


Registered number
01479677

Vapormatt Limited

Report and Accounts

30 April 2009

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Vapormatt Limited
Company Information

Directors

R S Ashworth
T I Ashworth
M R Teague
D A Schofield

Secretary

D A Schofield

Auditors

Ian Katté & Co.
Lyndale House
24a High Street
Addlestone
Surrey
KT15 1TN

Registered office

The Monarch Centre
Venture Way
Priorswood Industrial Estate
Taunton
Somerset TA2 8DE

Registered number

01479677

Vapormatt Limited

Directors' Report

The directors present their report and accounts for the year ended 30 April 2009.

Principal activities and review of business

The company's principal activity during the year continued to be the sale and maintenance of wet blasting machinery and the sale of abrasive media.

The year to 30th April 2009 has been one of consolidation in difficult economic conditions. The capital expenditure plans of some key customers were put on hold in the world economic downturn of late 2008 and this has impacted on sales of new machines. £1m of machine contracts were cancelled during the year. Had these been delivered, we would have been slightly ahead of the turnover targets on our business plans. Some of these orders have been resurrected and we anticipate £400,000 to be delivered in the year to April 2010 and the remainder within two to three years.

The restrictions on customers' capital budgets has however opened up new avenues in repairing and refurbishment to ensure maximum productivity from existing capital equipment. We have also identified a number of customers de-stocking spare parts and consumable grits as their own cash flow is put under pressure. As a result turnover for the year of £3.06m is down 23% on 2008, and 25% below our target. However going forward we have a good forward order book and forecast an increase in turnover next year.

Our gross profit margin continues to improve and is up 11% on last year. This is partly due to improved management of costs, shrewd buying and changes in the sales mix. Due to reduced turnover, gross profit is 14% down on last year but this is much less than the reduction in turnover.

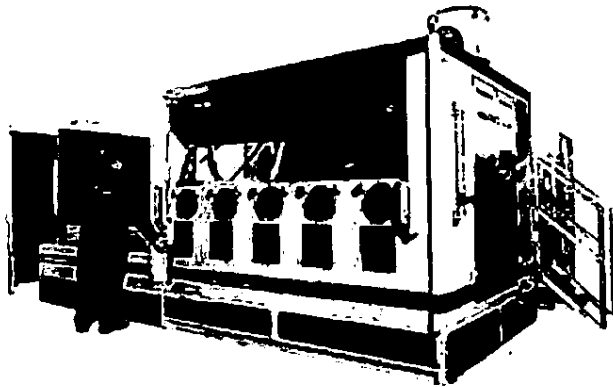
Administrative expenses are 3% down on last year. We have prudently trimmed costs where possible but have not indulged in rash cost cutting. We continue to value our core staff as a key resource and head count has not changed significantly in the year. We continue to actively recruit for additional key skills and competencies that we recognise as vital to build our capability for our future development and business success.

Our business model of virtual working and high operational gearing, that is outsourcing of large parts of the value chain to others, imparts us with an inherent robustness not enjoyed by many more traditionally structured engineering organisations. Our very low fixed overhead allows us to resize our operation around a solid core, according to the level of business experienced. The need to be able to quickly change our productive capacity was a key reason why we made our transformation to this style of operation back in 2003 and we believe that this has been the reasons for our relative success compared to others in our sector this year.

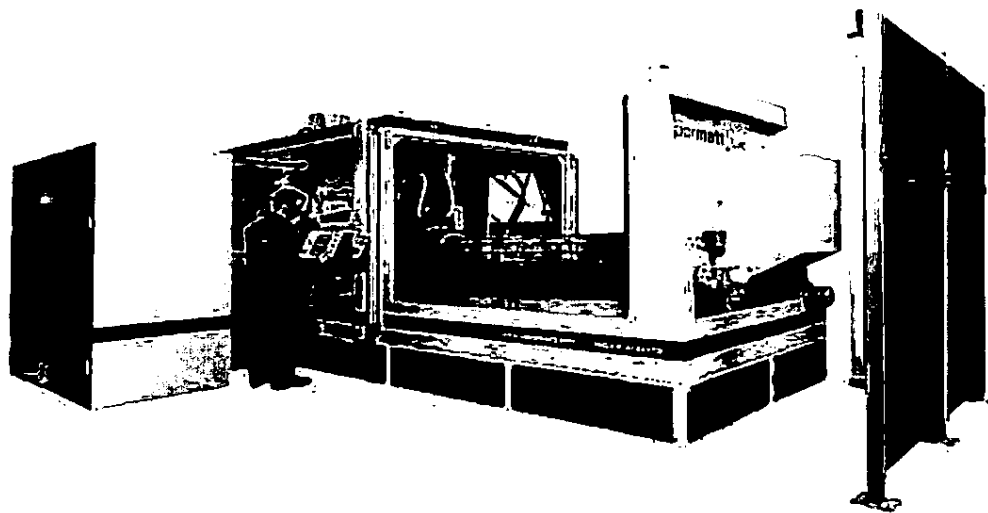
Our current ratio has improved by 26% over the year to 1.90. Our current assets are now nearly twice our current liabilities. Long term creditors remain relatively unchanged giving us further room to borrow for expansion where required. Return On Capital Employed has been over 27% for the last three years but due to the exceptional economic conditions of the last year fell to 8%.

Our aim remains to be the worldwide leader in wet blast technology. To ensure we maintain this position we continue to look to the future and have a vigorous research and development operation. Fruits of this investment program have included the production of new automated variations of both our Leopard and Cougar machines.

Vapormatt Limited
Directors' Report



Leopard machine with manual process station (left) and a novel automated barrel process.



Our research & development activity is also focused on understanding and solving our customers' needs in the most beneficial manner. An example of this is how we continue to deepen our knowledge of the needs found in the die cleaning market, and how to address them, and have used this understanding to further develop products specifically for that market such as our Cougar small automatic die cleaning machine.



Cougar automatic mid range die cleaning machine

Vapormatt Limited

Directors' Report

We forecast another difficult year ahead but have strategies in place to manage growth and consolidate previous success where ever possible. The key aspects to surviving the situation are, in our opinion, to preserve liquidity, to remain operationally flexible, whilst still maintaining a clear long term strategic vision. We can then manage ourselves proactively for the full length of the economic cycle, not just reactively to the shocks of the current downturn, even when those shocks have been as sharp and unexpected as those of the last year.

Directors

The following persons served as directors during the year:

R S Ashworth
T I Ashworth
M R Teague
D A Schofield

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he 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 auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

This report was approved by the board on 5 November 2009.

R S Ashworth
Director

A handwritten signature in black ink, appearing to read 'R S Ashworth', written in a cursive style.

Vapormatt Limited
Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 accounts, 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 accounts 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

Ian Katté & Co

BUSINESS ADVISERS · CHARTERED ACCOUNTANTS · REGISTERED AUDITORS



Independent auditors' report to the shareholders of Vapormatt Limited

We have audited the accounts of Vapormatt Limited for the year ended 30 April 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard For Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Section 495 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 Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts 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.

In accordance with the exemption provided by APB Ethical Standard – Provisions Available for Smaller Entities, we have prepared and submitted the company's returns to the tax authorities and assisted with the preparation of the accounts.

Scope of the audit opinion

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts.

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 30 April 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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 accounts 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 prepare the accounts and the directors' report in accordance with the small companies regime.

Ian Katté (Senior Statutory Auditor)
for and on behalf of Ian Katté & Co.
Accountants and Statutory Auditors
5 November 2009

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Addlestone
Surrey
KT15 1TN

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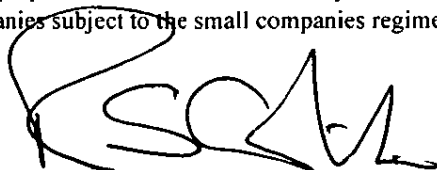
Vapormatt Limited
Profit and Loss Account
for the year ended 30 April 2009

	Notes	2009 £	2008 £
Turnover	2	3,059,791	3,957,059
Cost of sales		(1,855,252)	(2,551,926)
Gross profit		<u>1,204,539</u>	<u>1,405,133</u>
Administrative expenses		(1,147,974)	(1,180,664)
Operating profit	3	<u>56,565</u>	<u>224,469</u>
Interest receivable		9,039	16,986
Interest payable	4	(2,177)	(5,225)
Profit on ordinary activities before taxation		<u>63,427</u>	<u>236,230</u>
Tax on profit on ordinary activities	5	(2,856)	(63,472)
Profit for the financial year		<u>60,571</u>	<u>172,758</u>

Vapormatt Limited
Balance Sheet
as at 30 April 2009

	Notes	2009 £	2008 £
Fixed assets			
Intangible assets	6	77,667	-
Tangible assets	7	<u>124,515</u>	<u>120,838</u>
		202,182	120,838
Current assets			
Stocks		625,690	735,966
Debtors	8	693,563	734,423
Cash at bank and in hand		<u>60,345</u>	<u>528,589</u>
		1,379,598	1,998,978
Creditors: amounts falling due within one year	9	(725,562)	(1,321,734)
Net current assets		<u>654,036</u>	<u>677,244</u>
Total assets less current liabilities		<u>856,218</u>	<u>798,082</u>
Creditors: amounts falling due after more than one year	10	(150,759)	(156,065)
Provisions for liabilities	11	(10,287)	(7,416)
Net assets		<u>695,172</u>	<u>634,601</u>
Capital and reserves			
Called up share capital	12	11,000	11,000
Profit and loss account	13	684,172	623,601
Shareholders' funds		<u>695,172</u>	<u>634,601</u>

The accounts have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.



R S Ashworth
 Director

Approved by the board on 5 November 2009

Vapormatt Limited
Notes to the Accounts
for the year ended 30 April 2009

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Deposits in advance and stage payments

The company initially recognises deposits in advance and stage payments as liabilities until the final outcome of the work can be assessed with reasonable certainty at which point, credit is taken to the profit and loss account. Profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end.

Service department income

Service department income is apportioned over the period to which it relates.

Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Plant and machinery	20% straight line
Motor vehicles	25% straight line

Research and development expenditure

Development costs are written off in the period in which they are incurred unless for any specific development expenditure the conditions set out in SSAP 13 are met, in which case the expenditure is recognised as an intangible asset. The expenditure is amortised over the period expected to benefit from its use.

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Vapormatt Limited
Notes to the Accounts
for the year ended 30 April 2009

1 Accounting policies (*continued*)

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2 Turnover	2009	2008
Turnover attributable to geographical markets outside the UK	42.0%	69.0%
3 Operating profit	2009	2008
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	41,929	22,582
Depreciation of assets held under finance leases and hire purchase contracts	22,992	25,592
Amortisation of intangible fixed assets	38,833	-
Directors' remuneration	90,306	95,706
Auditors' remuneration	6,600	6,600
4 Interest payable	2009	2008
	£	£
Interest payable	2,177	5,225
5 Taxation	2009	2008
	£	£
UK corporation tax	(15)	65,625
Deferred tax	2,871	(2,153)
	<u>2,856</u>	<u>63,472</u>

Vapormatt Limited
Notes to the Accounts
for the year ended 30 April 2009

6 Intangible fixed assets £
Research and development expenditure:

Cost	
Additions	116,500
At 30 April 2009	<u>116,500</u>
Amortisation	
Provided during the year	38,833
At 30 April 2009	<u>38,833</u>
Net book value	
At 30 April 2009	<u>77,667</u>

The total of research and development expenditure is being written off in equal annual instalments over its estimated economic life of 3 years.

7 Tangible fixed assets

	Plant and machinery etc £	Motor vehicles £	Total £
Cost			
At 1 May 2008	244,466	133,548	378,014
Additions	62,056	7,621	69,677
Disposals	-	(3,312)	(3,312)
At 30 April 2009	<u>306,522</u>	<u>137,857</u>	<u>444,379</u>
Depreciation			
At 1 May 2008	168,040	89,136	257,176
Charge for the year	42,767	22,154	64,921
On disposals	-	(2,233)	(2,233)
At 30 April 2009	<u>210,807</u>	<u>109,057</u>	<u>319,864</u>
Net book value			
At 30 April 2009	<u>95,715</u>	<u>28,800</u>	<u>124,515</u>
At 30 April 2008	<u>76,426</u>	<u>44,412</u>	<u>120,838</u>
		2009	2008
		£	£
Net book value of plant and machinery included above held under finance leases and hire purchase contracts		<u>13,067</u>	<u>36,059</u>

Vapormatt Limited
Notes to the Accounts
for the year ended 30 April 2009

8 Debtors	2009	2008
	£	£
Trade debtors	373,932	635,681
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	26,019
Other taxes recoverable	-	7,791
Other debtors	319,631	64,932
	<u>693,563</u>	<u>734,423</u>
 9 Creditors: amounts falling due within one year	 2009	 2008
	£	£
Bank loans and overdrafts	743	-
Obligations under finance lease and hire purchase contracts	5,307	18,215
Trade creditors	232,611	368,271
Amounts owed to group undertakings and undertakings in which the company has a participating interest	100,221	191,498
Corporation tax	-	65,625
Other taxes and social security costs	28,896	21,669
Machine deposits	258,340	522,210
Other creditors	99,444	134,246
	<u>725,562</u>	<u>1,321,734</u>
 10 Creditors: amounts falling due after one year	 2009	 2008
	£	£
Obligations under finance lease and hire purchase contracts	759	6,065
Amounts owed to group undertakings and undertakings in which the company has a participating interest	150,000	150,000
	<u>150,759</u>	<u>156,065</u>
 11 Provisions for liabilities		
Deferred taxation:	2009	2008
	£	£
Accelerated capital allowances	10,287	7,416
	<u>10,287</u>	<u>7,416</u>
	2009	2008
	£	£
At 1 May	7,416	9,569
Deferred tax charge in profit and loss account	2,871	(2,153)
At 30 April	<u>10,287</u>	<u>7,416</u>

Vapormatt Limited
Notes to the Accounts
for the year ended 30 April 2009

12 Share capital	2009	2008	2009	2008
	No	No	£	£
Allotted, called up and fully paid:				
"A" Ordinary shares of £1 each	5,500	5,500	5,500	5,500
"B" Ordinary shares of £1 each	5,500	5,500	5,500	5,500
			<u>11,000</u>	<u>11,000</u>

13 Profit and loss account	2009
	£
At 1 May 2008	623,601
Profit for the year	60,571
	<u>684,172</u>
At 30 April 2009	

14 Other financial commitments	2009	2008
	£	£
At the year end the company had annual commitments under non-cancellable operating leases as set out below:		
Operating leases which expire:		
within two to five years	<u>28,000</u>	<u>28,000</u>

15 Related parties

During the year the company traded with its parent company - Vapormatt Limited ["Vapormatt Guernsey"]. Vapormatt Limited ["Vapormatt UK"] purchased goods/services to the value of £93,650 from Vapormatt Guernsey and sold or recharged goods/services to Vapormatt Guernsey to the value of £77,435. All transactions were undertaken at arms length value. In addition Vapormatt Guernsey charged Vapormatt UK management fees of £130,211 for the year.

16 Controlling party

The company is controlled by Vapormatt Limited, a privately owned company incorporated in Guernsey.