

## **EMP Technologies Limited**

Report and Financial Statements

Year Ended

30 June 2009

Company Number 5302439

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# **EMP Technologies Limited**

## **Report and financial statements for the year ended 30 June 2009**

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### **Directors**

D Z Ting  
A G Roy  
N Clear (Appointed 1 December 2009)

### **Secretary and registered office**

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

### **Company number**

5302439

### **Auditors**

BDO LLP, Prospect Place, 85 Great North Road, Hatfield, Herts, AL9 5BS

### **Bankers**

National Westminster Bank Plc, 159 High Street, Burton on Trent, Staffordshire, DE14 1JG

# **EMP Technologies Limited**

## **Report of the directors for the year ended 30 June 2009**

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The directors present their report together with the audited financial statements for the year ended 30 June 2009

### **Results**

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

L Vera (Resigned 30 November 2009)

### **Directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The directors are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that show and explain the company's transactions, 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 2009 (*continued*)

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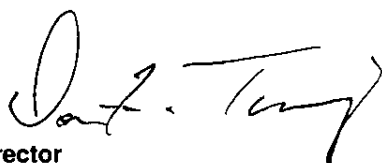
### Auditors

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



Director

Date March 26, 2010

# **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 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member in accordance with sections 495 and 496 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit 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

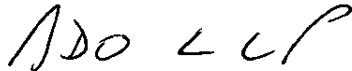
## Independent auditor's report (*continued*)

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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



George Brooks (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Hatfield  
United Kingdom

Date 31 March 2010

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 2009

	Note	2009 £	2008 £
<b>Turnover</b>	2	<b>3,980,917</b>	2,925,576
Cost of sales		<b>2,505,133</b>	2,470,826
<b>Gross profit</b>		<b>1,475,784</b>	454,750
Distribution costs		<b>367,632</b>	570,776
Administrative expenses		<b>1,006,657</b>	577,896
<b>Operating profit/(loss)</b>	3	<b>101,495</b>	(693,922)
Other interest receivable and similar income		<b>627</b>	46
Interest payable and similar charges	5	<b>(35,411)</b>	(95,927)
<b>Profit/(loss) on ordinary activities before and after taxation for the financial year</b>		<b>66,711</b>	(789,803)

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 7 to 13 form part of these financial statements

# EMP Technologies Limited

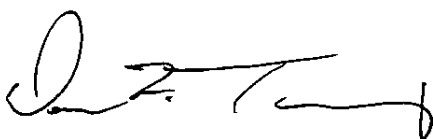
## Balance sheet at 30 June 2009

<i>Company number 5302439</i>	Note	2009 £	2009 £	2008 £	2008 £
<b>Fixed assets</b>					
Intangible assets	6		88,554		118,071
Tangible assets	7		103,794		116,291
			<u>192,348</u>		<u>234,362</u>
<b>Current assets</b>					
Stocks		488,658		340,405	
Debtors	8	605,172		1,054,924	
Cash at bank and in hand		190,633		14,854	
		<u>1,284,463</u>		<u>1,410,183</u>	
<b>Creditors' amounts falling due within one year</b>	9	<u>3,082,851</u>		<u>2,482,194</u>	
<b>Net current liabilities</b>			<u>(1,798,388)</u>		<u>(1,072,011)</u>
<b>Total assets less current liabilities</b>			<u>(1,606,040)</u>		<u>(837,649)</u>
<b>Creditors: amounts falling due after more than one year</b>	10		-		835,102
			<u>(1,606,040)</u>		<u>(1,672,751)</u>
<b>Capital and reserves</b>					
Called up share capital	11		2		2
Share premium account	12		210,554		210,554
Profit and loss account	12		(1,816,596)		(1,883,307)
<b>Shareholder's deficit</b>	13		<u>(1,606,040)</u>		<u>(1,672,751)</u>

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 March 26, 2010

Director



The notes on pages 7 to 13 form part of these financial statements



# EMP Technologies Limited

## Notes forming part of the financial statements for the year ended 30 June 2009

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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 liabilities of £1,606,040 as of 30 June 2009, based on the provision by the company's ultimate parent - Pyrotek, Inc - of a commitment to provide financial support for a period of no less than 12 months from the date of signature of these financial statements. The directors of Pyrotek, Inc consider that the company has sufficient financial resources to provide the required financial support for the duration of this commitment.

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.

#### *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.

#### *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.

#### *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	- 25% straight line
Office equipment	- 25% straight line

# EMP Technologies Limited

## Notes forming part of the financial statements for the year ended 30 June 2009 (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. Cost is based on the cost of purchase 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.

#### *Leased assets*

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 97% (2008 - 88%).

# EMP Technologies Limited

Notes forming part of the financial statements  
for the year ended 30 June 2009 (continued)

## 3 Operating profit/(loss)

	2009 £	2008 £
This is arrived at after charging		
Research and development - current year's expenditure	61,355	41,414
Depreciation of tangible fixed assets	32,704	31,239
Amortisation of positive goodwill	29,517	29,518
Hire of plant and machinery - operating leases	3,009	4,140
Hire of other assets - operating leases	91,000	91,000
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	15,250	16,000
Exchange differences	546,704	6,250
Defined contribution pension cost	21,870	44,305
	<u>          </u>	<u>          </u>

## 4 Directors' remuneration

	2009 £	2008 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	-	104,314
Company contributions to money purchase pension schemes	-	6,065
	<u>          </u>	<u>          </u>

There were no directors in the company's defined contribution pension scheme during the year (2008 - 1)

## 5 Interest payable and similar charges

	2009 £	2008 £
Bank loans and overdrafts	1,706	46,713
Loans from group companies	33,705	49,214
	<u>          </u>	<u>          </u>
	35,411	95,927
	<u>          </u>	<u>          </u>

# EMP Technologies Limited

Notes forming part of the financial statements  
for the year ended 30 June 2009 (*continued*)

## 6 Intangible fixed assets

	Purchased goodwill £
<i>Cost</i>	
At 1 July 2008 and 30 June 2009	<b>206,625</b>
<i>Amortisation</i>	
At 1 July 2008	88,554
Provided for the year	29,517
At 30 June 2009	<b>118,071</b>
<i>Net book value</i>	
At 30 June 2009	<b>88,554</b>
At 30 June 2008	118,071

## 7 Tangible fixed assets

	Leasehold improvements £	Plant and machinery etc £	Total £
<i>Cost</i>			
At 1 July 2008	65,090	131,968	197,058
Additions	-	20,207	20,207
At 30 June 2009	<b>65,090</b>	<b>152,175</b>	<b>217,265</b>
<i>Depreciation</i>			
At 1 July 2008	18,275	62,492	80,767
Provided for the year	6,509	26,195	32,704
At 30 June 2009	<b>24,784</b>	<b>88,687</b>	<b>113,471</b>
<i>Net book value</i>			
At 30 June 2009	<b>40,306</b>	<b>63,488</b>	<b>103,794</b>
At 30 June 2008	46,815	69,476	116,291

# EMP Technologies Limited

Notes forming part of the financial statements  
for the year ended 30 June 2009 (*continued*)

## 8 Debtors

	2009 £	2008 £
Trade debtors	236,319	878,688
Amounts owed by group undertakings	210,639	32,283
Other debtors	158,214	143,953
	<u>605,172</u>	<u>1,054,924</u>

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

## 9 Creditors, amounts falling due within one year

	2009 £	2008 £
Trade creditors	226,076	429,125
Amounts owed to group undertakings	2,631,293	1,466,470
Taxation and social security	3,364	24,023
Other creditors	222,118	562,576
	<u>3,082,851</u>	<u>2,482,194</u>

## 10 Creditors, amounts falling due after more than one year

	2009 £	2008 £
Amounts owed to group undertakings	-	835,102
	<u>-</u>	<u>835,102</u>

Included in creditors due after more than one year are the following amounts repayable in more than five years

	2009 £	2008 £
Repayable in more than five years	-	255,674
	<u>-</u>	<u>255,674</u>

# EMP Technologies Limited

Notes forming part of the financial statements  
for the year ended 30 June 2009 *(continued)*

## 11 Share capital

	2009 £	2008 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

## 12 Reserves

	Share premium account £	Profit and loss account £
At 1 July 2008	210,554	(1,883,307)
Profit for the year	-	66,711
	<u>          </u>	<u>          </u>
At 30 June 2009	<b>210,554</b>	<b>(1,816,596)</b>
	<u>          </u>	<u>          </u>

Post year end amounts owed to Pyrotek, Inc (the company's parent company) totalling US\$2,070,000 (est £1,422,094) were converted into a capital contribution by the parent company, and a capital contribution reserve was set up to reflect this

## 13 Reconciliation of movements in shareholder's deficit

	2009 £	2008 £
Profit/(loss) for the year	<b>66,711</b>	(789,803)
Opening shareholder's deficit	<b>(1,672,751)</b>	(882,948)
	<u>          </u>	<u>          </u>
Closing shareholder's deficit	<b>(1,606,040)</b>	(1,672,751)
	<u>          </u>	<u>          </u>

# EMP Technologies Limited

## Notes forming part of the financial statements for the year ended 30 June 2009 (continued)

### 14 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 £21,870 (2008 - £44,305). Contributions amounting to £896 (2008 - £6,847) were payable to the fund and are included in creditors.

### 15 Commitments under operating leases

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

	Land and buildings 2009 £	Other 2009 £	Land and buildings 2008 £	Other 2008 £
Operating leases which expire				
In two to five years	-	3,009	-	3,009
After five years	91,000	-	91,000	-
	<u>91,000</u>	<u>3,009</u>	<u>91,000</u>	<u>3,009</u>

### 16 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.

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

At 30 June 2009, 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.