

# **EMP Technologies Limited**

Report and Financial Statements

Year Ended

30 June 2012

Company Number 5302439

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# **EMP Technologies Limited**

## **Report and financial statements for the year ended 30 June 2012**

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### **Directors**

D Z Ting  
A G Roy  
N Clear

### **Secretary and registered office**

N Clear, Faraday House, Eastern Avenue, Stretton, Burton on Trent, Staffordshire, DE13 0BB

### **Company number**

5302439

### **Auditors**

BDO LLP, Lockton House, Clarendon Road, Cambridge, CB2 8FH

# **EMP Technologies Limited**

## **Report of the directors for the year ended 30 June 2012**

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The directors present their report together with the audited financial statements for the year ended 30 June 2012

### **Results**

The profit and loss account is set out on page 5 and shows the loss for the year

### **Principal activities**

The company's principal activity is the design, selling and installation of innovative and patented metal melting and circulation systems, incorporating electro magnetic pumps. The principal activity is based in the non-ferrous metal market, particularly aluminium. The company's product is marketed globally.

### **Directors**

The directors of the company during the year were

D Z Ting  
A G Roy  
N Clear

### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# EMP Technologies Limited

## Report of the directors for the year ended 30 June 2012 (*continued*)

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### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

### On behalf of the board



N Clear

### Director

14 February 2013

# **EMP Technologies Limited**

## **Independent auditor's report**

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### **To the member of EMP Technologies Limited**

We have audited the financial statements of EMP Technologies Limited for the year ended 30 June 2012 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member 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 member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, 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 financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 30 June 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

# EMP Technologies Limited

## Independent auditor's report (*continued*)

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

*BDO LLP*

*Piers Harrison (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Cambridge  
United Kingdom*

*19 February 2013*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# EMP Technologies Limited

## Profit and loss account for the year ended 30 June 2012

	Note	2012 £	2011 £
<b>Turnover</b>	2	<b>3,678,407</b>	3,583,730
Cost of sales		<u>2,499,745</u>	<u>2,471,187</u>
<b>Gross profit</b>		<b>1,178,662</b>	1,112,543
Distribution costs		476,486	381,032
Administrative expenses		<u>755,843</u>	<u>600,829</u>
<b>Operating (loss)/profit</b>	3	<b>(53,667)</b>	130,682
Other interest receivable and similar income	5	-	301
Interest payable and similar charges	6	<u>(20,876)</u>	<u>(30,164)</u>
<b>(Loss)/profit on ordinary activities before and after taxation for the financial year</b>		<b>(74,543)</b>	100,819

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 8 to 15 form part of these financial statements

# EMP Technologies Limited

## Balance sheet at 30 June 2012

<i>Company number 5302439</i>	<b>Note</b>	<b>2012 £</b>	<b>2012 £</b>	<b>2011 £</b>	<b>2011 £</b>
<b>Fixed assets</b>					
Intangible assets	7		-		29,518
Tangible assets	8		<b>151,947</b>		<b>134,024</b>
			<hr/>		<hr/>
			<b>151,947</b>		<b>163,542</b>
<b>Current assets</b>					
Stocks	9	<b>385,804</b>		<b>301,187</b>	
Debtors	10	<b>1,037,732</b>		<b>683,091</b>	
Cash at bank and in hand		<b>312</b>		<b>214,621</b>	
		<hr/>		<hr/>	
		<b>1,423,848</b>		<b>1,198,899</b>	
<b>Creditors, amounts falling due within one year</b>	11	<b>2,022,479</b>		<b>1,739,582</b>	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			<b>(598,631)</b>		<b>(540,683)</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>(446,684)</b>		<b>(377,141)</b>
<b>Creditors: amounts falling due after more than one year</b>	12		<b>5,000</b>		<b>-</b>
			<hr/>		<hr/>
			<b>(451,684)</b>		<b>(377,141)</b>
			<hr/>		<hr/>

The notes on pages 8 to 15 form part of these financial statements



# EMP Technologies Limited

## Balance sheet at 30 June 2012 (*continued*)

	Note	2012 £	2012 £	2011 £	2011 £
<b>Capital and reserves</b>					
Called up share capital	13		2		2
Share premium account	14		210,554		210,554
Capital contribution reserve	14		1,255,992		1,255,992
Profit and loss account	14		(1,918,232)		(1,843,689)
			<hr/>		<hr/>
<b>Shareholder's deficit</b>	15		(451,684)		(377,141)
			<hr/>		<hr/>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements were approved by the board of directors and authorised for issue on February 14<sup>th</sup> 2013

  
N Clear  
Director

The notes on pages 8 to 15 form part of these financial statements

# EMP Technologies Limited

## Notes forming part of the financial statements for the year ended 30 June 2012

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention

The following principal accounting policies have been applied

#### *Basis of preparation*

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £598,631 as of 30 June 2012, based on

- a commitment from the company's ultimate parent - Pyrotek, Inc - to continue to provide financial support, and
- the availability of committed bank borrowing facilities, which management expects to be sufficient to meet the company's cash requirements for the foreseeable future

Consequently, the directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006

#### *Goodwill*

Goodwill arising on an acquisition of a trade or subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 7 years. Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes. Revenue is recognised when goods are delivered or services provided.

Revenue on contracts is recognised as work is carried out, after taking into account the company's right to consideration based on the value of goods and services provided to customers, in accordance with the accounting policy on long-term contracts as stated below

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates

Leasehold improvements	- over the remaining term of the lease
Plant and machinery	- 10% straight line
Motor vehicles	- 20-25% straight line
Office equipment	- 25% straight line

# EMP Technologies Limited

## Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

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### 1 Accounting policies (continued)

#### *Stocks and long term contracts*

Stocks are valued at the lower of cost and net realisable value. Work in progress and finished goods value is based on the cost of materials and direct labour costs, together with an appropriate proportion of production overheads, on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

#### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

#### *Research and development*

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### *Operating leases*

Annual rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

### 2 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 76% (2011 - 97%).

# EMP Technologies Limited

Notes forming part of the financial statements  
for the year ended 30 June 2012 (*continued*)

## 3 Operating (loss)/profit

	2012 £	2011 £
This is arrived at after charging/(crediting)		
Research and development - current year's expenditure	60,587	22,946
Depreciation of tangible fixed assets	20,918	22,017
Amortisation of positive goodwill	29,518	29,518
Hire of plant and machinery - operating leases	4,341	3,421
Hire of other assets - operating leases	55,224	97,888
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	15,375	14,925
Exchange differences	107,026	(41,561)
Defined contribution pension cost	70,455	57,274
	<u>          </u>	<u>          </u>

## 4 Directors' remuneration

	2012 £	2011 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	148,462	133,348
	<u>          </u>	<u>          </u>

There was 1 director in the company's defined contribution pension scheme during the year (2011 - 1)

## 5 Other interest receivable and similar income

	2012 £	2011 £
Loans to group companies	-	301
	<u>          </u>	<u>          </u>

## 6 Interest payable and similar charges

	2012 £	2011 £
Bank loans and overdrafts	1,372	1,205
Loans from group companies	19,504	28,959
	<u>          </u>	<u>          </u>
	20,876	30,164
	<u>          </u>	<u>          </u>

# EMP Technologies Limited

Notes forming part of the financial statements  
for the year ended 30 June 2012 (*continued*)

## 7 Intangible fixed assets

	Purchased goodwill £
<i>Cost</i>	
At 1 July 2011 and 30 June 2012	206,625
<i>Amortisation</i>	
At 1 July 2011	177,107
Provided for the year	29,518
At 30 June 2012	206,625
<i>Net book value</i>	
At 30 June 2012	-
At 30 June 2011	29,518

## 8 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Total £
<i>Cost</i>			
At 1 July 2011	53,760	228,805	282,565
Additions	8,500	30,341	38,841
Disposals	-	(6,350)	(6,350)
At 30 June 2012	62,260	252,796	315,056
<i>Depreciation</i>			
At 1 July 2011	29,041	119,500	148,541
Provided for the year	6,058	14,860	20,918
Disposals	-	(6,350)	(6,350)
At 30 June 2012	35,099	128,010	163,109
<i>Net book value</i>			
At 30 June 2012	27,161	124,786	151,947
At 30 June 2011	24,719	109,305	134,024

# EMP Technologies Limited

## Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

### 8 Tangible fixed assets (continued)

Included within Plant and machinery is £74,182 (2011 - £58,622) relating to assets in the course of construction. No depreciation has been charged on these assets during the year.

### 9 Stocks

	2012 £	2011 £
Raw materials	276,911	226,078
Work in progress	108,893	75,109
	<u>385,804</u>	<u>301,187</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

### 10 Debtors

	2012 £	2011 £
Trade debtors	715,447	380,496
Amounts owed by group undertakings	70,381	102,599
Other debtors	251,904	199,996
	<u>1,037,732</u>	<u>683,091</u>

All amounts shown under debtors fall due for payment within one year.

### 11 Creditors amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts (secured)	744,129	-
Trade creditors	212,312	302,193
Amounts owed to group undertakings	772,265	1,211,011
Taxation and social security	77,779	29,291
Other creditors	215,994	197,087
	<u>2,022,479</u>	<u>1,739,582</u>

# EMP Technologies Limited

## Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

### 11 Creditors, amounts falling due within one year (*continued*)

The bank overdraft of £744,129 (2011 - £nil) arises within a group pooling facility which is secured by a cross-guarantee with other group companies. The total liabilities of other group companies under this facility at 30 June 2012 were £1,414,152 (2011 - £355,858), and the group's net borrowings across the facility as a whole were £368,404 (2011 - £nil)

### 12 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Other creditors	5,000	-

### 13 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2

### 14 Reserves

	Share premium account £	Capital contribution reserve £	Profit and loss account £
At 1 July 2011	210,554	1,255,992	(1,843,689)
Loss for the year	-	-	(74,543)
At 30 June 2012	210,554	1,255,992	(1,918,232)

# EMP Technologies Limited

## Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

### 15 Reconciliation of movements in shareholder's deficit

	2012 £	2011 £
(Loss)/profit for the year	(74,543)	100,819
Opening shareholder's deficit	(377,141)	(477,960)
Closing shareholder's deficit	(451,684)	(377,141)

### 16 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 amounted to £70,455 (2011 - £57,274). Contributions amounting to £5,956 (2011 - £5,613) were payable to the fund and are included in creditors.

### 17 Commitments under operating leases

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

	Land and buildings 2012 £	Other 2012 £	Land and buildings 2011 £	Other 2011 £
Operating leases which expire				
In two to five years	62,000	7,287	58,500	3,341

### 18 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by Pyrotek, Inc. on the grounds that the company (and the group companies that it has transacted with) is a wholly owned subsidiary of Pyrotek, Inc. and all these companies are included in consolidated financial statements.

### 19 Ultimate parent company and parent undertaking of larger group

At 30 June 2012, the ultimate parent company and the ultimate controlling party was Pyrotek, Inc. which is incorporated in the state of Washington, United States of America. Pyrotek, Inc. is the parent undertaking of both the smallest and largest groups for which group accounts are drawn up. The group accounts of Pyrotek, Inc. are available from 9503 East Montgomery Ave, Spokane, WA99206, USA.



# **EMP Technologies Limited**

**Notes forming part of the financial statements  
for the year ended 30 June 2012 (*continued*)**

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## **20 Contingent liabilities**

At the balance sheet date the company has outstanding bank guarantees in favour of customers of £275,034 (2011 - £421,311) These guarantees form part of the group facility as disclosed per note 11 to these financial statements