

COMPANY REGISTRATION NUMBER 04267316

ADVANCE INTEGRATED SYSTEMS PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2008

GIBSON BOOTH
Chartered Accountants & Registered Auditor
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ



ADVANCE INTEGRATED SYSTEMS PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

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ADVANCE INTEGRATED SYSTEMS PLC

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

Mr A A N Inkster
Mr S B McCay
Mr S A Earing

REGISTERED OFFICE

Unit 1, Viaduct Works
New Street
Slaithwaite
Huddersfield
HD7 5BG

AUDITOR

Gibson Booth
Chartered Accountants
& Registered Auditor
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

BANKERS

HSBC Plc
2 Market Street
Bury
Lancashire
BL9 0AN

SOLICITORS

Elmhurst Parker LLP
13 Finkle Street
Selby
YO8 0DT

ADVANCE INTEGRATED SYSTEMS PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2008

The directors present their report and the financial statements of the group for the year ended 31 December 2008

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the supply of fire and security equipment

The group experienced a successful first seven months of trading, thereafter, as a result of the downturn in the world economic climate, it suffered from lack of sales in the last five months of the year. Unfortunately the overhead could not be reduced appropriately at the same time.

The group reduced its activities in 2009, closing its subsidiary and making drastic overhead reductions. The overall consequence is a small loss for 2009 and a return to substantial profits for 2010 reducing the group's liabilities.

Partnership Investment Finance have indicated that they have agreed to suspend capital repayments of the outstanding loan.

RESULTS AND DIVIDENDS

The loss for the year amounted to £318,803. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors do not operate any policies with regard to the hedging of transactions as such techniques are felt inappropriate to the company's business structure.

As the company is currently experiencing rapid expansion it recognises its exposure to both liquidity and cash flow issues and as such has taken steps to reduce the risk by obtaining the services of a debt factoring organisation. The directors do not feel that the company is in any material way exposed to price risk issues.

DIRECTORS

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

Mr A A N Inkster

Mr S B McCay

Mr S A Earing

(Appointed 4 February 2008)

Mrs S Inkster

(Resigned 14 October 2008)

Mr A Russell

(Resigned 12 August 2008)

Mr N Hughes

(Served from 4 February 2008 to 30 October 2008)

Mr S Earing resigned as a director on 25 February 2009.

POLICY ON THE PAYMENT OF CREDITORS

The company's current policy concerning the payment of trade creditors is to agree terms and conditions for its transactions with suppliers and to abide by those terms, subject to those terms and conditions being met by the supplier. At 31 December 2008 trade creditors of the company represented 85 days of purchases.

AUDITOR

Gibson Booth are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office
Unit 1, Viaduct Works
New Street
Slaithwaite
Huddersfield
HD7 5BG

Signed on behalf of the directors



MR A A N INKSTER
Director

Approved by the directors on 21.6.10

ADVANCE INTEGRATED SYSTEMS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2008

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

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

ADVANCE INTEGRATED SYSTEMS PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCE INTEGRATED SYSTEMS PLC

YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of Advance Integrated Systems plc for the year ended 31 December 2008 on pages 6 to 21 which have been prepared on the basis of the accounting policies set out on pages 10 to 11

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ADVANCE INTEGRATED SYSTEMS PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCE INTEGRATED SYSTEMS PLC *(continued)*

YEAR ENDED 31 DECEMBER 2008

OPINION ON FINANCIAL STATEMENTS ARISING FROM LIMITATION OF SCOPE

With respect to stock having a carrying amount of £195,899 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 December 2008. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures.

Although the unaudited management accounts indicate profitable trading from 1 January 2010 to date and cash flow forecasts indicate the ability to trade profitably to 31 December 2010, the audit evidence available to us was limited because the directors of the company have prepared cash flow forecasts and other information needed for the assessment of the appropriateness of the going concern basis of preparation of the financial statements for a period of only seven months from the date of approval of these financial statements. We consider that the directors have not taken adequate steps to satisfy themselves that it is appropriate for them to adopt the going concern basis because the circumstances of the company and the nature of the business require that such information be prepared, and reviewed by the directors and ourselves, for a period of at least twelve months from the date of approval of the financial statements. Had this information been available to us we might have formed a different opinion on the financial statements.

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to physical stock quantities and except for the financial effects of any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the appropriateness of the going concern basis of preparation of the financial statements, in our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the loss of the group for the year then ended,

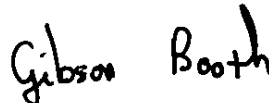
the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In respect of the limitation on our work relating to stock and the assessment of the appropriateness of the going concern basis of preparation of the financial statements, described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

In respect solely of the limitation on our work relating to stock, described above, we were unable to determine whether adequate accounting records had been kept.



GIBSON BOOTH
Chartered Accountants
& Registered Auditor

New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

21.6.10

ADVANCE INTEGRATED SYSTEMS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	£	2007 £	£
TURNOVER					
Continuing operations		3,244,438		1,243,352	
Discontinued operations		<u>429,773</u>		<u>326,957</u>	
Group Turnover			3,674,211		1,570,309
Cost of sales	2		<u>(2,267,466)</u>		<u>(1,086,629)</u>
GROSS PROFIT			1,406,745		483,680
Net operating expenses	2		<u>(1,666,670)</u>		<u>(1,154,681)</u>
OPERATING LOSS	3				
Continuing operations		(147,337)		(678,078)	
Discontinued operations		<u>(112,588)</u>		<u>7,077</u>	
GROUP OPERATING LOSS			(259,925)		(671,001)
Interest receivable			–		96
Interest payable and similar charges	6		<u>(58,878)</u>		<u>(51,669)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(318,803)		(722,574)
Tax on loss on ordinary activities	7		–		26,035
LOSS FOR THE FINANCIAL YEAR		8	<u>(318,803)</u>		<u>(696,539)</u>

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

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account

The notes on pages 10 to 21 form part of these financial statements.

ADVANCE INTEGRATED SYSTEMS PLC

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £	£	2007 £	£
FIXED ASSETS					
Intangible assets	9		203,167		182,563
Tangible assets	10		75,821		61,242
			<u>278,988</u>		<u>243,805</u>
CURRENT ASSETS					
Stocks	12	207,899		149,773	
Debtors	13	832,339		910,196	
		<u>1,040,238</u>		<u>1,059,969</u>	
CREDITORS Amounts falling due within one year	14	1,767,598		1,440,287	
NET CURRENT LIABILITIES			(727,360)		(380,318)
TOTAL ASSETS LESS CURRENT LIABILITIES			(448,372)		(136,513)
CREDITORS Amounts falling due after more than one year	15		284,722		277,778
			<u>(733,094)</u>		<u>(414,291)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	21		66,667		66,667
Profit and loss account	22		(799,761)		(480,958)
DEFICIT	23		<u>(733,094)</u>		<u>(414,291)</u>

These financial statements were approved by the directors and authorised for issue on 21/06/2010, and are signed on their behalf by

MR A A N INKSTER

The notes on pages 10 to 21 form part of these financial statements

ADVANCE INTEGRATED SYSTEMS PLC

COMPANY BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £	£	2007 £	£
FIXED ASSETS					
Intangible assets	9		203,167		150,656
Tangible assets	10		75,821		57,827
Investments	11		—		1,000
			<u>278,988</u>		<u>209,483</u>
CURRENT ASSETS					
Stocks	12	207,899		137,773	
Debtors	13	789,467		808,780	
		<u>997,366</u>		<u>946,553</u>	
CREDITORS Amounts falling due within one year	14	<u>1,642,150</u>		<u>1,297,318</u>	
NET CURRENT LIABILITIES			<u>(644,784)</u>		<u>(350,765)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(365,796)</u>		<u>(141,282)</u>
CREDITORS Amounts falling due after more than one year	15		<u>284,722</u>		<u>277,778</u>
			<u>(650,518)</u>		<u>(419,060)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	21		66,667		66,667
Profit and loss account	22		<u>(717,185)</u>		<u>(485,727)</u>
DEFICIT			<u>(650,518)</u>		<u>(419,060)</u>

These financial statements were approved by the directors and authorised for issue on 21/06/2010, and are signed on their behalf by

MR A A NINKSTER

Company Registration Number 04267316

The notes on pages 10 to 21 form part of these financial statements

ADVANCE INTEGRATED SYSTEMS PLC
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	£	2007 £	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	24		230,970		(129,320)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		—		96	
Interest paid		<u>(58,878)</u>		<u>(51,669)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(58,878)		(51,573)
TAXATION			—		(21,432)
CAPITAL EXPENDITURE					
Payments to acquire intangible fixed assets		(83,344)		(192,611)	
Payments to acquire tangible fixed assets		<u>(38,314)</u>		<u>(40,469)</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(121,658)		(233,080)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			50,434		(435,405)
FINANCING					
Issue of equity share capital		—		16,667	
New debenture loans		—		333,333	
Repayment of debenture loans		<u>(48,611)</u>		<u>—</u>	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING			(48,611)		350,000
INCREASE/(DECREASE) IN CASH	25		<u>1,823</u>		<u>(85,405)</u>

The notes on pages 10 to 21 form part of these financial statements

ADVANCE INTEGRATED SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES

Basis of accounting

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

The directors are confident that the results since the year end and the financial forecasts show that the company will be able to continue trading for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. Acquisitions are accounted for under the acquisition method. The results of companies acquired are included in the consolidated profit and loss account after the date that control passes. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

In relation to contracts undertaken by the company which have an expected duration of over one year or where activity falls into two separate accounting periods, turnover is calculated on each individual contract based on the percentage completion of the contract at the year end. Attributable profit is also taken based on the percentage completion of individual contracts except for loss making contracts where the full loss is taken as soon as it is foreseen.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Amortisation

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

Goodwill	-	10% straight line
Development costs	-	20% to 50% straight line

Depreciation

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

Leasehold improvements	-	over remaining life of the lease
Plant & equipment	-	25% reducing balance
Fixtures & fittings	-	25% reducing balance
Motor vehicles	-	25% reducing balance

Stocks

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

Operating lease agreements

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

Pension costs

Pension scheme contributions represent payments to personal pension schemes and are charged to the profit and loss account as they become payable.

ADVANCE INTEGRATED SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES (continued)

Deferred taxation

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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	Continuing operations £	Discontinued operations £	Total £
YEAR ENDED 31 DECEMBER 2008			
Cost of sales	<u>1,875,406</u>	<u>392,060</u>	<u>2,267,466</u>
Administrative expenses	<u>1,516,369</u>	<u>150,301</u>	<u>1,666,670</u>
Net operating expenses	<u>1,516,369</u>	<u>150,301</u>	<u>1,666,670</u>

ADVANCE INTEGRATED SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

2 ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES
(continued)

	Continuing operations £	Discontinued operations £	Total £
YEAR ENDED 31 DECEMBER 2007			
Turnover	1,243,352	326,957	1,570,309
Cost of sales	838,476	248,153	1,086,629
Gross profit	404,876	78,804	483,680
Administrative expenses	1,082,954	71,727	1,154,681
Net operating expenses	1,082,954	71,727	1,154,681
Operating (loss)/profit	(678,078)	7,077	(671,001)

3 OPERATING LOSS

Operating loss is stated after charging

	2008 £	2007 £
Amortisation	62,740	10,048
Depreciation	20,799	15,984
Loss on disposal of fixed assets	2,936	298
Auditors' remuneration		
- as auditors	10,350	10,000
Operating lease costs		
- land and buildings	25,350	17,071
- vehicles	72,763	24,478
Provision for exceptional doubtful debts	—	238,979
Exceptional costs of raising finance	—	33,717

4 PARTICULARS OF EMPLOYEES

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

	2008 No	2007 No
Production	35	17
Administration	2	2
Management	4	4
	41	23

The aggregate payroll costs of the above were

	2008 £	2007 £
Wages and salaries	1,223,947	625,741
Social security costs	117,936	60,326
Other pension costs	32,639	30,096
	1,374,522	716,163

ADVANCE INTEGRATED SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

5 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2008 £	2007 £
Emoluments receivable	208,168	169,164
Pension contributions to money purchase schemes	32,639	30,096
	<u>240,807</u>	<u>199,260</u>

There are three directors (2007 - three) accruing benefits under money purchase pension schemes

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Interest payable on bank borrowing	11,501	4,932
Other similar charges payable	47,377	46,737
	<u>58,878</u>	<u>51,669</u>

7 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008 £	£	2007 £	£
UK Corporation tax based on the results for the year at 20.75% (2007 - 19.75%)		-		(24,272)
Under provision in prior year		-		1,006
Total current tax		-		(23,266)
Decrease in deferred tax provision				
Capital allowances	5,197		1,713	
Losses	(5,197)		(4,482)	
Total deferred tax (note 16)		-		(2,769)
Tax on loss on ordinary activities		-		(26,035)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20.75% (2007 - 19.75%)

	2008 £	2007 £
Loss on ordinary activities before taxation	<u>(318,803)</u>	<u>(722,574)</u>
(Loss)/profit on ordinary activities by rate of tax	(96,704)	(142,696)
Items disallowable for tax purposes	(3,890)	6,419
Capital allowances in excess of depreciation	(3,743)	(1,743)
Under provision in prior year	-	1,006
Losses carried forward	104,337	113,748
Total current tax (note 7(a))	<u>-</u>	<u>(23,266)</u>

8 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £(231,458) (2007 - £(701,308))

ADVANCE INTEGRATED SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

9 INTANGIBLE FIXED ASSETS

Group	Goodwill £	Development Costs £	Total £
COST			
At 1 January 2008	120,011	72,600	192,611
Additions	—	83,344	83,344
At 31 December 2008	120,011	155,944	275,955
AMORTISATION			
At 1 January 2008	2,648	7,400	10,048
Charge for the year	40,497	22,243	62,740
At 31 December 2008	43,145	29,643	72,788
NET BOOK VALUE			
At 31 December 2008	76,866	126,301	203,167
At 31 December 2007	117,363	65,200	182,563
Company			
COST			
At 1 January 2008	85,903	72,600	158,503
Additions	—	83,344	83,344
At 31 December 2008	85,903	155,944	241,847
AMORTISATION			
At 1 January 2008	447	7,400	7,847
Charge for the year	8,590	22,243	30,833
At 31 December 2008	9,037	29,643	38,680
NET BOOK VALUE			
At 31 December 2008	76,866	126,301	203,167
At 31 December 2007	85,456	65,200	150,656

Goodwill with a net book value of £31,907 that arose on the acquisition of the assets of Armatan Ventura Limited (formerly Helmbalm Limited) by Helmbalm Limited has been fully written down in the year as the company ceased trading on 1 December 2008 and has made significant losses

Goodwill on the acquisition of the assets of Hills Electrical & Mechanical plc is being amortised over a period of ten years as the directors expect this to be the period over which the company will benefit from the goodwill

ADVANCE INTEGRATED SYSTEMS PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

10 TANGIBLE FIXED ASSETS

Group	Leasehold Improvements £	Plant & Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 January 2008	6,679	44,402	24,784	12,891	88,756
Additions	17,264	1,160	20,369	–	38,793
Disposals	–	(562)	–	(3,500)	(4,062)
At 31 December 2008	23,943	45,000	45,153	9,391	123,487
DEPRECIATION					
At 1 January 2008	1,419	13,495	8,315	4,285	27,514
Charge for the year	4,162	7,849	7,370	1,418	20,799
On disposals	–	(83)	–	(564)	(647)
At 31 December 2008	5,581	21,261	15,685	5,139	47,666
NET BOOK VALUE					
At 31 December 2008	18,362	23,739	29,468	4,252	75,821
At 31 December 2007	5,260	30,907	16,469	8,606	61,242
Company	Leasehold Improvements £	Plant & Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 January 2008	6,679	43,840	24,784	9,391	84,694
Additions	17,264	1,160	20,369	–	38,793
At 31 December 2008	23,943	45,000	45,153	9,391	123,487
DEPRECIATION					
At 1 January 2008	1,419	13,412	8,315	3,721	26,867
Charge for the year	4,162	7,849	7,370	1,418	20,799
At 31 December 2008	5,581	21,261	15,685	5,139	47,666
NET BOOK VALUE					
At 31 December 2008	18,362	23,739	29,468	4,252	75,821
At 31 December 2007	5,260	30,428	16,469	5,670	57,827

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11 INVESTMENTS

Company	Group companies £
COST	
At 1 January 2008 and 31 December 2008	<u>1,000</u>
AMOUNTS WRITTEN OFF	
Written off in year	<u>1,000</u>
At 31 December 2008	<u>1,000</u>
NET BOOK VALUE	
At 31 December 2008	<u>-</u>
At 31 December 2007	<u>1,000</u>

At the year end the company owned the entire issued share capital of Helmbalm Limited. The principal activity of Helmbalm Limited was electrical contracting until it ceased trading on 1 December 2008.

12 STOCKS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Raw materials	<u>207,899</u>	<u>149,773</u>	<u>207,899</u>	<u>137,773</u>

13 DEBTORS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	251,752	366,877	233,878	288,345
Amounts recoverable on contracts	569,777	507,303	544,779	493,493
Other debtors	2,083	1,016	2,083	1,016
Prepayments and accrued income	<u>8,727</u>	<u>35,000</u>	<u>8,727</u>	<u>25,926</u>
	<u>832,339</u>	<u>910,196</u>	<u>789,467</u>	<u>808,780</u>

All debtors are repayable within one year of the balance sheet date.

At the period end the amount of factored debts outstanding was £297,053 (2007 - £326,357).

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14 CREDITORS Amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Factoring advance	198,427	231,064	177,797	191,290
Debenture loans	–	55,555	–	55,555
Bank overdrafts	111,328	113,151	96,321	97,747
Trade creditors	788,428	605,509	755,710	589,950
Amounts owed to group undertakings	–	–	–	2,689
Directors' loan accounts	216,798	57,185	217,226	57,185
PAYE and social security	218,585	201,403	165,099	177,339
VAT	189,413	98,126	189,413	53,270
Accruals and deferred income	44,619	78,294	40,584	72,293
	<u>1,767,598</u>	<u>1,440,287</u>	<u>1,642,150</u>	<u>1,297,318</u>

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

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Debenture loans	–	55,555	–	55,555
Bank overdrafts	111,328	113,151	96,321	97,747
Factoring advance	198,427	231,064	177,797	191,290
	<u>309,755</u>	<u>399,770</u>	<u>274,118</u>	<u>344,592</u>

Factoring advances of are secured on the outstanding factored debts

The bank overdraft facility and the debenture loan are both secured by a fixed and floating charge over all the assets of the group with the security on the bank overdraft facility ranking ahead of the security for the debenture loan

15 CREDITORS Amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Debenture loans	<u>284,722</u>	<u>277,778</u>	<u>284,722</u>	<u>277,778</u>

The debenture loan attracts interest at 10% and is repayable by monthly instalments over a period of five years with an initial 12 month capital repayment holiday, however a further capital repayment holiday has been taken from December 2008

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

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Debenture loans	<u>284,722</u>	<u>277,778</u>	<u>284,722</u>	<u>277,778</u>

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16 DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Provision brought forward	-	2,769	-	2,769
Decrease in provision	-	(2,769)	-	(2,769)
Provision carried forward	-	-	-	-

The elements of the group's deferred taxation, which result in a nil balance at the end of the year, together with details of other amounts not provided for, are as follows

Group	2008		2007	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Tax losses available	9,679	-	4,482	-
	(9,679)	-	(4,482)	-
	-	-	-	-

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Tax losses available	9,679	4,482	9,679	4,482
	(9,679)	(4,482)	(9,679)	(4,482)
	-	-	-	-

17 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the group had annual commitments under non-cancellable operating leases as set out below

Group	2008		2007	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire				
Within 1 year	-	5,418	-	9,230
Within 2 to 5 years	20,844	65,604	41,688	17,850
	20,844	71,022	41,688	27,080

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17 COMMITMENTS UNDER OPERATING LEASES (continued)

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below

Company	2008		2007	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	-	5,418	-	9,230
Within 2 to 5 years	20,844	65,604	41,688	17,850
	<u>20,844</u>	<u>71,022</u>	<u>41,688</u>	<u>27,080</u>

18 CONTINGENCIES

The company and its subsidiary, Helmbalm Limited, have given their bankers a multilateral guarantee which is secured by a fixed and floating charge over all present and future assets and undertakings of the companies. At the year end the maximum liability under this guarantee was £14,747.

19 TRANSACTIONS WITH THE DIRECTORS

Mr A A N Inkster and Mr S B McCay have provided the company's bankers with a combined personal guarantee of £100,000.

20. RELATED PARTY TRANSACTIONS

The company was under the control of Mr A A N Inkster throughout the year.

During the year the company was invoiced £41,994 by Ashdene Design Limited, a company controlled by Mr S B McCay.

The company has taken advantage of the exemption under Financial Reporting Standard 8 Related Party Disclosures from disclosing transactions with other group companies.

21 SHARE CAPITAL

Authorised share capital

	2008 £	2007 £
50,000 Ordinary shares of £1 each	50,000	50,000
16,667 Preferred ordinary shares of £1 each	16,667	16,667
	<u>66,667</u>	<u>66,667</u>

Allotted, called up and fully paid

	2008		2007	
	No	£	No	£
50,000 Ordinary shares of £1 each	50,000	50,000	50,000	50,000
16,667 Preferred ordinary shares of £1 each	16,667	16,667	16,667	16,667
	<u>66,667</u>	<u>66,667</u>	<u>66,667</u>	<u>66,667</u>

The preferred ordinary shares are convertible at par into £1 ordinary shares at the option of the shareholder.

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22 RESERVES

Group	Profit and loss account £
Balance brought forward	(480,958)
Loss for the year	(318,803)
Balance carried forward	<u>(799,761)</u>
Company	Profit and loss account £
Balance brought forward	(485,727)
Loss for the year	(231,458)
Balance carried forward	<u>(717,185)</u>

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Loss for the financial year	(318,803)	(696,539)
New ordinary share capital subscribed	—	16,667
Net reduction to shareholders' (deficit)/funds	<u>(318,803)</u>	<u>(679,872)</u>
Opening shareholders' (deficit)/funds	(414,291)	265,581
Closing shareholders' deficit	<u>(733,094)</u>	<u>(414,291)</u>

24 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating loss	(259,925)	(671,001)
Amortisation	62,740	10,048
Depreciation	20,799	15,984
Loss on disposal of fixed assets	2,936	298
(Increase)/decrease in stocks	(58,126)	8,528
Decrease in debtors	78,336	395,095
Increase in creditors	384,210	111,728
Net cash inflow/(outflow) from operating activities	<u>230,970</u>	<u>(129,320)</u>

25 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008 £	2007 £
Increase/(decrease) in cash in the period	1,823	(85,405)
Net cash outflow from/(inflow) from debenture loans	<u>48,611</u>	<u>(333,333)</u>
	50,434	(418,738)
Change in net debt	50,434	(418,738)
Net debt at 1 January 2008	(446,484)	(27,746)
Net debt at 31 December 2008	<u>(396,050)</u>	<u>(446,484)</u>

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26 ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2008 £	Cash flows £	At 31 Dec 2008 £
Net cash			
Overdrafts	(113,151)	1,823	(111,328)
Debt			
Debt due within 1 year	(55,555)	55,555	—
Debt due after 1 year	(277,778)	(6,944)	(284,722)
	(333,333)	48,611	(284,722)
Net debt	(446,484)	50,434	(396,050)