

EMP Technologies Limited

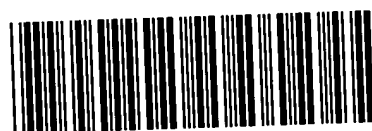
Report and Financial Statements

Year Ended

30 June 2015

Company Number 5302439

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EMP Technologies Limited

**Report and financial statements
for the year ended 30 June 2015**

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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, Mortlock House, Station Road, Cambridge, CB24 9NP

EMP Technologies Limited

Report of the directors for the year ended 30 June 2015

The directors present their report together with the audited financial statements for the year ended 30 June 2015.

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
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 2015 (*continued*)


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

 5/10/15

N Clear
Director

EMP Technologies Limited

Independent auditor's report

To the member of EMP Technologies Limited

We have audited the financial statements of EMP Technologies Limited for the year ended 30 June 2015 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2015 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 matters 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*)

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 and to the exemption from the requirement to prepare a strategic report.

BDO LLP

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

7 October 2015

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 2015

	Note	2015 £	2014 £
Turnover	2	4,901,395	4,187,479
Cost of sales		(3,699,669)	(2,764,692)
Gross profit		1,201,726	1,422,787
Distribution costs		(381,205)	(390,530)
Administrative expenses		(761,769)	(626,186)
Operating profit	3	58,752	406,071
Interest payable and similar charges	5	(9,205)	(11,183)
Profit on ordinary activities before taxation		49,547	394,888
Taxation on profit on ordinary activities	6	(10,078)	(55,544)
Profit on ordinary activities after taxation		39,469	339,344

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 16 form part of these financial statements.

EMP Technologies Limited

Balance sheet at 30 June 2015

<i>Company number 5302439</i>	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	8		183,373		175,274
Current assets					
Stocks	9	442,048		549,949	
Debtors	10	1,651,814		987,154	
Cash at bank and in hand		49,455		940	
		<u>2,143,317</u>		<u>1,538,043</u>	
Creditors: amounts falling due within one year	11	<u>(2,017,576)</u>		<u>(1,790,634)</u>	
Net current assets/(liabilities)			<u>125,741</u>		<u>(252,591)</u>
Total assets less current liabilities			<u>309,114</u>		<u>(77,317)</u>
Creditors: amounts falling due after more than one year	12	(312,311)		(5,000)	
Provisions for liabilities	13	<u>(48,147)</u>		<u>(8,496)</u>	
			<u>(360,458)</u>		<u>(13,496)</u>
			<u>(51,344)</u>		<u>(90,813)</u>

The notes on pages 8 to 16 form part of these financial statements.


EMP Technologies Limited

Balance sheet
at 30 June 2015 (continued)

	Note	2015 £	2015 £	2014 £	2014 £
Capital and reserves					
Called up share capital	15		2		2
Share premium account	16		210,554		210,554
Capital contribution reserve	16		1,255,992		1,255,992
Profit and loss account	16		(1,517,892)		(1,557,361)
Shareholder's deficit	17		(51,344)		(90,813)

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

 5/10/15
N Clear
Director

EMP Technologies Limited

Notes forming part of the financial statements for the year ended 30 June 2015

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 £51,344 as of 30 June 2015, based on:

- the availability of committed bank borrowing facilities, which management expects to be sufficient to meet the company's cash requirements for the foreseeable future, and
- a commitment from the company's ultimate parent - Pyrotek, Inc. - to continue to provide financial support for a minimum period of 12 months from the date of approval of these financial statements.

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 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 2015 (*continued*)

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 98% (2014 - 98%).

EMP Technologies Limited

Notes forming part of the financial statements for the year ended 30 June 2015 (*continued*)

3 Operating profit

	2015 £	2014 £
This is arrived at after charging/(crediting):		
Research and development - current year's expenditure	61,048	41,319
Depreciation of tangible fixed assets	40,940	36,747
Hire of plant and machinery - operating leases	13,301	9,666
Hire of other assets - operating leases	67,794	62,194
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	16,275	16,275
Exchange differences	145,742	(21,163)
Defined contribution pension cost	90,065	89,337
	<u> </u>	<u> </u>

4 Directors' remuneration

	2015 £	2014 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	156,033	147,310
	<u> </u>	<u> </u>

There was 1 director in the company's defined contribution pension scheme during the year (2014 - 1).

5 Interest payable and similar charges

	2015 £	2014 £
Bank loans and overdrafts	-	531
Loans from group companies	9,205	10,652
	<u> </u>	<u> </u>
	9,205	11,183
	<u> </u>	<u> </u>

EMP Technologies Limited

Notes forming part of the financial statements for the year ended 30 June 2015 (*continued*)

6 Taxation on profit on ordinary activities

	2015 £	2014 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	15,591	47,048
Adjustment in respect of previous periods	(11,816)	-
	<hr/>	<hr/>
Total current tax	3,775	47,048
<i>Deferred tax</i>		
Origination and reversal of timing differences	6,303	8,496
	<hr/>	<hr/>
Taxation on profit on ordinary activities	10,078	55,544
	<hr/>	<hr/>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	49,547	394,888
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.75% (2014 - 22.50%)	10,281	88,850
Effect of:		
Expenses not deductible for tax purposes	11,047	2,396
Capital allowances for period in excess of depreciation	(6,377)	(6,461)
Utilisation of tax losses	-	(26,030)
Adjustment to tax charge in respect of previous periods	(11,816)	-
Fixed asset differences	804	887
Income not taxable for tax purposes	-	(13,002)
Other short term timing differences	(164)	408
	<hr/>	<hr/>
Current tax charge for the year	3,775	47,048
	<hr/>	<hr/>

EMP Technologies Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (*continued*)

7 Intangible fixed assets

	Purchased goodwill £
<i>Cost</i>	
At 1 July 2014 and 30 June 2015	206,625
<i>Amortisation</i>	
At 1 July 2014 and 30 June 2015	206,625
<i>Net book value</i>	
At 30 June 2014 and 30 June 2015	-

8 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Total £
<i>Cost</i>			
At 1 July 2014	62,260	336,232	398,492
Additions	6,127	42,912	49,039
Disposals	-	(13,306)	(13,306)
At 30 June 2015	68,387	365,838	434,225
<i>Depreciation</i>			
At 1 July 2014	50,541	172,677	223,218
Provided for the year	7,902	33,038	40,940
Disposals	-	(13,306)	(13,306)
At 30 June 2015	58,443	192,409	250,852
<i>Net book value</i>			
At 30 June 2015	9,944	173,429	183,373
At 30 June 2014	11,719	163,555	175,274

EMP Technologies Limited

Notes forming part of the financial statements for the year ended 30 June 2015 (*continued*)

9 Stocks

	2015 £	2014 £
Stocks	323,332	381,907
Work in progress	118,716	168,042
	<u>442,048</u>	<u>549,949</u>

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

10 Debtors

	2015 £	2014 £
Trade debtors	476,365	516,851
Amounts owed by group undertakings	106,117	28,879
Other debtors	1,069,332	441,424
	<u>1,651,814</u>	<u>987,154</u>

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

11 Creditors: amounts falling due within one year

	2015 £	2014 £
Bank loans and overdrafts (secured)	-	527,934
Payments received on account	166,458	-
Trade creditors	656,678	217,536
Amounts owed to group undertakings	1,044,036	587,763
Corporation tax	15,591	47,048
Other taxation and social security	29,872	32,028
Accruals and deferred income	104,941	378,325
	<u>2,017,576</u>	<u>1,790,634</u>

The bank overdraft of £Nil (2014 - £527,934) arises within a group pooling facility which is secured on the company's freehold property and by a cross-guarantee with other group companies. The total liabilities of other group companies under this facility at 30 June 2015 were £210,014 (2014 - £248,443), and the group's net position across the facility as a whole was a positive balance of £1,113,518 (2014 - £451,848).

EMP Technologies Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (*continued*)

12 Creditors: amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	307,311	-
Other creditors	5,000	5,000
	<u>312,311</u>	<u>5,000</u>

13 Provisions for liabilities

	Deferred taxation £	Warranty £	Total £
At 1 July 2014	8,496	-	8,496
Charged to profit and loss account	6,303	33,348	39,651
	<u>14,799</u>	<u>33,348</u>	<u>48,147</u>

Deferred taxation

	2015 £	2014 £
Accelerated capital allowances	16,336	10,189
Short term timing differences	(1,537)	(1,693)
	<u>14,799</u>	<u>8,496</u>

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 £90,065 (2014 - £89,337). Contributions amounting to £7,310 (2014 - £8,469) were payable to the fund and are included in creditors.

EMP Technologies Limited

Notes forming part of the financial statements
for the year ended 30 June 2015 (*continued*)

15 Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2

16 Reserves

	Share premium account £	Capital contribution reserve £	Profit and loss account £
At 1 July 2014	210,554	1,255,992	(1,557,361)
Profit for the year	-	-	39,469
At 30 June 2015	210,554	1,255,992	(1,517,892)

17 Reconciliation of movements in shareholder's deficit

	2015 £	2014 £
Profit for the year	39,469	339,344
Opening shareholder's deficit	(90,813)	(430,157)
Closing shareholder's deficit	(51,344)	(90,813)

18 Commitments under operating leases

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

	Land and buildings 2015 £	Other 2015 £	Land and buildings 2014 £	Other 2014 £
Operating leases which expire:				
Within one year	55,500	-	-	5,141
In two to five years	-	30,452	70,000	-

EMP Technologies Limited

Notes forming part of the financial statements for the year ended 30 June 2015 (*continued*)

19 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.

20 Ultimate parent company and parent undertaking of larger group

At 30 June 2015, 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 705 W 1st Avenue, Spokane, WA99201, USA.

21 Capital commitments

At 30 June 2015, the company was committed to £7,351 of expenditure in relation to Mezzanine flooring.

22 Contingent liabilities

At the balance sheet date, the company has outstanding bank guarantees in favour of customers of £1,295,740 (2014 - £770,221). There is a group guarantee facility in place which forms part of the group banking arrangement. At the year end, the outstanding bank guarantees under this group facility in respect of other group companies totalled £948,382 (2014 - £919,575).