

# Financial Statements

## Esco (UK) Limited

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**For the Year Ended 31 December 2016**

**Registered number: 01651121**



## Company Information

**Directors**

J Owens  
E Simonutti  
T Abel (appointed 22 February 2017)

**Company secretary**

S B Robinson  
K S Thomas

**Registered number**

01651121

**Registered office**

Ings Road  
Doncaster  
DN5 9SN

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Paul's Place  
121 Norfolk Street  
Sheffield  
S1 2LE

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# Strategic Report

For the Year Ended 31 December 2016

## **Introduction**

ESCO is a leading independent, global developer and manufacturer of highly engineered wear and replacement products used in resource mining, infrastructure, oil and gas, and industrial applications that are essential to the productivity of our customers' machines.

We have focused on product innovation throughout our over 100-year history. We believe our expertise in metallurgy, tribology (the science of wear), design engineering, manufacturing processes, and distribution are our core competencies. We have three divisions Mining, Construction & Industrial, and Oil & Gas.

Sustainability is an integral part of ESCO's business model - doing more with less, eliminating waste, driving down costs, and empowering employees around the world to pursue continuous improvement. These business practices are standard across all of ESCO's global locations and lead to sustainable economic, environmental and social benefits. The result is reduced waste, enhanced safety, reduced environmental impact, and continuous investment in the people of ESCO and the communities where we operate.

Our operations are guided by a strategic approach that aims to do more with less, leave a minimal impact on the natural environment, and benefit the communities where we operate.

As global customers demand higher quality products at lower prices, ESCO meets the challenge with innovative, cost-saving capabilities. Adding to this, ESCO's culture of lean manufacturing and continuous improvement is applied at all ESCO locations worldwide and demands a disciplined approach to quality, value and speed. Many ESCO locations' quality management systems are third-party certified.

We continue to look at ways on how we can improve our distribution strategy in the future, from one of distributing selling through distributors to end users to one of, where we have resources, to serve the end user directly.

## **Business review**

Turnover has increased in 2016 as a result of fabrication activity and intercompany sales. The company continues to partner with fabrication companies based in Europe.

Domestic sales have fallen due to difficult market conditions in mining markets. The company continues to look for opportunities to market and distribute the ESCO product to the UK markets in both the construction and mining sectors.

## **Principal risks and uncertainties**

The company operates with its ultimate holding company to minimise all financial risk.

The company has an agreement with its ultimate holding company whereby the majority of currency risk and all credit risk are underwritten by its ultimate holding company. The management of liquidity risk, interest rate risk and credit risk on cash deposits is performed by the use of a group wide treasury management function.

The company has had a strong focus on credit risk and there are timely, strong and active credit control procedures in operation whereby any late amounts are highlighted and appropriate collection actions are taken. Each customer is assigned a credit limit based on its potential business, trading history and third party credit reports.

In addition to the financial risks above the group is also exposed to industry wide risks in relation to the level of commodity prices within the mining industry and the levels of expenditure on construction projects. These risks are managed by maintaining a wide industrial and geographical customer base.

Esco (UK) Limited

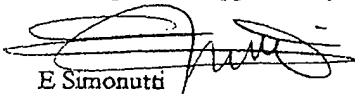
# Strategic Report

For the Year Ended 31 December 2016

## Financial key performance indicators

Turnover for the year £5,173k (2015 - £3,796k)  
Gross Profit Margin 12.6% (2015 - 15.5%)

This report was approved by the board on 27 September 2017 and signed on its behalf.

  
E Simonutti  
Director

# Directors' Report

For the Year Ended 31 December 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

## Statement of director's responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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 FRS102 '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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

## Results and dividends

The profit for the financial year, after taxation, amounted to £390,000 (2015 - £21,000).

## Directors

The directors who served during the year were:

R Verlinch (resigned 15 February 2017)

J Owens

E Simonutti

## Disclosure of information to auditors

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 been 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.

Esco (UK) Limited

## Directors' Report (continued)

For the Year Ended 31 December 2016

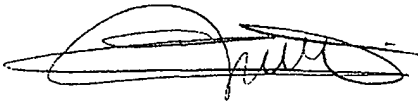
### Post balance sheet events

There were no events after the balance sheet date that require disclosure.

### Independent auditors

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

This report was approved by the board on 27 September 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'E Simonutti', is written over a horizontal line.

E Simonutti  
Director

# ***Independent auditors' report to the members of Esco (UK) Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Esco (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

### **What we have audited**

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.



# ***Independent auditors' report to the members of Esco (UK) Limited (continued)***

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## **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Kevin Strauther (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Sheffield  
28 September 2017

# Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	4	5,173	3,796
Cost of sales		(4,519)	(3,206)
<b>Gross profit</b>		<b>654</b>	<b>590</b>
Administrative expenses		(282)	114
Exceptional administrative expenses		-	(774)
Other operating income	5	-	67
<b>Operating profit/(loss)</b>	6	<b>372</b>	<b>(3)</b>
Interest receivable and similar income	9	17	3
Interest payable and similar expenses	10	(27)	(5)
<b>Profit/(loss) before taxation</b>		<b>362</b>	<b>(5)</b>
Taxation on profit/(loss)	11	28	26
<b>Profit for the financial year</b>		<b>390</b>	<b>21</b>
<b>Total comprehensive income for the year</b>		<b>390</b>	<b>21</b>

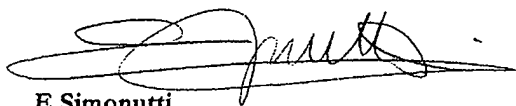
Esco (UK) Limited  
Registered number:01651121

## Statement of Financial Position

As at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Investments	14	3	3
<b>Current assets</b>			
Stocks	15	580	674
Debtors: amounts falling due within one year	16	3,542	3,015
Cash at bank and in hand	17	287	1,256
		<u>4,409</u>	<u>4,945</u>
Creditors: amounts falling due within one year	18	(2,522)	(909)
<b>Net current assets</b>		<u>1,887</u>	<u>4,036</u>
<b>Total assets less current liabilities</b>		<u>1,890</u>	<u>4,039</u>
<b>Net assets</b>		<u>1,890</u>	<u>4,039</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,500	1,500
Other reserves	20	2,108	2,108
Profit and loss account	20	(1,718)	431
<b>Total shareholders' funds</b>		<u>1,890</u>	<u>4,039</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2017.



E Simonutti  
Director

The notes on pages 10 to 20 form part of these financial statements.

# Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Other reserves	Profit and loss account	Shareholders funds
	£000	£000	£000	£000
At 1 January 2016	1,500	2,108	431	4,039
Profit for the financial year	-	-	390	390
<b>Total comprehensive income for the year</b>	-	-	390	390
Dividends: Equity capital	-	-	(2,539)	(2,539)
<b>At 31 December 2016</b>	<b>1,500</b>	<b>2,108</b>	<b>(1,718)</b>	<b>1,890</b>

# Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital	Other reserves	Profit and loss account	Shareholders funds
	£000	£000	£000	£000
At 1 January 2015	1,500	2,108	410	4,018
Profit for the financial year	-	-	21	21
<b>Total comprehensive income for the year</b>	-	-	21	21
<b>At 31 December 2015</b>	<b>1,500</b>	<b>2,108</b>	<b>431</b>	<b>4,039</b>

The notes on pages 10 to 20 form part of these financial statements.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## **1. General information**

The company is a limited company registered in England and Wales. The registered office of the company is Ings Road, Doncaster, DN5 9SN. The principal activity of the company is the sale of mining equipment.

## **2. Accounting policies**

### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Esco EMEA Holdings Limited as at 31 December 2016 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

### **2.3 Going concern**

The financial statements have been prepared on the going concern basis. Based on the forecasts prepared and facilities available (including those provided by other companies within the group headed by ESCO Corporation) the directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly they continue to adopt the going concern basis.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 2. Accounting policies (continued)

### 2.4 Revenue

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

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.7 Debtors

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

### 2.8 Cash and cash equivalents

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

### 2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 2. Accounting policies (continued)

### 2.9 Financial instruments (continued)

third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, 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 out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 the Statement of comprehensive income.

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 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.

### 2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 2. Accounting policies (continued)

### 2.11 Foreign currency translation

#### Functional and presentation currency

The Company's functional and presentational currency is GBP.

#### Transactions and balances

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

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

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

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

### 2.12 Finance costs

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

### 2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### 2.14 Pensions

#### Defined contribution pension plan

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

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



# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 2. Accounting policies (continued)

### 2.15 Interest income

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

### 2.16 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

### 2.17 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the carrying value of investments, the carrying value of stocks and recoverability of debts. Although these estimates and associated assumptions are based on historical experience and management's best knowledge of current events and actions the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

**4. Turnover**

All turnover arose from the sale of goods. Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	1,546	1,854
Rest of Europe	3,328	1,902
Rest of the world	299	40
	<u>5,173</u>	<u>3,796</u>

**5. Other operating income**

	2016 £000	2015 £000
Other operating income	<u>-</u>	<u>67</u>

**6. Operating profit/(loss)**

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

	2016 £000	2015 £000
Exchange differences	(165)	-
Defined contribution pension cost	<u>5</u>	<u>16</u>

**7. Auditors' remuneration**

	2016 £000	2015 £000
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	27	32

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 8. Employees

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	41	151
Social security costs	5	6
Other pension costs	5	16
	<u>51</u>	<u>173</u>

There were no directors emoluments paid in the current or prior period.

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

	2016 No.	2015 No.
Production	-	1
Administration	1	4
	<u>1</u>	<u>5</u>

## 9. Interest receivable and similar income

	2016 £000	2015 £000
Interest receivable from group companies	17	-
Other interest receivable	-	3
	<u>17</u>	<u>3</u>

## 10. Interest payable and similar expenses

	2016 £000	2015 £000
Bank interest payable	14	5
Loans from group undertakings	13	-
	<u>27</u>	<u>5</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2016

**11. Tax on profit**

	2016 £000	2015 £000
<b>Corporation tax</b>		
Current tax on profit/(loss) for the year	(28)	(28)
<b>Total current tax</b>	<u>(28)</u>	<u>(28)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	2
<b>Total deferred tax</b>	<u>-</u>	<u>2</u>
<b>Tax on profit/(loss)</b>	<u>(28)</u>	<u>(26)</u>

**Factors affecting tax credit for the year**

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit/(loss) before tax	<u>362</u>	<u>(5)</u>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	72	(1)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	(141)
Adjustments to tax charge in respect of prior periods	(29)	143
Group relief	(72)	(27)
<b>Total tax credit for the year</b>	<u>(28)</u>	<u>(26)</u>

**12. Dividends**

	2016 £000	2015 £000
Dividends paid on ordinary shares - £1.69/share	<u>2,539</u>	<u>-</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 13. Exceptional administrative expenses

	2016 £000	2015 £000
Costs and assets write down on closure of business	-	774

## 14. Investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2016	3
At 31 December 2016	3
<b>Net book value</b>	
At 31 December 2016	3
At 31 December 2015	3

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Esco Turkey	Ordinary	100 %	Sale of mining equipment

The registered office of the subsidiary above is Ebulula Mardin Cad., Gui Sok, No 2 Maya Park Tower 2, Istanbul, Turkey.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

**15. Stocks**

	2016 £000	2015 £000
Raw materials and consumables	2	46
Work in progress (goods to be sold)	578	208
Finished goods and goods for resale	-	420
	<u>580</u>	<u>674</u>

**16. Debtors**

	2016 £000	2015 £000
Trade debtors	314	624
Amounts owed by group undertakings	3,006	2,246
Other debtors	219	143
Prepayments and accrued income	3	2
	<u>3,542</u>	<u>3,015</u>

Amounts owed by group undertakings are unsecured, are repayable on demand and bear no interest.

**17. Cash at bank and in hand**

	2016 £000	2015 £000
Cash at bank and in hand	<u>287</u>	<u>1,256</u>

**18. Creditors: Amounts falling due within one year**

	2016 £000	2015 £000
Trade creditors	160	41
Amounts owed to group undertakings	2,285	352
Corporation tax	-	440
Other taxation and social security	1	-
Other creditors	20	61
Accruals and deferred income	56	15
	<u>2,522</u>	<u>909</u>

Amounts owed to group undertakings are unsecured, are repayable on demand and bear no interest.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 19. Called up share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
1,500,000 (2015: 1,500,000) Ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>

## 20. Reserves

### Other reserves

Capital contributions represent amounts received from parent undertaking. This reserve is considered to be distributable.

### Profit and loss account

Includes all current and prior year profits and losses.

## 21. Controlling party

The parent undertaking of this company is ESCO EMEA Holdings (UK) Limited.

The directors consider that the ultimate parent undertaking and controlling related party of this company is ESCO Corporation, a private company incorporated in the United States of America.

The largest group of undertakings for which group financial statements have been drawn up is that headed by ESCO Corporation, incorporated in the United States of America. The smallest group of undertakings for which group financial statements will be drawn up is that headed by ESCO EMEA Holdings (UK) Limited, incorporated in England and Wales.

ESCO Corporation is a private undertaking incorporated in the United States of America that is not required to file on public record any financial statements. Copies of the financial statements are available by application from ESCO EMEA Holdings (UK) Limited, Ings Road, Doncaster, DN5 9SN.