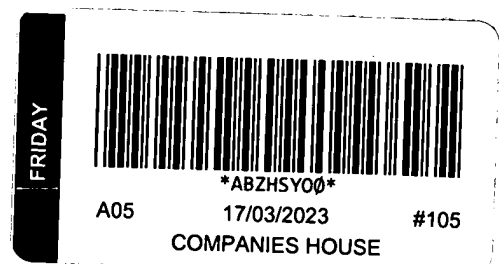


Registration number: 06416439

Advanced Innergy Ltd

Annual Report and Financial Statements

for the Year Ended 30 September 2022



Advanced Innergy Ltd

Company Information

Directors	A D Bennion
	A M King
	S H Shepherd
Registered number	06416439
Registered office	Unit E Quedgeley West Business Park Bristol Road Gloucester GL2 4PA
Auditors	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

Advanced Innergy Ltd

Strategic Report for the Year Ended 30 September 2022

The directors present their strategic report for the year ended 30 September 2022.

Principal activity

The principal activity of the company continues to be acting as an intermediate holding company. The principal activity of the subsidiaries of the company is the development, manufacture, supply and application of fire-retardant coatings, sub-sea insulation materials, sub-sea cable protection systems and buoyancy products to the renewable, electric vehicle, oil, gas, and petrochemical industries.

The company is part of the Group headed by Advanced Innergy Holdings Ltd (formerly Advanced Insulation Holdings Limited) whose accounts are publicly available at the registered address.

Business review

The company generated an operating loss of £1,022,495 (2021: £2,153,585 loss) with revenue of £3,702,732 (2021: £2,694,158). Management considers these to be the key performance indicators of the company.

Principal risks and uncertainties

Group sales are primarily dependent on capital investment in the energy industry. The Ukraine conflict has emphasized the importance of national energy security and coupled with a recovery in the oil price, this has led to increasing market activity, presenting significant opportunities for the Group.


Margins remain under pressure as our customers look to cut costs, however, the Group has been able to maintain margins at good levels due to a very successful and on-going cost reduction programme.

Future developments

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 as well as enabling the Group to continue its transition to new energy, keeping the Group at the forefront of its technologies.

The Group is continuing the process of rolling out new products which have been developed over the previous years for the renewable energy and automotive market, as well as continuing to expand our global footprint and sales to energy markets outside of oil and gas.

Approved by the Board on 22/2/23 and signed on its behalf by:



A D Bennion
Director

Advanced Innergy Ltd

Directors' Report for the Year Ended 30 September 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors of the company

The directors who held office during the year and up to the date of signature were as follows:

A D Bennion

A M King

S H Shepherd

Financial risk management objectives and policies

The management of the company and the execution of its strategy are subject to a number of risks. The principal risk and uncertainties affecting the group include the following.

Liquidity and interest rate risk

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

The company does not undertake any hedging in this area.

Foreign currency risk

The company 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.

The company is not exposed to any foreign currency risk so does not undertake any hedging.

Advanced Innergy Ltd

Directors' Report for the Year Ended 30 September 2022

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.

The company's only credit risk is intra group and therefore management consider the risk to be low.

Auditor

RSM UK Audit LLP were reappointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be reappointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Other matters included in the Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the principal activity and future developments of the company.

Approved by the Board on 22/2/23 and signed on its behalf by:



A D Bennion
Director

Advanced Innergy Ltd

Directors' Responsibilities Statement for the Year Ended 30 September 2022

The directors are responsible for preparing the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

Advanced Innergy Ltd

Independent Auditor's Report to the Members of Advanced Innergy Ltd

Opinion

We have audited the financial statements of Advanced Innergy Ltd (the 'company') for the year ended 30 September 2022 which comprise the income statement, statement of financial position, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Advanced Innergy Ltd

Independent Auditor's Report to the Members of Advanced Innergy Ltd

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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.

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, 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.

Advanced Innergy Ltd

Independent Auditor's Report to the Members of Advanced Innergy Ltd

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 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 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Advanced Innergy Ltd

Independent Auditor's Report to the Members of Advanced Innergy Ltd

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

We consider the most significant laws and regulations that have an indirect impact on the financial statements is compliance with health and safety compliance, including disposal of hazardous waste. Audit procedures performed included, but were not limited to, inspecting correspondence with and advice received from the group's health and safety consultants and discussions with employees regarding health and safety.

The audit engagement team identified the risk of management override of controls and the initial recognition & impairment of development costs under IAS38 as the areas where the financial statements were most susceptible to material misstatement due to fraud.

• Audit procedures performed included, but were not limited to, testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, reviewing accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement and evaluating whether the business rationale (or the lack thereof) if the transactions outside the normal course of business suggest that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

• Audit procedures in relation to capitalised development costs under IAS38 performed, included but were not limited to, testing a sample of projects held in the group's balance sheet to ensure that appropriate evidence existed to support initial recognition under IAS38, reviewing samples of costs capitalised to verify the criteria for capitalization, and challenging management as to whether any development costs held at the balance sheet date were impaired.

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

Advanced Innergy Ltd

Independent Auditor's Report to the Members of Advanced Innergy Ltd

Use of our report

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.

RSM UK Audit LLP

Hywel Pegler (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG

Date: 14/3/23

Advanced Innergy Ltd

Income Statement for the Year Ended 30 September 2022

	Note	2022 £	2021 £
Revenue	4	3,702,732	2,694,158
Administrative expenses		(4,751,043)	(4,872,814)
Other operating income		<u>25,816</u>	<u>25,071</u>
Operating loss	6	(1,022,495)	(2,153,585)
Income from shares in group undertakings	8	211,478	57,597
Other investment income	8	-	1,462
Finance costs	9	<u>(78,679)</u>	<u>(83,070)</u>
Loss before tax		(889,696)	(2,177,596)
Taxation	10	<u>58,502</u>	<u>354,239</u>
Loss and total comprehensive income for the financial year		<u><u>(831,194)</u></u>	<u><u>(1,823,357)</u></u>

The Income Statement has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income for 2022 (2021: £NIL)

The notes on pages 15 to 42 form an integral part of these financial statements.

Advanced Innergy Ltd

(Registration number: 06416439)

Statement of Financial Position as at 30 September 2022

	Note	2022 £	2021 £
Non-current assets			
Intangible assets	11	7,494,259	6,711,715
Property, plant and equipment	12	4,150,697	4,464,003
Investments	13	2,871,012	2,871,012
		<u>14,515,968</u>	<u>14,046,730</u>
Current assets			
Trade and other receivables	15	2,726,416	15,411,479
Cash and cash equivalents		-	714,274
Deferred tax asset		318,114	259,612
		<u>3,044,530</u>	<u>16,385,365</u>
Current liabilities			
Trade and other payables	16	(19,600,443)	(31,282,431)
Borrowings	17	(87,804)	(903,962)
Lease liabilities	18	(309,901)	(334,832)
Taxation and social security		-	(46,762)
		<u>(19,998,148)</u>	<u>(32,567,987)</u>
Net current liabilities		<u>(16,953,618)</u>	<u>(16,182,622)</u>
Total assets less current liabilities		<u>(2,437,650)</u>	<u>(2,135,892)</u>
Non-current liabilities			
Borrowings	17	(703,833)	-
Lease liabilities	18	(263,024)	(437,421)
		<u>(966,857)</u>	<u>(437,421)</u>
Net liabilities		<u>(3,404,507)</u>	<u>(2,573,313)</u>
Equity			
Called up share capital	20	131,096	131,096
Share premium reserve	21	795,974	795,974
Retained earnings	21	(4,331,577)	(3,500,383)
Total equity		<u>(3,404,507)</u>	<u>(2,573,313)</u>

The notes on pages 15 to 42 form an integral part of these financial statements.

Advanced Innergy Ltd

(Registration number: 06416439)

Statement of Financial Position as at 30 September 2022

The financial statements were approved and authorised for issue by the Board on 22/2/23 and signed on its behalf by:



A D Bennion

Director

The notes on pages 15 to 42 form an integral part of these financial statements.

Advanced Innergy Ltd

Statement of Changes in Equity for the Year Ended 30 September 2022

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 October 2021	131,096	795,974	(3,500,383)	(2,573,313)
Loss and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(831,194)</u>	<u>(831,194)</u>
At 30 September 2022	<u>131,096</u>	<u>795,974</u>	<u>(4,331,577)</u>	<u>(3,404,507)</u>
	Share capital £	Share premium £	Retained earnings £	Total £
At 1 October 2020	131,096	795,974	(1,677,026)	(749,956)
Loss and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(1,823,357)</u>	<u>(1,823,357)</u>
At 30 September 2021	<u>131,096</u>	<u>795,974</u>	<u>(3,500,383)</u>	<u>(2,573,313)</u>

The notes on pages 15 to 42 form an integral part of these financial statements.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

1 General information

The company is a private company limited by shares incorporated in England and Wales.

The address of its registered office is:

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

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

2 Accounting policies

Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101: "Reduced Disclosure Framework" ("FRS 101").

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Revenue disclosures, including:
 - o Disaggregated and total revenue from contracts with customers;
 - o Explanation of significant changes in contract assets and liabilities;
 - o Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
 - o Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised;
 - o Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract;

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

- o Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract;
- Financial instrument disclosures, including:
 - o Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
- Lessee maturity analysis of lease liabilities
- Comparative narrative information that continues to be relevant to the current period;
- Comparative period reconciliations for the carrying amounts of property, plant and equipment and intangible assets;
- Disclosure of key management personnel compensation;
- Related party disclosures for transactions with the parent or wholly owned members of the group and;
- Disclosure of the objectives, policies and processes for managing capital.

Group accounts not prepared

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group. Where required, equivalent disclosures are given in the group accounts of Advanced Innergy Holdings Ltd.

Advanced Innergy Ltd is a wholly owned subsidiary of Advanced Innergy Group Ltd. The results of Advanced Innergy Ltd are included in the consolidated financial statements of ultimate parent company Advanced Innergy Holdings Ltd, which are available from Unit E, Quedgeley West Business Park, Bristol Road, Gloucester, United Kingdom, GL2 4PA.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Going concern

The directors of Advanced Innergy Holdings Ltd, ("The Group") have assessed the application of the going concern assumption at a group level. As a trading company in the Group, the Company assessment of going concern must be considered in the context of the wider group

The Group meets its day-to-day working capital requirements with its available retained cash supported by a rolling contract finance line provided by the Group's bankers.

The directors have written assurances and confirmation from the note holders that bullet payments will be extended as required to enable the business to continue as a going concern.

The directors have prepared 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. The primary funders of the business have expressed their on-going support (see note 17).

The business continues to trade satisfactorily with no significant adverse cash flow impact. The business also has cash reserves to draw on if required. The directors will continue to review the business position and react accordingly. The directors, having taken these steps, believe that the business has sufficient prospect of trade and cash reserves to continue to trade for a period of no less than twelve months from the approval of these accounts.

In view of the above the directors have a reasonable expectation that the Group has 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.

Revenue

Revenue represents management charges and royalties received from other group companies, excluding value added tax.

Revenue is recognised when the performance obligation has been satisfied by transferring the promised service to the customer (being the other group companies).

Interest income

Interest turnover is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Intangible assets other than goodwill

Initial recognition

Expenditure on the research phase of projects to develop new products or internally developed software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- is technically and commercially feasible
- the company intends to and has sufficient resources to complete the project
- the company has the ability to use or sell the developed goods
- the software will generate probable future economic benefit

Directly attributable costs include employee costs incurred along with an appropriate portion of relevant overheads and borrowing costs. Development costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent measurement

All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. Where an indicator of impairment exists they are subject to impairment testing.

The following useful lives are applied:

Development costs	15 years straight line
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When an intangible asset is disposed of, the gain or loss on disposal determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Property, plant and equipment

Tangible fixed assets are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items and the costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 company 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.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	13 - 50 Years straight line
Fixtures and fittings	10 Years straight line
Plant and equipment	4 - 10 Years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the company.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The depreciation methods are as follows:

Leasehold property	On a straight line basis over the length of the lease
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Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Non-current investments

Investment in subsidiary undertakings are stated at cost less any applicable provision for impairment. Cost includes transaction costs directly attributable to the acquisition.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Raw materials and work in progress are stated at the lower of cost measured using the "average cost method" and net realisable value after making due allowance for obsolete and slow-moving inventory.

Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased stock are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest.

This category comprises only of loans and debtors which are non-derivative financial assets with fixed or determinable 'payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs), for all debt instruments not held at fair value through the income statement. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

The company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

The category comprises only out-of-the money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement.

At amortised cost

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Foreign exchange

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions (spot exchange), or where a transaction has been hedged, the hedged rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies 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 exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'interest receivable and similar income' or 'interest payable and similar expenses' respectively. All other foreign exchange gains and losses are presented in the Income statement within 'administrative expenses'.

Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions 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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Critical judgements

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or nonstrategic assets that have been abandoned or sold will be written off or written down.

Discount factor used in lease accounting

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, or is not applicable, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset or similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the company where possible, uses recent third-party financing received by the individual lessee.

4 Revenue

	2022 £	2021 £
Revenue analysed by class of business		
Rendering of services	<u>3,702,732</u>	<u>2,694,158</u>
	2022 £	2021 £
Other revenue		
Interest income	-	1,462
Dividends received	<u>211,478</u>	<u>57,597</u>
	<u>211,478</u>	<u>59,059</u>
	2022 £	2021 £
Revenue analysed by geographical market		
UK	3,328,737	2,393,970
Rest of Europe	16,913	38,148
Rest of World	<u>357,082</u>	<u>262,040</u>
	<u>3,702,732</u>	<u>2,694,158</u>

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

5 Employees

The average monthly number of persons (including directors) employed by the company during the years was nil (2021: nil).

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

6 Operating loss

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

	2022	2021
	£	£
Depreciation of property, plant and equipment	513,598	509,957
Amortisation of intangible assets	696,219	592,835
Reversal of impairment loss recognised on intercompany receivables	(831,931)	69,676
Foreign exchange (gains)/losses	<u>(158)</u>	<u>2,406</u>

7 Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements:

	2022	2021
	£	£
Audit of the financial statements of the company and other group companies	<u>87,500</u>	<u>78,500</u>
	<u>87,500</u>	<u>78,500</u>

8 Investment income

	2022	2021
	£	£
Other interest income	-	1,462
Income from shares in group undertakings	<u>211,478</u>	<u>57,597</u>
	<u>211,478</u>	<u>59,059</u>

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

9 Finance costs

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	28,253	27,100
Interest on other loans	<u>33,126</u>	<u>26,294</u>
	<u>61,379</u>	<u>53,394</u>
Interest on other financial liabilities:		
Interest on lease liabilities	<u>17,300</u>	<u>29,676</u>
	<u><u>78,679</u></u>	<u><u>83,070</u></u>

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	<u>(58,502)</u>	<u>28,821</u>
	<u>(58,502)</u>	<u>28,821</u>
Deferred tax		
Origination and reversal of timing differences	-	(856,691)
Effect of tax rate change on opening balance	-	380,273
Transfers	-	123,041
Adjustment in respect of prior periods	<u>-</u>	<u>(29,683)</u>
	<u>-</u>	<u>(383,060)</u>
Total tax charge / (credit)	<u><u>(58,502)</u></u>	<u><u>(354,239)</u></u>

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Factors affecting tax charge for the year

The tax assessed for the year differ from the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(889,696)</u>	<u>(2,177,596)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(172,693)	(413,743)
Fixed asset differences	39,765	18,809
Expenses not deductible in determining taxable profit	4,905	18,317
Other tax adjustments, reliefs and transfers	280,965	91,305
Income not taxable	(158,067)	-
Group relief	-	128,226
Group income	(40,181)	(10,943)
Foreign tax credits	-	28,821
Deferred tax adjustments in respect of prior years	1,110	(29,683)
Transfers - deferred tax	-	(123,041)
Remeasurement of deferred tax for changes in tax rates	<u>(14,306)</u>	<u>(62,307)</u>
Total tax charge for the year	<u>(58,502)</u>	<u>(354,239)</u>

Deferred taxes at the balance sheet date have been measured using the tax rates enacted as at the balance sheet date. Deferred tax as at 30 September 2022 and 2021 was measured at a rate of 19%.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19% as previously enacted). This news was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

11 Intangible assets

	Development costs £
Cost	
At 1 October 2021	9,479,883
Additions	<u>1,478,763</u>
At 30 September 2022	<u>10,958,646</u>
Amortisation	
At 1 October 2021	2,768,168
Amortisation charge	<u>696,219</u>
At 30 September 2022	<u>3,464,387</u>
Net book value	
At 30 September 2022	<u>7,494,259</u>
At 30 September 2021	<u>6,711,715</u>

Amortisation is recorded within administrative expenses in the income statement.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

12 Property, plant and equipment

	Leasehold land and buildings £	Fixtures and fittings £	Plant and equipment £	Total £
Cost				
At 1 October 2021	5,178,148	657,787	1,456,346	7,292,281
Additions	-	-	200,292	200,292
At 30 September 2022	<u>5,178,148</u>	<u>657,787</u>	<u>1,656,638</u>	<u>7,492,573</u>
Depreciation				
At 1 October 2021	1,220,909	367,447	1,239,922	2,828,278
Charge for the year	<u>345,433</u>	<u>65,777</u>	<u>102,388</u>	<u>513,598</u>
At 30 September 2022	<u>1,566,342</u>	<u>433,224</u>	<u>1,342,310</u>	<u>3,341,876</u>
Net book value				
At 30 September 2022	<u>3,611,806</u>	<u>224,563</u>	<u>314,328</u>	<u>4,150,697</u>
At 30 September 2021	<u>3,957,239</u>	<u>290,340</u>	<u>216,424</u>	<u>4,464,003</u>

Property, plant and equipment includes right-of-use assets, as follows:

	2022 £	2021 £
Net values		
Property	420,993	667,428
Plant and equipment	108,730	-
Fixtures and fittings	<u>74,114</u>	<u>100,272</u>
	<u>603,837</u>	<u>767,700</u>
	2022 £	2021 £
Depreciation charge for the year		
Property	246,435	237,762
Fixtures and fittings	<u>26,158</u>	<u>26,158</u>
	<u>272,593</u>	<u>263,920</u>

The right-of-use assets disclosed above include assets recognised on the adoption of IFRS 16 during the year ended 30 September 2020 and assets held under finance leases or hire purchase contracts.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

13 Non-current investments

	Shares in group undertakings £
Cost or valuation	
At 1 October 2021 and 30 September 2022	<u>2,871,012</u>
Net book value	
At 30 September 2022	<u>2,871,012</u>
At 30 September 2021	<u>2,871,012</u>

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

14 Subsidiaries

Details of the company's subsidiaries at 30 September 2022 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Holding 2022	2021
Advanced Innergy Solutions Ltd	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Manufacturing	100%	100%
Advanced Innergy Contracting Ltd	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Manufacturing	100%	100%
AIS Asset Holdings Ltd	PO Box 18512, Jebel Ali Free Zone, Dubai, UAE	Intermediate holding company	100%	100%
AIS Manuplas Ltd	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Dormant	100%	100%
AIS Covertherm Ltd	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Manufacturing	100%	100%
Advanced Insulation Systems Ltd	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Dormant	100%	100%
C-Ling Ltd	Unit E Quedgeley West Business Park, Bristol Road, and Gloucester, GL2 4PA	Research and development	75%	75%
Advanced Innergy Solutions do Brazil Ltda	Rodovia SP 107, km 29 - Borda da Mata, Jaguariúna -- SP, Caixa Postal 255, 13919-899, Brasil	Manufacturing	99.5%	99.5%
Contraflex Kazakhstan LLP	184/1 Iksanova Street, Aksai, Burlinskiy Region, West Kazakhstan Oblast	Manufacturing	50%	50%
AIS FZE	PO Box 18512, Jebel Ali Free Zone, Dubai, UAE	Manufacturing	100%	100%
AIS Korea Limited	255 JangPyeong-Ro, Saha-Gu, Busan, South Korea	Sales office	75%	75%

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Name of undertaking	Country of incorporation	Nature of business	Holding	
AIS US Inc	237 Burgess Drive, Broussard, LA 70518	Project and distribution office	100%	100%
Advanced Innergy Solutions Angola Lda	Rua Direita do Gamek, N26 Base Kubics, Largo Corimba-Samba, Luanda, Angola	Project office	49%	49%
Advanced Innergy Solutions Canada Ltd	121 Germain Street, Saint John, NB, E2L 2E9, Canada	Project office	100%	100%
AIS Norway AS	Postboks 1665 Vika Oslo 0120	Dormant	100%	100%
AIS Malaysia SDN BHD	B-11-1 O, Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450, Kuala Lumpur, Malaysia	Project office	100%	100%
AIS Italy SRL	Via Ettore De Sonnaz, 19, 10121 Torino, Italy	Sale office	100%	100%
AIS Bardot	375 avenue du Mistral, Bât C, ZI Athélia 4, 13600 La Ciotat, France	Outsourcing	100%	100%

The interest in all subsidiaries arise from ownership of ordinary shares only.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

15 Trade and other receivables

	2022 £	2021 £
Trade receivables	-	480
Amounts owed by fellow group undertakings	2,378,173	15,133,936
Prepayments	294,411	277,063
Other debtors	53,832	-
	<u>2,726,416</u>	<u>15,411,479</u>

Amounts due from fellow group companies are repayable on demand and interest free.

16 Trade and other payables

	2022 £	2021 £
Trade payables	408,977	455,267
Amounts owed to fellow group undertakings	19,009,974	30,611,144
Other creditors	10,904	10,904
Accruals	170,588	205,116
	<u>19,600,443</u>	<u>31,282,431</u>

Amounts due to fellow group companies are unsecured, repayable on demand and interest free.

17 Loans and borrowings

	2022 £	2021 £
Unsecured borrowings at amortised cost		
Bank loans	785,833	903,962
Bank overdrafts	5,804	-
	<u>791,637</u>	<u>903,962</u>

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £	2021 £
Current liabilities	87,804	903,962
Non-current liabilities	<u>703,833</u>	<u>-</u>
	<u>791,637</u>	<u>903,962</u>

The loans incur interest at 2.75% plus SONIA per annum. The loans are secured by way of a first legal mortgage from the company over the long leasehold property at Quedgeley. This mortgage has been secured by way of cross guarantee from the company in respect of the obligations.

18 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £	2021 £
Current liabilities	309,901	334,832
Non-current liabilities	<u>263,024</u>	<u>437,421</u>
	<u>572,925</u>	<u>772,253</u>

	2022 £	2021 £
Interest on lease liabilities	<u>17,300</u>	<u>29,676</u>

Other leasing information is included in note 2.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

19 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Fixed asset temporary differences	Other timing differences	Total
	£	£	£
Deferred tax movements in current year			
Deferred tax asset at 1 October 2021	850,822	(1,110,434)	(259,612)
Credit to profit or loss	270,167	(328,669)	(58,502)
Tax transfers	-	-	-
Deferred tax (asset)/liability at 30 September 2022	<u>1,120,989</u>	<u>(1,439,103)</u>	<u>(318,114)</u>
	Fixed asset temporary differences	Other timing differences	Total
	£	£	£
Deferred tax movements in prior year			
Deferred tax asset at 1 October 2020	1,204,199	(1,080,751)	123,448
Credit to profit or loss	(476,418)	(29,683)	(506,101)
Tax transfers	<u>123,041</u>	<u>-</u>	<u>123,041</u>
Deferred tax (asset)/liability at 30 September 2021	<u>850,822</u>	<u>(1,110,434)</u>	<u>(259,612)</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 £	2021 £
Deferred tax (assets)/liabilities	<u>(318,114)</u>	<u>(259,612)</u>

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

20 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary of £0.01 each	<u>13,109,600</u>	<u>131,096</u>	<u>13,109,600</u>	<u>131,096</u>

The company's ordinary shares each carry the right to one vote at general meetings of the company and rank equally on distribution of dividends.

21 Reserves

Profit and loss reserves

The profit and loss reserves represent the cumulative profit and loss net of distributions made to owners.

Share premium

Share premium represents the excess of proceeds received over the nominal value of new shares issued.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

22 Related party transactions

FRS 101 does not require disclosure of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group. The company has taken advantage of this exemption from disclosing these transactions. The transactions below are with non wholly owned companies in the group or with related entities outside of the group.

During the year, the company received purchase invoices totalling £3,173 (2021: £3,189) from Caspian Caviar Limited, a company controlled by Mr S Shepherd, a director of Advanced Innergy Ltd. No amounts were due to Caspian Caviar Limited at the year end (2021: £Nil).

During the year, the company paid rent and service charges of £375,364 (2021: £360,511) to SADE properties, a company under the control of Mr S Shepherd, Mr A Bennion and Mr E Weeks. No amounts were due to SADE properties at the year end (2021: £Nil).

As at the year end there were amounts outstanding to AIS Korea Limited, from the company, of £94,128 (2021: £95,477). The movements in the intercompany loan account balances between the years ended 30 September 2021 and 2022, of £1,349 (30 September 2020 to 30 September 2021: £74,852) relate to intercompany invoices and the transfer of funds between AIS Korea Limited and the company.

As at the year end there were amounts outstanding to C-Ling Ltd, from the company, of £19,488 (2021: £17,343). The movements in the intercompany loan account balances between the years ended 30 September 2021 and 2022, of £2,145 (30 September 2020 to 30 September 2021: £13,843) relate to intercompany invoices.

As at the year end there were amounts outstanding to the company, from Advanced Innergy Solutions Angola Lda, of £246,000 (2021: £246,000). There were no transactions in the year (2021: £Nil).

As at the year end there were amounts outstanding to the company, from Contraflex Kazakhstan LLP, of £194,073 (2021: £192,910). The movements in the intercompany loan account balances between the years ended 30 September 2021 and 2022, of £1,163 (30 September 2020 to 30 September 2021: £9,827) relate to intercompany invoices.

As at the year end there were amounts outstanding to the company, from Advanced Innergy Solutions do Brazil Ltda, of £199,966 (2021: £130,606). The movements in the intercompany loan account balances between the years ended 30 September 2021 and 2022 of £69,360 (30 September 2020 to 30 September 2021: £25,795) relate to intercompany invoices and the transfer of funds between Advanced Innergy Solutions do Brazil Ltda and the company.

Advanced Innergy Ltd

Notes to the Financial Statements for the Year Ended 30 September 2022

23 Controlling party

The immediate parent undertaking by virtue of its controlling holding in the share capital of the company is Advanced Innergy Group Ltd.

The ultimate parent undertaking is considered by the directors to be Advanced Innergy Holdings Ltd, which is incorporated in the United Kingdom. Its registered address is Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA.

There is no ultimate controlling party.