Edif Group Limited

Report and Financial Statements

31 December 2017

Registered No. 07498697

Directors

R Cavanna
A Du Plessis

Auditors

Anderson Anderson & Brown LLP
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

Registered Office

Cleeve Road
Leatherhead
Surrey
KT22 7SA

Registered Number
07498697

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2017.

Principal activities and review of the business

Edif Group was established in 2011 to create a leading global provider of technical, quality, risk and safety solutions to owners and operators of industrial plants, infrastructure and critical assets. Following the acquisition by RINA S.p.A. in July 2016, the company acts as an intermediate holding company.

On 9 June 2017, the Company entered into an assignment agreement with Edif Group Finance Limited ("EGFL") and Rina International B.V. ("Rina International"), pursuant to which the right to receive amounts due from Rina International to EGFL (the "Debt") would be assigned to the Company (the "First Assignment Agreement"). Simultaneously, the Company entered into an assignment agreement with its parent, Rina S.p.A ("Rina SpA"), and Rina International, pursuant to which the Company's right to receive payment of the Debt from Rina International would be assigned to Rina SpA (the "Second Assignment Agreement").

In consideration for the assignment of the Debt under the Second Assignment Agreement, an amount equal to the Debt were constituted as owing from Rina SpA to the Company. The Company reduced its share premium account from £96,367,000 to £66,205,000 and the amount by which the share premium account was reduced, being £30,162,000, would be payable to Rina SpA. The amount payable by Rina SpA to the Company pursuant to the Second Assignment Agreement would then be offset in its entirety against the amount payable by the Company to Rina SpA following the reduction of the share premium.

On 16 June 2017, the company was acquired by another group company, Rina Consulting S.p.A for EUR 119.5 million.

During 2017, several of the company's dormant subsidiary undertakings were struck off. OST Italy SRL was acquired by another group company.

The results show a profit after tax of £5,059,000 (2016 – £2,877,000). The increase is due to the interest on the loans to group undertakings. The directors do not presently expect the activities of the Company to change significantly within the foreseeable future.

The net assets of the Company changed significantly to £74,147,000 (2016 – £99,250,000) following the share premium reduction as described above.

Principal risks and uncertainties

The principal risks facing the Company are that group companies would be unable to repay loans and that investments carried in the Company's balance sheet would not be realised. 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.

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
14 June 2018

Registered No. 07498697

Directors' report

The directors present their report and financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year after taxation amounted to £5,059,000 (2016 – profit of £2,877,000). The directors do not recommend a final dividend (2016 – £ nil).

Other statutory information

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year, for the benefit of Directors and, at the date of this report, are in force in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

Future developments

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

Directors

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

A Du Plessis
R Cavanna

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Anderson Anderson & Brown LLP as auditors will be put to the members at the Annual General Meeting.

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

A Du Plessis
Director
14 June 2018

Statement of directors' responsibilities

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.

Independent auditors' report

to the shareholders of Edif Group Limited

Opinion

We have audited the financial statements of EDIF Group Limited for the year ended 31 December 2017, which comprise the Profit and loss account, the Statement of comprehensive income, the Statement of changes in equity, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Independent auditors' report (continued)

to the shareholders of Edif Group Limited

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

We have nothing to report in this regard.

Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report (continued)

to the shareholders of Edif Group Limited

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

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

Anderson Anderson & Brown LLP

Christopher Masson (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown LLP

Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU
Date: 15/6/18

Profit and loss account

for the year ended 31 December 2017

	Notes	*2017* *£000*	*2016* *£000*
Administrative income		–	1
Operating profit		–	1
Interest receivable and similar income	5	5,059	3,076
Interest payable and similar charges	6	–	(200)
Profit on ordinary activities before taxation		5,059	2,877
Tax	7	–	–
Profit for the financial year		5,059	2,877

Statement of comprehensive income

for the year ended 31 December 2017

There are no comprehensive income other than the profits attributable to the shareholders of the company of £5,059,000 in the year ended 31 December 2016 (2016 – profit of £2,877,000).

Statement of changes in equity

at 31 December 2017

	Share capital *£000*	*Share premium* *£000*	*Retained earnings* *£000*	*Total equity* *£000*
At 1 January 2016	–	1,168	6	1,174
Issue of Shares	–	95,199	-	95,199
Profit for the year	–	–	2,877	2,877
Total comprehensive income for the year	–	95,199	2,877	98,076
At 31 December 2016	–	96,367	2,883	99,250
Profit for the year	–	–	5,059	*5,059*
Share premium reduction	–	(30,162)	–	(30,162)
Total comprehensive income for the year	–	(30,162)	5,059	(25,103)
At 31 December 2017	–	66,205	7,942	74,147

Registered No. 07498697

Balance sheet

at 31 December 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Investments	8	2,940	2,940
Current assets			
Debtors (due after more than one year)	9	71,207	96,310
Net assets		74,147	99,250
Capital and reserves			
Called up share capital	10	–	–
Share premium account	11	66,205	96,367
Profit and loss account	11	7,942	2,883
Shareholders' funds		74,147	99,250

The financial statements were approved for issue by the board of directors on 14 June 2018 and signed on its behalf by:

A Du Plessis

Director

Notes to the financial statements

at 31 December 2017

1. Accounting policies

Statement of compliance and basis of preparation

The financial statements of Edif Group Limited (the "Company") for the year ended 31 December 2017 were authorised for issue by the board of directors on 14 June 2018 and the balance sheet was signed on the board's behalf by Annelie Du Plessis. Edif Group 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 RINA S.p.A. 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.

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.

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.

Notes to the financial statements

at 31 December 2017

1. Accounting policies (continued)

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.

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.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes to the financial statements

at 31 December 2017

2. Directors' remuneration

No remuneration was paid to the directors of the Company during the year in respect of qualifying services (2016 – £nil).

3. Auditor's remuneration

Audit remuneration of £3,000 (2016 – £5,250) 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 LLP for services other than the statutory audit of the company's financial statements.

4. Staff costs

The average number of employees, excluding directors, employed by the Company during the year was nil (2016 – nil).

5. Interest receivable and similar income

	2017	*2016*
	£000	*£000*
Interest receivable from group undertakings	5,059	3,076
	5,059	3,076

6. Interest payable and similar charges

	2017	*2016*
	£000	*£000*
Preference share dividends	–	(200)
	–	(200)

7. Tax

(a) Tax on profits on ordinary activities

The tax is made up as follows:

	2017	*2016*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year	–	–
Deferred tax:		
Origination and reversal of temporary differences	–	–
Tax on profit on ordinary activities (note 7(b))	–	–

Notes to the financial statements

at 31 December 2017

7. Tax (continued)

(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 19.25% (2016 – 20%). The differences are explained below:

	2017	*2016*
	£000	*£000*
Profit on ordinary activities before tax	5,059	2,877
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	974	575
Effects of:		
Disallowed expenses/(non-taxable income)	–	(34)
Group relief	(974)	(541)
Current tax for the year (note 7(a))	–	–

(c) Factors that may affect future tax charges

The UK corporation tax rate will reduce to 19% from 1 April 2017 and 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 2017 and 31 December 2017	2,940
Net book value:	
At 1 January 2017 and 31 December 2017	2,940

Notes to the financial statements

at 31 December 2017

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 Finance Limited	England, 1	Intermediate parent	Ordinary shares	100%
Edif Group Management Limited	England, 1	Intermediate parent	Ordinary shares	100%*
Rina Consulting Limited (previously ERA Technology Limited)	England, 1	Engineering consultancy	Ordinary shares	100%*
Matthews Engineering Training Limited	England, 1, 2	Engineering training services	Ordinary shares	100%*
Cuerden Consulting Limited	England, 1, 2	Engineering consultancy	Ordinary shares	100%*
Rina Consulting Defence Limited (previously Edif Certification 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, 3	Technical consultancy	Ordinary shares	100%*
Rina Consulting Inc (previously OST North America Inc)	USA, 4	Technical consultancy	Ordinary shares	100%*
OST Energy Pty Ltd	Australia, 5	Technical consultancy	Ordinary shares	100%*
OST Energy Private Limited	India, 6	Technical consultancy	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	Dissolved 1 May 2018
3	2nd Floor, Rozenhof Office Court, 20 Kloof Street Gardens, Cape Town, South Africa, 8001
4	705 S. Main Street, Suite 260, Plymouth, MI, USA, 48170
5	44 Market Lane, Manly, NSW, Australia, 2095
6	Office No. 1639, Regus Spaces, 16th Floor, Building 9A, DLF Cyber City, Gurgaon, India, 122 002

Notes to the financial statements

at 31 December 2017

9. Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	71,207	96,310
	71,207	96,310

Debtors include loans, loan notes and preference share dividends receivable from other group entities of £71,207,000 (2016 – £96,310,000) repayable after more than one year.

10. Issued share capital

Allotted, called up and fully paid	*No.*	*2017* *£*	*No.*	*2016* *£*
Ordinary shares of £0.01 each	12,090	121	12,090	121
		121		121

11. Movements on reserves

	Share capital *£000*	*Share premium account* *£000*	*Profit and loss account* *£000*
At 1 January 2017	-	96,367	2,883
Profit for the year	-	-	5,059
Share premium reduction	-	(30,162)	-
At 31 December 2017	-	66,205	7,942

The Company reduced its share premium account from £96,367,000 to £66,205,000 as described in the strategic report.

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.

12. Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of RINA Consulting S.p.A. which is incorporated in Italy. 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.