

REGISTERED NUMBER: 5230854 (England and Wales)

**OXFORD RF SENSORS LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

SATURDAY



\*ARCHZTRD\*

A19

13/10/2007

324

COMPANIES HOUSE

**OXFORD RF SENSORS LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS**  
**For The Year Ended 31 December 2006**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Independent Auditors</b>	<b>4</b>
<b>Profit and Loss Account</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7</b>
<b>Notes to the Financial Statements</b>	<b>8</b>

**OXFORD RF SENSORS LIMITED**

**COMPANY INFORMATION**  
**For The Year Ended 31 December 2006**

**DIRECTORS:**

C D Cook  
R J Walker  
K J Karenowski  
Dr C J Harris  
M J Goodlad

**SECRETARY**

Aldwych Secretaries Limited

**REGISTERED OFFICE**

9400 Garsington Road  
Oxford Business Park  
Oxford  
Oxfordshire  
OX4 2HN

**REGISTERED NUMBER**

5230854 (England and Wales)

## **OXFORD RF SENSORS LIMITED**

### **REPORT OF THE DIRECTORS For The Year Ended 31 December 2006**

The directors present their report with the financial statements of the company for the year ended 31 December 2006

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of development of non-contact sensors

#### **DIRECTORS**

R J Walker has held office during the whole of the period from 1 January 2006 to the date of this report

Other changes in directors holding office are as follows

C D Cook - appointed 23 May 2006

K J Karenowski - appointed 23 May 2006

Dr C J Harris - appointed 23 May 2006

M J Goodlad - appointed 7 September 2006

Prof J F Gregg - resigned 18 May 2006

Dr A J Naylor - resigned 6 September 2006

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

#### **AUDITORS**

The auditors, James Cowper, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

**OXFORD RF SENSORS LIMITED**

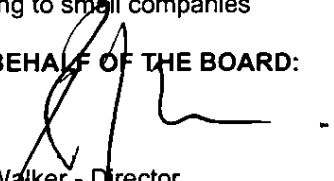
**REPORT OF THE DIRECTORS  
For The Year Ended 31 December 2006**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

**ON BEHALF OF THE BOARD:**

  
R J Walker - Director

Date

  
9 October 2007

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF OXFORD RF SENSORS LIMITED**

We have audited the financial statements of Oxford RF Sensors Limited for the year ended 31 December 2006 on pages six to twelve. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

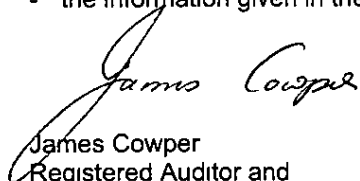
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
OXFORD RF SENSORS LIMITED**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



James Cowper  
Registered Auditor and  
Chartered Accountants  
Willow Court  
7 West Way  
Botley  
Oxford  
OX2 0JB

Date *9 October 2007*

**OXFORD RF SENSORS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**For The Year Ended 31 December 2006**

		Year Ended 31 12 06 £	Period 14 9 04 to 31 12 05 £
	Notes		
<b>TURNOVER</b>		<b>87,250</b>	<b>7,332</b>
Cost of sales		<u>5,181</u>	<u>-</u>
<b>GROSS PROFIT</b>		<b>82,069</b>	<b>7,332</b>
Administrative expenses		<u>709,882</u>	<u>265,803</u>
<b>OPERATING LOSS</b>	2	<b>(627,813)</b>	<b>(258,471)</b>
Interest receivable and similar income		<u>15,084</u>	<u>5,412</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(612,729)</b>	<b>(253,059)</b>
Tax on loss on ordinary activities	3	<u>(70,834)</u>	<u>(33,078)</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b><u>(541,895)</u></b>	<b><u>(219,981)</u></b>

The notes form part of these financial statements



**OXFORD RF SENSORS LIMITED**

**BALANCE SHEET**  
**31 December 2006**

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Intangible assets	4	28,392	3,183
Tangible assets	5	35,612	7,857
Investments	6	<u>525</u>	<u>-</u>
		<b>64,529</b>	<b>11,040</b>
<b>CURRENT ASSETS</b>			
Stocks		2,707	-
Debtors	7	156,497	50,745
Cash at bank		<u>1,395,159</u>	<u>297,338</u>
		<b>1,554,363</b>	<b>348,083</b>
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>89,417</u>	<u>67,111</u>
<b>NET CURRENT ASSETS</b>		<b><u>1,464,946</u></b>	<b><u>280,972</u></b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>1,529,475</u></b>	<b><u>292,012</u></b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	7,036	3,357
Share premium	11	2,284,315	508,636
Profit and loss account	11	<u>(761,876)</u>	<u>(219,981)</u>
<b>SHAREHOLDERS' FUNDS</b>		<b><u>1,529,475</u></b>	<b><u>292,012</u></b>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Directors on  
signed on its behalf by

*9 October 2007* and were

  
R. Walker - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 31 December 2006**

**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

**Exemption from preparing consolidated financial statements**

The financial statements contain information about Oxford RF Sensors Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Plant and machinery	- 25% straight line
Fixtures and fittings	- 25% straight line
Computer equipment	- 50% straight line

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account

**Intangible fixed assets**

Patents are being written off evenly over their estimated useful economic life of 10 years

**Grant income**

Grants of £70,048 (2005: £nil) received by the company during the year are matched against the expenses to which they relate in the profit and loss account

**Going concern**

The company meets its day to day working capital requirement through a mixture of grant funding and equity fundraising. The directors are confident of further successful grant applications and increase in sales income. On this basis the directors are satisfied as to the going concern status of the company

**OXFORD RF SENSORS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 December 2006**

**2 OPERATING LOSS**

The operating loss is stated after charging

	Year Ended 31.12.06 £	Period 14 9 04 to 31 12 05 £
Depreciation - owned assets	7,370	1,847
Patents and licences amortisation	1,999	-
Auditors remuneration	2,250	1,200
Foreign exchange differences	7,827	-
Pension costs	<u>19,300</u>	<u>-</u>
Directors' emoluments and other benefits etc	<u>132,665</u>	<u>58,333</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>2</u>	<u>-</u>
------------------------	----------	----------

**3 TAXATION**

**Analysis of the tax credit**

The tax credit on the loss on ordinary activities for the year was as follows

	Year Ended 31 12 06 £	Period 14 9 04 to 31 12 05 £
Current tax		
R&D tax credit	<u>(70,834)</u>	<u>(33,078)</u>
Tax on loss on ordinary activities	<u>(70,834)</u>	<u>(33,078)</u>

**Factors that may affect future tax charges**

A deferred tax asset of £126,207 (2005 £31,937) has not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable. The asset would be recovered if the company makes sufficient profits in future against which the asset can be recovered.

**OXFORD RF SENSORS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 December 2006**

**4 INTANGIBLE FIXED ASSETS**

	Other intangible assets £
<b>COST</b>	
At 1 January 2006	3,183
Additions	<u>27,208</u>
At 31 December 2006	<u>30,391</u>
<b>AMORTISATION</b>	
Charge for year	<u>1,999</u>
At 31 December 2006	<u>1,999</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<u>28,392</u>
At 31 December 2005	<u>3,183</u>

**5 TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2006	2,303	1,957	5,444	9,704
Additions	<u>24,391</u>	<u>2,636</u>	<u>8,098</u>	<u>35,125</u>
At 31 December 2006	<u>26,694</u>	<u>4,593</u>	<u>13,542</u>	<u>44,829</u>
<b>DEPRECIATION</b>				
At 1 January 2006	198	279	1,370	1,847
Charge for year	<u>2,531</u>	<u>690</u>	<u>4,149</u>	<u>7,370</u>
At 31 December 2006	<u>2,729</u>	<u>969</u>	<u>5,519</u>	<u>9,217</u>
<b>NET BOOK VALUE</b>				
At 31 December 2006	<u>23,965</u>	<u>3,624</u>	<u>8,023</u>	<u>35,612</u>
At 31 December 2005	<u>2,105</u>	<u>1,678</u>	<u>4,074</u>	<u>7,857</u>

**OXFORD RF SENSORS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 December 2006**

**6 FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
Additions	<u>525</u>
At 31 December 2006	<u>525</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<u>525</u>

The company's investments at the balance sheet date in the share capital of companies include the following

**Oxford RF Sensors Inc**  
Country of incorporation USA  
Nature of business trading

	%
Class of shares	holding
Common capital stock	100 00

**7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 £	2005 £
Trade debtors	60,490	8,615
Other debtors	<u>96,007</u>	<u>42,130</u>
	<u>156,497</u>	<u>50,745</u>

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

	2006 £	2005 £
Trade creditors	43,114	9,869
Taxation and social security	14,374	12,667
Other creditors	<u>31,929</u>	<u>44,575</u>
	<u>89,417</u>	<u>67,111</u>

**9 OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year

	2006 £	2005 £
Expiring		
Between one and five years	<u>22,800</u>	<u>-</u>

Both parties are able to give 3 months notice at any time during the term of this operating lease

# OXFORD RF SENSORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued For The Year Ended 31 December 2006

### 10 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2006 £	2005 £
8,500,000 (2005 - 4,000,000)	Ordinary	0 1p	<u>8,500</u>	<u>4,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	2006 £	2005 £
7,035,886 (2005 - 3,356,875)	Ordinary	0 1p	<u>7,036</u>	<u>3,357</u>

The following shares were allotted during the period at a premium shown below

75,000 Ordinary shares of 0 1p each at a premium of £0 389 per share,  
3,604,011 Ordinary shares of 0 1p each at a premium of £0 4846 per share

### 11 RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 January 2006	(219,981)	508,636	288,655
Deficit for the year	(541,895)		(541,895)
Cash share issue	<u>-</u>	<u>1,775,679</u>	<u>1,775,679</u>
At 31 December 2006	<u>(761,876)</u>	<u>2,284,315</u>	<u>1,522,439</u>

### 12 RELATED PARTY DISCLOSURES

During the year, the company repaid a loan of £16,426 to R J Walker who is a director and shareholder of the company. At the end of the year the balance owed by the company was £nil (2005 £16,426)

During the year, the company incurred consultancy fees of £27,750 (2005 £5,950) from Prof J F Gregg, who is a shareholder and was a director of the company during the year. No balance remains unpaid at the year end (2005 £4,250)

During the year, the company paid £4,167 (2005 £nil) in respect of Chairman's fees to Seabeam Partners Limited, of which C D Cook is a director. No balance remains outstanding at the year end (2005 £nil)

During the year, the company paid £3,500 (2005 £nil) in respect of non-executive director's fees to Dark Blue Technology Limited, of which Dr C J Harris is a director. No balance remains outstanding at the year end (2005 £nil)

During the year, the company incurred non-executive director's fees of £1,667 (2005 £nil) from M Goodlad, who is a director of the company. The balance of £1,667 (2005 £nil) remains unpaid at the period end and is included within other creditors