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**ETL MIDCO LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MAY 2021**



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**ETL MIDCO LIMITED**

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**ETL MIDCO LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Dr E Bayar (appointed 23 January 2020) Mr I G Hilditch (appointed 23 January 2020) Mr J J Latimer (appointed 15 January 2020) Mr B Lewis (appointed 15 January 2020) Mr P C Stephens (appointed 23 January 2020)
<b>Registered number</b>	12405400
<b>Registered office</b>	Coldwell Radio Station Kingstone Hereford HR2 9NE
<b>Independent auditors</b>	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors Portwall Place Portwall Lane Bristol BS1 6NA

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## ETL MIDCO LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 MAY 2021

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#### Introduction

The directors present the Strategic Report of ETL Midco Limited for the period ended 31 May 2021.

#### Principal activity

The Company is a holding company to ETL Systems Limited via ETL Parentco Limited and ETL Bidco Limited. The principal activity of the group, through ETL Systems Limited and its subsidiary, ETL Systems Inc, is the manufacture of communication equipment other than telegraph, and telephone apparatus and equipment.

#### Trading results and business review

The results for the entity are set out in the Statement of Comprehensive Income, Balance Sheet and Statement of changes in equity.

#### Principal risks and uncertainties

As a significant proportion of the Group's turnover is derived from overseas markets, much focus is placed on ensuring that appropriate risk management strategies are in place in order to contain the downside risk associated with exchange rate fluctuations.

Similarly, credit control procedures are stringently adhered to in order to minimise the risks associated therewith in view of the fact that a large proportion of sales are of a custom-build nature.

The Group's cash flow and liquidity positions remain healthy, and these are continuously monitored and reported on to ensure that this remains the case.

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



Mr P C Stephens  
Director

Date:

29 Nov 2021

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## ETL MIDCO LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MAY 2021

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The directors present their report and the financial statements for the period ended 31 May 2021.

#### Directors

The directors who served during the period were:

Dr E Bayar (appointed 23 January 2020)  
Mr I G Hilditch (appointed 23 January 2020)  
Mr J J Latimer (appointed 15 January 2020)  
Mr B Lewis (appointed 15 January 2020)  
Mr P C Stephens (appointed 23 January 2020)

#### Results and dividends

The loss for the period, after taxation, amounted to £234,919.

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### Disclosure of information to auditors

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

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

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ETL MIDCO LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MAY 2021

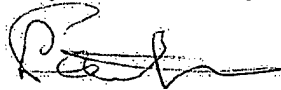
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**Auditors**

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Mr P C Stephens  
Director



Date: 29 Nov 2021

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## ETL MIDCO LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ETL MIDCO LIMITED

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#### Opinion

We have audited the financial statements of ETL Midco Limited (the 'company') for the period ended 31 May 2021 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and the 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 31 May 2021 and of its loss for the period 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, 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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## ETL MIDCO LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ETL MIDCO LIMITED (CONTINUED)

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#### Other information

The other information comprises the information included in the Annual report and financial statements, 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.

We have nothing to report in this regard.

#### Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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.



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## ETL MIDCO LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ETL MIDCO LIMITED (CONTINUED)

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#### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with the framework through subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the company's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The area identified in this discussion was manipulation of the financial statements, especially revenue, via fraudulent journal entries.

This area was communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above area included testing journal entries.

Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

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](http://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.

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ETL MIDCO LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ETL MIDCO LIMITED (CONTINUED)

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*Nexia Smith & Williamson*

Carl Deane (Senior Statutory Auditor)

for and on behalf of  
**Nexia Smith & Williamson**

Chartered Accountants  
Statutory Auditors

Portwall Place  
Portwall Lane

Bristol  
BS1 6NA

Date:

*29 November 2021*

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ETL MIDCO LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MAY 2021

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	Note	2021 £
Administrative expenses		(96,156)
<b>Operating (loss)/profit</b>		<u>(96,156)</u>
Interest receivable and similar income	5	8,164,537
Interest payable and similar expenses	6	(8,303,300)
<b>(Loss)/profit before tax</b>		<u>(234,919)</u>
<b>(Loss)/profit for the financial period</b>		<u>(234,919)</u>
<b>Other comprehensive income for the period</b>		
<b>Total comprehensive income for the period</b>		<u><u>(234,919)</u></u>

There was no other comprehensive income for 2021.

The notes on pages 12 to 18 form part of these financial statements.

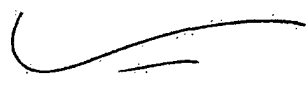
**ETL MIDCO LIMITED**  
**REGISTERED NUMBER: 12405400**

**BALANCE SHEET**  
**AS AT 31 MAY 2021**

	Note	31 May 2021 £
<b>Fixed assets</b>		
Investments	8	1
		<u>1</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year	9	58,524,121
		<u>58,524,121</u>
Creditors: amounts falling due within one year	10	(31,715,458)
		<u>26,808,663</u>
<b>Net current assets</b>		<u>26,808,663</u>
<b>Total assets less current liabilities</b>		<u>26,808,664</u>
Creditors: amounts falling due after more than one year	11	(27,043,582)
		<u>(234,918)</u>
<b>Net (liabilities)/assets</b>		<u>(234,918)</u>
<b>Capital and reserves</b>		
Called up share capital	13	1
Profit and loss account	14	(234,919)
		<u>(234,918)</u>

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

Mr I G Hilditch  
 Director  
 Date:

  
 29<sup>th</sup> November 2021

The notes on pages 12 to 18 form part of these financial statements.

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ETL MIDCO LIMITED  
REGISTERED NUMBER: 12405400

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STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MAY 2021

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	Called up share capital £	Profit and loss account £	Total equity £
Loss for the period	-	(234,919)	(234,919)
Shares issued during the period	1	-	1
<b>At 31 May 2021</b>	<b>1</b>	<b>(234,919)</b>	<b>(234,918)</b>

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## ETL MIDCO LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2021

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#### 1. General information

ETL Systems Limited is a private company limited by shares and incorporated in England and Wales. The address of the registered office is Coldwell Radio Station, Madley, Hereford, Herefordshire, HR2 9NE.

#### 2. Accounting policies

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

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 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.

##### Exemptions under the reduced disclosure framework

The parent Company has taken advantage of the following disclosure exemptions available under FRS 102:

- 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 11.39 to 11.48A; and
- the requirements of Section 33, Related Party Disclosures, paragraphs 33.7.

The following principal accounting policies have been applied:

##### 2.2 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

##### 2.3 Going concern

This company operates solely as an intermediate holding company to the subsidiaries listed in note 8. In view of the limited activity of this Company and acknowledging that all liabilities falling due within the next 12 months are intercompany, the directors consider it appropriate to prepare the financial statements on a going concern basis.

The directors are confident that the Company and the Group have adequate resources to continue in operation for at least 12 months from the date of signing, and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### 2.4 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and financial liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument.

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## ETL MIDCO LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2021

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## 2. Accounting policies (continued)

### 2.4 Financial instruments (continued)

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short-term bank deposits with an original maturity of three months or less.

Financial liabilities and equity instruments issued by the group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

### 2.5 Interest income

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

### 2.6 Finance costs

Finance costs are charged to profit or loss 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.

### 2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.9 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.

### 2.10 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.

### 2.11 Dividends

Equity dividends are recognised when they become legally payable.

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ETL MIDCO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MAY 2021

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**3. Auditors' remuneration**

Auditor's remuneration in respect of this company was incurred and charged through group company, ETL Systems Limited.

**4. Employees**

The Company has no employees other than the directors, who did not receive any remuneration.

**5. Interest receivable**

	2021 £
Interest receivable from group companies	8,164,537
	<u>8,164,537</u>

**6. Interest payable and similar expenses**

	2021 £
Other loan interest payable	3,894,451
Interest on loans from group undertakings	4,408,849
	<u>8,303,300</u>



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ETL MIDCO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MAY 2021

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7. Taxation

**Factors affecting tax charge for the period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2021 £
(Loss)/profit on ordinary activities before tax	(234,919)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(44,635)
<b>Effects of:</b>	
Remeasurement of deferred tax for changes in tax rates	(166,801)
Deferred tax not recognised	695,005
Group relief	(483,569)
<b>Total tax charge for the period</b>	-

**Factors that may affect future tax charges**

Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023.

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ETL MIDCO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MAY 2021

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8. Fixed asset investments

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
ETL Parentco Limited	Coldwell Radio Station, Kingstone, Hereford, Herefordshire, HR2 9NE	Ordinary	100%

9. Debtors

	31 May 2021 £
Amounts owed by group undertakings	58,524,121
	<u>58,524,121</u>

10. Creditors: Amounts falling due within one year

	31 May 2021 £
Amounts owed to group undertakings	31,715,458
	<u>31,715,458</u>

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ETL MIDCO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MAY 2021

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11. Creditors: Amounts falling due after more than one year

	31 May 2021 £
Loan notes	23,661,751
Accruals and deferred income	3,381,831
	<u>27,043,582</u>

£23,218,513 loan notes were issued by ETL Midco Limited to fund the acquisition by its subsidiary company ETL Bidco Limited of ETL Systems Limited. On these, £3,894,751 interest has been paid or is accrued.

During the period £12,701,450 of these loan notes were admitted to The International Stock Exchange. They have a coupon rate of 12% and a maturity date of 23 January 2027.

12. Loans

Analysis of the maturity of loans is given below:

	31 May 2021 £
<b>Amounts falling due after more than 5 years</b>	
Loan notes	23,661,751
	<u>23,661,751</u>
	<u>23,661,751</u>

13. Share capital

	31 May 2021 £
<b>Allotted, called up and fully paid</b>	
1 Ordinary share of £1.00	1
	<u>1</u>

During the period, one Ordinary share was issued and fully paid.

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**ETL MIDCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MAY 2021**

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**14. Reserves**

**Profit and loss account**

The profit and loss account comprises cumulative retained profits less amounts distributed to the shareholder.

**15. Related party transactions**

Loan notes held by Directors of the Company and their spouses totalled £10,419,573.

**16. Controlling party**

The company is a subsidiary of Eagle Topco Limited.

The ultimate parent company is Eagle Topco Limited. Eagle Topco Limited is also the parent of both the smallest and largest groups which consolidate these financial statements. The financial statements of Eagle Topco Limited are available from the company's registered office.

This is no ultimate controlling party.