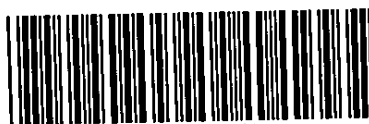


ADVANCED INSULATION PLC AND SUBSIDIARIES
FINANCIAL STATEMENTS
30 SEPTEMBER 2010

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COMPANIES HOUSE

HW BRISTOL LIMITED

Chartered Accountants & Statutory Auditor
174 Whiteladies Road
Clifton
Bristol
United Kingdom
BS8 2XU

ADVANCED INSULATION PLC AND SUBSIDIARIES

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

| CONTENTS | PAGE |
|--|-------------|
| Officers and professional advisers | 1 |
| The directors' report | 2 |
| Independent auditor's report to the shareholders | 5 |
| Profit and loss account | 7 |
| Group balance sheet | 8 |
| Balance sheet | 9 |
| Group cash flow cash flow statement | 10 |
| Notes to the financial statements | 11 |

ADVANCED INSULATION PLC AND SUBSIDIARIES

OFFICERS AND PROFESSIONAL ADVISERS

| | |
|-------------------------------|---|
| The board of directors | Mr A D Bennion Mr S H Shepherd Mr E Weeks Mr D A Williams |
| Company secretary | Mr A D Bennion |
| Registered office | Rigestate Station Road Berkeley Gloucestershire GL13 9RL |
| Auditor | HW Bristol Limited Chartered Accountants & Statutory Auditor 174 Whiteladies Road Clifton Bristol United Kingdom BS8 2XU |
| Bankers | Bank of Scotland plc P O Box No 208 21 Prince Street Bristol BS99 7JG |
| Solicitors | Beachcroft LLP 10-22 Victoria Street Bristol BS99 7UD |

ADVANCED INSULATION PLC AND SUBSIDIARIES

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2010

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 September 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group'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 Group has substantially grown revenues over the period with sales of £12.5m (2009 - £6.8m). This represents growth of 84% year on year. The main contributors to the growth were significantly increased volumes of moulded fire-proof products and a pleasing contribution from the first year of operations in Dubai.

The Group generated an EBITDA of £2,062k and an operating profit of £1,878k. This is equivalent to a return on sales of 15.0% which compares to a return of 11.5% in 2009. The Board are pleased with the overall performance, which is ahead of plan, and note that the margin improvement has been delivered through reductions in the ratio Administrative expenses sales (28.3% in 2009 and 17.4% in 2010).

Trade Debtor days have remained constant at 67 days, the same as 2009. Debtor days are a good reflection of the credit terms achievable on the Group's contracts. The Group has well established credit management processes to ensure the timely collection of debts.

The Group generated £2,026k of cash from its operating activities but only improved its cash position in the year by £120K as a result of significant capital expenditure in the year.

The Group spent £2,860k on acquiring tangible assets, with the majority being on property represented by the purchase of a factory in Dubai and a new Headquarters and factory facility in the UK.

The Group's current factory and office facilities are inadequate to support the Group's development. Following an extensive search the Group purchased a significantly larger facility near to the current Berkeley premises and appointed a contractor to fit out the building. It is anticipated that the new facility will be completed at the end of quarter one of 2011.

It is expected that 2011 will be another year of significant capital expenditure, with the completion of the new UK factory and investment in plant to bring new products to market.

The Group has a forward order book of around £17m with scheduled completion over the next two years. This is lower than at the start of the year but the Group has significant opportunities for future contracts and would anticipate maintaining a similar forward order position in the medium term.

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. Therefore the Group sees an ongoing and increasing demand for its products.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,530,468. Particulars of dividends paid are detailed in note 9 to the financial statements.

ADVANCED INSULATION PLC AND SUBSIDIARIES

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2010

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Foreign currency risk

It is group 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 group does not undertake speculative foreign exchange dealings for which there is no underlying exposure.

The company also faces currency exposures on the translation into sterling of the profits and net assets of overseas subsidiaries. The company does hedge these profit translation exposures on larger contracts to reduce the risk of losses through exchange rate fluctuations.

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 group 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 group does not undertake any hedging activity in this area.

RESEARCH AND DEVELOPMENT

The Group will continue investing in R & D to develop its subsea and fire protection system products to broaden the market available to it. This will underpin future growth.

DIRECTORS

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

Mr A D Bennion
Mr S H Shepherd
Mr E Weeks
Mr D A Williams

POLICY ON THE PAYMENT OF CREDITORS

It is group policy to make all efforts to adhere to credit terms offered by suppliers. At the year-end, creditor days stood at 16 (2009 - 35) days.

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 the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to

ADVANCED INSULATION PLC AND SUBSIDIARIES**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 SEPTEMBER 2010**

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of 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 group 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 group'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
Rigestate
Station Road
Berkeley
Gloucestershire
GL13 9RL

Signed by order of the directors



MR A D BENNION
Company Secretary

Approved by the directors on 30/11/2010

ADVANCED INSULATION PLC AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCED INSULATION PLC AND SUBSIDIARIES

YEAR ENDED 30 SEPTEMBER 2010

We have audited the group and parent company financial statements ("the financial statements") of Advanced Insulation plc and subsidiaries for the year ended 30 September 2010 which comprise the Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Cash Flow Statement 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 shareholders, as a body, in accordance with Part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders 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 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 September 2010 and of the group's 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 PLC AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCED INSULATION PLC AND SUBSIDIARIES *(continued)*

YEAR ENDED 30 SEPTEMBER 2010

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 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime

MATTHEW BRACHER FCA (Senior Statutory Auditor)

For and on behalf of

HW BRISTOL LIMITED

Chartered Accountants & Statutory Auditor

174 Whiteladies Road

Clifton

Bristol

United Kingdom

BS8 2XU

30 November 2010

ADVANCED INSULATION PLC AND SUBSIDIARIES
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2010

| | Note | 2010 £ | 2009 £ |
|--|----------|-------------------------|-----------------------|
| GROUP TURNOVER | 2 | 12,473,972 | 6,795,116 |
| Cost of sales | | <u>8,449,438</u> | <u>4,092,375</u> |
| GROSS PROFIT | | 4,024,534 | 2,702,741 |
| Administrative expenses | | 2,171,627 | 1,923,780 |
| Other operating income | | <u>(24,600)</u> | <u>(150)</u> |
| OPERATING PROFIT | 3 | 1,877,507 | 779,111 |
| Interest receivable | | 12,532 | 3,953 |
| Interest payable and similar charges | 6 | <u>(45,636)</u> | <u>(10,623)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 1,844,403 | 772,441 |
| Tax on profit on ordinary activities | 7 | 313,935 | 54,091 |
| PROFIT FOR THE FINANCIAL YEAR | 8 | <u>1,530,468</u> | <u>718,350</u> |

All of the activities of the group are classed as continuing

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

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

ADVANCED INSULATION PLC AND SUBSIDIARIES

GROUP BALANCE SHEET

30 SEPTEMBER 2010

| | Note | 2010 £ | 2009 £ |
|--|------|------------------|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 635,813 | 431,734 |
| Tangible assets | 11 | <u>3,163,260</u> | <u>457,368</u> |
| | | 3,799,073 | 889,102 |
| CURRENT ASSETS | | | |
| Stocks | 13 | 1,380,103 | 713,654 |
| Debtors | 14 | 3,521,845 | 2,513,482 |
| Cash at bank and in hand | | <u>4,082,762</u> | <u>1,401,253</u> |
| | | 8,984,710 | 4,628,389 |
| CREDITORS: Amounts falling due within one year | 15 | <u>8,390,013</u> | <u>3,649,875</u> |
| NET CURRENT ASSETS | | 594,697 | 978,514 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>4,393,770</u> | <u>1,867,616</u> |
| CREDITORS: Amounts falling due after more than one year | 16 | 1,209,108 | — |
| PROVISIONS FOR LIABILITIES | | | |
| Deferred taxation | 18 | <u>27,124</u> | <u>56,870</u> |
| | | <u>3,157,538</u> | <u>1,810,746</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 22 | 123,447 | 122,450 |
| Share premium account | 23 | 774,313 | 752,650 |
| Profit and loss account | 23 | <u>2,259,778</u> | <u>935,646</u> |
| SHAREHOLDERS' FUNDS | 24 | <u>3,157,538</u> | <u>1,810,746</u> |

These financial statements were approved by the directors and authorised for issue on 30/11/2010, and are signed on their behalf by



MR A D BENNION



MR S H SHEPHERD

ADVANCED INSULATION PLC AND SUBSIDIARIES

BALANCE SHEET

30 SEPTEMBER 2010

| | Note | 2010 £ | 2009 £ |
|--|------|------------------|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 397,737 | 179,994 |
| Tangible assets | 11 | 2,630,001 | 313 |
| Investments | 12 | 612,626 | 582,360 |
| | | <u>3,640,364</u> | <u>762,667</u> |
| CURRENT ASSETS | | | |
| Debtors | 14 | 249,393 | 954,572 |
| Cash at bank | | 4,254 | — |
| | | <u>253,647</u> | <u>954,572</u> |
| CREDITORS: Amounts falling due within one year | 15 | <u>1,149,453</u> | <u>515,143</u> |
| NET CURRENT (LIABILITIES)/ASSETS | | <u>(895,806)</u> | <u>439,429</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>2,744,558</u> | <u>1,202,096</u> |
| CREDITORS: Amounts falling due after more than one year | 16 | <u>1,209,108</u> | <u>—</u> |
| | | <u>1,535,450</u> | <u>1,202,096</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 22 | 123,447 | 122,450 |
| Share premium account | 23 | 774,313 | 752,650 |
| Profit and loss account | 23 | 637,690 | 326,996 |
| SHAREHOLDERS' FUNDS | | <u>1,535,450</u> | <u>1,202,096</u> |

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

30/11/2010



MR A D BENNION



MR S H SHEPHERD

MR E WEEKS

Company Registration Number 06416439

ADVANCED INSULATION PLC AND SUBSIDIARIES**GROUP CASH FLOW CASH FLOW STATEMENT****YEAR ENDED 30 SEPTEMBER 2010**

| | Note | 2010 £ | 2009 £ |
|--|------|----------------|----------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 25 | 2,025,865 | 818,192 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | 25 | (33,104) | (6,670) |
| TAXATION | 25 | (263,481) | (172,589) |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | 25 | (2,859,786) | (299,959) |
| EQUITY DIVIDENDS PAID | | (116,664) | — |
| CASH (OUTFLOW)/INFLOW BEFORE FINANCING | | (1,247,170) | 338,974 |
| FINANCING | 25 | 1,366,984 | 15,000 |
| INCREASE IN CASH | 25 | <u>119,814</u> | <u>353,974</u> |

The notes on pages 11 to 28 form part of these financial statements

ADVANCED INSULATION PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

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.

Amortisation

Amortisation 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:

| | |
|-------------|-------------------------------------|
| Goodwill | - Straight line over 20 years |
| Intangibles | - Straight line over 10 to 15 years |

Fixed assets

All fixed assets are initially recorded at cost.

ADVANCED INSULATION PLC AND SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2010**

1. ACCOUNTING POLICIES *(continued)***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

| | |
|-----------------------|---|
| Freehold property | - over a period of 13 years straight line |
| Plant and machinery | - 2% per month reducing balance |
| Fixtures and fittings | - 2% per month reducing balance |
| Equipment | - 2% per month reducing balance |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

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.

Where completed projects are for the internal use of the group, assets are transferred to intangible fixed assets at the lower of cost and net realisable value attributable to those assets at the date of transfer.

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.

ADVANCED INSULATION PLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

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 or to receive more 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

Financial instruments

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

2. TURNOVER

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

| | 2010 | 2009 |
|----------------|-------------------|------------------|
| | £ | £ |
| United Kingdom | 4,513,525 | 3,364,020 |
| Overseas | 7,960,447 | 3,431,096 |
| | <u>12,473,972</u> | <u>6,795,116</u> |

It is not possible to analyse profit before tax and net assets between geographical areas due to the centralised nature of the administrative functions of the business relating to those geographical areas

ADVANCED INSULATION PLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2010

3. OPERATING PROFIT

Operating profit is stated after charging:

| | 2010 | 2009 |
|--|---------------|---------------|
| | £ | £ |
| Amortisation of intangible assets | 30,831 | 43,308 |
| Research and development expenditure written off | 358,999 | 31,338 |
| Depreciation of owned fixed assets | 153,894 | 132,171 |
| Operating lease costs | | |
| - Other | 2,973 | 4,399 |
| Net loss on foreign currency translation | 17,382 | 5,528 |
| Auditor's remuneration - audit of the financial statements | 3,600 | 5,000 |
| Auditor's remuneration - other fees | <u>22,700</u> | <u>16,695</u> |
| | 2010 | 2009 |
| | £ | £ |
| Auditor's remuneration - audit of the financial statements | <u>3,600</u> | <u>5,000</u> |
| Auditor's remuneration - other fees | | |
| - Local statutory audit of subsidiary | 13,350 | 8,550 |
| - Taxation services | 3,075 | 2,995 |
| - Other services | <u>6,275</u> | <u>5,150</u> |
| | <u>22,700</u> | <u>16,695</u> |

4. PARTICULARS OF EMPLOYEES

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

| | 2010 | 2009 |
|--------------------------------|------------|-----------|
| | No | No |
| Number of production staff | 93 | 40 |
| Number of administrative staff | 13 | 6 |
| Number of management staff | <u>5</u> | <u>3</u> |
| | <u>111</u> | <u>49</u> |

The aggregate payroll costs of the above were

| | 2010 | 2009 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,784,666 | 2,194,489 |
| Social security costs | 358,280 | 212,288 |
| Other pension costs | 40,325 | 27,102 |
| | <u>4,183,271</u> | <u>2,433,879</u> |

ADVANCED INSULATION PLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2010

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

| | 2010 | 2009 |
|--|----------------|----------------|
| | £ | £ |
| Remuneration receivable | 312,715 | 322,518 |
| Value of company pension contributions to money purchase schemes | 13,698 | 8,790 |
| | <u>326,413</u> | <u>331,308</u> |

Remuneration of highest paid director:

| | 2010 | 2009 |
|--|----------------|----------------|
| | £ | £ |
| Total remuneration (excluding pension contributions) | 147,261 | 169,001 |
| Value of company pension contributions to money purchase schemes | 5,084 | 4,680 |
| | <u>152,345</u> | <u>173,681</u> |

The number of directors who accrued benefits under company pension schemes was as follows

| | 2010 | 2009 |
|------------------------|----------|----------|
| | No | No |
| Money purchase schemes | <u>2</u> | <u>2</u> |

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2010 | 2009 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Interest payable on bank borrowing | <u>45,636</u> | <u>10,623</u> |

ADVANCED INSULATION PLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2010

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

| | 2010 £ | 2009 £ |
|--|----------------|---------------|
| Current tax | | |
| In respect of the year | | |
| UK Corporation tax based on the results for the year at 28% (2009 - 28%) | 367,804 | 141,749 |
| (Over)/under provision in prior year | (24,123) | (49,435) |
| Total current tax | <u>343,681</u> | <u>92,314</u> |
| Deferred tax | | |
| Origination and reversal of timing differences (note 18) | | |
| Capital allowances | (29,746) | (38,223) |
| Tax on profit on ordinary activities | <u>313,935</u> | <u>54,091</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% (2009 - 28%)

| | 2010 £ | 2009 £ |
|---|------------------|----------------|
| Profit on ordinary activities before taxation | <u>1,844,403</u> | <u>772,441</u> |
| Profit on ordinary activities by rate of tax | 516,433 | 216,284 |
| Expenses not deductible for tax purposes | 80,073 | 46,602 |
| Capital allowances for period in excess of depreciation | (2,743) | (20,081) |
| Profits not subject to tax | (25,025) | - |
| Marginal relief | - | (8,133) |
| Research and development expenditure | (200,934) | (92,923) |
| Over provision in prior year | (24,123) | (49,435) |
| Total current tax (note 7(a)) | <u>343,681</u> | <u>92,314</u> |

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £517,030 (2009 - £252,001)

ADVANCED INSULATION PLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2010

9. DIVIDENDS

| Equity dividends | 2010 £ | 2009 £ |
|-------------------------------------|----------------|-----------|
| Paid during the year | | |
| Equity dividends on ordinary shares | <u>206,336</u> | <u>—</u> |

10. INTANGIBLE FIXED ASSETS

| Group | Goodwill | Research and development | Total |
|-----------------------|----------------|--------------------------|----------------|
| | £ | £ | £ |
| COST | | | |
| At 1 October 2009 | 273,286 | 257,511 | 530,797 |
| Additions | <u>—</u> | <u>234,910</u> | <u>234,910</u> |
| At 30 September 2010 | <u>273,286</u> | <u>492,421</u> | <u>765,707</u> |
| AMORTISATION | | | |
| At 1 October 2009 | 21,547 | 77,516 | 99,063 |
| Charge for the year | <u>13,664</u> | <u>17,167</u> | <u>30,831</u> |
| At 30 September 2010 | <u>35,211</u> | <u>94,683</u> | <u>129,894</u> |
| NET BOOK VALUE | | | |
| At 30 September 2010 | <u>238,075</u> | <u>397,738</u> | <u>635,813</u> |
| At 30 September 2009 | <u>251,739</u> | <u>179,995</u> | <u>431,734</u> |
| Company | | Research and development | |
| | | £ | |
| COST | | | |
| At 1 October 2009 | | | 257,510 |
| Additions | | | <u>234,910</u> |
| At 30 September 2010 | | | <u>492,420</u> |
| AMORTISATION | | | |
| At 1 October 2009 | | | 77,516 |
| Charge for the year | | | <u>17,167</u> |
| At 30 September 2010 | | | <u>94,683</u> |
| NET BOOK VALUE | | | |
| At 30 September 2010 | | | <u>397,737</u> |
| At 30 September 2009 | | | <u>179,994</u> |

ADVANCED INSULATION PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

11. TANGIBLE FIXED ASSETS

| Group | Freehold Property £ | Plant & Machinery £ | Fixtures & Fittings £ | Equipment £ | Total £ |
|-----------------------------|---------------------------|---------------------------|------------------------------------|--|--------------------|
| COST | | | | | |
| At 1 October 2009 | – | 917,267 | 16,993 | – | 934,260 |
| Additions | 2,632,399 | 216,415 | 4,987 | 5,985 | 2,859,786 |
| At 30 September 2010 | 2,632,399 | 1,133,682 | 21,980 | 5,985 | 3,794,046 |
| DEPRECIATION | | | | | |
| At 1 October 2009 | – | 462,154 | 14,738 | – | 476,892 |
| Charge for the year | 8,396 | 142,472 | 2,589 | 437 | 153,894 |
| At 30 September 2010 | 8,396 | 604,626 | 17,327 | 437 | 630,786 |
| NET BOOK VALUE | | | | | |
| At 30 September 2010 | 2,624,003 | 529,056 | 4,653 | 5,548 | 3,163,260 |
| At 30 September 2009 | – | 455,113 | 2,255 | – | 457,368 |
| Company | | | Freehold Property £ | Plant & Machinery £ | Total £ |
| COST | | | | | |
| At 1 October 2009 | | | – | 417 | 417 |
| Additions | | | 2,632,399 | 5,937 | 2,638,336 |
| At 30 September 2010 | | | 2,632,399 | 6,354 | 2,638,753 |
| DEPRECIATION | | | | | |
| At 1 October 2009 | | | – | 104 | 104 |
| Charge for the year | | | 8,396 | 252 | 8,648 |
| At 30 September 2010 | | | 8,396 | 356 | 8,752 |
| NET BOOK VALUE | | | | | |
| At 30 September 2010 | | | 2,624,003 | 5,998 | 2,630,001 |
| At 30 September 2009 | | | – | 313 | 313 |

ADVANCED INSULATION PLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2010

12. INVESTMENTS

| Company | Group companies £ |
|----------------------------|------------------------------|
| COST | |
| At 1 October 2009 | 582,360 |
| Additions | 63,599 |
| At 30 September 2010 | <u>645,959</u> |
| AMOUNTS WRITTEN OFF | |
| Written off in year | 33,333 |
| At 30 September 2010 | <u>33,333</u> |
| NET BOOK VALUE | |
| At 30 September 2010 | <u>612,626</u> |
| At 30 September 2009 | <u>582,360</u> |

| | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|---|-------------------------------------|--------------------|--|--|
| Subsidiary undertakings Held by the company: | | | | |
| Advanced Insulation Systems Limited | England | Ordinary shares | 100% | Oil and gas industry infrastructure support |
| Advanced Insulation Contracting Limited | England | Ordinary shares | 100% | Oil and gas industry infrastructure support |
| Alderley Materials Limited | England | Ordinary shares | 100% | Dormant |
| AIS Assets Holding Limited | British Virgin Islands | Ordinary shares | 100% | Intermediate Holding Company |
| AI Consultants Inc | Canada | Ordinary shares | 33 33% | Alternative Energy Research |

ADVANCED INSULATION PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

12. INVESTMENTS *(continued)*

| | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|--|-----------------------------|--------------------|--|--|
| Subsidiary undertakings Held by subsidiary company: | | | | |
| Advanced Insulation Systems FZE | United Arab Emirates | Ordinary shares | 100% | Oil and gas industry infrastructure support |

During the year, the company acquired 100% of the share capital in AIS Assets Holding Limited, a company incorporated in the British Virgin Islands, for \$50,000. These shares were purchased at par value. On acquisition, this company had no assets or liabilities other than the issued and unpaid share capital.

In addition, the company acquired 33.33% of the share capital in AI Consultants Inc, a company incorporated in Canada, for \$50,000. These shares were purchased at par value. On acquisition, this company had no assets or liabilities other than the issued and unpaid share capital.

13. STOCKS

| | Group | | Company | |
|------------------|------------------|----------------|----------|----------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Raw materials | 898,620 | 251,864 | — | — |
| Work in progress | 481,483 | 461,790 | — | — |
| | <u>1,380,103</u> | <u>713,654</u> | <u>—</u> | <u>—</u> |

ADVANCED INSULATION PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

14. DEBTORS

| | Group | | Company | |
|------------------------------------|------------------|------------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Trade debtors | 2,280,558 | 1,245,889 | — | — |
| Amounts owed by group undertakings | — | — | 94,623 | 905,335 |
| VAT recoverable | 188,038 | — | 84,830 | 6,877 |
| Recoverable on contracts | 938,802 | 1,135,425 | — | — |
| Prepayments and accrued income | 114,447 | 132,168 | 69,940 | 42,360 |
| | <u>3,521,845</u> | <u>2,513,482</u> | <u>249,393</u> | <u>954,572</u> |

15. CREDITORS: Amounts falling due within one year

| | Group | | Company | |
|--|------------------|------------------|------------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 3,608,616 | 911,705 | 817,413 | 346,080 |
| Payments received on account | 3,959,404 | 1,737,202 | — | — |
| Trade creditors | 270,062 | 340,189 | 93,539 | 39,583 |
| Directors' loan accounts | 2,196 | — | 2,196 | — |
| Other creditors including taxation and social security | — | — | — | — |
| Corporation tax | 121,579 | 47,603 | 128,471 | 33,465 |
| PAYE and social security | — | 56,341 | — | 7,601 |
| VAT | — | 166,994 | — | — |
| Other creditors | 16,461 | 15,997 | — | 1,319 |
| Accruals and deferred income | 411,695 | 373,844 | 107,834 | 87,095 |
| | <u>8,390,013</u> | <u>3,649,875</u> | <u>1,149,453</u> | <u>515,143</u> |

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

| | Group | | Company | |
|---------------------------|------------------|----------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | <u>3,608,616</u> | <u>911,705</u> | <u>817,413</u> | <u>346,080</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 group

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

| | Group | | Company | |
|---------------------------|------------------|----------|------------------|----------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | <u>1,209,108</u> | <u>—</u> | <u>1,209,108</u> | <u>—</u> |

ADVANCED INSULATION PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

16. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

| | Group | | Company | |
|---------------------------|------------------|-------------|------------------|-------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | <u>1,209,108</u> | <u>—</u> | <u>1,209,108</u> | <u>—</u> |

The mortgage taken out during the year has been secured by way of a first legal mortgage from Advanced Insulation PLC over the new property at Quedgeley

This mortgage has also been secured by way of a cross guarantee from Advanced Insulation Systems Limited in respect of the obligations

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

| | Group | | Company | |
|---------------------------|----------------|-------------|----------------|-------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | <u>668,244</u> | <u>—</u> | <u>668,244</u> | <u>—</u> |

17. 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 £25,180 (2009 - £27,102). Contributions totalling £Nil (2009 - £4,882) remained unpaid at the year end.

18. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

| | Group | | Company | |
|---------------------------|-----------------|-----------------|----------------|-------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Provision brought forward | 56,870 | 95,093 | - | - |
| Decrease in provision | <u>(29,746)</u> | <u>(38,223)</u> | - | - |
| Provision carried forward | <u>27,124</u> | <u>56,870</u> | - | - |

ADVANCED INSULATION PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

18. DEFERRED TAXATION *(continued)*

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

| Group | 2010 | | 2009 | |
|---|---------------|-----------------|---------------|-----------------|
| | Provided £ | Unprovided £ | Provided £ | Unprovided £ |
| Excess of taxation allowances over depreciation on fixed assets | <u>27,124</u> | <u>-</u> | <u>56,870</u> | <u>-</u> |

19. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2010 the group had annual commitments under non-cancellable operating leases as set out below

| Group | 2010 | | 2009 | |
|-------------------------------|----------------------------|------------------|----------------------------|------------------|
| | Land and buildings £ | Other items £ | Land and buildings £ | Other items £ |
| Operating leases which expire | | | | |
| Within 1 year | - | 991 | 16,800 | 1,616 |
| Within 2 to 5 years | - | - | - | 3,964 |
| | <u>-</u> | <u>991</u> | <u>16,800</u> | <u>5,580</u> |

20. CONTINGENCIES

The company has given performance bonds at the year-end of £840,537 (2009 - £1,307,223)

ADVANCED INSULATION PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

21. RELATED PARTY TRANSACTIONS

The company was under the control of Mr S H Shepherd throughout the current period by virtue of his shareholding in the company

As the company prepares consolidated financial statements, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related Party Disclosures' from disclosing transactions with group entities

During the year the company received purchase invoices totalling £21,115 (2009 - £10,375) from Fedelta Leisure Limited, a company controlled by Mr E Weeks a director of Advanced Insulation PLC. No monies were due to Fedelta Leisure Limited at the year end (2009 - £Nil)

During the year the company received purchase invoices totalling £10,000 (2009 - £10,000) from Mr D Williams, a director of Advanced Insulation PLC. No monies were due to Mr Williams at the year end (2009 - £Nil)

During the year, Mr S Shepherd, a director of the company, received dividends totalling £119,712 (2009 - £Nil)

During the year, Mr A Bennion, a director of the company, received dividends totalling £7,697 (2009 - £Nil)

During the year, Mr E Weeks, a director of the company, received dividends totalling £12,685 (2009 - £Nil)

During the year, Mr D Williams, a director of the company, received dividends totalling £43,000 (2009 - £Nil)

22. SHARE CAPITAL

Allotted, called up and fully paid:

| | 2010 | | 2009 | |
|---|----------------|----------------|----------------|----------------|
| | No | £ | No | £ |
| 510,000 Restricted shares of £0.01 each | 510,000 | 5,100 | 510,000 | 5,100 |
| 260,000 Unrestricted shares of £0.01 each | 260,000 | 2,600 | 235,000 | 2,350 |
| 115,000 Unrestricted shares of £1 each | 115,000 | 115,000 | 115,000 | 115,000 |
| 74,700 Unrestricted non-voting shares of £0.01 each | 74,700 | 747 | - | - |
| | <u>959,700</u> | <u>123,447</u> | <u>860,000</u> | <u>122,450</u> |

ADVANCED INSULATION PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

22. SHARE CAPITAL *(continued)*

The company introduced an EMI share option scheme during the previous year, granting options over 37,800 unrestricted non-voting ordinary shares of £0.01 each. These shares carry no voting rights and the options are exercisable upon predetermined consolidated group results being achieved over a four year period. Each year is mutually exclusive, with 25% of the total options becoming exercisable should the target be achieved in any one year. The options are exercisable at a price of, and have had an HMRC approved market value of, £0.30 per share. The directors consider that any effect on the results as a consequence of accounting for this scheme in accordance with Financial Reporting Standard 20 'Share-based Payment' would be immaterial. 18,900 shares were issued in the year under this scheme, including 10,800 in favour of A Bennion, a director of the company.

A further option scheme is available to two other directors, S Shepherd and E Weeks, with options granted over 111,600 unrestricted non-voting ordinary shares of £0.01 each. The terms of this scheme are that the shares carry no voting rights and are also predetermined dependent upon group results being achieved over a four year period. Each year is mutually exclusive with 25% of total options becoming exercisable should the target be achieved in any one year. The options are exercisable at £0.30 per share. 55,800 shares were issued in the year, 46,800 to S Shepherd and 9,000 to E Weeks. The directors consider that any effect on the results as a consequence of accounting for this scheme in accordance with Financial Reporting Standard 20 'Share-based Payment' would be immaterial.

In addition, options over 50,000 unrestricted ordinary shares of £0.01 were granted to A Bennion in the previous year. These options are exercisable over a four year period and have no exercise criteria. The options are exercisable at par. The directors consider that any effect on the results as a consequence of accounting for this scheme in accordance with Financial Reporting Standard 20 'Share-based Payment' would be immaterial. During the year the company issued 25,000 unrestricted £0.01 shares to A Bennion at par value under this option scheme.

23. RESERVES

| Group | Share premium account £ | Profit and loss account £ |
|-------------------------------------|-------------------------------|---------------------------------|
| Balance brought forward | 752,650 | 935,646 |
| Profit for the year | – | 1,530,468 |
| Equity dividends | – | (206,336) |
| Other movements | | |
| New equity share capital subscribed | 21,663 | – |
| Balance carried forward | <u>774,313</u> | <u>2,259,778</u> |

ADVANCED INSULATION PLC AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2010

23. RESERVES *(continued)*

| Company | Share premium account £ | Profit and loss account £ |
|-------------------------------------|-------------------------------|---------------------------------|
| Balance brought forward | 752,650 | 326,996 |
| Profit for the year | — | 517,030 |
| Equity dividends | — | (206,336) |
| Other movements | | |
| New equity share capital subscribed | 21,663 | — |
| Balance carried forward | <u>774,313</u> | <u>637,690</u> |

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2010 £ | £ | 2009 £ | £ |
|--|---------------|------------------|--------------|------------------|
| Profit for the financial year | | 1,530,468 | | 718,350 |
| New equity share capital subscribed | 997 | | 10,000 | |
| Premium on new share capital subscribed | <u>21,663</u> | | <u>5,000</u> | |
| | | 22,660 | | 15,000 |
| Equity dividends | | (206,336) | | — |
| Net addition to shareholders' funds | | <u>1,346,792</u> | | <u>733,350</u> |
| Opening shareholders' funds | | <u>1,810,746</u> | | <u>1,077,396</u> |
| Closing shareholders' funds | | <u>3,157,538</u> | | <u>1,810,746</u> |

25. NOTES TO THE CASH FLOW STATEMENT**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM
OPERATING ACTIVITIES**

| | 2010 £ | 2009 £ |
|---|------------------|------------------|
| Operating profit | 1,877,507 | 779,111 |
| Amortisation | 30,831 | 43,308 |
| Depreciation | 153,894 | 132,171 |
| Increase in stocks | (901,359) | (269,605) |
| Increase in debtors | (1,014,587) | (1,645,599) |
| Increase in creditors | <u>1,879,579</u> | <u>1,778,806</u> |
| Net cash inflow from operating activities | <u>2,025,865</u> | <u>818,192</u> |

ADVANCED INSULATION PLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2010

25. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

| | 2010 | 2009 |
|---|-----------------|-----------------|
| | £ | £ |
| Interest received | 12,532 | 3,953 |
| Interest paid | <u>(45,636)</u> | <u>(10,623)</u> |
| Net cash outflow from returns on investments and servicing of finance | <u>(33,104)</u> | <u>(6,670)</u> |

TAXATION

| | 2010 | 2009 |
|----------|------------------|------------------|
| | £ | £ |
| Taxation | <u>(263,481)</u> | <u>(172,589)</u> |

CAPITAL EXPENDITURE

| | 2010 | 2009 |
|---|--------------------|------------------|
| | £ | £ |
| Payments to acquire intangible fixed assets | – | (146,341) |
| Payments to acquire tangible fixed assets | <u>(2,859,786)</u> | <u>(153,618)</u> |
| Net cash outflow from capital expenditure | <u>(2,859,786)</u> | <u>(299,959)</u> |

FINANCING

| | 2010 | 2009 |
|--|------------------|---------------|
| | £ | £ |
| Issue of equity share capital | 997 | 10,000 |
| Share premium on issue of equity share capital | 21,663 | 5,000 |
| Increase in bank loans | <u>1,344,324</u> | – |
| Net cash inflow from financing | <u>1,366,984</u> | <u>15,000</u> |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 2010 | | 2009 |
|-----------------------------------|--------------------|---|----------------|
| | £ | £ | £ |
| Increase in cash in the period | 119,814 | | 353,974 |
| Net cash (inflow) from bank loans | <u>(1,344,324)</u> | | – |
| | <u>(1,224,510)</u> | | 353,974 |
| Change in net debt | <u>(1,224,510)</u> | | 353,974 |
| Net funds at 1 October 2009 | 489,548 | | 135,574 |
| Net debt at 30 September 2010 | <u>(734,962)</u> | | <u>489,548</u> |

ADVANCED INSULATION PLC AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2010

25. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET DEBT

| | At 1 Oct 2009 £ | Cash flows £ | At 30 Sep 2010 £ |
|--------------------------|-----------------------|--------------------|------------------------|
| Net cash | | | |
| Cash in hand and at bank | 1,401,253 | 2,681,509 | 4,082,762 |
| Overdrafts | (911,705) | (2,561,695) | (3,473,400) |
| | <u>489,548</u> | <u>119,814</u> | <u>609,362</u> |
| Debt | | | |
| Debt due within 1 year | – | (135,216) | (135,216) |
| Debt due after 1 year | – | (1,209,108) | (1,209,108) |
| | <u>–</u> | <u>(1,344,324)</u> | <u>(1,344,324)</u> |
| Net debt | <u>489,548</u> | <u>(1,224,510)</u> | <u>(734,962)</u> |

26. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £729,943 (2009 - £314,644)

At the year end the company had paid £339,389 relating to the refurbishment of the new property in Quedgeley. The company had signed a contract prior to the year end committing themselves to the refurbishment and a further £729,943 will fall due in the next financial year