

Registration number: 08848797

# Advanced Innergy Group Ltd

(Formerly Advanced Insulation Group Limited)

Annual Report and Financial Statements

for the Year Ended 30 September 2021



## **Advanced Innergy Group Ltd**

### **Company Information**

<b>Directors</b>	A D Bennion
	M J Blake
	A M King
	S H Shepherd
<b>Registered number</b>	08848797
<b>Registered office</b>	Unit E Quedgeley West Business Park Bristol Road Gloucester GL2 4PA
<b>Auditors</b>	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD

## **Advanced Innergy Group Ltd**

### **Strategic Report for the Year Ended 30 September 2021**

The directors present their strategic report for the year ended 30 September 2021.

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

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 development, manufacture, supply and application of fire-retardant coatings, sub-sea insulation materials, sub-sea cable protection systems and buoyancy products to the renewable, electric vehicle, oil, gas, and petrochemical industries.

#### **Business review**

The company made profit before tax of £1,677,620 (2020 - profit £3,728,140). Management considers this to be the only key performance indicator for the company.

#### **Principal risks and uncertainties**

Group sales are primarily dependent on capital investment in the energy industry. Through its new product development programmes, the Group is in a strong position to support the new green energy markets. The Group has specified positions on several major LNG projects scheduled to run for the next 5 years, as well as new products developed for the cable protection system and EV battery pack protection markets. In addition, the recovery in the oil price has led to increasing market activity, presenting significant opportunities for the Group. Combined, these opportunities are forecast to provide significant growth for future years.

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

## Advanced Innergy Group Ltd

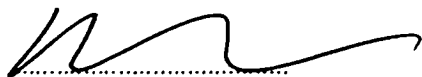
### Strategic Report for the Year Ended 30 September 2021

#### Future developments

The Group will continue to invest up to 10% of its revenue to support its extensive Research and Development programmes. The Groups focus is on developing new products for new markets sectors, building on its extensive experience in materials technology. Existing development programmes are expected to deliver significant future growth in green energy markets. This policy is fundamental to ensuring the Group maintains its market leading position 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 that have been developed over the previous years for the renewable energy and automotive market, as well as continuing to expand our global footprint and sales to energy markets outside of oil and gas.

Approved by the Board on 23-12-21 and signed on its behalf by:



A D Bennion  
Director

## Advanced Innergy Group Ltd

### Directors' Report for the Year Ended 30 September 2021

The directors present their report and the financial statements for the year ended 30 September 2021. On 30 July 2021, the company name was changed from Advanced Insulation Group Limited to Advanced Innergy Group Ltd.

#### Results and dividends

The results for the year are set out on page 14.

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

#### Directors of the company

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

A D Bennion

M J Blake

A M King

S H Shepherd

D A Williams (deceased 15 December 2020)

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

#### Financial risk management objectives and policies

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

#### Liquidity and interest rate risk

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

The company does not undertake any hedging in this area.

#### Foreign currency risk

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

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

## **Advanced Innergy Group Ltd**

### **Directors' Report for the Year Ended 30 September 2021**

#### ***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.

#### **Covid-19**

At the time of approval of these financial statements, 'Covid-19' and subsequent emerging variants of the virus are continuing to give 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 a continued review of government backed reliefs.

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 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.

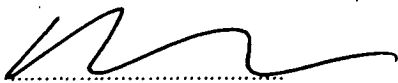
**Advanced Innergy Group Ltd**

**Directors' Report for the Year Ended 30 September 2021**

**Other matters included in the Strategic report**

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

Approved by the Board on 23-12-21 and signed on its behalf by:



A D Bennion  
Director

## **Advanced Innergy Group Ltd**

### **Directors' Responsibilities Statement for the Year Ended 30 September 2021**

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, 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 Innergy Group Ltd**

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

#### **Opinion**

We have audited the financial statements of Advanced Innergy Group Ltd (the 'company') for the year ended 30 September 2021 which comprise the income statement, statement of financial position, statement of change in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

## **Advanced Innergy Group Ltd**

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Advanced Innergy Group Ltd**

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

## **Advanced Innergy Group Ltd**

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

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

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

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

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud.

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

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

## **Advanced Innergy Group Ltd**

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

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

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

Chartered Accountants  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6AD

Date: 21 January 2022

# Advanced Innergy Group Ltd

## Income Statement for the Year Ended 30 September 2021

	Note	2021 £	2020 £
Revenue	4	1,658,205	1,761,766
Administrative expenses		(1,666,570)	(1,766,634)
Other operating income		<u>14,322</u>	<u>26,808</u>
<b>Operating profit</b>	7	5,957	21,940
Finance costs	8	(1,683,577)	(2,138,789)
Exceptional gains/(costs)	9	<u>-</u>	<u>5,844,989</u>
<b>(Loss)/profit before tax</b>		(1,677,620)	3,728,140
Taxation	10	<u>359,928</u>	<u>-</u>
<b>(Loss)/profit and total comprehensive income for the financial year</b>		<u>(1,317,692)</u>	<u>3,728,140</u>

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

There was no other comprehensive income for 2021 (2020: £Nil).

The notes on pages 17 to 34 form an integral part of these financial statements.

**Advanced Innergy Group Ltd**

(Registration number: 08848797)

**Statement of Financial Position as at 30 September 2021**

	Note	2021 £	2020 £
<b>Non-current assets</b>			
Investments	11	51,975,295	51,975,295
<b>Current assets</b>			
Trade and other receivables	13	13,225,075	11,733,789
Deferred tax asset		359,928	-
		<u>13,585,003</u>	<u>11,733,789</u>
<b>Current liabilities</b>			
Borrowings	14	(1,000,000)	(500,000)
Trade and other payables	15	(12,132,217)	(8,977,446)
Taxation and social security		(39,348)	(222,659)
	15	<u>(13,171,565)</u>	<u>(9,700,105)</u>
<b>Net current assets</b>		<u>413,438</u>	<u>2,033,684</u>
<b>Total assets less current liabilities</b>		52,388,733	54,008,979
<b>Non-current liabilities</b>			
Borrowings	14	<u>(24,407,746)</u>	<u>(25,828,914)</u>
<b>Net assets</b>		<u>27,980,987</u>	<u>28,180,065</u>
<b>Equity</b>			
Called up share capital	17	26,646,381	26,646,381
Capital contribution reserve	18	1,118,614	-
Retained earnings	18	<u>215,992</u>	<u>1,533,684</u>
<b>Total equity</b>		<u>27,980,987</u>	<u>28,180,065</u>

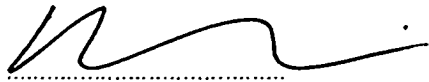
The notes on pages 17 to 34 form an integral part of these financial statements.

**Advanced Innergy Group Ltd**

**(Registration number: 08848797)**

**Statement of Financial Position as at 30 September 2021**

The financial statements were approved and authorised for issue by the Board on 23-11-21 and signed on its behalf by:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a dotted line.

A D Bennion

Director

The notes on pages 17 to 34 form an integral part of these financial statements.



**Advanced Innergy Group Ltd**

**Statement of Changes in Equity for the Year Ended 30 September 2021**

	Share capital £	Capital contribution reserve £	Retained earnings £	Total £
At 1 October 2020	26,646,381	-	1,533,684	28,180,065
Loss and total comprehensive income for the year	-	-	(1,317,692)	(1,317,692)
Capital contribution	-	1,118,614	-	1,118,614
At 30 September 2021	<u>26,646,381</u>	<u>1,118,614</u>	<u>215,992</u>	<u>27,980,987</u>

	Share capital £	Capital contribution reserve £	Retained earnings £	Total £
At 1 October 2019	26,646,381	-	(2,194,456)	24,451,925
Profit and total comprehensive income for the year	-	-	3,728,140	3,728,140
At 30 September 2020	<u>26,646,381</u>	<u>-</u>	<u>1,533,684</u>	<u>28,180,065</u>

The notes on pages 17 to 34 form an integral part of these financial statements.

## **Advanced Innergy Group Ltd**

### **Notes to the Financial Statements for the Year Ended 30 September 2021**

#### **1 General information**

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

The address of its registered office is:

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

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

#### **2 Accounting policies**

##### **Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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:
  - o Disaggregated and total revenue from contracts with customers;
  - o Explanation of significant changes in contract assets and liabilities;
  - o Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;

## **Advanced Innergy Group Ltd**

### **Notes to the Financial Statements for the Year Ended 30 September 2021**

- o Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised;
- o Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract;
- o Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract;
- Financial instrument disclosures, including:
  - o Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
- Comparative narrative information that continues to be relevant to the current period;
- Disclosure of key management personnel compensation;
- Related party disclosures for transactions with the parent or wholly owned members of the group and;
- Disclosure of the objectives, policies and processes for managing capital.

#### **Group accounts not prepared**

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

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

## **Advanced Innergy Group Ltd**

### **Notes to the Financial Statements for the Year Ended 30 September 2021**

#### **Going concern**

The directors of Advanced Innergy Holdings Ltd (formerly Advanced Insulation Holdings Limited), ("The 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 ongoing 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.

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 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).

#### **Non-current investments**

Investment in subsidiary undertakings are stated at cost less any applicable accumulated provision for impairment.

#### **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.

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

#### **Financial assets**

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

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

#### **Financial assets held at amortised cost**

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

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

#### ***Impairment of financial assets***

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

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

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

#### ***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.

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

#### Financial liabilities

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

#### *Financial liabilities at fair value through profit or loss*

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

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

The category comprises only out-of-the money derivatives. They are carried in the 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.

#### **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.

#### *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.

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

#### *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.

#### **Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### **Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Prepaid contributions are recognised as an asset. Unpaid contributions are reflected as a liability.

## **Advanced Innergy Group Ltd**

### **Notes to the Financial Statements for the Year Ended 30 September 2021**

#### **Grants**

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received in the year are towards staff wage costs under the job retention scheme during COVID-19. The grant is recognised as other operating income over the period necessary to match with the related wage expense.

#### **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.

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'.

#### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

### **3 Critical accounting estimates and judgements**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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



## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

#### Critical judgements

##### Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

#### 4 Revenue

The whole turnover is attributable to principal activities.

	2021 £	2020 £
<b>Revenue analysed by class of business</b>		
Rendering of services	<u>1,658,205</u>	<u>1,761,766</u>
	2021 £	2020 £
<b>Other revenue</b>		
Government grants receivable and released	<u>14,322</u>	<u>26,808</u>
	2021 £	2020 £
<b>Revenue analysed by geographical market</b>		
UK	<u>1,658,205</u>	<u>1,761,766</u>

Grant income represents amounts received from the Government in respect of the Coronavirus Job Retention Scheme (CJRS) during Covid-19.

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

#### 5 Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	1,101,614	1,145,371
Social security costs	151,178	163,409
Pension costs	122,545	106,975
	<u>1,375,337</u>	<u>1,415,755</u>

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

	2021 No.	2020 No.
Management	<u>10</u>	<u>11</u>

#### 6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	616,580	527,442
Company pension contributions to defined contribution schemes	37,428	33,972
	<u>654,008</u>	<u>561,414</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020: 3)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	239,092	189,297
Company pension contributions to defined contribution schemes	15,284	15,757
	<u>254,376</u>	<u>205,054</u>

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

#### 7 Operating profit

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

	2021 £	2020 £
Research and development cost	-	8,920
Foreign exchange (gains)/losses	(162)	261
Government grants	<u>(14,322)</u>	<u>(26,808)</u>

Auditor's remuneration is borne by the subsidiary entity, Advanced Innergy Ltd (formerly Advanced Insulation Limited).

#### 8 Finance costs

	2021 £	2020 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	50	92
Interest on other loans	<u>1,683,527</u>	<u>2,138,697</u>
	<u>1,683,577</u>	<u>2,138,789</u>

Interest on other loans includes £447,446 of interest accounted for under IFRS 9 as per note 14.

#### 9 Exceptional items

	2021 £	2020 £
Waiver of interest on loan notes	<u>-</u>	<u>(5,844,989)</u>

In the prior year, the accrued interest of £5,844,989 was waived by the investor. The prior year end balances to which these loan interest charges relate are included in note 14.

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

#### 10 Taxation

	2021 £	2020 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(359,928)</u>	<u>-</u>
<b>Factors affecting tax charge for the year</b>		

The tax assessed for the year differ from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>(1,677,620)</u>	<u>3,728,140</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(318,748)	708,347
Expenses not deductible in determining taxable profits	224,665	424,567
Income not taxable	-	(965,550)
Group relief surrendered/(claimed)	19,905	-
Adjustments to tax charge in respect of previous periods - deferred tax	(190,452)	-
Adjustment to deferred tax rate to reconciliation rate	(86,383)	(18,556)
Deferred tax not recognised	(8,914)	(148,808)
Rounding	<u>(1)</u>	<u>-</u>
<b>Total tax charge for the year</b>	<u><u>(359,928)</u></u>	<u><u>-</u></u>

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

Deferred taxes at the balance sheet date have been measured using the tax rates enacted as at the balance sheet date. Deferred tax as at 30 September 2021 and 2020 was measured at a rate of 19%.

In the prior year, the company had an unrecognised deferred tax asset of £8,914 relating to trading losses of £50,541 and short term timing differences of £3,624.

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.

#### Deferred tax

Deferred tax assets and liabilities

	Asset £
<b>2021</b>	
Origination and reversal of temporary differences	<u>359,928</u>
	Asset £
<b>2020</b>	
Origination and reversal of temporary differences	<u></u>

#### 11 Investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 October 2020	<u>51,975,295</u>
At 30 September 2021	<u>51,975,295</u>
<b>Net book value</b>	
At 30 September 2021	<u>51,975,295</u>
At 30 September 2020	<u>51,975,295</u>

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

#### 12 Subsidiaries

##### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Nature of business	Proportion of voting rights and shares held	2021	2020
Advanced Innergy Ltd (formerly Advanced Insulation Limited)	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Manufacturing	100%	100%	
Advanced Innergy Solutions Ltd (formerly Advanced Insulation Systems Limited)	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Manufacturing	100%	100%	
Advanced Insulation Contracting Ltd (formerly Advanced Insulation Contracting Limited)	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Manufacturing	100%	100%	
AIS Asset Holdings Limited	PO Box 18512, Jebel Ali Free Zone, Dubai, UAE	Intermediate holding company	100%	100%	
AIS Manuplas Ltd (formerly Manuplas Limited)	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Dormant	100%	100%	
AIS Covertherm Ltd (formerly Covertherm Limited)	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Manufacturing	100%	90%	
Advanced Insulation Systems Ltd (formerly Advanced Innergy Solutions Limited)	Unit E Quedgeley West Business Park, Bristol Road, Gloucester, GL2 4PA	Dormant	100%	100%	

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

Undertaking	Registered office	Nature of business	Proportion of voting rights and shares held	
C-Ling Limited	Unit E Quedgeley West Business Park, Bristol Road, and Gloucester, GL2 4PA	Research and development	75%	75%
Advanced Insulation Systems do Brazil Ltda	Rodovia SP 107, km 29 - Borda da Mata, Jaguariúna - SP, Caixa Postal 255, 13919-899, Brasil	Manufacturing	99.5%	99.5%
Contraflex Kazakhstan	184/1 Iksanova Street, Aksai, Burlinskiy Region, West Kazakhstan Oblast	Manufacturing	50%	50%
AIS FZE	PO Box 18512, Jebel Ali Free Zone, Dubai, UAE	Manufacturing	100%	100%
AIS Korea Limited (formerly Advanced Insulation Korea Limited)	255 JangPyeong-Ro, Saha-Gu, Busan, South Korea	Sales office	75%	75%
AI Systems Inc	237 Burgess Drive, Broussard, LA 70518	Manufacturing	100%	100%
Advanced Insulation Services Angola Ltda	Rua Direita do Gamek, N26 Project Base Kubics, Largo office Corimba-Samba, Luanda, Angola		49%	49%
Advanced Innergy Canada Ltd (formerly Advanced Insulation Systems Canada Limited)	121 Germain Street, Saint John, NB, E2L 2E9, Canada	Project office	100%	100%
AIS Norway AS (formerly Advanced Insulation Norway AS)	Postboks 1665 Vika Oslo 0120	Dormant	100%	100%
AIS Malaysia SDN BHD (formerly Advanced Insulation Malaysia SDN BHD)	B-11-10, Level 11, Megan Project Avenue II, Jalan Yap Kwan Seng, 50450, Kuala Lumpur, Malaysia	Project office	100%	100%
ContraFlex Italy SRL	Via Ettore De Sonnaz, 19, 10121 Torino, Italy	Sales office	100%	100%

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

Undertaking	Registered office	Nature of business	Proportion of voting rights and shares held	
AIS Bardot	375 avenue du Mistral, Bât C, ZI Athélia 4, 13600 La Ciotat, France	Outsourcing	100%	100%

#### 13 Trade and other receivables

	2021 £	2020 £
Amounts owed by fellow group undertakings	13,199,941	11,717,503
Prepayments	22,597	9,021
VAT	2,537	7,265
	<u>13,225,075</u>	<u>11,733,789</u>

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

#### 14 Loans and borrowings

	2021 £	2020 £
<b>Unsecured borrowings at amortised cost</b>		
Unsecured debentures	<u>25,407,746</u>	<u>26,328,914</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:

	2021 £	2020 £
Current liabilities	1,000,000	500,000
Non-current liabilities	<u>24,407,746</u>	<u>25,828,914</u>
	<u>25,407,746</u>	<u>26,328,914</u>



## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

	2021	2020
	£	£
"A" Secured Loan Notes with a 6% coupon rate	7,500,000	7,500,000
"B" Secured Loan Notes with a 8% coupon rate	9,630,000	9,880,000
"C" Secured Loan Notes - Interest free since 30 September 2020	<u>8,277,746</u>	<u>8,948,914</u>
	<u>25,407,746</u>	<u>26,328,914</u>

"A" Secured loan notes are all repayable by a single bullet payment of £7.5 million. The initial due date of March 2019 has been waived until 21 March 2023. Interest is charged at 6% per annum.

"B" Secured loan notes are now payable in equal quarterly instalments of £250,000 from June 2021 to December 2022 followed by a bullet repayment on 21 March 2023. Interest is charged at 8% per annum.

"C" Secured loan notes are all repayable by a final bullet payment. The initial due date of March 2019 has been waived until 21 March 2023. During the prior year, the investor waived total interest of £5,844,989 accrued on the loan notes. The interest rate of 10% per annum has also been waived and the loan notes have been interest-free since 30 September 2020. Under IFRS 9, a market rate of interest is required to be reflected as a finance cost in relation to debt instruments. The directors believe 5% to be an appropriate market rate of interest for an equivalent debt instrument, on the open market.

The loan notes are secured on the assets of the company and its subsidiary undertakings.

#### 15 Trade and other payables

	2021	2020
	£	£
Trade payables	7,825	422
Amounts owed to fellow group undertakings	11,467,625	8,342,538
Other payables	12,982	10,255
Accruals	<u>643,785</u>	<u>624,231</u>
	<u>12,132,217</u>	<u>8,977,446</u>

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

## Advanced Innergy Group Ltd

### Notes to the Financial Statements for the Year Ended 30 September 2021

#### 16 Retirement benefit schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to the income statement in respect of defined contribution schemes was £122,545 (2020: £106,975). At year end, £12,982 (2020: £10,255) remains unpaid and included within other payables.

#### 17 Share capital

##### Allotted, called up and fully paid shares

	2021		2020	
	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>

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

#### 18 Reserves

##### Profit and loss reserves

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

##### Capital contribution reserve

The capital contribution reserve is used to recognise an irrevocable gift made to the company by a shareholder.

## **Advanced Innergy Group Ltd**

### **Notes to the Financial Statements for the Year Ended 30 September 2021**

#### **19 Related party transactions**

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

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

A Loan Notes: £449,690 (period ended 30 September 2020: £450,310)

B1 Loan Notes: £636,933 (period ended 30 September 2020: £641,863)

B2 Loan Notes: £147,936 (period ended 30 September 2020: £149,081)

C Loan Notes: £Nil (period ended 30 September 2020: £897,343)

At the prior year end, Growth Capital Partners LLP agreed to waive total accrued interest on the C loan notes of £5,844,989, including the £897,343 charge during the prior year.

The year end balances to which these loan interest charges relate are included in note 14.

During the year, the company paid monitoring fees of £113,115 (2020: £76,311) to Growth Capital Partners LLP who are appointed managers to GCP III GP LP, the general partner to Growth Capital Partners Fund III LP and GCP Fund III A LP who are investors in the immediate parent company, Advanced Innergy Holdings Ltd. At the year-end, £7,500 (2020: £7,500) was outstanding to Growth Capital Partners LLP.

#### **20 Controlling party**

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

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

There is no ultimate controlling party.