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Registration number: 08848797

Advanced Insulation Group Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2018



Advanced Insulation Group Limited

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Advanced Insulation Group Limited

Company Information

Directors	A D Bennion A M King S H Shepherd D A Williams M J Blake
Company secretary	A D Bennion
Registered number	08848797
Registered office	Unit E Quedgeley West Business Park Bristol Road Gloucester GL2 4PA
Auditors	Grant Thornton UK LLP 2 Glass Wharf Bristol BS2 0EL
Solicitors	DAC Beachcroft LLP Portwall Place Portwall Lane Bristol BS1 6NA

Advanced Insulation Group Limited

Strategic Report for the Year Ended 30 September 2018

The directors present their strategic report for the year ended 30 September 2018.

The company was established in the financial year ending 30 September 2014 as part of an overall group reconstruction and is an intermediate holding company responsible for the overall management of the group.

The group's principal activities are the manufacture and supply of fire retardant coatings, sub-sea insulation and buoyancy and marine products.

Business review

The company made (loss)/profit before tax of (£1,391,590) (2017 - £3,315,806).

During the year, dividends of £Nil (2017 - £2,000,000) were declared.

Principal risks and uncertainties

Group sales are dependent on capital investment in the oil and gas industry. The effect of a low oil price is still evident in the marketplace but increasing market activity has enabled the Group to forecast modest growth in sales and profits for the coming year. The majority of future growth is driven by new products which are currently being introduced to the market.

Margins remain under pressure as our customers look to cut costs and competition intensifies due to the market contraction. It is expected that the Group will deliver a reduced margin in the coming period compared with the current year as it works to deliver customer expectations and defend its market share.

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 and in keeping the Group at the forefront of its technologies.

Financial risk management objectives and policies

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

Credit risk

The company is subject to the risk of financial loss if a customer fails to meet its contractual obligations. Management have prepared a detailed three year forecast which shows each subsidiary should continue to trade as a going concern in the foreseeable future.

Advanced Insulation Group Limited

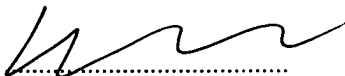
Strategic Report for the Year Ended 30 September 2018

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.

Approved by the Board on ~~28-03-2019~~ and signed on its behalf by:



A D Bennion
Director

Advanced Insulation Group Limited

Directors' Report for the Year Ended 30 September 2018

The directors present their report and the financial statements for the year ended 30 September 2018.

Directors of the company

The directors who held office during the year were as follows:

A D Bennion

A M King

S H Shepherd

D A Williams

M J Blake

Directors' responsibilities statement

The directors acknowledge their responsibilities 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'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

Advanced Insulation Group Limited

Directors' Report for the Year Ended 30 September 2018

Disclosure of information to the auditors

The directors confirm that:

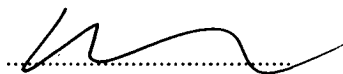
- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on ~~28-03-2019~~ and signed on its behalf by:



A D Bennion
Director

Advanced Insulation Group Limited

Independent Auditor's Report to the Members of Advanced Insulation Group Limited

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Advanced Insulation Group Limited (the 'company') for the year ended 30 September 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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 Financial Reporting Standard 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 as applied to listed entities, 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.

Who we are reporting to

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.

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.

Advanced Insulation Group Limited

Independent Auditor's Report to the Members of Advanced Insulation Group Limited

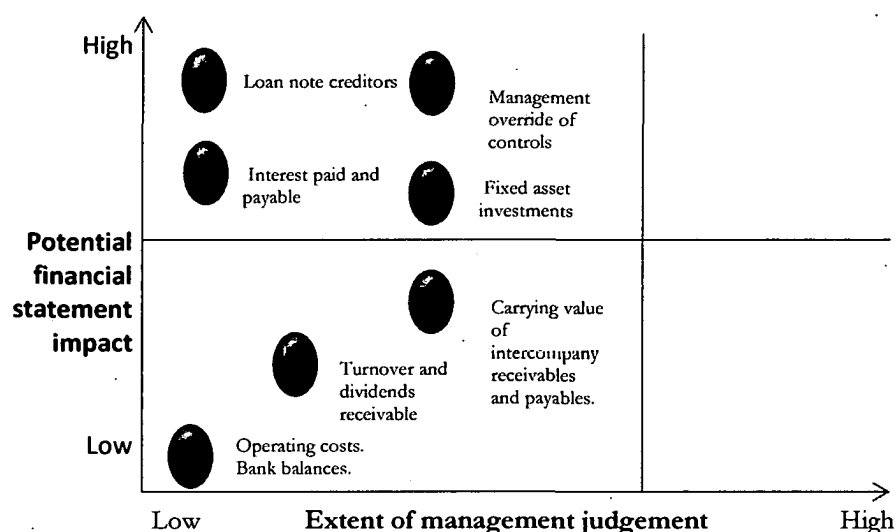


Overview of our audit approach

- Overall materiality: £493,000, which represents 2% of the company's gross assets capped at 75% of overall group materiality.
- No key audit matters were identified.
- Full scope audit procedures were performed on the financial statements of the company.

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

We have determined that there are no key audit matters to communicate in our report.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £493,000 which is 2% of gross assets capped at 75% of overall group materiality. This benchmark is considered the most appropriate because the company is a holding company with few transactions whose principal asset is its investments in subsidiary companies.

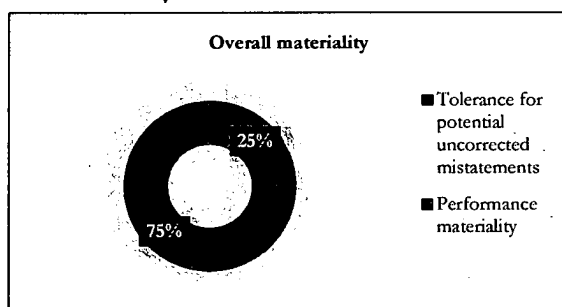
Advanced Insulation Group Limited

Independent Auditor's Report to the Members of Advanced Insulation Group Limited

Materiality for the current year is higher than the level that we determined for the year ended 30 September 2017 to reflect an increase in group materiality upon which the company's materiality has been capped.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



We also determine a lower level of specific materiality for directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be £25,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the company's business, its environment and risk profile. The focus of our work was on the material balances, where we covered 100% of the investment in subsidiary undertakings and of the loans from related parties. There was no change in our scope from the prior year.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 25 other than the financial statements and our auditor's report thereon. 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.

Advanced Insulation Group Limited

Independent Auditor's Report to the Members of Advanced Insulation Group Limited

Our opinion on other matters prescribed by the Companies Act 2006 are unmodified

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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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 for the financial statements

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.

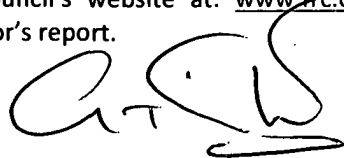
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Tim Lincoln BA ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol



Dated: 25.4.19

Advanced Insulation Group Limited

Statement of Comprehensive Income for the Year Ended 30 September 2018

	Note	2018 £	2017 £
Turnover	4	1,721,386	1,321,645
Administrative expenses		<u>(1,477,349)</u>	<u>(1,136,493)</u>
Operating profit		244,037	185,152
Income from other fixed asset investments	8	500,000	5,300,000
Interest payable and similar expenses	9	<u>(2,135,627)</u>	<u>(2,169,346)</u>
(Loss)/profit before tax		<u>(1,391,590)</u>	<u>3,315,806</u>
(Loss)/profit for the financial year		<u><u>(1,391,590)</u></u>	<u><u>3,315,806</u></u>

The above results were derived from continuing operations.

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £Nil).

The notes on pages 13 to 25 form an integral part of these financial statements.


Advanced Insulation Group Limited

(Registration number: 08848797)

Statement of Financial Position as at 30 September 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	12	51,975,295	51,975,295
Current assets			
Debtors: amounts falling due within one year	13	9,030,997	6,831,759
Creditors: Amounts falling due within one year	14	<u>(14,599,256)</u>	<u>(2,403,320)</u>
Net current (liabilities)/assets		<u>(5,568,259)</u>	<u>4,428,439</u>
Total assets less current liabilities		46,407,036	56,403,734
Creditors: Amounts falling due after more than one year	15	<u>(19,381,669)</u>	<u>(27,986,777)</u>
Net assets		<u>27,025,367</u>	<u>28,416,957</u>
Capital and reserves			
Called up share capital	17	26,646,381	26,646,381
Profit and loss account		<u>378,986</u>	<u>1,770,576</u>
Total equity		<u>27,025,367</u>	<u>28,416,957</u>

The financial statements were approved and authorised for issue by the Board on ~~23.04.2019~~ 23.04.2019 and signed on its behalf by:



A D Bennion

Director

The notes on pages 13 to 25 form an integral part of these financial statements.

Advanced Insulation Group Limited

Statement of Changes in Equity for the Year Ended 30 September 2018

	Share capital £	Profit and loss account £	Total £
At 1 October 2017	<u>26,646,381</u>	<u>1,770,576</u>	<u>28,416,957</u>
Comprehensive income for the year			
Loss for the year	<u>-</u>	<u>(1,391,590)</u>	<u>(1,391,590)</u>
Total comprehensive income	<u>-</u>	<u>(1,391,590)</u>	<u>(1,391,590)</u>
At 30 September 2018	<u>26,646,381</u>	<u>378,986</u>	<u>27,025,367</u>

	Share capital £	Profit and loss account £	Total £
At 1 October 2016	<u>26,646,381</u>	<u>454,770</u>	<u>27,101,151</u>
Comprehensive income for the year			
Profit for the year	<u>-</u>	<u>3,315,806</u>	<u>3,315,806</u>
Total comprehensive income	<u>-</u>	<u>3,315,806</u>	<u>3,315,806</u>
Dividends : Equity capital	<u>-</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
At 30 September 2017	<u>26,646,381</u>	<u>1,770,576</u>	<u>28,416,957</u>

The notes on pages 13 to 25 form an integral part of these financial statements.

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

1 General information

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

The address of its registered office is:

Unit E Quedgeley West Business Park

Bristol Road

Gloucester

GL2 4PA

The principal activity is that of an intermediate holding company responsible for the overall management of the group. The group's principal activities are the manufacture and supply of fire retardant coatings, sub-sea insulation and buoyancy and marine products.

2 Accounting policies

Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 - 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a historical cost basis except for the revaluation of financial instruments.

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

Group accounts not prepared

The financial statements contain information about Advanced Insulation Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Advanced Insulation Holdings Limited, a company registered in the United Kingdom.

Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Turnover

Turnover represents management charges received from other group companies, excluding value added tax.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Trade debtors and other debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables

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

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

Trade creditors and other creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Pensions and other post employment benefits

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Short term employee benefits

Short term employee benefits including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the company expects to pay as a result of unsettled entitlement.

Income taxes

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the difference between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

The following are significant management judgements in applying the accounting policies of the company that have the most significant effect on the financial statements.

Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

4 Turnover

The whole turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

5 Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2018 £	2017 £
Audit of the financial statements	5,200	6,000
Taxation advice	<u>41,164</u>	<u>-</u>

6 Employees

	2018 £	2017 £
Wages and salaries	857,650	665,718
Social security costs	118,543	85,199
Pension costs, defined contribution scheme	<u>86,806</u>	<u>103,560</u>
	<u>1,062,999</u>	<u>854,477</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Management	<u>8</u>	<u>7</u>

7 Directors' remuneration

	2018 £	2017 £
Directors' emoluments	608,764	616,503
Company contributions to defined contribution pension schemes	<u>32,477</u>	<u>32,626</u>
	<u>641,241</u>	<u>649,129</u>

During the year, retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £241,832 (2017 - £215,964).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounts to £11,962 (2017 - £14,698).

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

8 Income from shares in group undertakings

	2018 £	2017 £
Dividends received from unlisted investments	<u>(500,000)</u>	<u>(5,300,000)</u>

9 Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	172	429
Other loan interest payable	<u>2,135,455</u>	<u>2,168,917</u>
	<u>2,135,627</u>	<u>2,169,346</u>

10 Taxation

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
(Loss)/ profit on ordinary activities before tax	<u>(1,391,590)</u>	<u>3,315,806</u>
(Loss)/ profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	(264,402)	663,161
Effects of:		
Difference in tax rates	1,500	-
Expenses not deductible for tax purposes	52,872	63,697
Group relief	106,456	306,569
Non-taxable income	(96,500)	(1,033,427)
Deferred tax not recognised	<u>200,074</u>	<u>-</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

There were no factors that may affect future tax charges.

At the year end the company had an unrecognised deferred tax asset of £466,000 (2017: £304,000) relating to trading losses of £25,986 (2017: nil) and short term timing differences of £440,014 (2017: £304,000).

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

11 Dividends

	2018 £	2017 £
Dividends paid on equity capital	-	2,000,000

12 Fixed asset investments

	Investment in subsidiary companies £
Cost	
At 1 October 2017	51,975,295
At 30 September 2018	51,975,295
Net book value	
At 30 September 2018	51,975,295
At 30 September 2017	51,975,295

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

Details of undertakings

The following were subsidiary undertakings of the company:

Undertaking	Country of incorporation	Class of share	Holding 2018	2017
Advanced Insulation Limited	United Kingdom	Ordinary	100%	100%
Advanced Insulation Systems Limited	United Kingdom	Ordinary	100%	100%
Advanced Insulation systems do Brazil Ltda	Brazil	Ordinary	99.5%	100%
Advanced Insulation Contracting Limited	United Kingdom	Ordinary	100%	100%
Contraflex LLP	Kazakhstan	Ordinary	50%	50%
AIS Assets Holding Limited	Brisith Virgin Islands	Ordinary	100%	100%
AIS FZE	United Arab Emirates	Ordinary	100%	100%
Advanced Insulation Korea Limited	South Korea	Ordinary	75%	75%
AI Systems Inc	USA	Ordinary	100%	100%
Manuplas Limited	United Kingdom	Ordinary	100%	100%
Covertherm Limited	United Kingdom	Ordinary	90%	90%
Advanced PFP Services Limited	United Kingdom	Ordinary	100%	100%
Advanced Insulation Services Angola Lda	United Kingdom	Ordinary	49%	49%
A.I. Systems Limited	Canada	Ordinary	100%	100%
Advanced Insulation Norway AS	Norway	Ordinary	100%	100%
Advances Insulation Malaysia SDN BHD	Malaysia	Ordinary	100%	100%
C-Ling Limited	United Kingdom	Ordinary	75%	50%

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

The shares in Advanced Insulation Limited are held directly by Advanced Insulation Group Limited.

Shareholdings in all other companies are held by Advanced Insulation Limited, with the exception of:

Advanced Insulation Systems do Brazil Ltda	- 0.75% held by Advanced Insulation Systems Limited, 98.75% held by Advanced Insulation Limited
Contraflex Kazakhstn LLP	- held by Advanced Insulation Contracting Limited
AIS FZE	- held by AIS Assets Holding Limited
Advanced Insulation Korea Limited	- held by AIS FZE
C-Ling Limited	- held by Advanced Insulation Systems Limited

The aggregate of the share capital and reserves as at 30 September 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Advanced Insulation Limited	1,722,312	1,001,784
Advanced Insulation Systems Limited	11,674,175	1,774,097
Advanced Insulation systems do Brazil Ltda	(327,184)	(239,579)
Advanced Insulation Contracting Limited	2,910,168	847,113
Contraflex Kazakhstn LLP	(597,027)	(680,351)
AIS Assets Holding Limited	30,266	-
AIS FZE	2,967,331	625,381
Advanced Insulation Korea Limited	667,722	(371,093)
AI Systems Inc	(1,446,771)	(43,983)
Manuplas Limited	(290,566)	-
Covertherm Limited	1,056,496	59,241
Advanced PFP Services Limited	23,406	24
Advanced Insulation Services Angola Lda	(2,549,014)	(1,104,803)
A.I. Systems Canada Limited	946,328	407,091
Advanced Insulation Norway AS	(5,558)	(6,711)
Advanced Insulation Malaysia SDN BHD	(5,009)	(2,310)
C-Ling Limited	<u>(28,267)</u>	<u>(28,269)</u>

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

13 Debtors

	2018 £	2017 £
Amounts owed by group undertakings	9,008,985	6,812,100
Prepayments	18,783	17,954
Other debtors	3,229	1,705
	<u>9,030,997</u>	<u>6,831,759</u>

14 Creditors

	2018 £	2017 £
Due within one year		
Bank overdrafts	-	293,802
Loan notes	11,000,000	1,500,000
Trade creditors	45,701	24,371
Amounts owed to group undertakings	2,927,099	26,753
Other taxation and social security	93,479	32,260
Other creditors	9,502	8,086
Accruals and deferred income	523,475	518,048
	<u>14,599,256</u>	<u>2,403,320</u>

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

15 Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Loan notes	<u>19,381,669</u>	<u>27,986,777</u>

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
"A" and "B" loan notes	11,000,000	1,500,000
Amounts falling due 2-5 years		
"A", "B" and "C" loan notes	<u>19,381,669</u>	<u>27,986,777</u>

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

"B" Secured Loan Notes are payable in equal quarterly instalments of £250,000 from June 2017 to June 2018 and equal quarterly instalments of £500,000 thereafter until 31 December 2020, followed by a bullet repayment. A number of the quarterly instalment repayments have been temporarily waived during the year with the agreement of the investor.

Post year end the funder confirmed its support for the business, and they have confirmed that the £7.5 million bullet repayment of "A" Secured loan notes due in March 2019 has been waived until March 2020.

	2018	2017
	£	£
"A" Secured Loan Notes with a 6% coupon rate	7,500,000	7,500,000
"B" Secured Loan Notes with a 8% coupon rate	9,880,000	9,880,000
"C" Secured Loan Notes with a 10% coupon rate	<u>13,001,669</u>	<u>12,106,777</u>

Interest accruing on the "C" Loan Notes is capable of being settled (at the option of Advanced Insulation Group Limited) in cash or by way of payment in kind notes (PIK'S), subject to the right to opt out of PIK on the part of the loan note holder, or by being capitalised and added to the debt balance.

The Loan Notes are secured on the assets of the company and its subsidiary undertakings.

16 Financial instruments

	2018	2017
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>9,012,214</u>	<u>6,813,805</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(33,887,446)</u>	<u>(30,357,837)</u>

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

17 Share capital

Shares classified as equity

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary of £1 each	<u>26,646,381</u>	<u>26,646,381</u>	<u>26,646,381</u>	<u>26,646,381</u>

18 Pension commitments

During the year the company made contributions to a defined contribution pension scheme totalling £86,806 (2017 - £103,600). At the year end the company had outstanding contributions owed to the pension scheme of £9,502 (2017 - £8,086).

19 Related party transactions

During the year, interest was accrued on loan notes held by Growth Capital Partners, a related party by virtue of a common director, as follows:

A Loan Notes: £450,000 (period ended 30 September 2017 £449,690)
B1 Loan Notes: £641,555 (period ended 30 September 2017 £669,460)
B2 Loan Notes: £149,010 (period ended 30 September 2017 £155,492)
C Loan Notes: £894,891 (period ended 30 September 2017 £894,275)

The year end balances to which these loan interest charges relate are included in note 15.

As a wholly owned subsidiary of Advanced Insulation Holdings Limited, the company is exempt from the requirements of FRS 101 to disclose transactions with other members of the group.

During the year the company paid management charges of £102,313 (2017 - £87,691) to Growth Capital Partners LLP, a company under the control of Mr J Blake a director of Advanced Insulation Holdings Limited. At the year end £Nil (2017 - £7,686) was outstanding to Growth Capital Partners LLP.

Advanced Insulation Group Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

20 Parent and ultimate parent undertaking

The immediate and ultimate parent undertaking by virtue of its controlling holding in the share capital of the company is Advanced Insulation Holdings Limited, which is incorporated in the United Kingdom. There is no ultimate controlling related party.