Edif Group Finance Limited

Unaudited

Directors' Report and Financial Statements

31 December 2018

Registered No. 07497827

Directors
R Cavanna
A Du Plessis

Registered Office
Cleeve Road
Leatherhead
Surrey
KT22 7SA

Registered Number
07497827

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2018.

Principal activity and review of the business

The Company acts as an intermediate parent undertaking.

During 2018, several of the company's dormant subsidiary undertakings were struck off. RINA Consulting Inc was acquired by another group company. OST Energy Private Limited issued further shares subscribed by other group undertakings and therefore the ownership percentage decreased from 100% to 1%. On 17 August 2018, one of the company's subsidiary undertakings (RINA Consulting Limited) bought the entire share capital of NDE Technical Services UK Limited.

The results show a profit after tax of £1,945,000 (2017 – £2,458,000). The directors do not presently expect the activities of the Company to change significantly within the foreseeable future.

The net assets of the Company improved to £9,437,000 (2017 – £7,492,000) due to the net increase of amounts owed by group undertakings.

Principal risks and uncertainties

The Company is financed through a combination of equity and debt finance. The Company's equity is detailed in the Statement of Changes in Equity. Debt finance comprises preference shares (until 15 September 2017) and amounts owed to group undertakings as set out in note 10 to the financial statements. These loans are not repayable until March 2021.

The principal risks facing the Company are that group companies would be unable to repay loans, that investments carried in the Company's balance sheet would not be realised, and that the Company is unable to service the amounts owed to group companies. The objective of Company is to manage these risks at optimum cost.

To manage risks relating to the recovery of investments and loans owed to the Company, the directors monitor the performance and financial status of the relevant group companies.

Since the Company's borrowings are of a long term nature liquidity risk arises only in respect of the payment of interest on borrowings. This risk is managed through the receipt of interest on amounts owing from group companies which approximates to the amounts borrowed and at similar interest rates.

Since the Company's borrowings are primarily at fixed rates of interest the directors consider that the Company does not have a significant interest rate risk exposure.

As the Company transacts mainly in Sterling the directors do not consider that the Company has any significant exposure to currency risks.

This report was approved by the board and signed on its behalf.

A Du Plessis
Director
9 August 2019

Registered No. 07497827

Directors' report

The directors present their report and financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year after taxation amounted to £1,945,000 (2017 – £2,458,000). The directors do not recommend a final dividend (2017 – £nil). During the year the company paid an interim dividend of £nil (2017 – £nil).

Future developments

The Company acts as an intermediate holding company and will continue to provide funding support to its subsidiary undertakings.

Going concern

The Company's business activities, together with the principal risk and uncertainties likely to affect its future performance are described in the Strategic Report.

The Company's forecast and projections show that the Company will have adequate financial resources to enable it to continue to fund its operations for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served the company during the year and since then until approval of the report and financial statements were as follows:

R Cavanna
A Du Plessis

This report was approved by the board and signed on its behalf.

A Du Plessis
Director
9 August 2019

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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 including Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Profit and loss account

for the year ended 31 December 2018

	Notes	*2018* *£000*	*2017* *£000*
Interest receivable and similar income	5	4,109	5,661
Interest payable and similar charges	6	(2,164)	(3,203)
Profit on ordinary activities before taxation		1,945	2,458
Tax	7	–	–
Profit for the financial year		1,945	2,458

Statement of comprehensive income

for the year ended 31 December 2018

There are no comprehensive income other than the profits attributable to the shareholders of the company of £1,945,000 in the year ended 31 December 2018 (2017 – £2,458,000).

Statement of changes in equity

at 31 December 2018

	Share capital *£000*	*Share premium* *£000*	*Retained earnings* *£000*	*Total equity* *£000*
At 1 January 2017	-	1,017	271	1,288
Profit for the year	-	-	2,458	2,458
Conversion of preference shares	-	3,746		3,746
Total comprehensive income for the year	-	3,746	2,458	6,204
At 31 December 2017	-	4,763	2,729	7,492
Profit for the year	-	-	1,945	1,945
Total comprehensive income for the year	-	-	1,945	1,945
At 31 December 2018	-	4,763	4,674	9,437

The notes on pages 7 to 12 from part of these financial statements.

Registered No. 07497827

Balance sheet

at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Investments	8	2,940	2,940
Current assets			
Debtors: amounts falling due after more than one year	9	43,204	39,095
Net current assets		43,204	39,095
Total assets		46,144	42,035
Creditors: amounts falling due after more than one year	10	(36,707)	(34,543)
Net assets		9,437	7,492
Capital and reserves			
Called up share capital	11	–	–
Share premium	12	4,763	4,763
Profit and loss account	12	4,674	2,729
Shareholders' funds		9,437	7,492

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved for issue by the board of directors on 9 August 2019 and signed on its behalf by:

A Du Plessis

Director

The notes on pages 7 to 12 from part of these financial statements.

Notes to the financial statements

at 31 December 2018

1. Accounting policies

Statement of compliance and basis of preparation

The financial statements of Edif Group Finance Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on 9 August 2019 and the balance sheet was signed on the board's behalf by Annelie Du Plessis. Edif Group Finance Limited is incorporated and domiciled in England.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and with those parts of the Companies Act 2006 applicable to companies reporting under FRS 101.

The Company meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the following disclosure exemptions available to it under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments;

(b) the requirements of paragraph 91 to 99 of IFRS 13 Fair Value Measurement;

(c) the requirements of IAS 7 Statement of Cash Flows;

(d) the requirements of paragraphs 10(d), 16, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;

(e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and

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

The Company is a subsidiary undertaking of Edif Group Limited. The largest and smallest group in which the results of the Company are consolidated is that headed by RINA S.p.A. See note 13 for further information.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no critical judgments, estimates or assumptions within these financial statements.

Going concern

The Company's Directors have considered the forecasts and projections of the Company taking into account reasonably possible changes in trading performance. After making enquires, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they have prepared the financial statements on a going concern basis.

Group financial statements

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements because it is a wholly owned subsidiary of RINA S.p.A., which prepares group financial statements which are publically available and in which the results of the company are consolidated. These financial statements present information about the Company as an individual undertaking and not about its group.

Notes to the financial statements

at 31 December 2018

1. Accounting policies (continued)

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less any provisions for impairment.

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes with the following exceptions:

- where the initial recognition of goodwill, or any asset or liability in a transaction that is not a business combination, affects neither the accounting nor the taxable profit;
- where differences relate to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future; and
- a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognised in net profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

Classification of financial instruments issued by the company

Financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Notes to the financial statements

at 31 December 2018

1. Accounting policies (continued)

Loan receivables

Loan receivables are initially recorded at cost. After initial recognition, loan receivables are measured at amortised cost using the effective interest method. The carrying values of loan receivables are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment arising is recognised within the profit and loss account.

2. Directors' remuneration

No remuneration was paid to the directors of the Company during the year in respect of qualifying services (2017 – £nil).

3. Auditor's remuneration

Audit remuneration of £nil (2017 – £3,000) has been borne by Edif Group Management Limited a subsidiary undertaking of the company. No fees were paid to the company's auditor Anderson Anderson & Brown Audit LLP for services other than the statutory audit of the company's financial statements during 2017.

4. Staff costs

The average number of employees, excluding directors, employed by the Company during the year was nil (2017 – nil).

5. Interest receivable and similar income

	2018	*2017*
	£000	*£000*
Interest receivable from group undertakings	4,109	5,371
Preference share dividends	–	290
	4,109	5,661

6. Interest payable and similar charges

	2018	*2017*
	£000	*£000*
Interest payable and similar charges	(2,164)	(2,913)
Preference share dividends	–	(290)
	(2,164)	(3,203)

Notes to the financial statements

at 31 December 2018

7. Tax

(a) Tax on profit on ordinary activities

The tax is made up as follows:

	2018	*2017*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year	–	–
Deferred tax:		
Origination and reversal of temporary differences	–	–
Tax on loss on ordinary activities (note 7(b))	–	–

(b) Factors affecting the current tax for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018	*2017*
	£000	*£000*
Profit on ordinary activities before tax	1,945	2,458
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	370	473
Effects of:		
Group relief	(370)	(473)
Current tax for the year (note 7(a))	–	–

(c) Factors that may affect future tax charges

The UK corporation tax rate was reduced to 19% from 1 April 2017 and will reduce further to 17% from 1 April 2020. The reduction to 17% was announced in the March 2016 Budget and was substantively enacted on 6 September 2016 and this is the rate at which deferred tax has been provided.

8. Investments

	Subsidiary undertakings
	£000
Cost:	
At 1 January 2018 and 31 December 2018	2,940
Net book value:	
At 1 January 2018 and 31 December 2018	2,940

Notes to the financial statements

at 31 December 2018

8. Investments (continued)

The undertakings in which the Company's interests at the year-end is more than 20% are as follows:

Subsidiary undertaking	*Principal place of business*	*Principal activity*	*Holding*	*Class and percentage of shares held*
Edif Group Management Limited	England, 1	Intermediate parent	Ordinary shares	100%
RINA Consulting Limited	England, 1	Engineering consultancy	Ordinary shares	100%*
RINA Consulting Defence Limited	England, 1	Engineering consultancy	Ordinary shares	100%*
OST Energy Limited	UK, 1	Technical consultancy	Ordinary shares	100%*
OST Energy Africa (Pty) Ltd	South Africa, 2	Technical consultancy	Ordinary shares	100%*
OST Energy Pty Ltd	Australia, 3	Technical consultancy	Ordinary shares	100%*
OST Energy Private Limited	India, 4	Technical consultancy	Ordinary shares	1%*
NDE Technical Services UK Limited	England, 1	Vendor inspection	Ordinary shares	100%*
London Power Associates Limited	England, 1	Engineering consultancy	Ordinary shares	100%*
London Power Associates (Nigeria) Limited	Nigeria	Engineering consultancy	Ordinary shares	100%*

* These entities are held indirectly.

	Principal place of business/ Note
1	Cleeve Road, Leatherhead, United Kingdom, KT22 7SA
2	2nd Floor, Rozenhof Office Court, 20 Kloof Street Gardens, Cape Town, South Africa, 8001
3	44 Market Lane, Manly, NSW, Australia, 2095
4	Office No. 1639, Regus Spaces, 16th Floor, Building 9A, DLF Cyber City, Gurgaon, India, 122 002

9. Debtors: amounts falling due after more than one year

	2018	*2017*
	£000	*£000*
Amounts owed by group undertakings	43,204	39,095

Notes to the financial statements

at 31 December 2018

10. Creditors: amounts falling due after more than one year

	2018	*2017*
	£000	*£000*
Amounts owed to group undertakings	36,707	34,543
Total of loans wholly repayable after more than 5 years	36,707	34,543

Amounts owed to group undertakings represents unsecured fixed rate interest bearing loans of 6.5% (2017 – 6.5%) from the company's immediate subsidiary, Edif Group Management Limited and from the company's immediate parent undertaking, Edif Group Limited. The loans are repayable in March 2021.

11. Issued share capital

		2018		*2017*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £0.0001 (2017: £0.0001) each	919,703	92	919,703	92

12. Movements on reserves

	Profit and loss account	*Share premium*	*Total share-holders' funds*
	£000	*£000*	*£000*
At 1 January 2018	2,729	4,763	7,492
Profit for the year	1,945	-	1,945
At 31 December 2018	4,674	4,763	9,437

Share capital

Share capital represents the nominal value of the allotted, called up and fully paid shares.

Share premium

Share premium represents the balance of the total net proceeds on issue of the company's share capital less the nominal value of the shares.

Profit and loss account

Profit and loss account represents the distributable reserves of the company.

13. Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of Edif Group Limited which is incorporated in England & Wales. The Company's ultimate parent undertaking is Registro Italiano Navale which is incorporated in Italy.

The largest and smallest group in which the results of the Company are consolidated is that headed by RINA S.p.A incorporated in Italy. The group financial statements of this group are available from the Chamber of Commerce of Genoa, Plazza de Ferrari 2, Genoa, Italy.