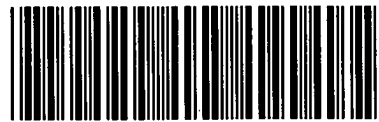


Report of the Directors and
Financial Statements for the Year Ended 30 September 2024
for
AIS Covertherm Ltd

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AIS Covertherm Ltd

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for the Year Ended 30 September 2024

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AIS Covertherm Ltd

Company Information
for the Year Ended 30 September 2024

DIRECTORS:	A D Bennion A M King
SECRETARY:	A D Bennion
REGISTERED OFFICE:	Unit E Quedgeley West Business Park Bristol Road Gloucester Gloucestershire GL2 4PA
REGISTERED NUMBER:	06830762 (England and Wales)
AUDITORS:	RSM UK Audit LLP Statutory Auditor Chartered Accountants 2nd Floor, 1 The Square Temple Quay Bristol BS1 6DG

AIS Covertherm Ltd

Report of the Directors
for the Year Ended 30 September 2024

The directors present their report with the financial statements of the company for the year ended 30 September 2024.

PRINCIPAL ACTIVITY

The principal activity of the company is that of the manufacture, supply and application of fire retardant coatings.

FUTURE DEVELOPMENTS

The Group will continue to invest significantly 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 non-renewable energy sector, as well as enabling the Group to continue its transition to supporting new energy developments, keeping the Group at the forefront of its technologies.

The Group is continuing the process of rolling out new products which have been developed over the previous years for the renewable energy and automotive market, as well as continuing to expand our global footprint and sales to energy markets outside of non-renewables.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2023 to the date of this report.

A D Bennion
A M King

SMALL COMPANIES PROVISION STATEMENT

In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

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.

AIS Covertherm Ltd

Report of the Directors
for the Year Ended 30 September 2024

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
A D Bennion - Director

Date: 27/02/25
.....

Directors' Responsibilities Statement
for the Year Ended 30 September 2024

The directors are responsible for preparing the Report of the Directors 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Report of the Independent Auditors to the Members of
AIS Covertherm Ltd

Opinion

We have audited the financial statements of AIS Covertherm Limited (the 'company') for the year ended 30 September 2024 which comprise the Income Statement, Other Comprehensive income, Balance Sheet, Statement of Changes 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 2024 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 Auditors' 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.

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.

Report of the Independent Auditors to the Members of
AIS Covertherm Ltd

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has 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 directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page four, 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 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.

Report of the Independent Auditors to the Members of
AIS Covertherm Ltd

Auditors' 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 a Report of the Auditors 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.

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.

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 framework that the company operates in and how the company is complying with the legal and regulatory framework;
- 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 FRS 101, 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 tax advisors.

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

Report of the Independent Auditors to the Members of
AIS Covertherm Ltd

Audit procedures performed in relation to management override of controls 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.

Audit procedures performed in relation to revenue recognition included, but were not limited to utilising data analytic software to identify expected and unexpected groupings of revenue transactions in order to test a sample of unexpected transactions and testing the reliability of the underlying data used to map revenue relationships. Testing the recognition of a sample of revenue items both pre and post year end with reference to the relevant contractual documentation

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 Report of the Auditors.

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 a Report of the Auditors 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.

Dominic Finn

Dominic Finn ACA (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
2nd Floor, 1 The Square
Temple Quay
Bristol
BS1 6DG

Date: 27/02/25

AIS Covertherm Ltd

Income Statement
for the Year Ended 30 September 2024

	Notes	30.9.24 £	30.9.23 £
REVENUE	3	2,479,503	1,843,155
Cost of sales		<u>(1,911,366)</u>	<u>(1,728,382)</u>
GROSS PROFIT		568,137	114,773
Administrative expenses		<u>(702,259)</u>	<u>(513,726)</u>
		(134,122)	(398,953)
Other income		<u>-</u>	<u>853</u>
OPERATING LOSS		(134,122)	(398,100)
Finance Cost	6	<u>(2,430)</u>	<u>(3,655)</u>
LOSS BEFORE TAXATION	7	(136,552)	(401,755)
Tax on loss	8	<u>9,064</u>	<u>117,369</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(127,488)</u></u>	<u><u>(284,386)</u></u>

The notes on pages 13 to 31 form part of these financial statements

AIS Covertherm Ltd

Other Comprehensive Income
for the Year Ended 30 September 2024

	Notes	30.9.24 £	30.9.23 £
LOSS FOR THE YEAR		(127,488)	(284,386)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(127,488)</u>	<u>(284,386)</u>

The notes on pages 13 to 31 form part of these financial statements

AIS Covertherm Ltd (Registered number: 06830762)

Balance Sheet
30 September 2024

	Notes	30.9.24 £	30.9.23 £
FIXED ASSETS			
Tangible assets	9	198,994	318,422
CURRENT ASSETS			
Stocks	10	288,431	225,886
Debtors	11	1,195,527	952,638
Cash at bank and in hand		445,285	297,056
		<u>1,929,243</u>	<u>1,475,580</u>
LIABILITIES			
Amounts falling due within one year	12	(1,322,124)	(811,540)
NET CURRENT ASSETS		<u>607,119</u>	<u>664,040</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		806,113	982,462
LIABILITIES			
Amounts falling due after more than one year	13	-	(48,861)
NET ASSETS		<u>806,113</u>	<u>933,601</u>
CAPITAL AND RESERVES			
Called up share capital	17	100	100
Share premium		57,613	57,613
Retained earnings	18	748,400	875,888
SHAREHOLDERS' FUNDS		<u>806,113</u>	<u>933,601</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 27/02/25 and were signed on its behalf by:



.....
Director - A D BENJON

The notes on pages 13 to 31 form part of these financial statements

AIS Covertherm Ltd

Statement of Changes in Equity
for the Year Ended 30 September 2024

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 October 2022	100	1,160,274	57,613	1,217,987
Changes in equity				
Total comprehensive income	-	(284,386)	-	(284,386)
Balance at 30 September 2023	<u>100</u>	<u>875,888</u>	<u>57,613</u>	<u>933,601</u>
Changes in equity				
Total comprehensive income	-	(127,488)	-	(127,488)
Balance at 30 September 2024	<u><u>100</u></u>	<u><u>748,400</u></u>	<u><u>57,613</u></u>	<u><u>806,113</u></u>

The notes on pages 13 to 31 form part of these financial statements

1. STATUTORY INFORMATION

AIS Covertherm Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101: "Reduced Disclosure Framework" ("FRS 101") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

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;
 - 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;

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

- Financial instrument disclosures, including:
 - carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
- Lessee maturity analysis of lease liabilities
- Comparative narrative information that continues to be relevant to the current period;
- Comparative period reconciliations for the carrying amounts of property, plant and equipment;
- 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.

AIS Covertherm Limited is a wholly owned subsidiary of Advanced Innergy Ltd. The ultimate parent company is Advanced Innergy Holdings Limited. The results of AIS Covertherm Limited 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, United Kingdom, GL2 4PA.

2. ACCOUNTING POLICIES - continued

Critical accounting judgements

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

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

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

Critical judgements

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or nonstrategic assets that have been abandoned or sold will be written off or written down.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Discount factor used in lease accounting

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, or is not applicable, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset or similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the company where possible, uses recent third-party financing received by the individual lessee.

2. ACCOUNTING POLICIES - continued

Revenue

Turnover is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each arrangement with a customer, the company: identifies whether the arrangement meets the definition of a contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each performance obligation to be delivered; and recognises turnover when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts or any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby turnover will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative turnover recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Whenever applicable, the company applies the variable consideration allocation exception to recognise turnover for variable amount related to a distinct service that forms part of a single performance obligation.

Sale of goods at point in time

A sale of goods is recognised when the company has transferred to the buyer the significant risk and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Tangible fixed assets are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items and the costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	On a straight line basis over the length of the lease
Fixtures and fittings	4 - 10 Years straight line
Plant and equipment	4 Years straight line

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised within administrative expenses in the income statement.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the company.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation method is included under leasehold land and buildings above.

2. ACCOUNTING POLICIES - continued

Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. ACCOUNTING POLICIES - continued

Financial instruments

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets

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

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

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the debtor. The risk of a default occurring always takes into consideration all possible default events over the expected life of those debtors ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Default is defined by management as probable non-payments of asset balances.

2. ACCOUNTING POLICIES - continued

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

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

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 statement of financial position at fair value with changes in fair value recognised in the income statement.

At amortised cost

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

The company's trade receivables are all related to the value of revenue receivable from contracts with customers.

2. ACCOUNTING POLICIES - continued

Inventories

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Raw materials and work in progress are stated at the lower of cost measured using the "average cost method" and net realisable value after making due allowance for obsolete and slow-moving inventory.

Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased stock are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. ACCOUNTING POLICIES - continued

Taxation

Current Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. Tax is recognised in the profit or loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

2. ACCOUNTING POLICIES - continued

Foreign exchange

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions (spot exchange), or where a transaction has been hedged, the hedged rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Where a gain or loss on a non-monetary item is recognised in other comprehensive income the foreign exchange component of that gain or loss is also recognised in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement 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'.

Employee benefit costs

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.

2. ACCOUNTING POLICIES - continued

Going concern

The directors of Advanced Innergy Holdings Ltd, ("The Group") have assessed the application of the going concern assumption at a group level. As a trading 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 and invoice discount facility provided by the Group's bankers.

The directors have prepared an extensive three-year forecast which takes into account the current market environment, and this shows that the Group shall be able to operate within its available cash and working capital facilities. The primary funders of the business have expressed their on-going support.

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

3. REVENUE

The revenue and loss before taxation are attributable to the one principal activity of the company.

An analysis of revenue by class of business is given below:

	30.9.24	30.9.23
	£	£
Rendering of services	2,479,503	1,843,155
	<u>2,479,503</u>	<u>1,843,155</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

3. REVENUE - continued

An analysis of revenue by geographical market is given below:

	30.9.24	30.9.23
	£	£
United Kingdom	1,874,079	1,769,307
Europe	580,987	70,400
Rest of World	24,437	3,448
	<u>2,479,503</u>	<u>1,843,155</u>

All revenue from rendering of services relates to revenue from contracts with customers

4. EMPLOYEES AND DIRECTORS

	30.9.24	30.9.23
	£	£
Wages and salaries	1,128,349	908,042
Social security costs	138,842	84,956
Other pension costs	39,830	32,943
	<u>1,307,021</u>	<u>1,025,941</u>

The average number of employees during the year was as follows:

	30.9.24	30.9.23
Administration	4	5
Production	20	20
Management	2	1
	<u>26</u>	<u>26</u>

Directors' remuneration for both the years ending 30 September 2024 and 2023 have been borne by other group entities.

5. EXCEPTIONAL ITEMS

	30.9.24	30.9.23
	£	£
Exceptional items	<u>(39,269)</u>	<u>-</u>

6. FINANCE COST

	30.9.24	30.9.23
	£	£
Other interest payable	-	65
Hire purchase	2,430	3,590
	<u>2,430</u>	<u>3,655</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

7. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	30.9.24	30.9.23
	£	£
Cost of inventories recognised as expense	778,418	806,531
Depreciation - owned assets	119,429	117,965
Foreign exchange differences	1,113	358
	<u> </u>	<u> </u>

8. TAXATION

Analysis of tax income

	30.9.24	30.9.23
	£	£
Deferred tax	(9,064)	(117,369)
Total tax income in income statement	<u>(9,064)</u>	<u>(117,369)</u>

Factors affecting the tax expense

The tax assessed for the year is higher (2023 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	30.9.24	30.9.23
	£	£
Loss before income tax	<u>(136,552)</u>	<u>(401,755)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 25% (2023 - 22.010%)	(34,138)	(88,426)
Effects of:		
Fixed asset differences	9,112	7,849
Expenses not deductible in determining taxable profit	-	125
Income not deductible for tax purposes	(2,963)	(6,736)
Adjustment in respect of prior years	18,926	(20,928)
Deferred tax adjustments in respect of prior years	-	2,600
Adjustment to deferred tax rate to reconciliation rate	-	(11,853)
Adjustment to tax charge in respect of previous periods - deferred tax	(1)	-
Tax income	<u>(9,064)</u>	<u>(117,369)</u>

	30.9.24	30.9.23
	£	£
Deferred tax		
Origination and reversal of temporary differences	-9,064	-117,369

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

9. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 October 2023	283,499	47,808	648,558	979,865
Additions	-	1	-	1
At 30 September 2024	283,499	47,809	648,558	979,866
DEPRECIATION				
At 1 October 2023	171,836	32,805	456,802	661,443
Charge for year	49,628	7,477	62,324	119,429
At 30 September 2024	221,464	40,282	519,126	780,872
NET BOOK VALUE				
At 30 September 2024	62,035	7,527	129,432	198,994
At 30 September 2023	111,663	15,003	191,756	318,422

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

Net values	30.9.24	30.9.23
	£	£
Property	62,035	111,663
Depreciation charge for the year		
Property	49,628	33,134

10. STOCKS

	30.9.24	30.9.23
	£	£
Stocks	288,431	225,886

11. TRADE AND OTHER RECEIVABLES

	30.9.24	30.9.23
	£	£
Trade receivables	676,931	335,293
Amounts owed by group undertakings	361,950	469,796
Other debtors	156,646	147,549
	1,195,527	952,638

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

11. TRADE AND OTHER RECEIVABLES - continued

Deferred tax asset	30.9.24	30.9.23
	£	£
Accelerated capital allowances	117,172	20,731
Deferred tax	9,064	96,441
	<u>126,236</u>	<u>117,172</u>

The Other Debtors including the Deferred tax asset of £126,236 on 30.9.24 (£117,172 on 30.9.23).

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

12. TRADE AND OTHER PAYABLES

	30.9.24	30.9.23
	£	£
Leases (see note 15)	49,112	47,821
Trade creditors	246,221	316,847
Amounts owed to group undertakings	759,252	284,526
Tax	2	-
Social security and other taxes	20,367	19,197
VAT	41,103	7,154
Other creditors	7,046	5,839
Accruals and deferred income	199,021	130,156
	<u>1,322,124</u>	<u>811,540</u>

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

A fixed and floating charge over the company's assets is held as by agent Barclays Bank PLC.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.9.24	30.9.23
	£	£
Leases (see note 15)	-	48,861
	<u>-</u>	<u>48,861</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

14. DEFERRED TAX

	Fixed asset temporary differences	Other timing differences	Losses and other deductions	Total
Deferred tax movements in current year	£	£	£	£
Deferred tax asset at 1 October 2023	10,993	2,478	103,701	117,172
Credit to profit or loss	13,187	2,695	(6,818)	9,064
Deferred tax asset at 30 September 2024	<u>24,180</u>	<u>5,173</u>	<u>96,883</u>	<u>126,236</u>

	Fixed asset temporary differences	Other timing differences	Losses and other deductions	Total
Deferred tax movements in current year	£	£	£	£
Deferred tax asset at 1 October 2022	8,715	437	11,579	20,731
Credit to profit or loss	2,279	2,041	92,122	96,441
Deferred tax asset at 30 September 2023	<u>10,993</u>	<u>2,478</u>	<u>103,701</u>	<u>117,172</u>

15. FINANCIAL LIABILITIES - BORROWINGS

	30.9.24	30.9.23
	£	£
Current:		
Leases (see note 16)	<u>49,112</u>	<u>47,821</u>
Non-current:		
Leases (see note 16)	<u>-</u>	<u>48,861</u>

Terms and debt repayment schedule

	1 year or less
	£
Leases	<u>49,112</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

16. **LEASING**

Lease liabilities

Minimum lease payments fall due as follows:

	30.9.24	30.9.23
	£	£
Gross obligations repayable:		
Within one year	50,423	50,251
Between one and five years	-	50,172
	<u>50,423</u>	<u>100,423</u>
Finance charges repayable:		
Within one year	1,311	2,430
Between one and five years	-	1,311
	<u>1,311</u>	<u>3,741</u>
Net obligations repayable:		
Within one year	49,112	47,821
Between one and five years	-	48,861
	<u>49,112</u>	<u>96,682</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date.

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			30.9.24	30.9.23
Number:	Class:	Nominal value:	£	£
100	Ordinary	1	<u>100</u>	<u>100</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.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2024

18. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 October 2023	875,888	57,613	933,501
Deficit for the year	<u>(127,488)</u>	<u> </u>	<u>(127,488)</u>
At 30 September 2024	<u>748,400</u>	<u>57,613</u>	<u>806,013</u>

Profit and loss reserves

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

Share premium reserve

Represents the consideration received for shares issued above their nominal value net of transaction costs.

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.

As at the year end there were amounts outstanding from the company, to AIS Korea Limited, of £57,636 (2023: £57,636).

As at the year end there were amounts outstanding to the company, from Advanced Innergy Solutions do Brasil Ltda, of £9,238 (2023: £9,238).

20. PARENT AND ULTIMATE PARENT UNDERTAKING

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