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Financial statements Advanced Insulation Holdings Limited

For the Year Ended 30 September 2018

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Company No. 08848899

Company information

Company registration number	08848899
Directors	S H Shepherd A D Bennion D A Williams A M King M J Blake R Ward (Appointed 1/08/2018)
Company Secretary	A D Bennion
Registered Office	Unit E Quedgeley West Business Park Bristol Road Hardwicke Gloucestershire GL2 4PA
Solicitors	DAC Beachcroft LLP Portwall Place Portwall Lane Bristol BS1 6NA
Independent Auditor	Grant Thornton UK LLP Chartered Accountants 2 Glass Wharf Bristol BS2 0EL

Contents

Group Strategic Report
For the Year Ended 30 September 2018

The directors present their strategic report for the year ended 30 September 2018.

The principal activity of Advanced Insulation Holdings Limited and its subsidiaries is the manufacture, supply and application of fire retardant coatings, sub-sea insulation materials and buoyancy products to the oil, gas and petrochemical industries.

Business review

The Group achieved sales of £32.9 million for the year (2017: £45.0 million), and again suffered from the protracted downturn in the Oil & Gas industry. The outlook for 2019 is more positive with an increasing number of projects being approved and the directors anticipate increasing revenues in the current period.

The Group generated an adjusted EBITDA of £2.2 million (2017: £7.1 million) and an operating loss of £1.1 million (2017: Operating profit £4.0 million). This is equivalent to an EBITDA return on sales of 6.7% (2017: 15.8%). The lower return on sales is attributable to the continued pressures on selling prices given the current environment in the Oil & Gas industry and the Group's decision to maintain its investment in research and development and business development.

The Group's forward orderbook at the period end stood at £13.0m (2017: £21.2m).

Principal risks and uncertainties

Group sales are dependent on capital investment in the Oil & Gas industry. The effect of a low oil price is still evident in the marketplace but increasing market activity has enabled the Group to forecast modest growth in sales and profits for the coming year. The majority of future growth is driven by new products which are currently being introduced to the market.

Margins remain under pressure as our customers look to cut costs and competition intensifies due to the market contraction. It is expected that the Group will deliver a reduced margin in the coming period compared with the current year as it works to deliver customer expectations and defend its market share.

The Group will continue to invest up to 10% of its revenue to support its extensive Research and Development programmes. It is focused on developing new products and enhancing the performance of existing products. The policy is fundamental to ensuring the Group will be well placed to take advantage of future growth in the Oil & Gas industry and in keeping the Group at the forefront of its technologies.

This report was approved by the board on 28-03-2019 and signed on its behalf.

A D Bennion
Director

Directors' Report

For the Year Ended 30 September 2018

The directors present their report and audited financial statements for the year ended 30 September 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, 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 International Financial Reporting Standards (International 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 the Group and of the profit or loss of the Group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors that served in the year were:
S H Shepherd
A D Bennion
D A Williams
A M King
M J Blake
K S Jordan (resigned 15/08/2018)
R Ward (appointed 1/08/2018)

Directors' Report (continued)

For the Year Ended 30 September 2018

Financial risk management objectives and policies
The management of the Group and the execution of its strategy are subject to a number of risks. The principal risk and uncertainties affecting the Group include the following:

Foreign currency risk
The Group deals in multiple currencies which can cause foreign exchange risk. There is a risk that there may be an adverse movement in the exchange rate of the transaction currency in relation to the functional currency before the date when the transaction is completed.

It is company policy that exposures resulting from sales and purchases in foreign currency are matched where possible, and the net exposure may be hedged by the use of forward exchange contracts. The company does not undertake speculative foreign exchange dealings for which there is no underlying exposure. Hedge accounting is not used.

Credit risk
The Group is subject to the risk of financial loss if a customer fails to meet its contractual obligations.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are carried out on all customers requiring credit. The Group minimises this risk by use of credit insurance and trade finance instruments such as letter of credit. At the balance sheet date there were no significant concentrations of credit risk.

Liquidity and interest rate risk
In order to maintain liquidity, and to ensure sufficient funds are available for ongoing operations and future developments, the Group uses working capital funding from its bankers.

The company does not undertake any hedging in this area.

Market risk
The Group predominately operates in the Oil & Gas Industry and is therefore subject to the risks of this market. The Group looks to manage this risk by working with its customers on price expectations in the current climate and continuing with extensive Research and Development programmes to ensure the Group remains at the forefront of its technologies.

Disclosure of information to the auditor
Each of the persons who are directors at the time when this Directors Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Directors' Report (continued)

For the Year Ended 30 September 2018

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 28-03-2019 and signed on its behalf.

A D Bennion
Director

Independent Auditor's Report to the Members of Advanced Insulation Holdings Limited

Independent auditor's report to the members of Advanced Insulation Holdings Limited

Opinion

We have audited the financial statements of Advanced Insulation Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, notes to the consolidated financial statements, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2018 and of the group's loss and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the company's members, as a body, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditor's Report to the Members of Advanced Insulation Holdings Limited (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the group financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Independent Auditor's Report to the Members of Advanced Insulation Holdings Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Timothy Lincoln BA ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol
Date: 25.4.19

Consolidated Statement of Comprehensive Income

For the Year Ended 30 September 2018

	Note	2018 £	2017 £
Turnover	3	**32,869,772**	44,972,144
Cost of sales		(21,633,726)	(29,066,406)
Gross profit		**11,236,046**	15,905,738
Administrative expenses		(12,474,962)	(11,912,339)
Other operating income	4	173,853	28,456
Operating (loss) / profit	5	**(1,065,063)**	4,021,855
(Loss) / gain on derivatives		(204,471)	487,461
Interest receivable and similar income		61,719	55,101
Interest payable and similar charges		(4,904,795)	(5,038,795)
Loss on ordinary activities before taxation		**(6,112,610)**	(474,378)
Tax receivable on loss from ordinary activities	9	1,159,516	203,776
Loss for the year		**(4,953,094)**	(270,602)
Movement of foreign exchange		79,720	(80,252)
Other comprehensive income		79,720	(80,252)
Total comprehensive income for the year		**(4,873,374)**	(350,854)
(Loss) / profit for the year attributable to:			
Non-controlling interest		(293,297)	417,926
Owners of the parent		(4,659,797)	(688,528)
Loss for the year		**(4,953,094)**	(270,602)
Total comprehensive income for the year attributable to:			
Non-controlling interest		(293,297)	417,926
Owners of the parent		(4,580,077)	(768,780)
Total comprehensive income for the year		**(4,873,374)**	(350,854)

All amounts relate to continuing operations.

There were no gains or losses for 2018 or 2017 other than those included in the Statement of Comprehensive Income.

Consolidated Statement of Financial position

For the Year Ended 30 September 2018

	Note	2018 £	(restated) 2017 £
Non-current assets			
Intangible assets	10	50,351,540	47,876,791
Property, plant and equipment	11	9,451,745	11,288,195
Deferred tax asset	18	1,965,004	946,301
		61,768,289	60,111,287
Current assets			
Inventories	13	3,728,464	3,980,590
Trade and other receivables	14	16,499,302	23,215,868
Cash and cash equivalents	26	8,732,504	6,647,413
Derivative financial instruments	17	-	94,315
		28,960,270	33,938,186
Total assets		**90,728,559**	**94,049,473**
Equity			
Called up share capital	19	979	979
Share premium account		791,219	791,219
Foreign exchange reserve		864,633	784,913
Retained earnings account		6,435,870	11,092,775
Equity attributable to the owners of the parent		8,092,701	12,669,886
Non-controlling interest	21	126,396	441,951
Total equity		**8,219,097**	**13,111,837**
Non-current liabilities			
Interest bearing loans and borrowings	16	58,100,825	65,100,463
Trade and other payables	15	367,947	809,645
Deferred tax liability	18	-	-
		58,468,772	65,910,108
Current liabilities			
Interest bearing loans and borrowings	16	11,609,662	2,172,163
Trade and other payables	15	12,320,873	12,855,365
Derivative financial instruments	17	110,155	-
		24,040,690	15,027,528
Total liabilities		**82,509,462**	**80,937,636**
Total equity and liabilities		**90,728,559**	**94,049,473**

The consolidated financial statements were approved and authorised for issue by the board and were signed on its behalf on 23-04-2019

A D Bennion

Director

Company number 08848899

Consolidated Cash flow statement

For the Year Ended 30 September 2018

	Note	2018 £	(restated) 2017 £
Cash flows from operating activities			
Operating (loss) / profit for the year		**(1,065,063)**	4,021,855
Adjustments for:			
Depreciation of property, plant and equipment		**1,563,458**	1,409,848
Amortisation of intangible assets		**334,513**	241,981
Taxation received / (paid)		**369,052**	(5,744)
Profit on sale of fixed assets		**(499,608)**	-
Operating profit before changes in operating assets and liabilities		**702,352**	5,667,940
Decrease /(increase) in inventories and work in progress		**252,126**	(34,744)
Decrease in trade and other receivables		**6,488,327**	6,200,542
(Decrease) in payables and accruals		**(600,852)**	(2,571,480)
Net cash generated from operating activities		**6,841,953**	9,262,258
Cash flows from investing activities			
Purchase of property, plant and equipment		**(393,931)**	(1,128,093)
Purchase of intangible assets		**(2,808,866)**	(2,270,404)
Proceeds from disposal of property, plant and equipment		**1,175,000**	-
Sale of fixed asset investments		**1,256**	-
Interest received		**61,719**	44,369
Net cash generated (used in) investing activities		**(1,964,822)**	(3,354,128)
Cash flows from financing activities			
Share capital (bought back)		**-**	(61,808)
Dividends paid		**(20,622)**	-
Net movement on bank loans		**(1,025,882)**	(539,771)
Repayment of loan notes		**-**	(500,000)
Repayment of other loans		**-**	(150,450)
Interest paid		**(1,357,271)**	(1,258,243)
Repayment of finance leases and hire purchase contracts		**(459,118)**	(465,143)
Net cash from financing activities		**(2,862,893)**	(2,975,415)
Net increase in cash and cash equivalents		**2,014,238**	2,932,715
Cash and equivalents at beginning of the year		**6,647,413**	3,679,270
Gain on cash foreign exchange		**70,853**	35,428
Cash and equivalents at end of year	26	**8,732,504**	6,647,413

Advanced Insulation Holdings Limited

Consolidated Statement of Changes in Equity

For the Year Ended 30 September 2018

Year ended 30 September 2018

	Share Capital	Share Premium Account	Foreign Exchange Reserve	Retained Earnings	Equity attributable to the parent	NCI	Total Equity
	£	£	£	£	£	£	£
Balance at 1 October 2017	**979**	**791,219**	**784,913**	**11,092,775**	**12,669,886**	**441,951**	**13,111,837**
Transactions with non-controlling interests	-	-	-	2,892	2,892	(1,636)	1,256
Dividends	-	-	-	-	-	(20,622)	(20,622)
Transactions with owners	-	-	-	2,892	2,892	(22,258)	(19,366)
Profit/ (loss) for the year	-	-	-	(4,659,797)	(4,659,797)	(293,297)	(4,953,094)
Other comprehensive income	-	-	79,720	-	79,720	-	79,720
Total comprehensive income	-	-	79,720	(4,659,797)	(4,580,077)	(293,297)	(4,873,374)
Balance at 30 September 2018	**979**	**791,219**	**864,633**	**6,435,870**	**8,092,701**	**126,396**	**8,219,097**

Advanced Insulation Holdings Limited

Consolidated Statement of Changes in Equity

For the Year Ended 30 September 2018

Year ended 30 September 2017

	Share Capital	Share Premium Account	Foreign Exchange Reserve	Retained Earnings	Equity attributable to the parent	NCI	Total Equity
	£	£	£	£	£	£	£
Balance at 1 October 2016	**992**	**928,094**	**865,165**	**11,706,223**	**13,500,474**	**24,025**	**13,524,499**
Buy Back of Shares	(13)	(136,875)	-	75,080	(61,808)	-	(61,808)
Transactions with owners	(13)	(136,875)	-	75,080	(61,808)	-	(61,808)
Profit/ (loss) for the year	-	-	-	(688,528)	(688,528)	417,926	(270,602)
Other comprehensive income	-	-	(80,252)	-	(80,252)	-	(80,252)
Total comprehensive income	-	-	(80,252)	(688,528)	(768,780)	417,926	(350,854)
Balance at 30 September 2017	**979**	**791,219**	**784,913**	**11,092,775**	**12,669,886**	**441,951**	**13,111,837**

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

1. Corporate information

The consolidated financial statements of the Group for the year ended 30 September 2018 were authorised for issue in accordance with a resolution of the directors on 28 March 2019. The Group is a limited company incorporated and domiciled in United Kingdom. The registered office is located at Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA.

The principal activities of the Group are described in the Group Strategic Report.

2.1 Basis of preparation of financial statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed for use within the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in sterling, which is the Group's presentation currency.

Standards, interpretations and amendments not yet effective

- IFRS 15, 'Revenue from contracts with customers'. This standard establishes principles for reporting the nature, amount and timing of revenue arising from an entity's contracts with customers. The standard becomes effective for accounting periods beginning on or after 1 January 2018 and will therefore be adopted in the Group's financial statements for the year ended 30 September 2019. The Group has conducted a review to assess the full impact of IFRS 15 and has concluded that it will not have a material impact on the way revenues are reported.

- IFRS 16, 'Leases'. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, whether they are operating or finance leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard applies to periods beginning on or after 1 January 2019 and will therefore be adopted in the Group's financial statements for the year ended 30 September 2020. The assessment of the impact of the standard will be completed in the current year.

2.2 Going concern

The Group meets its day-to-day working capital requirements with its available retained cash supported by an overdraft facility and rolling contract finance line provided by the Group's bankers. These facilities have been renewed post year end.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

2.2 Going concern (continued)

The directors have an extensive three year forecast which takes into account the current market environment, as discussed in the Strategic Report, and this shows that the Group shall be able to operate within its available cash and working capital facilities. Note 16 refers to the funder's support for the business.

Based on their understanding of and experience in fundraising markets, and the forecast performance of the Group, the directors expect to refinance the loan notes due for repayment in 2021 on or before that date.

In view of the above the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Group and its subsidiaries as at 30 September 2018.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2.4 Accounting policies

2.4.1 - Revenue

The revenue shown in the statement of comprehensive income represents the value of work performed during the year, exclusive of Value Added Tax and trade discounts. Non-contract revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Revenue on long-term contracts is recognised by reference to the stage of completion. The state of completion of a contract is determined by reference to the proportion that contract costs incurred for the work performed to date bear to the estimated total contract costs. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss.

The gross amount due from customers for contract work is presented within trade and other receivables for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented within other liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

2.4.2 - Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised within administrative expenses in the income statement.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. The rates generally applicable are:

- Long-term leasehold property – Over the remaining period of the lease
- Plant and machinery – Straight line over 4 to 10 years
- Motor vehicles – Straight line over 4 to 10 years
- Fixtures and fittings – Straight line over 2 to 10 years
- Other equipment – Straight line over 4 years

2.4.3 - Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 October 2014, the date of inception is deemed to be 1 October 2014 in accordance with IFRS 1.

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group does not act as a lessor.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

2.4.4 - Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of development costs are assessed as 15 years using the straight line method.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

The comparative balance sheet for 2017 has been restated from that previously reported. The directors have reviewed the presentation of the deferred research and development expenditure and have reclassified a balance of £3,116,072 as at 30 September 2017 from stocks to intangible fixed assets as this better reflects the underlying nature of the asset.

2.4.5 – Inventories and work in progress

Inventories and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving inventory. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

2.4.6 – Accounting for taxes

Income tax comprises current and deferred taxation. Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

2.4.7 – Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 2.4.9 for a description of impairment testing procedures.

2.4.8 – Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments with maturities of three months or less from inception that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are presented as part of current asset investments in the statement of financial position.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

2.4.9 – Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or CGUs that include goodwill are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the income statement for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.4.10 – Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Sterling (£), which is also the functional currency of the parent company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate) or where a transaction has been hedged, the hedged rate. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Where a gain or loss on a non-monetary item is recognised in other comprehensive income the foreign exchange component of that gain or loss is also recognised in other comprehensive income.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the Sterling (£) are translated into Sterling (£) upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

2.4.10 – Foreign currency translation (continued)

On consolidation, assets and liabilities have been translated into Sterling (£) at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Sterling (£) at the closing rate. Income and expenses have been translated into Sterling (£) at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

2.4.11 – Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group become a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through the profit or loss which are measured initially are fair value. Subsequent measurement of financial assets and liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified into the following categories upon initial recognition:

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category.
- Financial assets at fair value through profit or loss ("FVTPL")
  Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category. Assets in this category are measured at fair value with gains and losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using valuation techniques where no active market exists.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, measured at fair value with gains or losses recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

2.5 – Use of judgements and estimates

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reported period. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of service and construction contract revenues

Recognising revenue from long term contracts requires significant judgement in determining actual work performed and the estimated costs to complete the work (see Revenue accounting policy).

Capitalisation of internally developed assets

Distinguishing the research and development phases of a new internally developed asset and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired (see Intangible Assets accounting policy).

Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Scenario analysis is also performed, whereby the discount rate is made larger through using a smaller growth rate, hence, a worst case scenario value in use can be determined. The worst case scenario is used for assessing the indication of asset impairment. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain tangible assets.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments. Management bases its assumptions on observable data such as published foreign exchange rates. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. The estimates and underlying judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

3. Revenue

The whole of the revenue is attributable to the principal activity of the Group.

The geographical analysis of revenue is as follows:

	2018	2017
	£	£
United Kingdom	6,686,391	5,598,167
Rest of world	26,183,381	39,373,977
	32,869,772	44,972,144

The contract analysis of revenue is as follows:

	2018	2017
	£	£
Contract revenue recognised as revenue	27,529,386	38,583,467
Non-contract revenue recognised in period	5,340,386	6,388,677
	32,869,772	44,972,144

For contracts in progress at year end:

	2018	2017
	£	£
Aggregate costs incurred	60,392,933	61,371,751
Profit recognised	38,113,344	40,999,676
Amounts of advances received	-	-
Amount of retentions	-	-

4. Other operating income

	2018	2017
	£	£
Other operating income	173,853	28,456
	173,853	28,456

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

5. Operating (loss) / profit

The operating (loss) / profit is stated after charging / (crediting):

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
-owned by the group	1,260,036	1,143,105
-held under finance leases and hire purchase contracts	300,422	264,018
-foreign exchange differences on depreciation	(484)	2,725
Profit on disposal of tangible fixed assets	(499,608)	-
Operating lease rentals:		
-plant and machinery	8,735	7,740
-other operating leases	549,486	439,723
Difference on foreign exchange	913,911	(386,240)
Amortisation of deferred research and development expenditure	334,513	241,981
Amortisation of finance costs	85,748	85,748
Research and development expenditure written off	43,995	148,223

6. Auditors' remuneration

	2018	2017
	£	£
Fees payable to the Group's auditor and its associates for the audit of the company's annual accounts	7,900	8,900
Fees payable to the company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	51,325	66,515
Tax compliance services	96,784	25,575
Tax advisory services (including foreign tax compliance)	-	139,215
Other non-audit service	1,625	-

7. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2018	2017
	£	£
Wages and salaries	10,998,017	12,779,589
Social security costs	948,983	1,018,493
Other pension costs	582,973	559,244
	12,529,973	14,357,326

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

7. Staff costs (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	2018	2017
Administration	51	51
Production	254	319
Management	16	17
	321	**387**

8. Directors' remuneration

	2018	2017
	£	£
Remuneration	703,030	706,282
Company pension contributions to defined contribution pension schemes	36,052	36,201

During the year retirement benefits were accruing to 3 directors (2017: 3) in respect of defined contribution pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2018	2017
	£	£
Remuneration	241,832	215,964
Company pension contributions to defined contribution pension schemes	13,750	13,200

9. Tax expense

Tax recognised in the income statement:

	2018	2017
	£	£
United Kingdom corporation tax effective rate 19% (2017: 20%)	(1)	(464,459)
Adjustment in respect of previous periods	(708,427)	(305,125)
Foreign tax	567,615	1,141,398
Double tax relief	-	(520)
Total current tax recognised in income statement	(140,813)	371,294
Deferred taxation charge:		
– origination and reversal of temporary timing differences	(1,018,703)	(350,255)
– effect of tax rate change on opening balance	-	-
– adjustment in respect of previous periods	-	(224,815)
Total deferred taxation recognised in income statement	(1,018,703)	(575,070)
Total tax credit recognised in income statement	**(1,159,516)**	(203,776)

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

9. Tax expense (continued)

The charge for the year can be reconciled to the income statement as follows:

	2018	2017
	£	£
Results for the year before tax	(6,112,610)	(474,378)
Result for the year multiplied by standard rate of corporation tax in the United Kingdom of 19% (2017: 20%)	(1,161,396)	(94,838)
Effect of:		
Net expenses not deductible for tax purposes	236,788	(218,191)
Other permanent differences	(9,600)	462,804
Adjustment relating to research and development	(815,100)	(1,279,120)
Patent box claim	(285,000)	-
Difference between UK and foreign tax rates	122,088	(65,081)
Double tax relief	-	-
Difference between expected and actual rate	161,740	102,840
Unrecognised deferred tax	872,444	720,383
Adjustment in respect of prior years	(281,480)	167,437
Total tax	**(1,159,516)**	(203,776)

10. Intangible assets

As at 30 September 2018

	Development	**Goodwill**	**Total**
	£	**£**	**£**
Cost			
At 1 October 2017 (restated)	7,786,844	41,050,846	48,837,690
Additions	2,669,888	138,978	2,808,866
Foreign exchange movements	396	-	396
At 30 September 2018	10,457,128	41,189,824	51,646,952
Amortisation			
At 1 October 2017	960,899	-	960,899
Amortisation / impairment charge for the year	334,513	-	334,513
At 30 September 2018	1,295,412	-	1,295,412
Net Book Value:			
30 September 2017 (restated)	6,825,945	41,050,846	47,876,791
30 September 2018	**9,161,716**	**41,189,824**	**50,351,540**

The restatement of brought forward development assets is explained in Note 2.4.4.

10. Intangible assets (continued)

As at 30 September 2017

	Development	Goodwill	Total
	£	£	£
Cost			
At 1 October 2016 (restated)	5,516,440	41,050,846	46,567,286
Additions (restated)	2,270,404	-	2,270,404
At 30 September 2017 (restated)	7,786,844	41,050,846	48,837,690
Amortisation			
At 1 October 2016	718,918	-	718,918
Amortisation / impairment charge for the year	241,981	-	241,981
At 30 September 2017	960,899	-	960,899
Net Book Value:			
30 September 2016 (restated)	4,797,522	41,050,846	45,848,368
30 September 2017 (restated)	**6,825,945**	**41,050,846**	**47,876,791**

Goodwill impairment testing
The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a three year period, and a discount rate of 10%.

The cash flow projections have assumed a blended 4% growth rate which is believed to be lower than the projected long-term average growth rate for the sector. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying value to exceed the aggregate recoverable amount.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

11. Property, plant and equipment

As at 30 September 2018

	Freehold property	Long-term leasehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Other equipment	Total
	£	£	£	£	£	£	£
Cost							
At 1 October 2017	671,765	4,017,851	9,396,355	1,862,763	88,940	135,112	16,172,786
Additions	-	-	307,211	79,088	-	7,632	393,931
Foreign exchange movement	-	-	9,759	(3,722)	1,989	445	8,471
Disposals	(671,765)	-	(2,465)	(57,496)	-	(5,469)	(737,195)
At 30 September 2018	-	4,017,851	9,710,860	1,880,633	90,929	137,720	15,837,993
Accumulated depreciation							
At 1 October 2017	-	358,924	3,921,477	468,503	18,771	116,916	4,884,591
Charge for the year	-	103,476	1,180,865	255,661	10,525	12,931	1,563,458
Eliminated upon Disposal	-	(31,349)	(1,027)	(23,956)	-	(5,469)	(61,801)
At 30 September 2018	-	431,051	5,101,315	700,208	29,296	124,378	6,386,248
Net Book Value							
At 30 September 2017	671,765	3,658,927	5,474,878	1,394,260	70,169	18,196	11,288,195
At 30 September 2018	**-**	**3,586,800**	**4,609,545**	**1,180,425**	**61,633**	**13,342**	**9,451,745**

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

11. Property, plant and equipment (continued)

As at 30 September 2017

	Freehold property	Long-term leasehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Other equipment	Total
	£	£	£	£	£	£	£
Cost							
At 1 October 2016	671,765	4,010,851	8,404,991	1,651,139	91,319	135,369	14,965,434
Additions	-	7,000	1,009,045	212,422	-	1,081	1,229,548
Foreign exchange movement	-	-	(17,681)	(798)	(2,379)	(997)	(21,855)
Disposals	-	-	-	-	-	(341)	(341)
At 30 September 2017	671,765	4,017,851	9,396,355	1,862,763	88,940	135,112	16,172,786
Accumulated depreciation							
At 1 October 2016	-	246,632	2,926,605	196,103	8,536	99,933	3,477,809
Charge for the year	-	112,292	994,872	272,400	10,235	17,324	1,407,123
Eliminated upon Disposal	-	-	-	-	-	(341)	(341)
At 30 September 2017	-	358,924	3,921,477	468,503	18,771	116,916	4,884,591
Net Book Value							
At 30 September 2016	671,765	3,764,219	5,478,386	1,455,036	82,783	35,436	11,487,625
At 30 September 2017	**671,765**	**3,658,927**	**5,474,878**	**1,394,260**	**70,169**	**18,196**	**11,288,195**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018	2017
	£	£
Plant and machinery	**1,870,995**	2,160,506
Fixtures and fittings	**178,746**	204,904
	2,049,741	2,365,410

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

12. Investments

The principal undertakings within the Group at 30 September 2018 are shown below:

	Class of Shares	Holding
Advanced Insulation Group Limited	Ordinary	100%
Advanced Insulation Limited	Ordinary	100%
Advanced Insulation Systems Limited	Ordinary	100%
Advanced Insulation Systems do Brazil Ltda (Brazil)	Ordinary	99.5%
Advanced Insulation Contracting Limited	Ordinary	100%
Contraflex Kazakhstan LLP (Kazakhstan)	Ordinary	50%
AIS Assets Holding Limited (British Virgin Islands)	Ordinary	100%
AIS FZE (United Arab Emirates)	Ordinary	100%
Advanced Insulation Korea Limited (South Korea)	Ordinary	75%
AI Systems Inc (USA)	Ordinary	100%
Manuplas Limited	Ordinary	100%
Covertherm Limited	Ordinary	90%
Advanced PFP Services Limited	Ordinary	100%
Advanced Insulation Services Angola Lda (Angola)	Ordinary	49%
Advanced Insulation Canada Limited (Canada)	Ordinary	100%
Advanced Insulation Norway AS (Norway)	Ordinary	100%
Advanced Insulation Malaysia SDN BHD (Malaysia)	Ordinary	100%
C – Ling Limited	Ordinary	75%
Advanced Insulation EBT Limited	Ordinary	100%

Shareholding in all companies are held by Advanced Insulation Limited, with the exception of:

Contraflex Kazakhstan LLP	- Held by Advanced Insulation Contracting Limited
AIS FZE	- Held by AIS Assets Holding Limited
Advanced Insulation Korea Limited	- Held by AIS FZE
Advanced Insulation Group Limited	- Held by Advanced Insulation Holdings Limited
Advanced Insulation Limited	- Held by Advanced Insulation Group Limited
Advanced Insulation Systems do Brazil Ltda (Brazil)	- Held by Advanced Insulation Limited and Advanced Insulation Systems Limited
C-Ling Limited	- Held by Advanced Insulation Systems Limited
Advanced Insulation EBT Limited	- Held by Advanced Insulation Holdings Limited

All subsidiary undertakings prepare accounts to 30 September 2018 and are included in the consolidation.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

12. Investments (continued)

Subsidiaries with material non-controlling interests

Name	Proportion of ownership interests and voting rights held by the NCI	Total Comprehensive Income allocated to the NCI
	2018	**2018**
Advanced Insulation Services Angola LDA	51% (0% profits)	-
Advanced Insulation Services Korea Limited	25%	(92,773)
Contraflex Kazakhstan LLP	50% (30% profits)	(204,105)
Covertherm Limited	10%	3,582
C-Ling Limited	25%	(7,067)

Dividends of £20,622 (2017 – £Nil) were paid to NCI's during the year.

Summarised financial information for Advanced Insulation Services Angola LDA, before intragroup eliminations, is set out below:

	2018	2017
	£	£
Non-Current Assets	49,910	56,940
Current Assets	1,567,257	2,802,098
Total Assets	1,617,167	2,859,038
Non-Current Liabilities	-	-
Current Liabilities	(4,166,181)	(4,203,807)
Total Liabilities	(4,166,181)	(4,203,807)
Equity Attributable to owners of the Parent	(2,549,014)	(1,344,769)
Non-Controlling Interests	-	-
Revenue	(51,695)	516,886
Loss for the year attributable to owners of the parent	(1,104,803)	(2,363,027)
Loss for the year attributable to NCI	-	-
Loss for the year	(1,104,803)	(2,363,027)
Other Comprehensive Income for the year	-	-
Total comprehensive income for the year attributable to the owners of the Parent	(1,104,803)	(2,363,027)
Total comprehensive income for the year attributable to NCI	-	-
Total Comprehensive Income for the year	(1,104,803)	(2,363,027)

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

12. Investments (continued)

Summarised financial information for Advanced Insulation Services Korea Limited, before intragroup eliminations, is set out below:

	2018	2017
	£	£
Non-Current Assets	73,659	98,282
Current Assets	1,869,620	2,065,165
Total Assets	1,943,279	2,163,447
Non-Current Liabilities	-	-
Current Liabilities	(1,275,556)	(1,144,921)
Total Liabilities	(1,275,556)	(1,144,921)
Equity Attributable to owners of the Parent	505,864	763,895
Non-Controlling Interests	161,859	254,632
Revenue	1,281,435	3,369,200
(Loss) / profit for the year attributable to owners of the parent	(278,320)	581,154
(Loss) / profit for the year attributable to NCI	(92,773)	218,330
(Loss) / profit for the year	(371,093)	799,484
Other Comprehensive Income for the year	-	-
Total comprehensive income for the year attributable to the owners of the Parent	(278,320)	581,154
Total comprehensive income for the year attributable to NCI	(92,773)	218,330
Total Comprehensive Income for the year	(371,093)	799,484

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

12. Investments (continued)

Summarised financial information for Contraflex Kazakhstan LLP, before intragroup eliminations, is set out below:

	2018	2017
	£	£
Non-Current Assets	5,789	9,741
Current Assets	774,035	951,236
Total Assets	779,824	960,977
Non-Current Liabilities	-	-
Current Liabilities	(1,376,851)	(895,229)
Total Liabilities	(1,376,851)	(895,229)
Equity Attributable to owners of the Parent	(597,027)	46,024
Non-Controlling Interests	(187,381)	19,724
Revenue	201,814	1,861,250
(Loss) / profit for the year attributable to owners of the parent	(476,245)	447,547
(Loss) / profit for the year attributable to NCI	(204,105)	191,806
(Loss) / profit for the year	(680,350)	639,353
Other Comprehensive Income for the year	-	-
Total comprehensive income for the year attributable to the owners of the Parent	(476,245)	447,547
Total comprehensive income for the year attributable to NCI	(204,105)	191,806
Total Comprehensive Income for the year	(680,350)	639,353

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

12. Investments (continued)

Summarised financial information for Covertherm Limited, before intragroup eliminations, is set out below:

	2018	2017
	£	£
Non-Current Assets	473,868	536,854
Current Assets	1,280,643	1,204,602
Total Assets	1,754,511	1,741,456
Non-Current Liabilities	(1,369)	(4,410)
Current Liabilities	(720,072)	(742,833)
Total Liabilities	(721,441)	(747,243)
Equity Attributable to owners of the Parent	1,033,070	894,792
Non-Controlling Interests	103,003	99,421
Revenue	2,078,891	1,936,346
Profit for the year attributable to owners of the parent	32,234	69,661
Profit for the year attributable to NCI	3,582	7,740
Profit for the year	35,816	77,401
Other Comprehensive Income for the year	-	-
Total comprehensive income for the year attributable to the owners of the Parent	32,234	69,661
Total comprehensive income for the year attributable to NCI	3,582	7,740
Total Comprehensive Income for the year	35,816	77,401

13. Inventories

	2018	(restated) 2017
	£	£
Raw materials	3,507,370	3,565,784
Work in progress	221,094	414,806
	3,728,464	**3,980,590**

The restatement of brought forward development assets is explained in Note 2.4.4.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

14. Trade and other receivables

	2018	2017
	£	£
Trade and other receivables	7,469,222	13,543,577
Amounts recoverable on long term contracts	6,171,987	7,507,429
Financial assets	13,641,209	21,051,006
Other receivables	101,118	168,790
Prepayments and accrued income	1,181,668	701,661
Corporation tax	1,575,307	1,294,411
Non-financial assets	2,858,093	2,164,862
	16,499,302	23,215,868

Trade receivables are normally due within 30 to 60 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, there is no specific concentration of credit risk as the amounts recognised represent a large number of receivables from various customers.

15. Trade and other payables

	2018	2017
Current	£	£
Trade and other payables	4,915,644	4,571,340
Payments on account	1,849,533	3,236,372
Net obligations under finance leases and hire purchase contracts	515,433	532,853
Non-current		
Net obligations under finance leases and hire purchase contracts	367,947	809,645
Financial liabilities	7,648,557	9,150,210
Current		
Other taxation and social security	318,459	378,284
Other payables	61,342	343,741
Accruals and deferred income	2,523,917	2,237,209
Provisions (Note 20)	2,136,545	1,555,566
Non-financial liabilities	5,040,263	4,514,800
Current	12,320,873	12,855,365
Non-current	367,947	809,645

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

15. Trade and other payables (continued)

The fair value of trade payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

16. Interest bearing loans and borrowings

	2018	2017
	£	£
Bank loans	2,054,738	3,080,621
Deferred consideration	83,779	167,559
Loan notes	67,571,970	64,024,446
	69,710,487	**67,272,626**

Included within the above are amounts falling due as follows:

	2018	2017
	£	£
Current liabilities		
Within 1 year		
Bank loans	525,883	588,383
Deferred consideration	83,779	83,780
Loan notes	11,000,000	1,500,000
Total current liabilities	**11,609,662**	**2,172,163**
Non-current liabilities		
1 to 5 years		
Bank loans	1,528,855	2,492,238
Deferred consideration	-	83,779
Loan notes	56,571,970	62,524,446
	58,100,825	**65,100,463**
After 5 years		
Bank loans	-	-
Loan notes	-	-
	-	-
Total non-current liabilities	**58,100,825**	**65,100,463**
Total	**69,710,487**	**67,272,626**

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

16. Interest bearing loans and borrowings (continued)

Loan notes are made up as follows:

	2018	2017
	£	£
Within 1 year		
"A" Secured loan notes with a 6% coupon rate	7,500,000	-
"B" Secured loan notes with an 8% coupon rate	3,500,000	1,500,000
	11,000,000	**1,500,000**
1 to 5 years		
"A" Secured loan notes with a 6% coupon rate	-	7,500,000
"B" Secured loan notes with an 8% coupon rate	6,380,000	8,380,000
"C1" Secured loan notes with a 10% coupon rate	13,001,669	12,106,777
"C2" Secured loan notes with a 10% coupon rate	37,286,670	34,719,786
"E" Secured loan notes	118,000	118,000
	56,786,339	**62,824,563**
After 5 years		
"B" Secured loan notes with an 8% coupon rate	-	-
"C1" Secured loan notes with a 10% coupon rate	-	-
"C2" Secured loan notes with a 10% coupon rate	-	-
"E" Secured loan notes	-	-
	-	-
Less cost of raising debt	**(214,369)**	**(300,117)**
	(214,369)	**(300,117)**
	67,571,970	**64,024,446**

Interest accruing on the loan notes is capable of being settled (at the option of Advanced Insulation Group Limited) in cash or by way of Payment in Kind notes (PIK's), subject to the right to opt out of PIK on the part of the loan note holder, or by being capitalised and added to the debt balance. The loan notes are secured on the assets of the company and its subsidiary undertakings.

The bank contract finance facility held with Santander UK PLC is secured by a composite guarantee and right of set-off covering the company and its parent.

"B" Secured loan notes are payable in equal quarterly instalments of £250,000 from June 2017 to June 2018 and equal quarterly instalments of £500,000 thereafter until 31 December 2020, followed by a bullet repayment. A number of these quarterly instalment repayments have been temporarily waived during the year with the agreement of the investor.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

16. Interest bearing loans and borrowings (continued)

Post year end the funder confirms its support for the business, and they have confirmed that the £7.5 million bullet repayment of "A" Secured loan notes due in March 2019 has been waived until March 2020.

"C" and "E" Secured loan notes are all repayable by a final bullet payment. See Note 17 for details of their maturity.

The bank loan incurs interest charged at 2.5% plus LIBOR. The bank loan has been secured by way of a first legal mortgage from Advanced Insulation Limited over the long leasehold property at Quedgeley. This mortgage has been secured by way of cross guarantee from Advanced Insulation Limited in respect of the obligations.

17. Financial assets and liabilities

Note 2.4.11 provides a description of each category of financial assets and liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Derivatives not hedged (FVTPL)	Loans and receivables (amortised cost)	Total
30 September 2018	£	£	£
Financial Assets			
Trade and other receivables	-	13,641,209	13,641,209
Cash and cash equivalents	-	8,732,504	8,732,504
	-	22,373,713	22,373,713

	Derivatives not hedged (FVTPL)	Other liabilities (amortised cost)	Total
	£	£	£
Financial Liabilities			
Interest bearing loans and borrowings	-	69,710,488	69,710,488
Trade and other payables	-	7,648,557	7,648,557
Derivative financial instruments	110,155	-	110,155
	110,155	77,359,045	77,469,200

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

17. Financial assets and liabilities(continued)

	Derivatives not hedged (FVTPL)	Loans and receivables (amortised cost)	Total
30 September 2017	£	£	£
Financial Assets			
Trade and other receivables	-	19,989,542	19,989,542
Cash and cash equivalents	-	6,647,413	6,647,413
Derivative financial instruments	94,315	-	94,315
	94,315	26,636,955	26,731,270

	Derivatives not hedged (FVTPL)	Other liabilities (amortised cost)	Total
	£	£	£
Financial Liabilities			
Interest bearing loans and borrowings	-	67,272,626	67,272,626
Trade and other payables	-	8,088,746	8,088,746
	-	75,361,372	75,361,372

The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are foreign exchange forward contracts and foreign exchange swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves. The Group has elected not to hedge account for these derivatives.

Fair value hierarchy

As at 30 September 2018, the Group held the following financial instruments carried at fair value on the statement of financial position:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

17. Financial assets and liabilities(continued)

Asset and liabilities measured at fair value:

30 September 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	£	£	£
Financial assets				
Foreign exchange forward contracts	-	-	-	-
	-	-	-	-
Financial liabilities				
Foreign exchange forward contracts	-	110,155	-	110,155
	-	110,155	-	110,155
Net fair value	**-**	**110,155**	**-**	**110,155**

Assets and liabilities measured at fair value:

30 September 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	£	£	£
Financial assets				
Foreign exchange swaps	-	28,166	-	28,166
Foreign exchange forward contracts	-	66,149	-	66,149
	-	94,315	-	94,135
Financial liabilities				
Foreign exchange forward contracts	-	-	-	-
	-	-	-	-
Net fair value	**-**	**94,315**	**-**	**94,315**

During the periods ending 30 September 2018 and 30 September 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

17. Financial assets and liabilities (continued)

Foreign currency forward contracts (Level 2)

The Group's foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

Liquidity risk

Further to the analysis provided in Note 16 the Group has £67,571,970 (2017: £64,024,446) of loan notes due for repayment within the next five years. A maturity analysis has been provided in respect of these balances below:

< 1 year	
"A" Secured loan notes with a 6% coupon rate	7,500,000
"B" Secured loan notes with an 8% coupon rate	3,500,000
	11,000,000
1-2 years	
"A" Secured loan notes with a 6% coupon rate	-
"B" Secured loan notes with an 8% coupon rate	2,000,000
	2,000,000
2-3 years	
"B" Secured loan notes with an 8% coupon rate	4,380,000
"C1" Secured loan notes with an 8% coupon rate	13,001,669
"C2" Secured loan notes with an 10% coupon rate	37,286,670
"E" Secured loan notes	118,000
	54,786,339
Less cost of raising debt	(214,369)
Total loan notes	**67,571,970**

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

17. Financial assets and liabilities (continued)

Credit risk

At 30 September 2018, the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The maturity of trade receivables at 30 September 2018, is disclosed below. The Group's typical terms with its customers are between 30 and 60 days.

The Group manages this risk through credit insurance.

Group	
< 30 days	2,357,599
30-60 days	1,427,122
60-90 days	853,869
90 days plus	2,830,632
	7,469,222

The group has a specific bad debt provision of £253,484 related to certain trade receivables.

Market risk

As required under IFRS 7 Management have considered each type of market risk which would include:

- Interest rate risk
- Foreign exchange risk; and
- Other price risks

Interest rate risk

The interest rate on the Group's loan notes are fixed and therefore it is considered that there is no interest rate risk. No sensitivity analysis has been undertaken in respect of this.

The Group's bank loan is subject to interest at 2.5% plus LIBOR. LIBOR is fixed daily and therefore exposes the Group to a small element of risk. Management have undertaken a sensitivity analysis to understand the risks associated with changes in the interest rate and consider these to be low.

Foreign exchange risk

As identified in the directors report it is the Group's policy that foreign currency exposures are where possible hedged using forward exchange contracts. On this basis no sensitivity analysis has been undertaken in respect of this.

The Group continues to work with its bankers to release cash currently trapped in a country which has a hyperinflation economy. The Group has successfully extracted part of this cash during the year and are hopeful all should be extracted by the end of the next financial year. On this basis no sensitivity analysis has been undertaken in respect of this.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

Other price risks

As identified in the director's report, the Group is dependent on the oil and gas industry which in turns results in the Group's sales being dependant on the capital investment in the Oil and Gas Industry. The Group have prepared a number of forecasts which act as sensitivities. These suggest that the company will continue to return positive EBITDA for the next three years.

18. Deferred taxation

Deferred tax is calculated on temporary differences under the liability method.

Deferred tax assets and liabilities

Deferred taxes arising from temporary differences summarised as follows:

	1 October 2017	Recognised in profit or loss	30 September 2018
	£	£	£
Tax losses	-	(878,453)	(878,453)
Advanced capital allowances	(45,062)	157,836	112,774
Short term timing differences	(901,239)	(298,086)	(1,199,325)
	(946,301)	**(1,018,703)**	**(1,965,004)**

Deferred tax assets amounting to £1,237,960 (2017: £2,143,916) has not been recognised in the consolidated accounts.

19. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
396,000 A Ordinary shares of £0.001 each	396	396
399,000 B Ordinary shares of £0.001 each	399	399
46,000 C Ordinary shares of £0.001 each	46	46
14,500 D Ordinary shares of £0.001 each	15	15
85,000 E Ordinary shares of £0.001 each	85	85
18,500 F Ordinary shares of £0.001 each	19	19
18,500 G Ordinary shares of £0.001 each	19	19
	979	**979**

During the prior year, 12,500 C Ordinary shares of £0.001 each were bought back at a cost of £61,808.

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

20. Provisions

All provisions are considered current. The carrying amounts and the movement in the provisions accounts are as follows:

	Credit note provision	Bad debt provision	Contract provision	Total
Carrying amount at 1 October 2017	35,926	1,080	1,518,560	1,555,566
Additional provisions	29,361	253,484	335,140	617,985
Amount utilised	(35,926)	(1,080)	-	(37,006)
Carrying amount 30 September 2018	**29,361**	**253,484**	**1,853,700**	**2,136,545**

The contract provision as at 30 September 2018 relates to two contracts.

The provision brought forward from the prior year's relates to a contract between Manuplas Limited and one of its customers.

The additional provision in the year relates to a few contracts between Advanced Insulation Systems Limited and one of its customers. Management have resolved all outstanding issues relating to the contract and this provision is expected to be utilised in full post year end.

The provisions are not discussed here in further detail so as to not seriously prejudice the Group's position in the related disputes.

21. Non-controlling interests

Equity	**£**
At 1 October 2017	441,951
Proportion of profit/(loss) after taxation for the year	(293,297)
Dividends paid	(20,622)
Other transactions with non-controlling interests	(1,636)
At 30 September 2018	**126,396**

22. Operating lease commitments

Non-cancellable operating lease rentals payable were as follows:

	Land and Buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Within one year	787,799	683,554	100,252	73,143
Between two and five years	1,509,815	1,556,885	81,376	85,392
After more than five years	291,492	593,910	-	-
	2,589,106	2,834,349	181,628	158,535

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

23. Finance lease commitments

Future minimum finance lease payments at 30 September were as follows:

	Minimum lease payments due			
	Within one year	**Between two and five years**	**After more than five years**	**Total**
	£	**£**	**£**	**£**
30 September 2018				
Lease payments	515,433	367,947	-	883,380
Finance charges	37,319	11,648	-	48,967
Net present values	**552,752**	**379,595**	**-**	**932,347**
30 September 2017				
Lease payments	532,853	809,645	-	1,342,498
Finance charges	66,076	42,778	-	108,854
Net present values	**598,929**	**852,423**	**-**	**1,451,352**

24. Capital commitments

The value of such commitments is £134,942 (2017: £ 116,063) and relates to orders on capital expenditure jobs which have been ordered but not delivered or invoiced, and hence remain as commitments at period end.

25. Post Balance Sheet events

No events requiring additional disclosure have occurred between the balance sheet date, and the signing date.

26. Cash and cash equivalents

	2018	2017
	£	£
Bank and cash	8,732,504	6,647,413
Overdrafts and contract finance	-	-
	8,732,504	6,647,413

27. Other financial commitments

The group has given performance bonds at the year end of £3,951,063 (2017: £6,070,756).

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2018

28. Related Party Transactions

During the year, the Group received purchase invoices totalling £2,193 (2017: £3,300) from Caspian Caviar Limited, a company controlled by Mr S Shepherd, a director of Advanced Insulation Holdings Limited. No amounts were due to Caspian Caviar at the year-end (2017: £Nil).

During the year, the Group paid rent and service charges of £344,301 (2017: £339,659) to SADE Properties, a company under the control of Mr A Bennion, Mr D Williams, Mr E Weeks and Mr S Shepherd, directors of Advanced Insulation Holdings Limited. At the year-end £Nil (2017: £11,637) was outstanding to SADE properties.

During the year, the Group repaid deferred consideration of £83,780 (2017: £83,780) to Mr P Kendrick. At the year-end £83,780 (2017: £167,559) was outstanding to Mr P Kendrick.

During the year, the Group paid monitoring fees of £75,000 (2017: £87,691) to Growth Capital Partners LLP who are appointed managers to GCP III GP LP, the general partner to Growth Capital Partners Fund III LP and GCP Fund III A LP who are investors in Advanced Insulation Holdings Limited. At the year-end £Nil (2017: £7,686) was outstanding to Growth Capital Partners LLP.

During the year, interest was incurred on loan notes held by related parties. The amounts relating to each related party are as described below:

Interest Accrued on "C2" Loan Notes

	2018	2017
	£	£
Mr E Weeks	166,012	166,012
The estate of Mrs S Shepherd	1,921,387	1,921,387
Mr D Williams	285,521	285,521
Mr A D Bennion	193,967	193,967

During the year, interest was incurred on loan notes held by Growth Capital Partners nominees Limited, a related party by virtue of a common director, as follows:

	2018	2017
	£	£
"A" secured loan notes	450,000	449,690
"B" secured loan notes	790,565	824,951
"C1" secured loan notes	894,891	894,275

The year end balances to which these loan interest charges relate are included in Note 16.

During the year, gross directors fees were paid to Silverdale Associates Limited, a related party by virtue of a common director:

	2018	2017
	£	£
Directors fees paid	50,000	44,979

29. The Ultimate Parent

The ultimate parent of the Group is Advanced Insulation Holdings Limited. There is no ultimate controlling related party.

Company Statement of Financial position

For the Year Ended 30 September 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	3	28,028,719	28,028,719
		28,028,719	28,028,719
Current assets			
Debtors: amounts falling due within one year	4	16,468,516	16,397,790
Cash and cash equivalents		-	-
		16,468,516	16,397,790
Current liabilities			
Creditors: amounts falling due within one year	5	(899,859)	(671,885)
Net current assets		15,568,657	15,725,905
Total assets less current liabilities		43,597,376	43,754,624
Creditors: amounts falling due after more than one year	6	(37,190,301)	(34,537,669)
Net assets		6,407,075	9,216,955
Equity			
Called up share capital	7	979	979
Share premium account		791,219	791,219
Retained earnings account		5,614,877	8,424,757
Total equity		6,407,075	9,216,955

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23.4.19.

A D Bennion
Director

Company number 08848899

The notes on pages 47 to 50 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 30 September 2018

	Share Capital	Share Premium Account	Retained Earnings	Total Equity
	£	£	£	£
Balance at 30 September 2017	**979**	**791,219**	**8,424,757**	**9,216,955**
Buy Back of Shares	-	-	-	-
Transactions with owners	-	-	-	-
Loss for the year	-	-	(2,809,880)	(2,809,880)
Total comprehensive income	-	-	(2,809,880)	(2,809,880)
Balance at 30 September 2018	**979**	**791,219**	**5,614,877**	**6,407,075**

For the Year Ended 30 September 2017

	Share Capital	Share Premium Account	Retained Earnings	Total Equity
	£	£	£	£
Balance at 30 September 2016	**992**	**928,094**	**9,197,313**	**10,126,399**
Buy Back of Shares	(13)	(136,875)	75,080	(61,808)
Transactions with owners	(13)	(136,875)	75,080	(61,808)
Loss for the year	-	-	(847,636)	(847,636)
Total comprehensive income	-	-	(847,636)	(847,636)
Balance at 30 September 2017	**979**	**791,219**	**8,424,757**	**9,216,955**

Notes to the Company Financial Statements

For the Year Ended 30 September 2018

1. Loss for the financial year

The Parent Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The company made a loss after tax for the financial year of £2,809,880 (2017: loss of £847,636). This result is stated after charging auditors' remuneration of £7,900 relating to audit services and £875 relating to other services.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

2.2 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

2.3 Cash and bank

Cash equivalents comprise short-term, highly liquid investments with maturities of three months or less from inception that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are presented as part of current asset investments in the statement of financial position.

2.4 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through the profit or loss which are measured initially are fair value. Subsequent measurement of financial assets and liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the Company Financial Statements

For the Year Ended 30 September 2018

2.4 Financial instruments (continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified into the following categories upon initial recognition:

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category.

2.5 Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- A statement of cash flows and related notes;
- The requirement to produce a balance sheet at the beginning of the earliest comparative period;
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group;
- Disclosure of key management personnel compensation;
- Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value)

3. Fixed asset investments

Investment in subsidiary undertakings:

	Investments in Subsidiary Companies
Cost or Valuation	**£**
At 1 October 2017 and 30 September 2018	**28,028,719**
Net Book Value	
At 30 September 2018	**28,028,719**
At 30 September 2017	**28,028,719**

Details of the principal undertakings of the Company are shown in Note 12 to the consolidated financial statements.

4. Debtors: amounts falling due within one year

	2018	2017
	£	£
Amounts owed by Group undertakings	**16,467,655**	16,397,790
Other debtors	**861**	-
	16,468,516	16,397,790

Notes to the Company Financial Statements

For the Year Ended 30 September 2018

5. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade payables	6,052	-
Amounts owed to Group undertakings	818,915	597,551
Other taxation and social security	-	-
Accruals	74,892	74,334
	899,859	671,885

6. Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Loan notes	37,190,301	34,537,699
	37,190,301	34,537,699

7. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
396,000 A Ordinary shares of £0.001 each	396	396
399,000 B Ordinary shares of £0.001 each	399	399
46,000 C Ordinary shares of £0.001 each	46	46
14,500 D Ordinary shares of £0.001 each	15	15
85,000 E Ordinary shares of £0.001 each	85	85
18,500 F Ordinary shares of £0.001 each	19	19
18,500 G Ordinary shares of £0.001 each	19	19
	979	979

During the prior year, 12,500 C Ordinary shares of £0.001 each were bought back at cost of £61,808.

8. Capital commitments

As at 30 September 2018, the Company has no capital commitments (2017: £Nil).

9. Contingent liabilities

As at 30 September 2018, there are no contingent liabilities (2017: £Nil).

10. Related party transactions

As permitted by FRS 101 related party transactions with wholly owned members of Advanced Insulation Holdings Limited have not been disclosed.

During the year, gross directors fees were paid to Silverdale Associates Limited, a related party by virtue of a common director:

	2018	2017
	£	£
Directors' fees paid	50,000	44,979

Notes to the Company Financial Statements

For the Year Ended 30 September 2018

11. Post balance sheet events

No events requiring additional disclosure have occurred between the balance sheet date, and the signing date.