



REGISTERED NUMBER: 08925721

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018
FOR
EV FINCO LIMITED



EV FINCO LIMITED

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FOR THE YEAR ENDED 31 MARCH 2018**

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EV FINCO LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

DIRECTORS:	J J R Thursby O J Bevan F Louden J J Houston C Milburn S N S Middleton
SECRETARY:	J J Houston
REGISTERED OFFICE:	EV Technology Centre 19 Frensham Road Sweet Briar Industrial Estate Norwich Norfolk NR3 2BT
REGISTERED NUMBER:	08925721 (England and Wales)
AUDITORS:	Grant Thornton UK LLP Kingfisher House 1 Gilders Way St James Place Norwich NR3 1UB
SOLICITORS:	CMS Cameron McKenna LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EN

EV FINCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their strategic report and the audited financial statements of EV Finco Limited (the "Company") for the year ended 31 March 2018.

BUSINESS REVIEW

The principal activity of the business is to hold the shares of E.V. Offshore Limited and the institutional, shareholder and listed debt of the Group. The Company is also the intermediate parent of a Group of six companies.

The Statement of Comprehensive Income on page 7 shows the Company's loss for the financial year. For the financial year ended 31 March 2018 the Company made a loss before taxation of £5.0 million (2017: £36.8 million).

During the year the Company reviewed the underlying value of its investments and concluded that these were not impaired. This resulted in an impairment charge of £Nil in the current year (2017: £27.8 million).

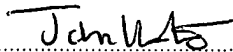
KEY PERFORMANCE INDICATORS

Given the Company is a holding company and does not trade, the Company's directors are of the opinion that analysis of key performance indicators is not necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of EV Holdings Limited manage the group's operations on a group wide basis. For this reason, the Company's directors believe that disclosure of the principal risks and uncertainties of the Company and analysis using key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance and position of the business of EV Finco Limited. The development, performance and position of EV Holdings Limited group, which includes this Company is discussed in the financial statements of EV Holdings Limited, which does not form part of this report. Copies of the consolidated financial statements of EV Holdings Limited are publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ.

ON BEHALF OF THE BOARD:



J J Houston - Director

Date: 18/10/18

EV FINCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the audited financial statements of EV Finco Limited (the "Company") for the year ended 31 March 2018.

DIVIDENDS

The directors have not recommended a dividend. No dividends were approved or paid in the year (2017: £nil).

FUTURE DEVELOPMENTS

The Company is a holding company and its primary purpose is to hold the institutional, shareholder and listed debt and as such the directors do not anticipate any change in the Company's business.

DIRECTORS

The directors of the Company who have served during the period from 1 April 2017 to the date of signing the financial statements are as follows:

- D G S Bennett (resigned 28 September 2018)
- O J Bevan
- J J R Thursby
- M McBride (resigned 28 September 2018)
- G Cresswell (resigned 28 September 2018)
- F Loudon
- J J Houston
- C Milburn (appointed 28 September 2018)
- S N S Middleton (appointed 28 September 2018)

DIRECTORS' THIRD-PARTY INDEMNITY PROVISION

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 was in force throughout the financial year for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year and at the date of approval of the financial statements.

FINANCIAL RISK MANAGEMENT

The directors have taken steps to ensure the day-to-day risks which face the Company, such as commercial risks are managed comprehensively by the Company. The Company takes a range of measures to mitigate the impact of these risks, including preparing comprehensive management and board reporting packages, which can alert the board to adverse developments in trading performance and cash management.

The principal risks facing the Company are:

Interest risk

The Company's financing arrangements expose it to interest rate fluctuations which could lead to higher interest payments. The Company manages this by way of an interest rate cap instrument.

Foreign exchange risk

The Company's activities expose it to the risk of changing foreign exchange rates. The company manages the currency volatility by carefully forecasting its currency needs and monitoring exchange rates.

Liquidity risk

At 31 March 2018 the Company had a cash balance which the directors believe is sufficient to maintain liquidity in the business. The Company reviews its working capital on a continual basis and goes through a rigorous and robust quarterly forecasting process to further analyse this.

GOING CONCERN

The Company's business activities, together with the factors and risks likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report. The directors carry out a comprehensive annual and periodic forecasting exercise covering the operations of the entire Group and as a result of this and considering possible sensitivities, the directors have a reasonable expectation that the Company has adequate resources to continue to meet the obligations of the Company as they fall due. In addition, the controlling party, Dunedin Buyout Fund III L.P., has confirmed it is their current intention to provide support to the Group for the twelve month period from the date of the signing of these financial statements sufficient to enable the Company to meet its financial liabilities as they fall due. Accordingly, the going concern basis has been adopted when preparing these financial statements.

EV FINCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

Grant Thornton UK LLP have indicated their willingness to continue in office and are hereby reappointed.

ON BEHALF OF THE BOARD:


.....
J J Houston - Director

Date: 18/10/18

EV FINCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EV FINCO LIMITED

Independent auditor's report to the members of EV Finco Limited

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of EV Finco Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Who we are reporting to

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

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.



Overview of our audit approach

- Overall materiality: £288,000, which represents 2.00% of the company's total assets, (capped at 90% of Group materiality as EV Finco Ltd exceeds 85% of consolidated liabilities);
- The key audit matters was identified as going concern, specifically in relation to loan covenant breaches.
- Our audit approach was a risk based substantive audit. There were no changes in the scope of the audit from our planning document.

EV FINCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EV FINCO LIMITED (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
<p>Going Concern</p> <p>The accounts have been prepared on a going concern basis. This is despite the company recording a loss and having net liabilities. Included within these net liabilities are loan notes of £73.82m, of which £49.03m is listed, and a further £14.65m of bank loans, against which there are financial covenants. As a result of the sustained losses, high gearing and the existence of bank covenants, we deemed going concern to be the most significant assessed risk of material misstatement for our audit, as a result of potential covenant breaches and the potential withdrawal of creditor support.</p>	<p>Our audit work included, but was not restricted to the following procedures:</p> <ul style="list-style-type: none"> • We have obtained and audited management's cashflow forecasts for the company. We have also assessed the ability of its subsidiary, EV Offshore Ltd, to generate sufficient cash from operations to enable the EV Finco Ltd to meet its financing cashflow obligations. • We have discussed, challenged and questioned the appropriateness of management's assumptions in the cashflow forecasts, with reference to our understanding of the business, and the information gained from other audit procedures, obtaining corroborating evidence where necessary. • We have confirmed the willingness and ability of the controlling party to provide sufficient additional finance to meet forecast liquidity requirements. • We have recalculated the loan covenant calculations for each quarter, including for the twelve months from the date of signing this audit report. <p>The company's accounting policy on Going Concern is shown in note 2 to the financial statements.</p> <p>Key observations</p> <p>The company has obtained a letter from its shareholder confirming its willingness to provide additional liquidity to the company. This additional liquidity represents further investment into the company in order to enable its group to take advantage of the improved trading conditions that it anticipates. This additional liquidity is forecast by the company to be sufficient to enable the company to meet its liabilities as and when they fall due.</p> <p>As part of this process, the company and its shareholders have also been engaged in discussions with its bankers, who have made available a new loan agreement, under which the existing bank loan will be carried across.</p> <p>We have obtained and reviewed the new loan agreement and have concluded that the company is not in breach of its covenants.</p> <p>The company, with additional liquidity from its shareholder, expects to remain within covenant for a period of no less than twelve months from the date of this report.</p> <p>Consequently, we concur with management's assessment that the company's financial statements are prepared on a going concern basis.</p>

EV FINCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EV FINCO LIMITED (CONTINUED)

Our application of materiality

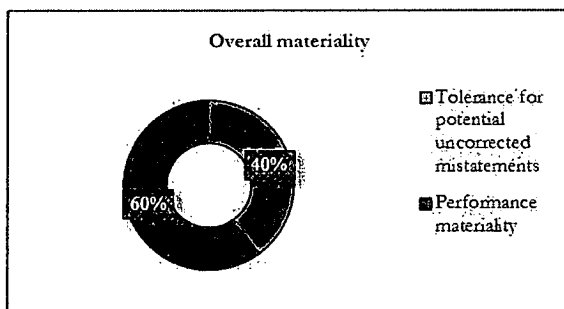
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £288,000, which is 2% of total assets. This benchmark is considered the most appropriate as the company is loss making and does not generate trading revenue because this is an intermediate holding company, thus profit or revenue based bases are not relevant.

Materiality for the current year is higher than the level that we determined for the year ended 31 March 2018. The previous audit was completed by a different auditor.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 60% of financial statement materiality.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



We determined the threshold at which we will communicate misstatements to the audit committee to be £14,400. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.¹

An overview of the scope of our audit

We were appointed as auditors during the year under audit. Our audit approach was a risk-based approach founded on a thorough understanding of the company's business, its environment and risk profile.

We form an understanding of the company's performance and position, and the factors that could create risks of material misstatement of each balance in the company's financial statements. Our testing is weighted towards those material balances which are considered to possess a significant risk of material misstatement. Consequently, we performed detailed procedures on debt covenant compliance and the appropriateness of the application of the going concern principle.

EV FINCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EV FINCO LIMITED
(CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report² set out on pages 2 to 18, other than the financial statements and our auditor's 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.

Our opinion on other matters prescribed by the Companies Act 2006 are unmodified

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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EV FINCO LIMITED
(CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out 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.

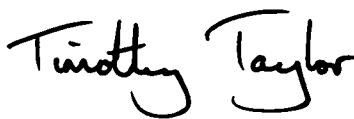
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.



Timothy Taylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Norwich

18 OCTOBER 2018

EV FINCO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £'000	2017 £'000
TURNOVER		-	-
Administrative expenses		<u>1,742</u>	<u>(30,578)</u>
OPERATING PROFIT/(LOSS)	7	1,742	(30,578)
Interest payable and similar charges	8	<u>(6,725)</u>	<u>(6,207)</u>
LOSS BEFORE TAXATION		(4,983)	(36,785)
Tax on loss	9	<u>(25)</u>	<u>577</u>
LOSS FOR THE FINANCIAL YEAR		(5,008)	(36,208)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u><u>(5,008)</u></u>	<u><u>(36,208)</u></u>

The total comprehensive expense for the current and prior year is attributable to the owners of the Company.


EV FINCO LIMITED (REGISTERED NUMBER: 08925721)

**BALANCE SHEET
AS AT 31 MARCH 2018**

	Note	2018		2017	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	10		29,387		29,387
CURRENT ASSETS					
Debtors: amounts falling due within one year	11	7		7	
Debtors: amounts falling due after more than one year	11	5,942		7,085	
Cash at bank and in hand		<u>2</u>		<u>1,253</u>	
		5,951		8,345	
CREDITORS					
Amounts falling due within one year	12	<u>(1,802)</u>		<u>(2,408)</u>	
NET CURRENT ASSETS			<u>4,149</u>		<u>5,937</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			33,536		35,324
CREDITORS					
Amounts falling due after more than one year	13		<u>(86,696)</u>		<u>(83,476)</u>
NET LIABILITIES			<u>(53,160)</u>		<u>(48,152)</u>
CAPITAL AND RESERVES					
Called up share capital	16		-		-
Accumulated losses	17		<u>(53,160)</u>		<u>(48,152)</u>
TOTAL SHAREHOLDERS' DEFICIT			<u>(53,160)</u>		<u>(48,152)</u>

The financial statements on pages 11 to 22 were approved by the Board of Directors on
and were signed on its behalf by:

18/10/18


.....
J J Houston - Director

EV FINCO LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £'000	Accumulated losses £'000	Total shareholders' deficit £'000
Balance at 1 April 2016	-	(11,944)	(11,944)
Total comprehensive expense for the year	-	(36,208)	(36,208)
Balance at 31 March 2017	-	(48,152)	(48,152)
Total comprehensive expense for the year	-	(5,008)	(5,008)
Balance at 31 March 2018	-	(53,160)	(53,160)

The notes form part of these financial statements

EV FINCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. STATUTORY INFORMATION

EV Finco Limited (the "Company") is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The Company's principal activities are set out in the Strategic Report on page 2

2. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

Statement of compliance

The individual financial statements of EV Finco Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of accounting

These financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value. The functional and presentation currency of these financial statements is pound sterling.

The preparation of financial statements in conformity with FRS 102 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the financial statements of its parent, EV Holdings Limited, includes the Company's cash flows;
- (ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about EV Finco Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, EV Holdings Limited, a company registered in England.

Going concern

The Company's business activities, together with the factors and risks likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report. The directors carry out a comprehensive annual and periodic forecasting exercise covering the operations of the entire Group and as a result of this and considering possible sensitivities, the directors have a reasonable expectation that the Company has adequate resources to continue to meet the obligations of the Company as they fall due. In addition, the controlling party, Dunedin Buyout Fund III L.P., has confirmed it is their current intention to provide support to the Company for the twelve month period from the date of the signing of these financial statements sufficient to enable the Company to meet its financial liabilities as they fall due. Accordingly, the going concern basis has been adopted when preparing these financial statements.

Investments in subsidiaries

Investments in subsidiary undertakings are recorded at cost less accumulated impairment losses.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)**

2. ACCOUNTING POLICIES (CONTINUED)**Impairment of non-financial assets (continued)**

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Financial instruments

The Company enters into basic and complex financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors / creditors, loans from banks and other third parties and loans to related parties. These transactions are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments like loans and other debtors / creditors are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs, unless they are included in a hedging arrangement.

EV FINCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Taxation

The tax charge represents the aggregate amount of current tax and deferred tax recognised in the reporting period.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.

A deferred tax asset or liability is recognised for tax recoverable or payable in future periods in respect of transactions and events recognised in the financial statements of current and previous periods.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Timing differences result from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date apart from certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised to the extent 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 using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing differences. Deferred tax relating to land and investment properties that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset.

Foreign currencies

Transactions denominated in foreign currencies are translated and recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Gains and losses on retranslation are recognised in the Statement of Comprehensive Income for the year.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the Company's accounting policies

There are no critical judgements in applying the Company's accounting policies.

b) Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of investments

The company makes an estimate of the fair value of investments. When assessing impairment of investments, management considers factors including the current projections, the weighted average cost of capital of the group and the existence of new technologies and competitors.

4. SEGMENTAL REPORTING

The directors consider there is only one segment. Accordingly no further analysis of the profit and loss account is shown.

5. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 March 2018 nor for the year ended 31 March 2017.

EV FINCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)**

6. DIRECTORS' EMOLUMENTS

No director received any remuneration for their services to the company during the current and prior year.

7. OPERATING PROFIT/(LOSS)

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

	2018 £'000	2017 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	4	15
Fees payable to the Company's auditor for other services		
- tax compliance services	2	2
Impairment loss on investments	-	27,821
Foreign exchange (gains)/losses	<u>(1,914)</u>	<u>2,585</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
Loan note interest	5,610	5,018
Bank loan interest and similar charges	<u>1,146</u>	<u>1,189</u>
Total interest expense on financial liabilities not measured at fair value through profit or loss	6,756	6,207
Gains on derivative financial instruments	<u>(31)</u>	-
Total interest payable and similar charges	<u>6,725</u>	<u>6,207</u>

The loan note interest is accrued and rolled into the loan principal. The interest payment is not expected to occur until the loan notes are redeemed.

9. TAX ON LOSS

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss for the year was as follows:

	2018 £'000	2017 £'000
Current tax:		
UK group relief available	-	(502)
Adjustments in respect of prior year	<u>25</u>	<u>(75)</u>
Tax charge/(credit) on loss	<u>25</u>	<u>(577)</u>

UK corporation tax has been charged at 19% (2017 - 20%).

EV FINCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)**

9. TAX ON LOSS (CONTINUED)

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK. The differences are explained below as follows:

	2018 £'000	2017 £'000
Loss before tax	<u>(4,983)</u>	<u>(36,785)</u>
Tax on loss at standard UK corporation tax rate of 19% (2017: 20%)	(947)	(7,357)
Effects of:		
Expenses not deductible for tax purposes	964	6,221
Adjustments in respect of prior periods	25	(75)
Unrecognised losses carried forward	<u>(17)</u>	<u>634</u>
Total tax charge/(credit)	<u>25</u>	<u>(577)</u>

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The Company has not recognised a deferred tax asset in respect of the losses carried forward as there is no certainty around the timing of future taxable profits. The unrecognised deferred tax asset amounts to £1,229,000 (2017: £1,229,000).

10. INVESTMENTS

	Shares in subsidiary undertakings £'000
COST	
At 1 April 2017 and 31 March 2018	<u>57,208</u>
IMPAIRMENT	
At 1 April 2017 and 31 March 2018	<u>(27,821)</u>
NET BOOK AMOUNT	
At 31 March 2018 and 31 March 2017	<u>29,387</u>

The directors believe that the carrying value of the investments is supported by their value in use.

EV FINCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)**

10. INVESTMENTS (CONTINUED)

The subsidiary companies of the company at 31 March 2018, which are wholly owned and incorporated in the United Kingdom (unless indicated otherwise), are listed below.

Subsidiary undertaking	Principal activity	Proportion of rights and ordinary share capital held	Country of registration	Registered office
E.V. Offshore Limited (held directly)	Provision of wellbore diagnosis services to the oil and gas industry	100%	England	EV Technology Centre 19 Frensham Road Sweet Briar Industrial Estate Norwich, Norfolk, NR3 2BT
EVO Incorporated (held indirectly)	Provision of wellbore diagnosis services to the oil and gas industry	100%	USA	1557 West Sam Houston Parkway North, Suite 100 Houston TX 77043
EV Canada Inc (held indirectly)	Provision of wellbore diagnosis services to the oil and gas industry	100%	Canada	Suite 890, 736-8th Avenue SW Calgary, Alberta T291H4
EV Australasia Pty Ltd (held indirectly)	Provision of wellbore diagnosis services to the oil and gas industry	100%	Australia	Level 11, 485 Bourke Street Melbourne, Victoria, 3000
Epidote Holdings Limited (held indirectly)	Holding company	100%	Scotland	4th Floor Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
Epidote Limited (held indirectly)	Provision of logging analysis services to the oil and gas industry	100%	Scotland	4th Floor Saltire Court 20 Castle Terrace Edinburgh EH1 2EN

The financial statements for the year ended 31 March 2018 of E.V. Offshore Limited, Epidote Holdings Limited and Epidote Limited have been exempted from audit under s479A of the Companies Act 2006 by way of parent guarantee from EV Holdings Ltd.

11. DEBTORS

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Other taxation and social security	3	5
Prepayments and accrued income	<u>4</u>	<u>2</u>
	<u>7</u>	<u>7</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>5,942</u>	<u>7,085</u>
Aggregate amounts	<u>5,949</u>	<u>7,092</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

EV FINCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Bank loans (see note 14)	1,771	2,355
Trade creditors	5	1
Derivative financial instruments	-	31
Accruals and deferred income	<u>26</u>	<u>21</u>
	<u><u>1,802</u></u>	<u><u>2,408</u></u>

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

	2018 £'000	2017 £'000
Loan notes (see note 14)	73,820	68,211
Bank loans (see note 14)	<u>12,876</u>	<u>15,265</u>
	<u><u>86,696</u></u>	<u><u>83,476</u></u>

14. LOANS

	2018 £'000	2017 £'000
Loan notes	73,820	68,211
Bank loans	<u>14,647</u>	<u>17,620</u>
	<u><u>88,467</u></u>	<u><u>85,831</u></u>

Maturity of financial liabilities

	2018 £'000	2017 £'000
In less than one year	1,771	2,355
In more than one year, but not more than two years	1,835	2,355
In more than two years, but not more than five years	11,041	12,910
In more than five years	<u>73,820</u>	<u>68,211</u>
	<u><u>88,467</u></u>	<u><u>85,831</u></u>

The loan notes and bank loans are secured via fixed and floating charges against the assets of the Company and its subsidiaries.

The bank loans are denominated in USD and split into two tranches. The principal of Term A is \$10,289,000 and Term B is \$15,434,000. The bank loans were issued on 15 July 2014. The interest on the bank loans is charged at LIBOR plus a margin between 3.0% and 4.5% depending on the debt leverage of the group. Bank loans are shown net of unamortised loan issue costs of £308,000 (2017: £494,000) which are being amortised over the life of the respective bank loans.

On 29 September 2016, the group renegotiated its financing agreements and agreed to a prepayment of £2,373,765 on the Term A debt. The bank agreed to waive all covenant tests through to 31 March 2017 and further agreed to reset the covenant tests for the remaining term of the facility agreement. Subsequently the group revised the facility agreement and defer or reduce payments of the Term A loan. The bank loan repayments are \$431,000 on 31 December 2017 and 31 March 2018 and then quarterly repayments of \$684,000 until 31 December 2019. The remaining amount is due for repayment 30 June 2020.

EV FINCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

14. LOANS (CONTINUED)

The loan notes are denominated in GBP. The original principal of the loan notes is £52,899,000. The loan notes were issued on 24 June 2014. The loan notes attract interest between 0% and 8% per annum compounded every 6 months unless paid. The loan notes and associated interest are due for repayment at the earlier of an exit by Dunedin Buyout Fund III L.P., the ultimate controlling undertaking, or 30 June 2024. During the prior year PIK notes of £3,083,000 were added to the listed debt. The portion of the loan notes that are listed on The International Stock Exchange (formerly the Channel Islands Securities Exchange) amounted to £49,032,000 (2017: £49,032,000).

On 29 September 2016, certain loan note beneficiaries holding 96.9% of the original principal, agreed to: (i) subscribe for additional loan notes of £2,500,000 with an interest rate of 15% and on terms otherwise largely consistent with the original loan notes as set out above and (ii) provide a guarantee for an additional £2,500,000 of cash that can only be drawn under specific circumstances.

During the year, loan note holders representing 87% of the original principal agreed to waive their entitlement to interest from an effective date of 1 October 2016 to 30 September 2022. Interest applied following the waiver period is charged at 12.5% and compounded every 6 months unless paid. In addition the repayment term was extended to June 2030 or on exit if earlier. The same note holders agreed in aggregate to provide a further guarantee of £8,000,000 of cash that can only be drawn under specific circumstances.

After the balance sheet date the company obtained additional funding from its principal shareholder, Dunedin LLP. Dunedin LLP provided an additional facility of £3,000,000. The interest incurs interest at a rate of 30% per annum compounded every 6 months.

15. FINANCIAL INSTRUMENTS

	2018 £'000	2017 £'000
Financial assets measured at amortised cost		
Amounts owed by group undertakings	5,942	7,085
Total financial assets	<u>5,942</u>	<u>7,085</u>
Financial assets measured at amortised cost		
Loan notes	73,820	68,211
Bank loans	14,647	17,620
Trade creditors	5	1
	88,472	85,832
Financial liabilities measured at fair value through profit or loss		
Derivative financial instruments	-	31
Total financial liabilities	<u>88,472</u>	<u>85,863</u>

Derivative financial instruments

The Company had entered into an interest rate cap arrangement to mitigate the interest rate risk for certain bank loans. The interest rate cap arrangement is measured at fair value, which is determined using valuation techniques that utilise observable inputs. The cap arrangement expired in June 2017.

16. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
1 (2017: 1)	Ordinary	£1	<u>1</u>	<u>1</u>

EV FINCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)**

17. RESERVES

Called-up share capital represents the nominal value of shares that have been issued.

Accumulated losses includes all current and prior year retained profits and losses.

18. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption in Financial Reporting Standard 102 Section 33 and has not disclosed transactions with other undertakings within the group headed by EV Holdings Limited. Details of the subsidiary companies are shown in note 10.

During the current year and prior year the Company entered into the following arm's length transactions with related parties:

Related Party	Interest payable		Transfers		Loans repayable	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Dunedin Buyout Fund III L.P. (Ultimate controlling party and shareholder)	4,692	4,483	321	-	65,553	59,540
J J R Thursby (Director and shareholder)	601	517	(321)	-	7,147	6,867
	<u>5,293</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>72,700</u>	<u>66,407</u>

The loan notes attract interest at a rate of between Bank of England base rate and 15% per annum compounded every 6 months unless paid. The loan notes are due for repayment at the earlier of an exit by Dunedin Buyout Fund III L.P., the ultimate controlling undertaking, or 30 June 2024.

19. POST BALANCE SHEET EVENTS

During September 2018 the company obtained additional funding from its principal shareholder, Dunedin LLP. At this time the company revised its banking agreements with revised covenants. Note 14 contains details of the additional funding.

20. PARENT AND ULTIMATE CONTROLLING UNDERTAKING

The ultimate parent undertaking is EV Holdings Limited.

The ultimate controlling undertaking is Dunedin Buyout Fund III L.P., a limited partnership registered in Scotland. In the opinion of the directors, there is no one controlling party within this entity.

EV Holdings Limited is the holding company of the smallest and largest group of undertakings for which group financial statements are drawn up. Copies of the consolidated financial statements of EV Holdings Limited are publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ.