

Registered number: 06632693

OST ENERGY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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OST ENERGY LIMITED

COMPANY INFORMATION

Directors	A Crocker F Bagnoli
Company secretary	A Crocker
Registered number	06632693
Registered office	Cleeve Road Leatherhead Surrey KT22 7SA
Independent auditors	Anderson Anderson & Brown LLP Kingshill View Prime Four Business Park Kingswells Aberdeen AB15 8PU

OST ENERGY LIMITED

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OST ENERGY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The principal activity of the Company during the year was that of renewable energy technical consultants.

Business review

On 1 June 2017, the trade, assets (except for investments held in foreign subsidiaries) and liabilities of the UK were transferred to its holding company at book value in consideration of an intragroup payable to the holding company. Since that date the company did not trade in the UK and only traded through its French branch.

On 9 June 2017, the Company sold its investment in OST Italy SRL to another group undertaking and it resulted in £355,000 profit on sale.

The results show a profit after tax of £303,000 (14 months ended 31 December 2016 - £884,000). The decrease is mainly due to the transfer of the trade and assets as described above.

Key performance indicators

The directors are satisfied with the company's performance.

Principal risks and uncertainties

Financial Instruments risk

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management risk at a business unit level.

Interest rate risk and liquidity risk

The Company's objective is to maintain liquidity to ensure that sufficient funds are available for on-going operations, using both long and short-term borrowings to manage this risk. The Company is funded by cash generated from its own operations and by long-term fixed rate loans from Group companies.

Credit risk

The Company's credit risk is primarily attributed to trade debtors. The Company has no significant concentration of credit risk, with exposure over a large number of customers. The maximum exposure to credit risk is represented by the carrying amount of trade debtors. The Company monitors the credit risk of material customers and other counterparties and incorporates this information into its credit risk controls.

Foreign exchange risk

The Company's exposure to foreign currency risk is on sales and purchases that are denominated in a currency other than Pounds Sterling. The directors monitor this exposure but have sought not to hedge on the grounds that at this time the Company does not have a significant exposure to foreign currency risk.

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



.....
A Crocker
Director

Date: 15 / 06 / 18

OST ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Results and dividends

The profit for the year, after taxation, amounted to £303,000 (2016 - £884,000).

The directors do not recommend a final dividend (2016 - £NIL).

Directors

The directors who served during the year were:

A Crocker
J Hunt (resigned 23 January 2018)
O Soper (resigned 24 January 2018)
S Turner (resigned 23 January 2018)
F Bagnoli (appointed 24 January 2018)

Future developments

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Anderson Anderson & Brown LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
A Crocker
Director

Date: 15/06/18

OST ENERGY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

OST ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OST ENERGY LIMITED

Opinion

We have audited the financial statements of OST Energy Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity 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 'Reduced Disclosure Framework'.

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.

OST ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OST ENERGY LIMITED (CONTINUED)

Other information

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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, 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.

OST ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OST ENERGY LIMITED (CONTINUED)

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. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

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: 19/6/18

OST ENERGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 December 2017 £000	14 month period ended 31 December 2016 £000
	Note		
Turnover	4	2,756	6,792
Cost of sales		(1,990)	(3,997)
Gross profit		766	2,795
Administrative expenses		(858)	(2,616)
Other operating income	5	16	467
Operating (loss)/profit	6	(76)	646
Net profit on sale of investments	13	355	-
Profit on ordinary activities before interest		279	646
Income from shares in group undertakings		-	238
Interest receivable and similar income	9	26	74
Profit before tax		305	958
Tax on profit	10	(2)	(74)
Profit for the financial year		303	884

There was no other comprehensive income for 2017 (2016 - £NIL).


The notes on pages 10 to 26 form part of these financial statements.

OST ENERGY LIMITED
REGISTERED NUMBER:06632693

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	11	-	47
Tangible assets	12	1	182
Investments	13	2	12
		<u>3</u>	<u>241</u>
Current assets			
Debtors (including £3,385,000 (2016: £nil) due after more than one year)	14	3,818	3,606
Cash at bank and in hand	15	37	254
		<u>3,855</u>	<u>3,860</u>
Creditors: amounts falling due within one year	16	(419)	(933)
Net current assets		<u>3,436</u>	<u>2,927</u>
Total assets less current liabilities		<u>3,439</u>	<u>3,168</u>
Provisions for liabilities			
Deferred tax	17	-	(32)
		<u>-</u>	<u>(32)</u>
Net assets		<u><u>3,439</u></u>	<u><u>3,136</u></u>
Capital and reserves			
Called up share capital	18	12	12
Share premium account		379	379
Profit and loss account		3,048	2,745
		<u><u>3,439</u></u>	<u><u>3,136</u></u>

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


.....
A Crocker
Director

Date: 15/06/2018

The notes on pages 10 to 26 form part of these financial statements.

OST ENERGY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 October 2015	12	379	1,861	2,252
Profit for the period	-	-	884	884
At 1 January 2017	12	379	2,745	3,136
Profit for the year	-	-	303	303
At 31 December 2017	12	379	3,048	3,439

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

OST Energy Limited (the Company) is a limited company incorporated in the United Kingdom. The address of its principal place of business is ERA Building, Cleeve Road, Leatherhead, Surrey, KT22 7SA. The company also operates a branch in France which is not a separate legal entity.

The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- 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 requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the Company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Hive up of trade, assets and liabilities

On 1 June 2017, the trade, assets (except for investments held in foreign subsidiaries) and liabilities of the UK were transferred to its holding company at book value in consideration of an intragroup payable to the holding company. Since that date the company did not trade in the UK and only traded through its French branch.

2.5 Group financial statements

The Company has taken advantage of the exemption from preparing group financial statements afforded by section 400 of the Companies Act 2006 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. The financial statements therefore present information in respect of the Company as an individual undertaking and not its group.

2.6 Related party transactions

As the Company is a wholly owned subsidiary of RINA S.p.A, the Company has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions with wholly owned subsidiaries which form part of the RINA Group of companies.

2.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.8 Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.10 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Improvements to leasehold property	-	25% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.11 Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less any provisions for impairment. Costs incurred in relation to the acquisition of such investments are capitalised as part of the investment carrying value. Contingent consideration payable in respect of any acquisition is capitalised as part of the investment carrying value at its fair value at the acquisition date. Subsequent changes to fair value of any contingent consideration payable are recognised by increasing or decreasing the carrying value of the investment.

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.12 Impairment of fixed assets and goodwill

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset or goodwill may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and loss account unless they arise on a previously re-valued fixed asset. An impairment loss on a re-valued fixed asset is recognised in the Profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the Statement of other comprehensive income until the carrying amount reaches the asset's depreciated historical cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro-rata or more appropriate basis. An income-generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

2.13 Debtors

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

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.15 Classification of financial instruments issued by the Company

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

- 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 Company; and
- 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.

2.16 Creditors

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

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

2.17 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.18 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.19 Pensions

Defined contribution pension plan

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

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

2.20 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.22 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.22 Current and deferred taxation (continued)

Deferred taxation is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in period different from those in which they are recognised in the financial statements, with the following exceptions:

- Where there are differences between amounts that can be deducted for tax assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised;
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the Balance sheet date, dividends have been accrued as receivable; and
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2.23 Research and development

Expenditure on research and development is written off to the Statement of comprehensive income in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, related future sales are expected to exceed aggregated costs and adequate resources exist to enable the project to be completed.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision 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.

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

Overseas turnover amounted to 58.8% (2016 - 27.2%) of the total turnover for the year.

5. Other operating income

	Year ended 31 December 2017 £000	14 month period ended 31 December 2016 £000
Other operating income	7	436
Net rents receivable	9	31
	<u>16</u>	<u>467</u>

6. Operating (loss)/profit

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

	Year ended 31 December 2017 £000	14 month period ended 31 December 2016 £000
Depreciation of tangible fixed assets	47	132
Amortisation of intangible assets	10	14
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6	6
Foreign currency exchange differences	21	3
	<u>84</u>	<u>155</u>

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2017 £000	14 month period ended 31 December 2016 £000
Wages and salaries	1,469	3,670
Social security costs	282	499
Cost of defined contribution pension scheme	106	247
	<u>1,857</u>	<u>4,416</u>

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

	Year ended 31 December 2017 No.	14 month period ended 31 December 2016 No.
Operations	24	57
Administration	7	18
	<u>31</u>	<u>75</u>

8. Directors' remuneration

	Year ended 31 December 2017 £000	14 month period ended 31 December 2016 £000
Directors' emoluments	92	261
Company contributions to money purchase schemes	5	7
	<u>97</u>	<u>268</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

OST ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Interest receivable

	Year ended 31 December 2017 £000	14 month period ended 31 December 2016 £000
Interest receivable from group companies	26	74

10. Taxation

	Year ended 31 December 2017 £000	14 month period ended 31 December 2016 £000
Corporation tax		
Current tax on profits for the year	2	74
Total current tax	2	74
Taxation on profit on ordinary activities	2	74

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	Year ended 31 December 2017 £000	14 month period ended 31 December 2016 £000
Profit on ordinary activities before tax	305	958
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	59	192
Effects of:		
Non-taxable income	(68)	-
Non-taxable dividend income	-	(48)
Overseas tax rate not at standard UK rate	2	-
Group relief received for nil consideration	(7)	-
Origination and reversal of timing differences	16	(70)
Total tax charge for the year/period	2	74

Factors that may affect future tax charges

The UK corporation tax rate will reduce 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 would be provided.

OST ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Intangible assets

	Patents £000	Develop- ment £000	Total £000
At 1 January 2017	15	52	67
Additions	-	5	5
Transfer on hive up (Note 2.4)	(15)	(57)	(72)
At 31 December 2017	-	-	-
At 1 January 2017	12	8	20
Charge for the year	2	8	10
Transfer on hive up (Note 2.4)	(14)	(16)	(30)
At 31 December 2017	-	-	-
Net book value			
At 31 December 2017	-	-	-
At 31 December 2016	3	44	47

OST ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Tangible fixed assets

	Improvements to leasehold property £000	Fixtures, fittings and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2017	142	163	215	520
Additions	-	2	3	5
Transfer on hive up (Note 2.4)	(142)	(165)	(215)	(522)
At 31 December 2017	-	-	3	3
Depreciation				
At 1 January 2017	84	108	144	336
Charge for the year	14	12	21	47
Transfer on hive up (Note 2.4)	(98)	(120)	(163)	(381)
At 31 December 2017	-	-	2	2
Net book value				
At 31 December 2017	-	-	1	1
At 31 December 2016	58	55	71	184

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Fixed asset investments

	Investments in associates £000
Cost or valuation	
At 1 January 2017	52
Disposal	(50)
	<hr/>
At 31 December 2017	2
	<hr/>
Impairment	
At 1 January 2017	40
Disposal	(40)
	<hr/>
At 31 December 2017	-
	<hr/>
Net book value	
At 31 December 2017	2
	<hr/> <hr/>
At 31 December 2016	12
	<hr/> <hr/>

On 9 June 2017, the Company sold its investment in OST Italy SRL to another group undertaking and it resulted in a £355,000 profit on sale.

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Fixed asset investments (continued)

Subsidiary undertakings

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

<i>Subsidiary undertaking</i>	<i>Principal place of business (see note below)</i>	<i>Principal activity</i>	<i>Holding</i>	<i>Class and percentage of shares held</i>
OST Energy Africa (Pty) Ltd	South Africa, 1	Technical consultancy	Ordinary shares	100%
Rina Consulting Inc (previously OST North America Inc)	USA, 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	100%

Principal place of business/ Note

1	2 nd Floor, Rozenhof Office Court, 20 Kloof Street Gardens, Cape Town, South Africa, 8001
2	705 S. Main Street, Suite 260, Plymouth, MI, USA, 48170
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

OST ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Debtors

	2017 £000	2016 £000
Trade debtors	254	503
Amounts owed by group undertakings (due after more than one year)	3,385	2,356
Other debtors	5	56
Prepayments and accrued income	174	691
	<u>3,818</u>	<u>3,606</u>

15. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	<u>37</u>	<u>254</u>

16. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	17	34
Amounts owed to group undertakings	292	516
Other taxation and social security	98	230
Other creditors	1	8
Accruals and deferred income	11	145
	<u>419</u>	<u>933</u>

17. Deferred taxation

	2017 £000	2016 £000
At beginning of year	(32)	(32)
Transfer on hive up	32	-
At end of year	<u>-</u>	<u>(32)</u>

OST ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	-	(32)

18. Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
11,579 Ordinary Shares shares of £1 each	12	12

19. Pension commitments

The Company contributes to a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £106,000 (2016 - £247,000).

20. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Not later than 1 year	-	174
Later than 1 year and not later than 5 years	-	279
Later than 5 years	-	316
	-	769

21. Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of RINA Consulting Ltd (previously ERA Technology 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, Piazza de Ferrari 2, Genoa, Italy.