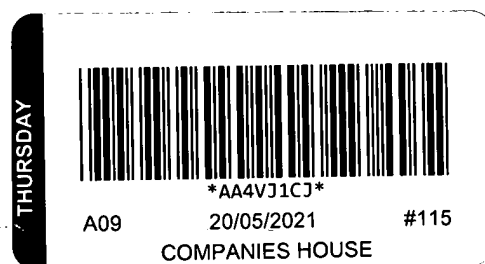


Company Registration No. 06416439 (England and Wales)

**ADVANCED INSULATION LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 SEPTEMBER 2020**



# **ADVANCED INSULATION LIMITED**

## **COMPANY INFORMATION**

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**Directors**

A D Bennion  
A M King  
S H Shepherd

**Company number**

06416439

**Registered office**

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

**Auditor**

RSM UK Audit LLP  
Chartered Accountants  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6AD

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# ADVANCED INSULATION LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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The directors present the strategic report and financial statements for the year ended 30 September 2020.

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 manufacture, supply and application of fire retardant coatings, sub-sea insulation materials and buoyancy products to the oil, gas and petrochemical industries.

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

### Review of the business

The company generated an operating loss of £2,853,921 (2019: £2,103,351 loss) with revenue of £1,597,646 (2019: £1,842,993). Management considers these to be the key performance indicators of the company.

The results in the year were impacted by the decrease in royalties received from group undertakings.

### Principal risks and uncertainties

Group sales are dependent on capital investment in the energy industry. Demand is still depressed following the protracted period of low oil price. However, there is increasing market activity presenting significant opportunities for the Group. This coupled with the introduction of new products has enabled the Group to forecast reasonable growth for future years.

Margins remain under pressure as our customers look to cut costs and competition intensifies due to the market contraction. However, the Group has been able to maintain margins at good levels due to a very successful 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 market, as well as continuing to expand our global footprint and sales to energy markets outside of oil and gas.

On behalf of the board



A D Bennion  
Director

Date: 06-05-21

# ADVANCED INSULATION LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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The directors present their annual report and financial statements for the year ended 30 September 2020.

#### **Results and dividends**

The results for the year are set out on page 7.

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

#### **Directors**

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

A D Bennion  
A M King  
S H Shepherd  
D A Williams

(Deceased 15 December 2020)

#### **Financial risk management objectives and policies**

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

##### ***Liquidity and interest rate risk***

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

The company does not undertake any hedging in this area.

##### ***Foreign currency risk***

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

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

##### ***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.

# ADVANCED INSULATION LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### Other matters included in 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.

### Covid-19

At the time of approval of these financial statements the outbreak and escalation of 'Covid-19' has given rise to additional risk and uncertainty. The directors have considered these risks and have taken steps and actions they consider appropriate to minimise the associated impact. These include and are not limited to preparation of business continuity plans, forward looking cash-flow projections and an immediate review of government backed reliefs. Regular communications have been made to staff and the company's stakeholders to minimise disruption.

The directors of Advanced Insulation Holdings Limited, ("Group") has assessed the application of the going concern assumption at a group level. As an intermediate holding 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 prepared an extensive three-year forecast, at Group level, 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 funders of the Group have also indicated they remain supportive.

The Group continues to trade satisfactorily with no significant adverse cash flow impact. The Group also has cash reserves to draw on if required.

On behalf of the board



AD Bennion

Director

Date: 06-05-21

# **ADVANCED INSULATION LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED INSULATION LIMITED**

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### **Opinion**

We have audited the financial statements of Advanced Insulation Limited (the 'company') for the year ended 30 September 2020 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of 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 2020 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**

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

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

### **Other information**

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCED INSULATION LIMITED (CONTINUED)

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### 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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

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.

### 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  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6AD

17 May 2021



# ADVANCED INSULATION LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Revenue	4	1,597,646	1,842,993
Administrative expenses		(4,483,230)	(3,971,899)
Other operating income		31,663	25,555
<b>Operating loss</b>	<b>6</b>	<b>(2,853,921)</b>	<b>(2,103,351)</b>
Income from shares in group undertakings	8	802,592	2,133,925
Other investment income	8	17	1,419
Finance costs	9	(106,645)	(83,217)
Exceptional costs	10	-	(883,398)
<b>Loss before taxation</b>		<b>(2,157,957)</b>	<b>(934,622)</b>
Tax on loss	11	514,186	106,125
<b>Loss and total comprehensive income for the financial year</b>		<b>(1,643,771)</b>	<b>(828,497)</b>

The income statement has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income for 2020 (2019: £Nil).

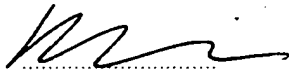
**ADVANCED INSULATION LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2020**

	Notes	2020 £	2019 £
<b>Non-current assets</b>			
Intangible assets	12	6,625,077	5,429,387
Property, plant and equipment	13	4,875,893	4,157,204
Investments	14	2,852,562	2,762,841
		<u>14,353,532</u>	<u>12,349,432</u>
<b>Current assets</b>			
Inventories		-	9,100
Trade and other receivables	16	16,121,417	17,444,138
Cash and cash equivalents		209,788	340,951
		<u>16,331,205</u>	<u>17,794,189</u>
<b>Current liabilities</b>			
Borrowings	18	659,991	450,884
Trade and other payables	17	29,067,795	27,288,663
Taxation and social security		87,714	-
Lease liabilities	19	326,081	36,350
		<u>30,141,581</u>	<u>27,775,897</u>
<b>Net current liabilities</b>		<u>(13,810,376)</u>	<u>(9,981,708)</u>
<b>Total assets less current liabilities</b>		<u>543,156</u>	<u>2,367,724</u>
<b>Non-current liabilities</b>			
Borrowings	18	461,806	1,121,796
Lease liabilities	19	707,858	-
		<u>1,169,664</u>	<u>1,121,796</u>
<b>Provisions for liabilities</b>			
Deferred tax liabilities	20	123,448	352,113
<b>Net (liabilities)/assets</b>		<u>(749,956)</u>	<u>893,815</u>

**ADVANCED INSULATION LIMITED****STATEMENT OF FINANCIAL POSITION (CONTINUED)****AS AT 30 SEPTEMBER 2020**

	Notes	2020 £	2019 £
<b>Equity</b>			
Called up share capital	21	131,096	131,096
Share premium account		795,974	795,974
Retained earnings		(1,677,026)	(33,255)
<b>Total equity</b>		<b>(749,956)</b>	<b>893,815</b>

The financial statements were approved by the board of directors and authorised for issue on 06-05-21 and are signed on its behalf by:



A D Bennion  
Director

# ADVANCED INSULATION LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital £	Share premium account £	Retained earnings £	Total £
<b>Balance at 1 October 2018</b>	131,096	795,974	795,242	1,722,312
<b>Year ended 30 September 2019:</b>				
Loss and total comprehensive income for the year	-	-	(828,497)	(828,497)
<b>Balance at 30 September 2019</b>	131,096	795,974	(33,255)	893,815
<b>Year ended 30 September 2020:</b>				
Loss and total comprehensive income for the year	-	-	(1,643,771)	(1,643,771)
<b>Balance at 30 September 2020</b>	131,096	795,974	(1,677,026)	(749,956)

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies

##### Company information

Advanced Insulation Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit E Quedgeley West Business Park, Bristol Road, Gloucester, Bristol, United Kingdom, GL2 4PA.

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

##### Accounting convention

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

In preparing these financial statements, the company applies the recognition and measurement requirements of the International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

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:-
  - Disaggregated and total revenue from contracts with customers;
  - Explanation of significant changes in contract assets and liabilities;
  - Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
  - Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised;
  - Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract;
  - 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:-
  - 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.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies (Continued)

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 Insulation Holdings Limited.

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

#### **Going concern**

The directors of Advanced Insulation Holdings Limited, ("Group") has assessed the application of the going concern assumption at a group level. As an intermediate holding 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 given consideration to the unprecedented impact of COVID-19 on the business with an immediate review of trade and plans to preserve the solvency of the business. The directors have prepared an extensive three-year forecast, at Group level, which takes into account the current market environment, as discussed in the Director's 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 Group have expressed their on-going support.

The Group continues to trade satisfactorily with no significant adverse cash flow impact. The Group 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.

Based on the forecast performance of the Group, the directors have refinanced the loan notes due for repayment by the Group in 2021, which are now due for repayment in 2023. As noted above, the loan note holders are supportive of the Group and have provided the Group directors with a letter of support for a period of not less than 12 months following the approval of the financial statements. In view of the above the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **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 INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 1 Accounting policies (Continued)

#### 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
- the project 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
-------------------	------------------------

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.

#### **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.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies (Continued)

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:

Leased property	On a straight line basis over the length of the lease
-----------------	---

#### Non-current investments

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

#### 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.



# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies (Continued)

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**

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.

#### **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.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies (Continued)

##### ***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.

##### ***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.

##### ***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 balance sheet at fair value with changes in fair value recognised in the profit or loss account.

##### ***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.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 1 Accounting policies (Continued)

#### **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 the profit or loss account, 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.

#### **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.

#### **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.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies (Continued)

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.

#### 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 profit and loss account 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 profit or loss account 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.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

##### **IFRS 16 Leases**

During the year, the company adopted IFRS 16 'Leases' (IFRS 16) for the first time. IFRS 16 replaces IAS 17 'Leases'. The company previously split leases between 'finance leases' that transferred substantially all the risks and rewards incidental to ownership of the asset to the company, and 'operating leases'.

The main change on application of IFRS 16 is the accounting for 'operating leases' where rentals payable (as adjusted for lease incentives) were previously expensed under IAS 17 on a straight-line basis over the lease term.

Under IFRS 16 a right-of-use asset and a lease liability are recognised for all leases except 'low-value' and 'short term' leases where lease payments are recognised on a straight-line basis over the lease term.

The accounting for leases previously accounted for as finance leases under IAS 17 has not changed substantially, except that residual value guarantees are recognised under IFRS 16 at amounts expected to be payable rather than the maximum amount guaranteed, as required by IAS 17.

The company has applied IFRS 16 retrospectively to all leases but has elected to recognise the cumulative effect against opening reserves at 1 October 2019. Therefore, the comparative figures are as previously reported under IAS 17. The company has applied this approach subject to the transition provisions set out below:

- For all contracts that existed prior to 1 October 2019, the group has not applied IFRS 16 to reassess whether each contract is, or contains, a lease;
- A single discount rate has been applied to portfolios of leases with similar characteristics;
- The right-of-use assets have not been assessed for impairment at 1 October 2019, but have been reduced by the amount of any onerous lease provisions at that date;
- Initial direct costs have been excluded from the measurement of the right-of-use assets; and
- Hindsight has been applied in determining the lease term for contracts that contain lease extension or termination options.

The amounts recognised for leases at 1 October 2019, have been measured as follows:

##### ***Operating leases under IAS 17, except 'low value' and 'short-term'***

The lease liability is measured at the present value of the remaining lease payments at 1 October 2019, discounted at the lessee's incremental borrowing rate at that date.

The right-of-use asset is measured at the amount of the lease liability recognised in accordance with the measurement set out above, adjusted for accrued or prepaid operating lease payments at 1 October 2019. This measurement election has been made on a 'lease-by-lease' basis.

##### ***'Low-value' leases***

When the value of the underlying asset (if new) at 1 October 2019 is \$5,000 or less, the company has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 2 Adoption of new and revised standards and changes in accounting policies (Continued)

#### 'Short-term' leases

Where the lease term ends before 30 September 2021, the company has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.

#### Finance leases under IAS 17

The carrying amounts of the lease liability and right-of-use asset at 1 October 2019 are measured under IAS 17. IFRS 16 is applied thereafter.

#### Impact of transition

The weighted average incremental borrowing rate applied to lease liabilities recognised by the company at 1 October 2019 is 2.5%.

Differences between the operating lease commitments disclosed at 30 September 2019 under IAS 17 discounted at the incremental borrowing rate at 1 October 2019 and lease liabilities recognised at 1 October 2019 are explained below:

	Leasehold land and buildings £	Total £
IAS 17 operating lease commitment at 30 September 2019	1,177,798	1,177,798
Impact of discounting	(63,208)	(63,208)
Adjustment to brought forward lease commitments	(18,688)	(18,688)
	<u>1,095,902</u>	<u>1,095,902</u>
IFRS 16 opening lease liability at 1 October 2019	<u>1,095,902</u>	<u>1,095,902</u>
Incremental borrowing rate at 1 October 2019	<u>2.50%</u>	

#### Effect of leases on financial performance:

2020

£

Depreciation charge for the year included in 'administrative expenses' for right-of-use assets:

- Leasehold land and buildings

246,435

Interest expense for the year on lease liabilities recognised in 'finance costs'

24,459

#### Effect of leases on cash flows:

Total cash outflow for leases in the year

257,580

The above impacts are in relation to operating leases on transition to IFRS 16 only.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 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.

#### 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 non-strategic 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

	2020	2019
	£	£
<b>Revenue analysed by class of business</b>		
Rendering of Services	1,597,646	1,842,993
	<u>          </u>	<u>          </u>
	2020	2019
	£	£
<b>Other revenue</b>		
Interest income	17	1,419
Dividends received	802,592	2,133,925
	<u>          </u>	<u>          </u>

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 4 Revenue (Continued)

	2020 £	2019 £
Revenue analysed by geographical market		
UK	1,313,790	1,537,709
Rest of World	283,856	305,284
	<u>1,597,646</u>	<u>1,842,993</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the years was nil (2019: nil).

### 6 Operating loss

	2020 £	2019 £
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(203)	245
Depreciation of property, plant and equipment	535,461	327,857
Amortisation of intangible assets	518,263	396,872
Reversal of impairment loss recognised on intercompany receivables	(60,143)	-
	<u></u>	<u></u>

### 7 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company and other group companies	63,000	60,000
	<u></u>	<u></u>

### 8 Investment income

	2020 £	2019 £
Interest income		
Other interest income	17	1,419
Income from fixed asset investments		
Income from shares in group undertakings	802,592	2,133,925
Total income	<u>802,609</u>	<u>2,135,344</u>



# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 9 Finance costs

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	39,650	57,357
Interest on other loans	23,245	22,494
	<u>62,895</u>	<u>79,851</u>
<b>Interest on other financial liabilities:</b>		
Interest on lease liabilities	43,750	3,366
	<u>43,750</u>	<u>3,366</u>
<b>Total interest expense</b>	<u>106,645</u>	<u>83,217</u>

### 10 Exceptional items

	2020 £	2019 £
Expected credit loss provision on transition to IFRS 9	-	(883,398)
	<u>-</u>	<u>(883,398)</u>

The directors' elected to record the adjustment arising on transition to IFRS 9 in the prior year. Adjustment arising to recognise the provision of expected credit loss are presented as exceptional costs.

### 11 Taxation

	2020 £	2019 £
<b>Current tax</b>		
Adjustments in respect of prior periods	-	840
Foreign taxes and reliefs	40,130	-
	<u>40,130</u>	<u>840</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(523,466)	(343,020)
Adjustment in respect of prior periods	(30,850)	236,055
	<u>(554,316)</u>	<u>(106,965)</u>
<b>Total tax (credit)</b>	<u>(514,186)</u>	<u>(106,125)</u>

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 11 Taxation (Continued)

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(2,157,957)	(934,622)
Expected tax credit based on a corporation tax rate of 19.00% (2019: 19.00%)	(410,012)	(177,578)
Effect of expenses not deductible in determining taxable profit	1,821	170,110
Income not taxable	(11,427)	-
Adjustment in respect of prior years	-	236,055
Group relief	1,011	-
Deferred tax adjustments in respect of prior years	(30,850)	840
Fixed asset differences	342,363	264,031
Adjustment to deferred tax rate to reconciliation rate	-	(2,118)
Deferred tax not recognised	671	-
Temporary differences not recognised in the computation	-	(595,527)
Other tax adjustments, relief and transfers	(325,651)	403,508
Remeasurement of deferred tax for changes in tax rates	37,875	-
Foreign tax credits	40,130	-
Other differences	(160,117)	(405,446)
<b>Taxation credit for the year</b>	<b>(514,186)</b>	<b>(106,125)</b>

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. These rates have been used to measure deferred tax assets and liabilities where applicable. In March 2020 the Chancellor announced that the tax rate would remain at 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 12 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 30 September 2019	7,086,457
Additions	126,293
Transfer from other group entity	1,587,660
	<u>8,800,410</u>
At 30 September 2020	8,800,410
<b>Amortisation and impairment</b>	
At 30 September 2019	1,657,070
Charge for the year	518,263
	<u>2,175,333</u>
At 30 September 2020	2,175,333
<b>Carrying amount</b>	
At 30 September 2020	<u>6,625,077</u>
At 30 September 2019	<u>5,429,387</u>

Amortisation is recorded within administrative expenses in the income statement.

### 13 Property, plant and equipment

	Leasehold land and buildings £	Fixtures and fittings £	Plant and equipment £	Total £
<b>Cost</b>				
At 30 September 2019	4,017,851	657,787	1,267,696	5,943,334
Additions	-	-	93,853	93,853
Additional 'right-of-use' assets on transition to IFRS 16	1,160,297	-	-	1,160,297
	<u>5,178,148</u>	<u>657,787</u>	<u>1,361,549</u>	<u>7,197,484</u>
At 30 September 2020	5,178,148	657,787	1,361,549	7,197,484
<b>Accumulated depreciation and impairment</b>				
At 30 September 2019	530,046	235,889	1,020,195	1,786,130
Charge for the year	354,105	65,779	115,577	535,461
	<u>884,151</u>	<u>301,668</u>	<u>1,135,772</u>	<u>2,321,591</u>
At 30 September 2020	884,151	301,668	1,135,772	2,321,591
<b>Carrying amount</b>				
At 30 September 2020	<u>4,293,997</u>	<u>356,119</u>	<u>225,777</u>	<u>4,875,893</u>
At 30 September 2019	<u>3,487,805</u>	<u>421,898</u>	<u>247,501</u>	<u>4,157,204</u>

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 13 Property, plant and equipment (Continued)

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

Right-of-use assets	2020 £	2019 £
<b>Net values</b>		
Property	913,862	-
Plant and equipment	24,463	36,694
Fixtures and fittings	126,430	152,588
	<u>1,064,755</u>	<u>189,282</u>
<b>Depreciation charge for the year</b>		
Property	246,435	-
Plant and equipment	12,231	12,231
Fixtures and fittings	26,158	26,158
	<u>284,824</u>	<u>38,389</u>

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

### 14 Investments

#### Movements in non-current investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 October 2019	2,762,841
Additions	89,721
At 30 September 2020	<u>2,852,562</u>
<b>Carrying amount</b>	
At 30 September 2020	<u>2,852,562</u>
At 30 September 2019	<u>2,762,841</u>

During the year, the wholly owned subsidiary, Advanced Insulation Malaysia SDN BHD, issued shares to the value of £89,721 to Advanced Insulation Limited.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 15 Subsidiaries

Details of the company's subsidiaries at 30 September 2020 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Nature of business
Advanced Insulation Systems Limited	(a)	100.00	Manufacturing
Advanced Insulation Contracting Limited	(a)	100.00	Manufacturing
AIS Asset Holdings Limited	(d)	100.00	Manufacturing
Manuplas Limited	(a)	100.00	Manufacturing
Covetherm Limited	(a)	90.00	Manufacturing
Advanced Innergy Solutions Limited (formerly Advanced PFP Services Limited)	(a)	100.00	Manufacturing
C-Ling Limited	(a)	75.00	Manufacturing
Advanced Insulation Systems do Brazil Ltda	(b)	99.50	Manufacturing
Contraflex Kazakhstan LLP	(c)	50.00	Manufacturing
AIS FZE	(d)	100.00	Manufacturing
Advanced Insulation Korea Limited	(e)	75.00	Manufacturing
AI Systems Inc	(f)	100.00	Manufacturing
Advanced Insulation Services Angola Lda	(g)	49.00	Manufacturing
Advanced Insulation Systems Canada Limited	(h)	100.00	Manufacturing
Advanced Insulation Norway AS	(i)	100.00	Manufacturing
Advanced Insulation Malaysia SDN BHD	(j)	100.00	Manufacturing
Contraflex Italy SRL	(k)	100.00	Manufacturing
AIS Bardot	(l)	100.00	Outsourcing
Bardot Ventures	(m)	100.00	Dormant

The registered addresses of the undertaking are noted below:

- (a) Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA
- (b) Rodovia SP 107, km 29 – Borda da Mata, Jaguariúna – SP, Caixa Postal 255, 13919-899, Brasil
- (c) 184/1 Iksanova Street, Aksai, Burlinskiy Region, West Kazakhstan Oblast
- (d) PO Box 18512, Jebel Ali Free Zone, Dubai, UAE
- (e) 255 JangPyeong-Ro, Saha-Gu, Busan, South Korea
- (f) 237 Burgess Drive, Broussard, LA 70518
- (g) Rua Direita do Gamek, N26 Base Kubics, Largo Corimba-Samba, Luanda, Angola
- (h) 121 Germain Street, Saint John, NB, E2L 2E9, Canada
- (i) Postboks 1665 Vika Oslo 0120
- (j) B-11-10, Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450, Kuala Lumpur, Malaysia
- (k) Via Ettore De Sonnaz, 19, 10121 Torino, Italy
- (l) 375 avenue du Mistral, Bât C, ZI Athélia 4, 13600 La Ciotat, France
- (m) No registered office (not required under Brazilian laws)

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

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 16 Trade and other receivables

	2020 £	2019 £
Trade receivables	480	-
VAT recoverable	-	54,978
Amounts owed by fellow group undertakings	15,967,505	17,145,593
Prepayments	153,432	243,567
	<u>16,121,417</u>	<u>17,444,138</u>

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

### 17 Trade and other payables

	2020 £	2019 £
Trade payables	429,742	445,175
Amounts owed to fellow group undertakings	28,555,445	26,797,621
Accruals	82,608	45,867
	<u>29,067,795</u>	<u>27,288,663</u>

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

### 18 Borrowings

	2020 £	2019 £
<b>Unsecured borrowings at amortised cost</b>		
Bank loans	<u>1,121,797</u>	<u>1,572,680</u>

#### 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:

	2020 £	2019 £
Current liabilities	659,991	450,884
Non-current liabilities	<u>461,806</u>	<u>1,121,796</u>
	<u>1,121,797</u>	<u>1,572,680</u>

The loans incur interest at 2.5% plus LIBOR 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.

# ADVANCED INSULATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 19 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:

	2020 £	2019 £
Current liabilities	326,081	36,350
Non-current liabilities	707,858	-
	<u>1,033,939</u>	<u>36,350</u>
Interest on lease liabilities	43,750	3,366

Other leasing information is included in note 23 and note 2.

### 20 Deferred taxation

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 liability at 1 October 2018	98,045	-	98,045
<b>Deferred tax movements in prior year</b>			
Credit to profit or loss	476,997	(583,962)	(106,965)
Transfer to Advanced Insulation Systems Limited	361,033	-	361,033
Deferred tax liability at 1 October 2019	<u>936,075</u>	<u>(583,962)</u>	<u>352,113</u>
<b>Deferred tax movements in current year</b>			
Credit to profit or loss	(57,527)	(496,789)	(554,316)
Transfer to Advanced Insulation Systems Limited	325,651	-	325,651
Deferred tax liability at 30 September 2020	<u>1,204,199</u>	<u>(1,080,751)</u>	<u>123,448</u>