*, which comprises 15 amendments to 12 standards. Effective dates, early application and transitional requirements are addressed on a standard-by-standard basis. The majority of the amendments will be effective from 1 January 2010. The amendments are unlikely to have a material impact on the Company's financial statements.

In March 2009, the IASB amended IAS 39 *Financial Instruments: Recognition and Measurement* with effective for all periods beginning on or after 1 July 2009. As yet, management has yet to determine the full impact of this amendment.

Notes (continued)

2 Geographical segment analysis

	Revenue		Non-current Segment assets		Capital expenditure	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Continuing operations						
United Kingdom	1,668	1,096	569	580	113	13
Other European countries	4,379	3,348	-	-	-	-
US	2,993	2,463	-	-	-	-
Other	251	-	-	-	-	-
Total	9,291	6,907	569	580	113	13

3 Operating profit/(loss)

	2009 £'000	2008 £'000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible non-current assets	88	69
Amortisation of intangible non-current assets	37	35
Hire of other assets - operating leases	41	65
Foreign exchange losses/(gains)	2	(438)
Auditors remuneration		
In respect of the audit of these financial statements	15	15

4 Employee information and key management remuneration

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows

	Number of employees	
	2009	2008
Production	46	44
Administration	22	17
	68	61

Staff costs for all employees, including Executive Directors, consists of

	2009 £'000	2008 £'000
Wages and salaries	2,331	2,193
Social security costs	262	258
Other pension and healthcare costs	256	152
Share option charge	21	33
	2,870	2,636

Notes (continued)

4 Employee information and key management remuneration (continued)

The Company considers key management personnel as defined in IAS 24 'Related Party Disclosures' to be the Directors of the Company

Remuneration of key management personnel

	2009 £'000	2008 £'000
Salaries and benefits	280	369
Company contributions to defined contribution pension schemes	34	24
Share based payment	12	7
	326	400

Three Directors were in the ultimate parent company's defined contribution pension scheme during the current year (2008 4)

5 Exceptional administrative items

	2009 £'000	2008 £'000
One-off project completion costs	-	1,118
Restructuring costs	-	37
	-	1,155

The exceptional administrative expenses in 2008 consisted of the following

- The one-off project completion costs of £1,118,000 are costs associated with the conclusion of a project. The project is now complete and the Company has no further liabilities
- Restructuring costs of £37,000 relate to a restructuring exercise which was completed in the last quarter of the year

6 Financial income

	2009 £'000	2008 £'000
Other interest	-	19
Bank interest	-	37
Movements on foreign currency denominated assets and liabilities	272	-
	272	56

7 Financial expenses

	2009 £'000	2008 £'000
Movements on foreign currency denominated assets and liabilities	-	648
Other interest	-	21
	-	669

Notes (continued)

8 Taxation

Income tax

Recognised in the Statement of Comprehensive Income

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Current tax expense		
Current year	-	-
Adjustments for prior years	(108)	(300)
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Adjustments for prior years	(200)	-
Total tax in the statement of comprehensive income	(308)	(300)

Reconciliation of effective tax rate

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Profit/(loss) on ordinary activities before tax	761	(1,550)
Income tax using the domestic tax rate of 28% (2008 28.5%)	213	(442)
Effects of		
Non deductible expenses	25	30
Adjustment relating to prior periods (corporation tax)	(108)	(300)
Adjustment relating to prior periods (deferred tax)	(200)	-
Impact on deferred tax of change in tax rate	-	7
Deferred tax asset not recognised	(238)	405
Total tax in statement of comprehensive income	(308)	(300)

Taxation is provided at current rates on the profits earned for the year. Deferred tax amounts in the Statement of Comprehensive Income in the year arise in respect of the origination and reversal of temporary differences, these are then offset by adjustments in respect of prior years.

Factors that may affect future current and total tax charges

The corporation tax applicable to the Company was 28.0% (2008 28.5% hybrid rate was used due to a change in the corporation tax rate applicable to the Company from 30% to 28% from 1 April 2008).

Notes (continued)

8 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities are attributable to the following

Recognised deferred tax assets and liabilities	31 December 2009			31 December 2008		
	Assets £'000	Liabilities £'000	Net £'000	Assets £'000	Liabilities £'000	Net £'000
Property, plant and equipment	-	(1)	(1)	-	(3)	(3)
Provisions	52	-	52	2	-	2
Tax value of loss carry forwards recognised	277	-	277	129	-	129
Net tax assets/(liabilities)	329	(1)	328	131	(3)	128

Unrecognised deferred tax assets

	31 December 2009 £'000	31 December 2008 £'000
Tax value of loss carry forwards not recognised	372	1,365

The amounts of deferred taxation accounted for in the Statement of Financial Position and the movements therein comprised the following deferred tax assets and liabilities

	Balance 1 January 2008 £'000	Recognised in income £'000	Balance 31 December 2008 and 1 January 2009 £'000	Recognised in income £'000	Balance 31 December 2009 £'000
Property, plant and equipment	(1)	(2)	(3)	2	(1)
Provisions	15	(13)	2	50	52
Tax value of loss carry forwards recognised	114	15	129	148	277
Net tax assets	128	-	128	200	328

Notes (continued)

9 Intangible non-current assets

	Development costs	Software	Total
	£'000	£'000	£'000
Cost			
At 1 January 2008	3,996	8	4,004
Additions	-	-	-
Disposal	-	(3)	(3)
At 31 December 2008 and 1 January 2009	3,996	5	4,001
Additions	-	2	2
At 31 December 2009	3,996	7	4,003
Amortisation and impairment losses			
At 1 January 2008	3,891	2	3,893
Charge for the year	35	-	35
At 31 December 2008 and 1 January 2009	3,926	2	3,928
Charge for the year	35	2	37
At 31 December 2009	3,961	4	3,965
Net book value			
At 1 January 2008	105	6	111
At 31 December 2008	70	3	73
At 31 December 2009	35	3	38

Amortisation and impairment charges are recognised with administrative expenses within the Statement of Comprehensive Income

Intangible assets and impairment

The RTS Life Science unit's impairment test was based on value in use. Value in use is the present value of the cash flows expected to be generated by the business unit over a projection period of ten years. Management believes that this forecast period is justified due to the nature of the business. Recoverable amounts are based on value in use projections of the RTS Life Science unit's performance reflecting the Directors' best estimates of cash flows.

The recoverable amount of £2,112,000 was determined by discounting the future cash flows expected to be generated from the RTS Life Science business. The key assumptions in these forecasts were in respect of revenue growth (based on detailed forecasts in year one and then 3% inflationary increase), future margins (based on a detailed forecast in year one and then constant) and cost management (based on a detailed forecast in year one and then 3% inflationary increase year on year). Detailed 2010 budgets were used to forecast cash flows applying a 3% annual inflationary increase. A risk adjusted pre-tax discount rate of 13.73% (2008: 13.72%) was applied to the projections.

The recoverable amount in respect of the RTS Life Science unit, assessed by the Directors using the above assumptions, is £2,112,000 which is £2,074,000 greater than the carrying amount of intangible assets and therefore no impairment charge has been booked in 2009. Management considers that it is not reasonably possible for the assumptions to change so significantly as to eliminate this excess.

Notes (continued)

10 Property, plant and equipment

	Leasehold land and buildings £'000	Plant, machinery and motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 January 2008	839	115	119	1,073
Additions	-	12	1	13
Disposals	-	(7)	-	(7)
At 31 December 2008 and 1 January 2009	839	120	120	1,079
Disposals	-	(6)	-	(6)
Additions	38	44	30	112
At 31 December 2009	877	158	150	1,185
Depreciation				
At 1 January 2008	340	63	107	510
Charge for the year	42	21	6	69
Disposals	-	(7)	-	(7)
At 31 December 2008 and 1 January 2009	382	77	113	572
Disposals	-	(6)	-	(6)
Charge for the year	45	31	12	88
At 31 December 2009	427	102	125	654
Carrying amounts				
At 1 January 2008	499	52	12	563
At 31 December 2008	457	43	7	507
At 31 December 2009	450	56	25	531

11 Inventories

	2009 £'000	2008 £'000
Raw materials and consumables	108	121
Work in progress	1	58
	<u>109</u>	<u>179</u>

The value of inventories recognised as an expense in the Statement of Comprehensive Income during the year was £21k (2008 £33k)

Notes (continued)

12 Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	1,557	2,607
Amounts owed by Group undertakings	34	2,268
Amounts recoverable under long-term contracts	1,120	819
Other receivables	497	135
Prepayments and accrued income	193	179
	<u>3,401</u>	<u>6,008</u>

All amounts shown under trade and other receivables current, fall due for payment within one year

At 31 December 2009 the Company had two bank guarantees in place for the value of £323,000 (2008 £nil) Cash covering the value of the guarantees is held by the Company bankers and included in other receivables

13 Trade and other payables current

	2009 £'000	2008 £'000
Bank overdraft	595	-
Payments received on account	985	1,134
Trade creditors	806	1,026
Amounts owed to Group undertakings	527	7,230
Other taxes and social security	82	82
Accruals and deferred income	1,850	2,453
Other creditors	40	22
	<u>4,885</u>	<u>11,947</u>

14 Other liabilities non-current

	2009 £'000	2008 £'000
One-off project completion costs	<u>155</u>	<u>370</u>

Further details regarding these completion costs can be found in Note 5 of the financial statements

15 Provisions

	£'000
Warranty	
At 1 January 2008	127
Provision made during year	327
Provision utilised during year	<u>(281)</u>
At 31 December 2008 and 1 January 2009	173
Provision made during year	246
Provision utilised during year	<u>(221)</u>
At 31 December 2009	<u>198</u>

A provision is held in the UK for warranty costs based on management's best estimate of future expected warranty costs. Customers receive a guaranteed warranty for a given period on the purchase of equipment. The provision is calculated by applying experience of claims made against the warranty over a given period.

Notes (continued)

16 Share capital and share based payments

	2008 £'000	2007 £'000
Authorised		
Equity 1,000 ordinary shares of £1 each	1	1
	£	£
Allotted, called up and fully paid		
Equity 1 ordinary shares of £1 each	1	1

Share option schemes

The Company participates in the following share schemes and plans for the benefit of its employees relating to the acquisition of shares in the ultimate parent company, Robotic Technology Systems PLC

2006 Savings Related Share Option Scheme

In accordance with shareholder approval received on 30 May 2006, the Company's ultimate parent company established a 2006 Savings-Related Share Option Scheme. At 31 December 2009, 186,850 share options were outstanding relating to employees of RTS Life Science Limited, including 43,554 in respect of the Directors of the Company. Options can be exercised within the six month period following maturity date, which is 1 January 2010. Options not exercised within this period will lapse.

2007 Savings Related Share Option Scheme

In accordance with shareholder approval received on 30 May 2006, the Company's ultimate parent company established a 2007 Savings-Related Share Option Scheme. At 31 December 2009, 382,659 share options were outstanding relating to employees of RTS Life Science Limited, including 54,427 in respect of the Directors of the Company. Options can be exercised within the six month period following maturity date, which is 1 January 2011. Options not exercised within this period will lapse.

2008 Executive Share Option Plan

In accordance with shareholder approval received on 30 May 2006, the Company established an Executive Share Option Plan on 28 March 2008. At 31 December 2009, 800,000 share options were outstanding, including 366,667 in respect of Directors of the Company. Options will vest in three equal tranches subject to the scheme performance conditions being met and a participating employee may only exercise share options after expiry of the minimum period of three years from the date of grant. Parts of any option unexercised in one year may be carried forward. All options must be exercised within ten years of grant.

Employee share plans operated by the Company in the preceding ten years shall not, on the date of grant, exceed 10% of the ultimate parent Company's issued share capital.

It is the current policy of the Company's ultimate parent to grant options at a price no lower than mid market value on the day prior to grant.

The fair value of options is determined using a Black Scholes valuation model and is spread over the vesting period of the options. The significant inputs into the model are an expected life of between three and five years for all options, the volatility measured at the standard deviation of expected share price returns based on statistical analysis of daily share prices over the last three years and the risk free rate of interest was assumed to be the continuously compounded yield to maturity on a UK Gilt Strip with the term to maturity equal to the expected life of the option.

Dividend yield is nil for the purposes of the fair value calculation as there is currently no policy to pay annual dividends.

A charge to the Statement of Comprehensive Income of £21k (2008 £33k) resulted from spreading of fair values of options granted, but not exercised, over the vesting period of the options.

Notes (continued)

16 Share capital and share based payments (continued)

	2006 Savings Related Option Scheme	2007 Savings Related Option Scheme	2008 Executive Share Option Scheme
Grant date	17 11 06	30 11 07	28 03 08
Share price at grant date	18 75p	11 50p	8 50p
Exercise price	16 75p	11 50p	8 50p

	2009	2008	2009	2008	2009	2008
Number of employees	14	15	12	13	14	15
Shares under option	186,850	216,639	382,659	420,391	800,000	1,200,000
Vesting period (years)	3	3	3	3	1-3	1-3
Expected volatility	37.8%	37.8%	35.8%	35.8%	35.65% - 40.31%	35.65% - 40.31%
Option life (years)	0.5	0.5	0.5	0.5	3-10	3-10
Expected life (years)	3	3	3	3	3-5	3-5
Risk free rate	4.9%	4.9%	4.5%	4.5%	4.0%-4.7%	4.0%-4.7%
Fair value per option	6.71p	6.71p	2.92p	2.92p	2.41p-3.43p	2.41p-3.43p

Details of options which have been granted, exercised or lapsed are

	Outstanding options 1 1 09	Grants 2009	Exercised 2009	Lapses 2009	Outstanding Options 31 12 09	Option price
Scheme	Number	Number	Number	Number	Number	Pence
2006 Savings Related Scheme	216,639	-	-	29,789	186,850	16.75
2007 Savings Related Scheme	420,391	-	-	37,732	382,659	11.50
2008 Executive Share Option Plan	1,200,000	-	-	400,000	800,000	8.50

	Outstanding options 1 1 08	Grants 2008	Exercised 2008	Lapses 2008	Outstanding Options 31 12 08	Option price
Scheme	Number	Number	Number	Number	Number	Pence
2006 Executive Share Option Plan	566,667	-	-	566,667	-	15.5
2006 Savings Related Scheme	326,538	-	-	109,899	216,639	16.75
2007 Savings Related Scheme	555,623	-	-	135,232	420,391	11.50
2008 Executive Share Option Plan	-	1,300,000	-	100,000	1,200,000	8.50

Notes (continued)

16 Share capital and share based payments (continued)

There were no options exercised during 2009

Share option lapses in 2009 under the 2008 Executive Share Option Scheme relate to 400,000 which have vested and lapsed as the required performance conditions were not met

Share option lapses in 2009 under the Savings Related Option Schemes relate to those which have been forfeited during the year

The market price of Robotic Technology Systems PLC shares at 31 December 2009 was 4.00 pence (2008 2.75 pence) The range during 2009 was 2.63 pence to 6.38 pence

Capital management

Capital is managed by the Board of the ultimate parent company Robotic Technology System PLC and further details can be found in the accounts of the this Company

There were no changes in the Company's approach to capital management during the year

The Company is not subject to externally imposed capital requirements

17 Contingent liabilities

The Company is party to composite guarantees in relation to the banking facilities of Robotic Technology Systems PLC and its subsidiary undertakings At the year end there were no liabilities covered by these guarantees

The Company is party to a guarantee for liabilities arising under a United Kingdom VAT grouping with other fellow subsidiaries At the year end the liabilities covered by this guarantee totalled £nil (2008 £nil)

18 Pensions

The Company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund The pension charge represents contributions payable by the Company to the fund and amounted to £196,656 (2008 £114,709) Amounts totalling £21,007 have been accrued and deducted but not paid to the scheme at 31 December 2009 (2008 £15,838) The average number of employees participating in the scheme during the year was 55 (2008 55)

19 Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases as set out below

	31 December 2009	31 December 2008
	£'000	£'000
Operating leases which expire		
Within one year	4	8
In two to five years	57	31
After five years	—	—
	61	39

Leases relate to motor vehicles and are based on a three year (75,000 miles) term, or a four year (100,000 miles) term

Notes (continued)

20 Related party transactions

The Company has identified the Directors and key management as related parties for the purpose of IAS 24 'Related Party Disclosures'. Details of the relevant relationships with these related parties are disclosed in Note 4.

During the year the Company has been party to a number of transactions with fellow subsidiary companies within the Robotic Technology Systems Group, details are as follows:

	2009 £'000	2008 £'000
Statement of comprehensive income		
Charges for services to other Group companies	59	73
Share option charge	(21)	(33)
Other	(6)	
	<u>32</u>	<u>40</u>
Statement of financial position		
Receivables from Group companies	34	2,268
Payables to Group companies	<u>(527)</u>	<u>(7,230)</u>

21 Financial instruments

The Company's liquidity, foreign currency and interest rate risks are managed at Group level. Treasury policies are approved by the Board of the ultimate parent Company. The Company currently does not use derivatives and does not enter into transactions of a speculative nature. Controls over currency exposure and transaction authenticity are in place and dealings are limited to banks and organisations with suitable credit ratings.

All of the Company's borrowings carry a floating rate of interest.

Currency risk

The Company transacts business in foreign currencies and therefore incurs some transaction risk.

The Company had one open foreign exchange contract at the Statement of Financial Position date which matures in the first quarter of 2010.

	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	€'000
Foreign exchange contract	7	7	—	—

Notes (continued)

21 Financial instruments continued

Currency risk continued

The information below analyses financial instruments at fair value, by valuation method. The different levels have been defined as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2009 Level 1 £'000	2008 Level 1 £'000
Derivative financial liabilities	7	—

The Company holds no derivatives valued under level 2 or level 3 valuation methods.

The Company's exposure to foreign currency risk was as follows:

	31 December 2009			31 December 2008		
	USD £'000	Euro/other £'000	GBP £'000	USD £'000	Euro/other £'000	GBP £'000
Trade receivables	951	436	170	734	32	1,841
Cash and cash equivalents	-	-	-	547	-	1,243
Trade payables	(57)	(188)	(561)	(43)	(5)	(978)
Net exposure	894	248	(391)	1,238	27	2,106

	Average rate		Reporting date spot rate	
	2009	2008	2009	2008
US Dollar	1.565	1.842	1.611	1.446
Euro	1.120	1.245	1.118	1.026

Sensitivity analysis

A ten percent strengthening of the pound against the US Dollar at 31 December would have decreased reserves by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity
31 December 2009	
US Dollar	(126)
31 December 2008	
US Dollar	(112)

A ten percent weakening of the pound against the US dollar at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes (continued)

21 Financial instruments continued

Credit risk

The Company's has minimum credit risk. Trade and other receivables are included in the Statement of Financial Position net of doubtful receivables, estimated by the Company's management based on prior experience and their assessment of current economic conditions. There were no doubtful debts at 31 December 2009 (2008 £nil).

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position. At the Statement of Financial Position date the Directors consider there to be no significant credit risk.

The ageing of trade receivables at the reporting date was

	31 December 2009		31 December 2008	
	Gross £'000	Impairment £'000	Gross £'000	Impairment £'000
Not past due	486	-	2,246	-
Past due 0 – 30 days	545	-	346	-
Past due 31 – 90 days	526	-	15	-
Past due 90 - over	-	-	-	-
	<u>1,557</u>	<u>-</u>	<u>2,607</u>	<u>-</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows

Balance 1 January 2008	31
Impairment loss recognised	(31)
Balance 31 December 2008 & 1 January 2009	<u>-</u>
Impairment loss recognised	-
Balance 31 December 2009	<u>-</u>

Fair Values

The fair values of financial assets and liabilities are equal to the carrying amounts shown in the Statement of Financial Position.

Notes (continued)

21 Financial instruments continued

Liquidity risk

The following are the contractual maturities of financial assets

	Carrying amount £'000	Contractual Cash flows £'000	Not past due £'000	Past due 0 to 30 days £'000	Past due 31 to 90 days £'000	Past due 90 days and over £'000
31 December 2009						
Trade and other receivables	2,054	2,054	809	545	700	-
Inter company receivables	34	34	34	-	-	-
	2,088	2,088	843	545	700	
31 December 2008						
Trade and other receivables	2,742	2,742	2,245	482	15	-
Inter-company receivables	2,268	2,268	2,268	-	-	-
Cash	1,790	1,790	1,790	-	-	-
	6,800	6,800	6,303	482	15	-

The following are the contractual maturities of financial liabilities

	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 -12 months £'000
31 December 2009				
Inter-company payables	(527)	(527)	(527)	-
Trade payables	(806)	(806)	(806)	-
	(1,333)	(1,333)	(1,333)	
31 December 2008				
Inter-company payables	(7,230)	(7,230)	-	(7,230)
Trade payables	(1,026)	(1,026)	(1,005)	(21)
	(8,256)	(8,256)	(1,005)	(7,251)

Notes (continued)

21 Financial instruments continued

Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was

	Carrying amount	
	31 December 2009	31 December 2008
	£'000	£'000
Variable rate instruments		
Cash	-	1,790

22 Capital commitments

The Company has no capital commitments contracted for at the Statement of Financial Position date (2008 £nil)

There are no capital commitments authorised but not contracted for at the Statement of Financial Position date

23 Subsequent events

There are no post balance sheet events requiring disclosure or reflection in the financial statements

24 Ultimate parent company and parent undertaking of large group

The Company is a subsidiary of RTS Thurnall (Holdings) PLC The ultimate parent undertaking of the Company is Robotic Technology Systems PLC

Copies of the consolidated financial statements of Robotic Technology Systems PLC are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ