

COMPANY REGISTRATION NUMBER 2405903

ADVANCED INSULATION SYSTEMS LIMITED
FINANCIAL STATEMENTS
30 SEPTEMBER 2011



HW BRISTOL LIMITED
Chartered Accountants & Statutory Auditor
Hyland Mews
21 High Street
Clifton
Bristol
BS8 2YF

ADVANCED INSULATION SYSTEMS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

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ADVANCED INSULATION SYSTEMS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	S H Shepherd A D Bennion E Weeks
Company secretary	A Bennion
Registered office	Unit E Quedgeley West Business Park Bristol Road Gloucester GL2 4PA
Auditor	HW Bristol Limited Chartered Accountants & Statutory Auditor Hyland Mews 21 High Street Clifton Bristol BS8 2YF
Bankers	Bank of Scotland plc P O Box No 208 21 Prince Street Bristol BS99 7JG

ADVANCED INSULATION SYSTEMS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activities are the manufacture, supply and application of fire retardant coatings and sub sea insulation materials to the oil, gas and petrochemical industries

The company performed very well in the accounting period increasing turnover by 33% and generating an operating profit of £2,305k cf £1,188k in 2010. The Return on Sales generated was 13.7%, which is broadly in line with expectations.

During the year the Group maintained gross margin at a similar level to 2010. Subsea project margins were down in comparison to the previous year but this was offset by better margins from the fire protection projects. It is anticipated that the company will continue to grow over the next twelve months albeit at a lower rate and maintain margins at the current level.

The company relocated its office and factory facilities in April, which enabled the projects satellite office to be closed.

Debtor days are much higher than 2010 at 158 days cf 2010 66days. However, contract phasing distorts this figure as the majority of the outstanding trade debtors at year end are recent invoices and within agreed credit terms.

The company has maintained a good level of liquidity with net current assets of £3,385k.

There were fixed asset additions of £318k in the period the bulk of which were for tools and equipment.

The Group depends upon capital investment in oil and gas infrastructure for its business and in particular the subsea sector. Despite the current economic climate the Group expects to see significant growth over the coming years with increasing expenditure subsea. The environmental concerns arising from deep sea operations in the Gulf of Mexico has had an impact on the number of deep subsea projects that have been sanctioned. However, this is seen as a short term issue and that in the medium to long term there will be an ongoing and increasing demand for its products.

The company has a strong forward order book of work with scheduled completion over the next two years. The Company has significant opportunities for future contracts and would anticipate maintaining a similar forward order position in the medium term.

ADVANCED INSULATION SYSTEMS LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 SEPTEMBER 2011**

Advanced Insulation Systems Ltd principal activities are the manufacture, supply and application of fire retardant coatings and sub sea insulation materials to the oil, gas and petrochemical industries

The company performed very well in the accounting period increasing turnover by 33% and generating an operating profit of £2,305k cf £1,188k in 2010. The Return on Sales generated was 13.7%, which is broadly in line with expectations. Margins generated on work utilising the C55-800 product were much reduced as a consequence of material handling issues reducing applicator productivity. However, substantial sales of fire protection products at good margins offset this. It is anticipated that the company will continue to grow over the next twelve months albeit at a lower rate and maintain margins at the current level.

The company relocated to office and factory facilities in April, which enabled the projects satellite office to be closed.

Debtor days are much higher than 2010 at 158 days cf 2010 66days. However, contract phasing distorts this figure as the majority of the outstanding trade debtors at year end are recent invoices and within agreed credit terms.

The company has maintained a good level of liquidity with net current assets of £3,385k.

There were fixed asset additions of £318k in the period the bulk of which were for tools and equipment.

The Group depends upon capital investment in oil and gas infrastructure for its business and in particular the subsea sector. Despite the current economic climate the Group expects to see significant growth over the coming years with increasing expenditure subsea. The environmental concerns arising from deep sea operations in the Gulf of Mexico has had an impact on the number of deep subsea projects that have been sanctioned. However, this is seen as a short term issue and that in the medium to long term there will be an ongoing and increasing demand for its products.

The company has a strong forward order book of work with scheduled completion over the next two years. The Company has significant opportunities for future contracts and would anticipate maintaining a similar forward order position in the medium term.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,855,170. The directors have not recommended a dividend.

ADVANCED INSULATION SYSTEMS LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 SEPTEMBER 2011**

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*Foreign currency risk*

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.

Credit risk

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 and, where appropriate, the company endeavours to minimise risk by the use of trade finance instruments such as letters of credit and insurance. At the balance sheet date there were no significant concentrations of credit risk.

Interest rate risk

The company does not undertake any hedging activity in this area.

RESEARCH AND DEVELOPMENT

The company will continue its policy of investment in research and development in order to retain a competitive position in the market.

The company has been able to continue to pursue a more aggressive development programme to encompass not just subsea products but fire proofing products as well. Products developed through this programme will help to maintain the company's growth in the uncertain economic climate.

DIRECTORS

The directors who served the company during the year were as follows:

S H Shepherd
A D Bennion
E Weeks

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

ADVANCED INSULATION SYSTEMS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2011

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITOR

HW Bristol Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
Unit E Quedgeley West Business Park
Bristol Road
Gloucester
GL2 4PA

Signed on behalf of the directors



A D BENNION
Director

Approved by the directors on . 13/12/11

ADVANCED INSULATION SYSTEMS LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ADVANCED INSULATION SYSTEMS LIMITED****YEAR ENDED 30 SEPTEMBER 2011**

We have audited the financial statements of Advanced Insulation Systems Limited for the year ended 30 September 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

ADVANCED INSULATION SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ADVANCED INSULATION SYSTEMS LIMITED *(continued)*

YEAR ENDED 30 SEPTEMBER 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

MATTHEW BRACHER FCA (Senior Statutory Auditor)

For and on behalf of

HW BRISTOL LIMITED

Chartered Accountants & Statutory Auditor

Hyland Mews

21 High Street

Clifton

Bristol

BS8 2YF

13 December 2011

ADVANCED INSULATION SYSTEMS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 SEPTEMBER 2011**

	Note	2011 £	2010 £
TURNOVER	2	16,845,558	12,653,143
Other operating income		<u>13,914</u>	<u>—</u>
		16,859,472	12,653,143
Raw materials and consumables		6,920,815	5,180,100
Staff costs	3	4,731,632	3,600,557
Depreciation written off fixed assets	4	125,837	143,166
Other operating charges		<u>2,775,882</u>	<u>2,540,998</u>
OPERATING PROFIT	4	2,305,306	1,188,322
Interest receivable		19,458	12,463
Interest payable and similar charges	5	(29,027)	(30,098)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,295,737</u>	<u>1,170,687</u>
Tax on profit on ordinary activities	6	440,567	75,448
PROFIT FOR THE FINANCIAL YEAR		<u>1,855,170</u>	<u>1,095,239</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 10 to 19 form part of these financial statements

ADVANCED INSULATION SYSTEMS LIMITED**BALANCE SHEET****30 SEPTEMBER 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	673,756	481,151
CURRENT ASSETS			
Stocks	8	1,832,455	1,283,516
Debtors	9	10,487,286	3,337,639
Cash at bank and in hand		526,072	4,076,632
		<u>12,845,813</u>	<u>8,697,787</u>
CREDITORS: Amounts falling due within one year	10	<u>9,460,902</u>	<u>7,029,167</u>
NET CURRENT ASSETS		<u>3,384,911</u>	<u>1,668,620</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,058,667</u>	<u>2,149,771</u>
CREDITORS: Amounts falling due after more than one year	11	21,355	—
PROVISIONS FOR LIABILITIES			
Deferred taxation	14	59,495	27,124
		<u>3,977,817</u>	<u>2,122,647</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	150,000	150,000
Profit and loss account	20	3,827,817	1,972,647
SHAREHOLDER'S FUNDS	20	<u>3,977,817</u>	<u>2,122,647</u>

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by

13/12/11



S H SHEPHERD



A D BENNION

Company Registration Number 2405903

ADVANCED INSULATION SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2011**

1. ACCOUNTING POLICIES**Basis of accounting**

The financial statements have been prepared under the historical cost convention

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax and trade discounts, and the value of long-term contract work. Turnover on long-term contracts is recognised by reference to the stage of completion. The stage of completion of a contract is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Research and development

Expenditure on research and development is charged to profit and loss account in the year in which it is incurred, except where a development project meets the criteria set out in SSAP 13, when development costs are capitalised as intangible fixed assets and amortised over the expected life of the resulting product. Where such products are in progress the costs are held within work in progress until the point when the likely outcome of the project may be assessed with reasonable certainty.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- | | | |
|---------------------|---|-----------------------------|
| Plant & Machinery | - | Straight line over 10 years |
| Fixtures & Fittings | - | Straight line over 4 years |

Stocks

Stocks of material are valued at the lower of cost and net realisable value. Provision is made where appropriate for any slow moving or obsolete stock.

ADVANCED INSULATION SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2011**

1. ACCOUNTING POLICIES *(continued)***Work in progress**

Work in progress is valued at the lower of cost and net realisable value

Turnover on long-term contracts is recognised by reference to the stage of completion. The stage of completion of a contract is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. An estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks and long-term contract balances.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

ADVANCED INSULATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

1 ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2011 £	2010 £
United Kingdom	6,929,594	5,203,772
Overseas	9,915,964	7,449,371
	<u>16,845,558</u>	<u>12,653,143</u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of staff including directors	<u>100</u>	<u>103</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	4,275,880	3,266,472
Social security costs	431,018	309,908
Other pension costs	24,734	24,177
	<u>4,731,632</u>	<u>3,600,557</u>

ADVANCED INSULATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

4. OPERATING PROFIT

Operating profit is stated after charging

	2011 £	2010 £
Directors' remuneration	—	—
Research and development expenditure written off	122,152	358,999
Depreciation of owned fixed assets	124,014	143,166
Depreciation of assets held under hire purchase agreements	1,823	—
Operating lease costs		
- Other	3,964	2,973
Net loss on foreign currency translation	12,308	13,622
Auditor's remuneration - audit of the financial statements	9,775	8,900
Auditor's remuneration - other fees	2,925	2,875
	<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
Auditor's remuneration - audit of the financial statements	9,775	8,900
Auditor's remuneration - other fees		
- Taxation services	1,750	1,750
- Other services pursuant to legislation	1,175	1,125
	<u>2,925</u>	<u>2,875</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest payable on bank borrowing	28,317	30,098
Finance charges	710	—
	<u>29,027</u>	<u>30,098</u>

ADVANCED INSULATION SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2011****6. TAXATION ON ORDINARY ACTIVITIES****(a) Analysis of charge in the year**

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	408,196	119,333
Over/under provision in prior year	<u>-</u>	<u>(14,138)</u>
Total current tax	408,196	105,195
Deferred tax		
Origination and reversal of timing differences (note 14)		
Capital allowances	32,371	<u>(29,747)</u>
Tax on profit on ordinary activities	<u>440,567</u>	<u>75,448</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>2,295,737</u>	<u>1,170,687</u>
Profit on ordinary activities by rate of tax	642,806	327,792
Disallowed expenses increase tax liability	36,888	41,230
Capital allowances exceed depreciation and amortisation to decrease tax liability	(24,744)	(4,762)
Research & development decrease tax liability	(68,405)	(200,934)
Group relief decreases tax liability	(163,188)	(43,993)
Prior year under/(over) provision to increase/(decrease) tax liability	-	(14,138)
Effect of change in tax rate	<u>(15,161)</u>	<u>-</u>
Total current tax (note 6(a))	<u>408,196</u>	<u>105,195</u>

ADVANCED INSULATION SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2011****7. TANGIBLE FIXED ASSETS**

	Plant & Machinery £	Fixtures & Fittings £	Total £
COST			
At 1 October 2010	1,084,111	16,993	1,101,104
Additions	318,442	–	318,442
At 30 September 2011	1,402,553	16,993	1,419,546
DEPRECIATION			
At 1 October 2010	602,960	16,993	619,953
Charge for the year	125,837	–	125,837
At 30 September 2011	728,797	16,993	745,790
NET BOOK VALUE			
At 30 September 2011	673,756	–	673,756
At 30 September 2010	481,151	–	481,151

Hire purchase agreements

Included within the net book value of £673,756 is £29,428 (2010 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,823 (2010 - £Nil).

8. STOCKS

	2011 £	2010 £
Raw materials	1,189,238	860,703
Work in progress	643,217	422,813
	1,832,455	1,283,516

Payments received on account in excess of the value of the work done on the related contracts are included in creditors.

ADVANCED INSULATION SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2011****9. DEBTORS**

	2011	2010
	£	£
Trade debtors	7,294,020	2,280,558
Amounts owed by group undertakings	2,020,588	—
Corporation tax repayable	—	6,892
VAT recoverable	—	102,354
Recoverable on contracts	1,148,378	938,802
Other debtors	16,976	—
Prepayments and accrued income	7,324	9,033
	<u>10,487,286</u>	<u>3,337,639</u>

10 CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Overdrafts	709,785	2,597,470
Payments received on account	5,963,753	3,959,404
Trade creditors	924,731	152,182
Amounts owed to group undertakings	—	53,376
Corporation tax	51,585	—
PAYE and social security	132,295	—
VAT	961,932	—
Hire purchase agreements	6,250	—
Other creditors	8,730	10,897
Accruals and deferred income	701,841	255,838
	<u>9,460,902</u>	<u>7,029,167</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011	2010
	£	£
Overdrafts	709,785	2,597,470
Hire purchase agreements	6,250	—
	<u>716,035</u>	<u>2,597,470</u>

The contract finance facility and related overdrafts held with Bank of Scotland plc are secured by a debenture and a composite guarantee and letter of set-off covering the company and its parent

The hire purchase liability is secured over the asset to which it relates

11. CREDITORS: Amounts falling due after more than one year

	2011	2010
	£	£
Hire purchase agreements	<u>21,355</u>	<u>—</u>

The hire purchase liability is secured over the asset to which it relates

ADVANCED INSULATION SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2011****12. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows

	2011	2010
	£	£
Amounts payable within 1 year	6,250	-
Amounts payable between 2 to 5 years	21,355	-
	<u>27,605</u>	<u>-</u>

13. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £24,734 (2010 - £24,177). Contributions totalling £3,438 (2010 - £Nil) remained unpaid at the year end.

14. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2011	2010
	£	£
Provision brought forward	27,124	56,871
Profit and loss account movement arising during the year	32,371	(29,747)
Provision carried forward	<u>59,495</u>	<u>27,124</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of taxation allowances over depreciation on fixed assets	59,495	27,124
	<u>59,495</u>	<u>27,124</u>

15. DERIVATIVES

The company does not have any derivatives that it has not included in its accounts at fair value.

ADVANCED INSULATION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

16. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	-	-	991
Within 2 to 5 years	70,000	1,902	-	-
	<u>70,000</u>	<u>1,902</u>	<u>-</u>	<u>991</u>

17. CONTINGENCIES

An unlimited cross bank guarantee given to Bank of Scotland plc exists between the company and its parent, Advanced Insulation plc

The company has given performance bonds at the year-end of £544,152 (2010 - £840,537)

18. RELATED PARTY TRANSACTIONS

The company is controlled by Advanced Insulation plc, the immediate and ultimate parent company

The company considers S H Shepherd to be the ultimate controlling party by virtue of his majority shareholding in Advanced Insulation plc, the parent company

As the company is a wholly owned subsidiary within a group that prepares consolidated financial statements, the company has taken advantage of the exemption from disclosing transactions with group entities

19. SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
150,000 Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

ADVANCED INSULATION SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2011****20. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES**

	Share capital	Profit and loss account	Total share- holder's funds
	£	£	£
Balance brought forward	150,000	877,408	1,027,408
Profit for the year	—	1,095,239	1,095,239
Balance brought forward	150,000	1,972,647	2,122,647
Profit for the year	—	1,855,170	1,855,170
Balance carried forward	150,000	3,827,817	3,977,817

21. ULTIMATE PARENT COMPANY

In the opinion of the directors the company's ultimate parent company is Advanced Insulation plc, a company incorporated in Great Britain, and registered in England and Wales. Advanced Insulation plc prepares group financial statements and copies can be obtained from Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA.