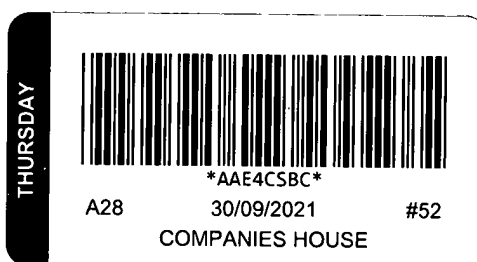


Company Registration No. 09963243 (England and Wales)

**ESCO UK HOLDING COMPANY I LTD**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 SEPTEMBER 2020**



# ESCO UK HOLDING COMPANY I LTD

## COMPANY INFORMATION

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|                          |                                                                                                                                |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | M Dunger<br>D M Schatz                                                                                                         |
| <b>Company number</b>    | 09963243                                                                                                                       |
| <b>Registered office</b> | Richmond House<br>Walkern Road<br>Stevenage<br>Hertfordshire<br>SG1 3QP                                                        |
| <b>Auditor</b>           | RSM UK Audit LLP<br>Chartered Accountants<br>Third Floor<br>One London Square<br>Cross Lanes<br>Guildford<br>Surrey<br>GU1 1UN |

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# ESCO UK HOLDING COMPANY I LTD

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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The directors present their Strategic Report for the year ended 30 September 2020.

#### Fair review of the business

The company is a wholly owned subsidiary of ESCO UK Global Holdings Ltd, which is a wholly owned subsidiary of ESCO Technologies Inc..

The results of ESCO UK Holding Company I Ltd ('the company') for the year, as set out on page 6, show a profit before tax of \$3,810,619 (2019: \$229,970 loss). The company's year end position is satisfactory, maintaining a net asset position of \$51,674,310 (2019: \$45,254,225).

During the year, one of the companies subsidiaries was sold, which resulted in a profit on disposal of \$3,270,441.

#### Going Concern

In light of the COVID-19 outbreak the directors have considered appropriate measures to respond to the uncertain outlook and ensure that the company remains a going concern over the next 12 months.

The directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due at least 12 months from the date of approval of the financial statements and therefore have prepared these financial statements on a going concern basis.

#### Key Performance Indicators

The key financial performance indicators are as follows:

|                      | 2020        | 2019         |
|----------------------|-------------|--------------|
| Value of investments | \$3,428,779 | \$42,515,880 |

The reduction in the value of the investments is due to the sale of one of the company's subsidiaries during the year.

#### Principal risks and uncertainties

The company's operations expose itself to a range of financial risks that include exchange rate risk, credit risk, liquidity risk and interest rate risk. The company has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the group by monitoring all levels of the related costs.

The policies set by the board of directors through the risk management programme are implemented by the company's finance department. The department has been set out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

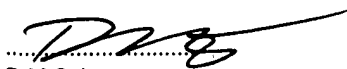
Identified risks of the company are set out below:

- Currency risk - the company is exposed to risks associated with changes in foreign currency, in particular the US dollar versus Sterling and Euro, which can result in foreign exchange currency gains or losses.

#### Future Developments

For the foreseeable future, the company expects to remain a holding company for its remaining subsidiaries.

On behalf of the board

  
D M Schatz  
Director

Date: September 15, 2021

# ESCO UK HOLDING COMPANY I LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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The directors present their annual report and audited financial statements for the year ended 30 September 2020.

#### Principal activities

The principal activity of the company continued to be that of a holding company.

#### Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Dunger

D M Schatz

A Schlinger Barclay

(Appointed 30 April 2021)

(Resigned 30 April 2021)

#### Post reporting date events

On 14 July 2021, the company made an irrevocable capital reduction of their share premium account. As a result of this capital reduction the Share Premium account has decreased by \$43,743,983 with a corresponding increase to the profit and loss reserve. Subsequent to the capital reduction, on 14 July 2021 the company proposed an interim dividend of \$45,000,000. Additionally, on 20 August 2021 the company proposed a dividend of \$1,163,941.

#### Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

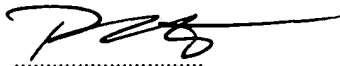
#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### Information included within the strategic report

The group has chosen in accordance with Companies Act 2006, section 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7 to be contained in the directors' report. It has done so in respect of its financial risk management and future developments of the company.

On behalf of the board



D M Schatz

Director

Date: September 15, 2021

# **ESCO UK HOLDING COMPANY I LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCO UK HOLDING COMPANY I LTD**

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### **Opinion**

We have audited the financial statements of ESCO UK Holding Company I Ltd (the 'company') for the year ended 30 September 2020 which comprise the statement of comprehensive income, the statement of financial position, the 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 FRS 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 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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, 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.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCO UK HOLDING COMPANY I LTD (CONTINUED)**

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### **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 set out 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.

### **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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.

*RSM UK Audit LLP*

Christopher Hurren FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Third Floor  
One London Square  
Cross Lanes  
Guildford  
Surrey, GU1 1UN  
29 September 2021

# ESCO UK HOLDING COMPANY I LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

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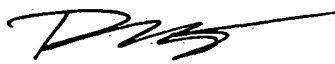
|                                             | Notes | 2020<br>\$       | 2019<br>\$       |
|---------------------------------------------|-------|------------------|------------------|
| Administrative expenses                     |       | (29,612)         | (64,418)         |
| Investment income                           | 5     | 569,790          | 1,986            |
| Finance costs                               | 6     | -                | (167,538)        |
| Other gains and losses                      | 8     | 3,270,441        | -                |
| <b>Profit/(loss) before taxation</b>        |       | <b>3,810,619</b> | <b>(229,970)</b> |
| Tax on profit/(loss)                        | 7     | (32,992)         | 129,514          |
| <b>Profit/(loss) for the financial year</b> |       | <b>3,777,627</b> | <b>(100,456)</b> |

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**ESCO UK HOLDING COMPANY I LTD****STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020**

|                                              | Notes | 2020<br>\$        | \$                | 2019<br>\$       | \$                |
|----------------------------------------------|-------|-------------------|-------------------|------------------|-------------------|
| <b>Non-current assets</b>                    |       |                   |                   |                  |                   |
| Investments                                  | 9     |                   | 3,428,779         |                  | 42,515,880        |
| <b>Current assets</b>                        |       |                   |                   |                  |                   |
| Trade and other receivables                  | 11    | 45,712,702        |                   | 178,401          |                   |
| Cash and cash equivalents                    |       | 2,551,193         |                   | 2,576,681        |                   |
|                                              |       | <u>48,263,895</u> |                   | <u>2,755,082</u> |                   |
| <b>Current liabilities</b>                   | 12    | (18,364)          |                   | (16,737)         |                   |
| <b>Net current assets</b>                    |       |                   | <u>48,245,531</u> |                  | <u>2,738,345</u>  |
| <b>Total assets less current liabilities</b> |       |                   | <u>51,674,310</u> |                  | <u>45,254,225</u> |
| <b>Equity</b>                                |       |                   |                   |                  |                   |
| Called up share capital                      | 14    |                   | 155               |                  | 154               |
| Share premium account                        |       |                   | 46,386,440        |                  | 43,743,983        |
| Other reserves                               |       |                   | 2,584,207         |                  | 2,584,207         |
| Retained earnings                            |       |                   | 2,703,508         |                  | (1,074,119)       |
| <b>Total equity</b>                          |       |                   | <u>51,674,310</u> |                  | <u>45,254,225</u> |

The financial statements were approved by the board of directors and authorised for issue on September 15, 2021 and are signed on its behalf by:



.....  
D M Schatz  
Director

# ESCO UK HOLDING COMPANY I LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

|                                                      | Notes | Share<br>capital<br>\$ | Share<br>premium<br>account<br>\$ | Other<br>reserves<br>\$ | Retained<br>earnings<br>\$ | Total<br>\$ |
|------------------------------------------------------|-------|------------------------|-----------------------------------|-------------------------|----------------------------|-------------|
| <b>Balance at 1 October 2018</b>                     |       | 150                    | 11,810,677                        | -                       | (973,663)                  | 10,837,164  |
| <b>Period ended 30 September 2019:</b>               |       |                        |                                   |                         |                            |             |
| Loss and total comprehensive income for the period   |       | -                      | -                                 | -                       | (100,456)                  | (100,456)   |
| Issue of share capital                               | 14    | 4                      | 31,933,306                        | -                       | -                          | 31,933,310  |
| Capital contribution                                 |       | -                      | -                                 | 2,584,207               | -                          | 2,584,207   |
| <b>Balance at 30 September 2019</b>                  |       | 154                    | 43,743,983                        | 2,584,207               | (1,074,119)                | 45,254,225  |
| <b>Period ended 30 September 2020:</b>               |       |                        |                                   |                         |                            |             |
| Profit and total comprehensive income for the period |       | -                      | -                                 | -                       | 3,777,627                  | 3,777,627   |
| Issue of share capital                               | 14    | 1                      | 2,642,457                         | -                       | -                          | 2,642,458   |
| <b>Balance at 30 September 2020</b>                  |       | 155                    | 46,386,440                        | 2,584,207               | 2,703,508                  | 51,674,310  |

# ESCO UK HOLDING COMPANY I LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies

##### Company information

ESCO UK Holding Company I Ltd is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Richmond House, Walkern Road, Stevenage, Hertfordshire SG1 3QP.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$1.

The financial statements have been prepared with application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

ESCO UK Holding Company I Ltd is a wholly owned subsidiary of ESCO UK Global Holdings Ltd and the results of ESCO UK Holding Company I Ltd are included in the consolidated financial statements of ESCO Technologies Inc., which are available from its registered office, 9900A, Clayton Road, St Louis, MO 63124-1186, United States.

##### Going concern

In light of the COVID-19 outbreak the directors have considered appropriate measures to respond to the uncertain outlook and ensure that the company remains a going concern over the next 12 months.

The directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due at least 12 months from the date of approval of the financial statements and therefore have prepared these financial statements on a going concern basis.

# ESCO UK HOLDING COMPANY I LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies (Continued)

##### **Non-current investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# ESCO UK HOLDING COMPANY I LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies (Continued)

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity Instruments***

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

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

# ESCO UK HOLDING COMPANY I LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1 Accounting policies (Continued)

##### Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### Key sources of estimation uncertainty

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

##### Valuation of investments

Estimates are made in respect of determining the carrying value of investments which are stated at recoverable amount. The directors have valued the company's investments having regard to local market conditions and estimated market yields of the investments. However the valuation of the company's investments is inherently subjective as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

#### 3 Employees

The company employed no staff (including directors) during the year.

#### 4 Operating loss

|                                                                                                                      | 2020          | 2019         |
|----------------------------------------------------------------------------------------------------------------------|---------------|--------------|
| Operating loss for the period is stated after charging:                                                              | \$            | \$           |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | 667           | 1,123        |
| Fees payable to the company's auditor for the audit of the company's financial statements                            | 11,857        | 9,827        |
|                                                                                                                      | <u>11,857</u> | <u>9,827</u> |

# ESCO UK HOLDING COMPANY I LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

|          |                                                |                 |                  |
|----------|------------------------------------------------|-----------------|------------------|
| <b>5</b> | <b>Investment income</b>                       | <b>2020</b>     | <b>2019</b>      |
|          |                                                | <b>\$</b>       | <b>\$</b>        |
|          | <b>Interest income</b>                         |                 |                  |
|          | Interest receivable from group companies       | 567,518         | -                |
|          | Other interest income                          | 2,272           | 1,986            |
|          | <b>Total income</b>                            | <b>569,790</b>  | <b>1,986</b>     |
| <b>6</b> | <b>Finance costs</b>                           | <b>2020</b>     | <b>2019</b>      |
|          |                                                | <b>\$</b>       | <b>\$</b>        |
|          | Interest payable to group undertakings         | -               | 167,538          |
| <b>7</b> | <b>Taxation</b>                                | <b>2020</b>     | <b>2019</b>      |
|          |                                                | <b>\$</b>       | <b>\$</b>        |
|          | <b>Current tax</b>                             |                 |                  |
|          | Adjustments in respect of prior periods        | (47,422)        | -                |
|          | Group tax relief                               | -               | (82,274)         |
|          | <b>Total current tax</b>                       | <b>(47,422)</b> | <b>(82,274)</b>  |
|          | <b>Deferred tax</b>                            |                 |                  |
|          | Origination and reversal of timing differences | 102,760         | 38,579           |
|          | Changes in tax rates                           | (11,112)        | (4,061)          |
|          | Adjustment in respect of prior periods         | (11,234)        | (81,758)         |
|          | <b>Total deferred tax</b>                      | <b>80,414</b>   | <b>(47,240)</b>  |
|          | <b>Total tax charge/(credit)</b>               | <b>32,992</b>   | <b>(129,514)</b> |

# ESCO UK HOLDING COMPANY I LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 7 Taxation (Continued)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

|                                                                                                               | 2020<br>\$ | 2019<br>\$ |
|---------------------------------------------------------------------------------------------------------------|------------|------------|
| Profit/(loss) before taxation                                                                                 | 3,810,619  | (229,970)  |
| Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 724,018    | (43,694)   |
| Tax effect of expenses that are not deductible in determining taxable profit                                  | -          | (1)        |
| Gains not taxable                                                                                             | (621,258)  | -          |
| Adjustments in respect of prior years                                                                         | (47,422)   | (81,758)   |
| Deferred tax adjustments in respect of prior years                                                            | (11,234)   | -          |
| Effect of change in deferred tax rate                                                                         | (11,112)   | (4,061)    |
| Taxation charge/(credit) for the period                                                                       | 32,992     | (129,514)  |

#### 8 Other gains and losses

|                                             | 2020<br>\$ | 2019<br>\$ |
|---------------------------------------------|------------|------------|
| Gain on disposal of fixed asset investments | 3,270,441  | -          |

#### 9 Fixed asset investments

|                             | Notes | 2020<br>\$ | 2019<br>\$ |
|-----------------------------|-------|------------|------------|
| Investments in subsidiaries | 10    | 3,428,779  | 42,515,880 |

# ESCO UK HOLDING COMPANY I LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 9 Fixed asset investments (Continued)

##### Movements in non-current investments

|                          | Shares in<br>group<br>undertakings<br>\$ |
|--------------------------|------------------------------------------|
| <b>Cost or valuation</b> |                                          |
| At 1 October 2019        | 42,515,880                               |
| Additions                | 2,642,458                                |
| Disposals                | (41,729,559)                             |
| At 30 September 2020     | 3,428,779                                |
| <b>Carrying amount</b>   |                                          |
| At 30 September 2020     | 3,428,779                                |
| At 30 September 2019     | 42,515,880                               |

On 31 December 2019 the company sold all of its shares in Plastique Holdings Ltd for proceeds of \$45,000,000. The gain on disposal has been recognised in the profit and loss account.

#### 10 Subsidiaries

Details of the company's subsidiaries at 30 September 2020 are as follows:

| Name of undertaking                           | Registered office | Nature of business                             | Class of<br>shares held | % Held<br>Direct |
|-----------------------------------------------|-------------------|------------------------------------------------|-------------------------|------------------|
| ETS Lindgren Limited                          | United Kingdom    | Manufacture and sale of<br>shielding equipment | Ordinary                | 100.00           |
| ETS-Lindgren Technology<br>(Tianjin) Co., Ltd | China             | Manufacture and sale of<br>shielding equipment | Ordinary                | 100.00           |

#### 11 Trade and other receivables

|                                             | 2020<br>\$ | 2019<br>\$ |
|---------------------------------------------|------------|------------|
| <b>Amounts falling due within one year:</b> |            |            |
| Corporation tax recoverable                 | 129,696    | 82,274     |
| Amounts owed by group undertakings          | 45,012,684 | 12,909     |
| Prepayments and accrued income              | 567,518    | -          |
|                                             | 45,709,898 | 95,183     |
| Deferred tax asset (note 13)                | 2,804      | 83,218     |
|                                             | 45,712,702 | 178,401    |

Amounts owed by group undertakings are unsecured, repayable on demand and attract interest at market rates.

# ESCO UK HOLDING COMPANY I LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 12 Current liabilities

|                              | 2020<br>\$ | 2019<br>\$ |
|------------------------------|------------|------------|
| Accruals and deferred income | 18,364     | 16,737     |

#### 13 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

|                                | Assets<br>2020<br>\$ | Assets<br>2019<br>\$ |
|--------------------------------|----------------------|----------------------|
| <b>Balances:</b>               |                      |                      |
| Accelerated capital allowances | -                    | 83,218               |
| Tax losses                     | 2,804                | -                    |
|                                | <u>2,804</u>         | <u>83,218</u>        |

|                                               | 2020<br>\$     |
|-----------------------------------------------|----------------|
| <b>Movements in the year:</b>                 |                |
| Liability/(Asset) at 1 October 2019           | (83,218)       |
| Charge to profit or loss                      | 91,526         |
| Effect of change in tax rate - profit or loss | (11,112)       |
| Liability/(Asset) at 30 September 2020        | <u>(2,804)</u> |

The deferred tax asset set out above is expected to reverse in the foreseeable future and relates to the utilisation of tax losses against future expected profits of the same period.

# ESCO UK HOLDING COMPANY I LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 14 Share capital

|                                                             | 2020 | 2019 |
|-------------------------------------------------------------|------|------|
|                                                             | \$   | \$   |
| <b>Ordinary share capital</b>                               |      |      |
| <b>Issued and fully paid</b>                                |      |      |
| 108 Ordinary shares of £1 each (2019 - 107 Ordinary shares) | 155  | 154  |

The following ordinary shares were fully paid during the year:

1 Ordinary share at a premium of \$2,642,457 on 23 December 2019.

The functional currency of the company is US Dollars. Share capital issues have been converted at the rates prevailing at the time of the issue.

#### *Ordinary share rights:*

The company's ordinary shares, which carry no rights to fixed income, each carry the right to one vote at general meetings of the company.

#### **Reserves**

Reserves of the Company represent the following:

#### *Share premium*

Consideration received for shares issued above their nominal value net of transaction costs.

#### *Other reserves*

The capital contribution reserve presents additional amounts invested in the company by its owners.

#### *Profit and loss reserves*

Cumulative profit and loss net of distribution to owners.

#### 15 Events after the reporting date

On 14 July 2021, the company made an irrevocable capital reduction of their share premium account. As a result of this capital reduction the Share Premium account has decreased by \$43,743,983 with a corresponding increase to the profit and loss reserve. Subsequent to the capital reduction, on 14 July 2021 the company proposed an interim dividend of \$45,000,000. Additionally, on 20 August 2021 the company proposed a dividend of \$1,163,941.

#### 16 Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transactions is wholly owned by a member of that group.

#### 17 Ultimate controlling party

The company's immediate parent undertaking is ESCO UK Global Holdings Ltd, a company registered in the United Kingdom at Richmond House, Walkern Road, Stevenage, Hertfordshire, SG1 3QP.

The company's ultimate parent undertaking is ESCO Technologies Inc., which is the largest and smallest group in which the results of the Company are consolidated. A copy of the financial statements are available at its registered office, 9900A Clayton Road, St Louis, MO 63124-1186, United States.