

Registration number 3044131

**THE CAVITY INSULATION GUARANTEE AGENCY  
COMPANY LIMITED BY GUARANTEE**

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 30TH APRIL 2011**

TUESDAY



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**THE CAVITY INSULATION GUARANTEE AGENCY  
COMPANY LIMITED BY GUARANTEE**

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**INDEPENDENT AUDITORS' REPORT TO THE CAVITY INSULATION GUARANTEE AGENCY,  
LIMITED BY GUARANTEE, UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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We have examined the abbreviated accounts set out on pages 2 to 6 together with the financial statements of The Cavity Insulation Guarantee Agency for the year ended 30th April 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and the auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with those provisions.

**Kevin Myers (senior statutory auditor)  
FOR AND ON BEHALF OF HARDCASTLE BURTON (REDBOURN) LIMITED  
CHARTERED ACCOUNTANTS AND  
STATUTORY AUDITORS**

**The Priory  
High Street  
Redbourn  
Herts  
AL3 7LZ**

**Date: 19th January 2012**

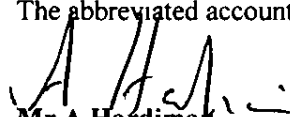
**THE CAVITY INSULATION GUARANTEE AGENCY  
COMPANY LIMITED BY GUARANTEE**

**ABBREVIATED BALANCE SHEET  
AS AT 30TH APRIL 2011**

	Notes	£	2011 £	£	2010 £
<b>ASSETS</b>					
<b>Fixed assets</b>					
Tangible assets	4		595,461		571,840
<b>Current assets</b>					
Stocks		3,000		3,000	
Debtors					
falling due after more than one year		12,336		24,667	
falling due within one year		466,360		291,536	
Cash at bank and in hand		12,339,179		11,339,904	
			12,820,875		11,659,107
<b>TOTAL ASSETS</b>			<u>13,416,336</u>		<u>12,230,947</u>
<b>LIABILITIES</b>					
Reserves			-		-
Creditors amounts falling due within one year			520,024		394,256
Technical provisions			2,810,635		2,668,975
Deferred guarantee income			10,085,677		9,167,716
<b>TOTAL LIABILITIES</b>			<u>13,416,336</u>		<u>12,230,947</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008) relating to small companies

The abbreviated accounts were approved by the Board on 19th January 2012 and signed on its behalf by

  
Mr A Hardiman  
Chairman

Registration number 3044131

The notes on pages 3 to 6 form an integral part of these financial statements.

**THE CAVITY INSULATION GUARANTEE AGENCY  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH APRIL 2011**

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**1 1 Accounting policies**

**1.1. Accounting convention**

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

**1.2. Change of format of financial statements**

The Council of Management has reviewed the presentation of the accounts, and considers it appropriate to amend the format to more fully explain the accounting policies that are in place. This has necessitated introducing separate technical provisions for deferred income, unexpired risk and notified claims, which together represent the aggregate reserves available to the Agency to meet Guarantee claims.

This compares with the previous presentation based on the inclusion of a single "Guarantee Reserve" to clearly represent the resources available to meet future Guarantee claims over the 25 year Guarantee period. Comparative figures have therefore been adjusted accordingly and the notes to the accounts re-worded for clarity.

**1.3. Turnover**

Turnover is stated after allocating part of the guarantee fee received from the installer on the completion of each cavity wall insulation to deferred income. This deferred income is re-allocated to Turnover in equal annual instalments over the 25 year period of the CIGA guarantee.

**1.4. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	No depreciation is charged
Fixtures, fittings and equipment	-	25% per annum of net book value
Motor vehicles	-	25% straight line

The Council of Members consider that the estimated residual value of freehold buildings at the end of their expected life to be at least equal to the acquisition cost of the buildings. The company maintains its premises to a standard at which it is unlikely that the residual value will fall below this cost value or that a situation will arise where the buildings would become obsolete or otherwise unfit for the Company's purpose. The Council Members do not consider it currently necessary to provide depreciation, though this policy will be reviewed on an annual basis.

**1.5. Stock**

Stock is valued at the lower of cost and net realisable value.

**THE CAVITY INSULATION GUARANTEE AGENCY  
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**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH APRIL 2011**

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**1.6. Pensions**

The pension costs charged in the financial statements represent the contribution payable by the company during the year

**1.7. Deferred taxation**

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

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

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

**THE CAVITY INSULATION GUARANTEE AGENCY  
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**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS  
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**2 Adequacy of Guarantee Funds**

The principal activity of the company is to provide a uniform and dependable independent guarantee for the cavity insulation industry. The Council of Management's primary objective is to review on an annual basis that the Company will have sufficient resources to ensure that guarantee claims, both notified to it at the year end and those that may arise in the future can be met as they fall due.

In doing so it considers the sum of the deferred income reserve (see 2a), the provision for notified claims (see 2b) and the provision for unexpired risk (see 2c) to assess whether this overall "guarantee reserve" is sufficient to meet the claims that are likely to arise based on current projections of claim rates over the unexpired guarantee period and the anticipated expenditure on settling claims as adjusted for anticipated inflation.

**2a Deferred income**

In order to accumulate guarantee funds the company allocates part of the guarantee fee received from the installer on the completion of each cavity wall insulation to deferred income. This deferred income is allocated to the profit and loss in equal annual instalments over the 25 year period of the CIGA guarantee commensurate with the expected incidence of claims. In reaching its assessment of the pattern of claims the Company makes reference to past experience. The deferred income represents the proportion of the guarantee fee issued in the year and in previous years that relate to the unexpired risk period of the guarantees in issue.

**2b Provision for notified claims**

A provision is made in respect of all claims notified to the Company by guarantee holders as at the year end date. In estimating the cost of notified but not settled claims, the Council of Management has regard to the claim circumstances as reported and the cost of settling claims with similar characteristics in previous periods.

**2c Provision for unexpired risk**

An unexpired risk provision is made where the estimated cost of claims and related expenses exceed the unearned fee, after taking account of future investment income and cost inflation.

An assessment is made at the year-end for the estimated cost of claims which may arise during the unexpired period of each guarantee in force at the balance sheet date.

The provisions are inevitably subject to inherent uncertainties because of the range of factors which could give rise to potential claims over the 25 year guarantee period. The time expected to elapse between the inception of the guarantee, the manifestation of events giving rise to claims, and the notification to and settlement by the Company of such claims accentuate these uncertainties.

**2d Guarantee claims paid**

Guarantee claims incurred comprise claims and related expenses paid in the year and changes in the provision for outstanding claims notified but not settled at the year end date and the provision for unexpired risk on guarantee claims in issue.

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**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH APRIL 2011**

**4 Members liability**

The liability of each member is limited to a contribution of £1 in the event of the company being wound up while he is a member, or within one year after he ceases to be a member, towards the payment of debts and liabilities of the company contracted before he ceased to be a member. At 30th April 2011 there were 192 members (30th April 2010 200)

<b>4. Fixed assets</b>	<b>Tangible fixed assets £</b>
<b>Cost</b>	
At 1st May 2010	636,208
Additions	64,670
Disposals	(16,800)
At 30th April 2011	684,078
<b>Depreciation</b>	
At 1st May 2010	64,368
On disposals	(12,600)
Charge for year	36,849
At 30th April 2011	88,617
<b>Net book values</b>	
At 30th April 2011	595,461
At 30th April 2010	571,840