ABSL Power Solutions Ltd

Annual report and financial statements

For the year ended 31 March 2013

Registered Number 2840892

ABSL Power Solutions Ltd

Contents

ABSL Power Solutions Ltd

Directors and advisers for the year ended 31 March 2013

Directors
R W Zuidema
M G Maine
N J Russel

Company secretary

Jordon Company Secretaries Limited	Resigned 25/03/2013
Eversecretary Limited	Appointed 25/03/2013

Registered office
Building F4 Culham Science Centre
Culham
Abingdon
Oxfordshire
United Kingdom
OX14 3ED

Independent Auditors
Ernst & Young LLP
The Paragon,
Counterslip,
Bristol,
BS1 6BX

Bankers
HSBC Bank Plc
26 Broad Street
Reading
RG1 2BU

ABSL Power Solutions Ltd

Directors' report for the year ended 31 March 2013

The directors present their annual report and the audited financial statements of ABSL Power Solutions Ltd ("the Company") for the year ended 31 March 2013 The Company's registered number is 2840892

Principal activities
The principal activity of the Company is the supply of integrated power systems The business researches, designs and manufactures battery packs, chargers and power management systems for highly demanding markets including defence, space, aerospace, marine and medical

Operating and financial review
ABSL continued to face challenges in 2012-13, the effect of which was an operating loss of £4 7m This was mainly due to a continuing low level of orders from the MOD, as spending by HM Government continues to be curbed due to the overall economic situation Technical challenges on a couple of projects together with a higher level of inventory provisioning increased the operating costs in the year
A provision of £2 2m has been made for the write off of a loan to AGM Batteries Ltd, our sister company, which has ceased trading

Principal risks and uncertainties
The Company's customers are principally governments and their agencies in Europe and the United States A severe curtailment of government spending could impact orders for the Company's products and consequently its turnover and profitability The Directors consider that, whilst the Company cannot be immune from such pressures, the specialist markets it serves are less likely to be severely impacted by budget cuts

The Company develops and sells products which the Directors consider are technically very advanced Inherent in any company that relies on developing new products exploiting advanced technologies, is the risk that a new product does not achieve its anticipated performance and consequently does not justify the investment that has been made to bring it to market

Future developments
The business is continuing to explore new cell technologies for its products as customer demands for greater flexibility and enhanced power capabilities increase This business will also explore the potential to collaborate on product development utilising the capabilities of the broader EnerSys organisation and look for opportunities beyond the aerospace and defence markets, which have been the traditional mainstay of the business

Key performance indicators
Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development performance or position of the business

Financial risk management
IFRS 7 Financial instruments disclosures, requires disclosure on financial risk management in the financial statements and accordingly this is presented in accounting policies, note 3, of these financial statements On this basis no discussion of financial risk management is made in the directors' report

ABSL Power Solutions Ltd

Directors' report for the year ended 31 March 2013 (continued)

Results and dividends
The loss for the financial year amounted to £4 6m (2012 loss £0 8m)

No interim dividend was paid during the year (2012 £nil) The directors do not recommend payment of a final dividend (2012 £nil)

Research and development
Research and development expenditure amounted to £0 6m (2012 £0 7m) Costs incurred on development projects relate to the qualification of new cells and integrated power systems

Environmental safety and health
The directors take their responsibility in this area seriously and have in place appropriate reporting procedures which ensure that all incidents are notified and actions reviewed The RoHS, WEEE and COSHH directives are all complied with Where qualified exemptions exist, in respect of batteries and military equipment, the Company is working with its suppliers to meet the requirements ahead of time

Directors
The directors who held office during the year and up to the date of signing the financial statements are listed on page 2

Creditor payment policy
The company's policy is to agree terms of trading which are appropriate for suppliers' markets and to abide by such terms where suppliers' obligations have been met

The average creditor payment period at 31 March 2013 was 36 days (2012 37 days)

Political donations and political expenditure
The Company made no political donations and incurred no political expenditure during 2013 (2012 £nil)

Charitable donations
The Company made no charitable donations during 2013 (2012 £nil)

ABSL Power Solutions Ltd

Directors' report for the year ended 31 March 2013 (continued)

Statement of directors' responsibilities
The directors are responsible for preparing 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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,
- state whether applicable IFRSs as adopted by the European Union 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 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 Auditors and disclosure of information to auditors
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each of the directors believes that they have taken all the steps that ought to have been taken as a director in order to make them aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors
A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

M G Maine
Director

20 August 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABSL POWER SOLUTIONS LTD.

We have audited the company's financial statements for the year ended 31 March 2013 which comprise the Statement of financial position, the Statement of comprehensive income, the Statement of Cash Flows and the Statement of changes in Shareholders' equity and the related notes 1 to 29

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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 In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABSL POWER SOLUTIONS LTD (CONTINUED)

Matters on which we are required to report by exception (continued)

- 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

Ernst & Young LLP

Ken Griffin (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP,

Statutory Auditor

Bristol

23 August 2013

ABSL Power Solutions Ltd

Statement of comprehensive income for the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Revenue	4	**9,809**	12,205
Cost of sales		**(9,500)**	(11,030)
Gross Profit		**309**	1,175
Selling and distribution costs		**(1,017)**	(1,201)
Administrative expenses		**(1,531)**	(938)
Restructuring expenses	6	**(2,414)**	-
Other income	7	**2**	18
Operating loss	4	**(4,651)**	(946)
Interest receivable	8	**166**	171
Finance costs	8	**(74)**	(29)
Loss before income tax	4	**(4,559)**	(804)
Income tax	9	-	-
Loss for the financial year	21	**(4,559)**	(804)

All results are from continuing operations

The accounting policies and notes on pages 12 to 32 are an integral part of these financial statements

ABSL Power Solutions Ltd

Statement of changes in shareholders' equity

	Share capital	Share premium	Capital contribution	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2012	12,296	54	1,156	(2,779)	10,727
Loss for the year	-	-	-	(4,559)	(4,559)
Balance as at 31 March 2013	**12,296**	**54**	**1,156**	(7,338)	6,168

The accounting policies and notes on pages 12 to 32 are an integral part of these financial statements

ABSL Power Solutions Ltd

Statement of financial position as at 31 March 2013

	Notes	2013 £'000	2012 £'000
Assets			
Non-current assets			
Intangible assets	11	**135**	202
Property plant and equipment	12	**633**	650
Trade and other receivables	14	**4,750**	4,750
Total non-current assets		**5,518**	5,602
Current assets			
Inventories	13	**1,901**	3,532
Trade and other receivables	14	**3,758**	8,622
Financial assets		**7**	7
Total current assets		**5,666**	12,161
Liabilities			
Current liabilities			
Trade and other payables	15	**(4,787)**	(6,753)
Provisions for liabilities and charges	17	**(223)**	(275)
Total current liabilities		**(5,010)**	(7,028)
Net current assets		**656**	5,133
Non-current liabilities			
Creditors amounts falling due after 1 year	16	**(6)**	(8)
Total non current liabilities		**(6)**	(8)
Net assets		**6,168**	10,727
Shareholders' equity			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares	19	**12,296**	12,296
Share premium	20	**54**	54
Capital contribution	22	**1,156**	1,156
Accumulated losses	21	**(7,338)**	(2,779)
Total shareholders' funds		**6,168**	10,727

The notes on pages 12 to 32 are an integral part of the financial statements These financial statements on pages 8 to 32 were approved by the board of directors on 20 August 2013 and were signed on its behalf by

M G Maine
Director

20 August 2013

ABSL Power Solutions Ltd

Statement of Cash Flows for the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Cash flows from operating activities			
Cash generated from operations	23	**153**	(362)
Interest receivable/(payable)	8	**166**	171
Interest receivable/(payable)	8	**(74)**	(29)
Net cash generated from operating activities		**245**	(220)
Cash flows from investing activities			
Purchase of intangible assets	11	**(4)**	-
Purchase of property, plant and equipment	12	**(241)**	(147)
Net cash used in investing activities		**(245)**	(147)
Net (decrease)/increase in cash and cash equivalents		**-**	(367)
Cash and cash equivalents at the beginning of the period		**7**	374
Cash and cash equivalents at the end of the period		**7**	7

Analysis of net debt

	At 1 April 2012 £'000	Cash flow £'000	At 31 March 2013 £'000
Cash at bank and in hand	7		7
Bank Overdraft	-		-
Total	7		7

ABSL Power Solutions Ltd
Accounting policies

1 General information

ABSL Power Solutions Ltd ("the Company") designs, manufactures and supplies integrated power systems

The Company is limited by shares, incorporated and domiciled in the United Kingdom The registered office of the Company is

Building F4 Culham Science Centre
Abingdon
Oxfordshire
United Kingdom
OX14 3ED

The financial statements have been approved for issue by the Board of Directors on 20 August 2013 No persons have the power to amend the financial statements beyond that date

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied

Basis of preparation
These financial statements have been prepared in accordance with European Union endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS, and have been prepared under the historical cost convention The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Company's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in the Critical judgements in applying the entity's accounting policies section

Going concern basis of accounting
In the year to 31 March 2013 the company incurred a loss of £4,559,000

The company has met its day to day working capital requirements and has the provision of working capital facilities supported by its parent company, EnerSys Holdings UK Ltd The directors of that company have confirmed to the directors of ABSL Power Solutions Limited that they will continue to provide financial support to the company for the foreseeable future

In the light of the information currently available to them, the directors believe that the company's parent company will support it in providing adequate funds to meet its day to day obligations On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis

ABSL Power Solutions Ltd

Accounting policies

2 Summary of significant accounting policies (continued)

Group accounts
The company is exempt from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006 by virtue of being included in the accounts of EnerSys, a company incorporated in the United States of America

Changes in accounting policies and disclosures

a) Standards, amendments and interpretations effective in the financial year have minimal or no impact on the company

b) Standards and interpretations not yet effective

At the date of approval of the financial statements by the board of directors of the company, a number of standards and interpretations were issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee ('IFRIC') respectively, but were not yet effective

The directors do not expect that the adoption of these standards and interpretations will have a material impact on the financial statements of the company in future periods

Revenue recognition
Revenue, which excludes value added tax and trade discounts, represents the fair value of services supplied and the value of long-term contract work completed

Segmental reporting
A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments

A business segment is a Company of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments

Accounting policies

2 Summary of significant accounting policies (continued)

Leases
Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding The corresponding rental obligations, net of finance charges, are included in other long-term payables The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") The financial statements are presented in Sterling, which is the Company's functional and presentation currency

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement

Property plant and equipment
All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment Historical cost includes expenditure that is directly attributable to the acquisition of the items Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably All other repairs and maintenance expenditures are charged to the income statement during the financial period in which they are incurred

Accounting policies

2 Summary of significant accounting policies (continued)

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows

Leasehold improvements	20% straight line
Furniture and fixtures	20% straight line
Computer equipment	33% to 50% straight line
Plant and equipment	10% to 20% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement

Intangible assets

Research and development

Research expenditure is recognised as an expense as incurred Costs incurred on development projects relating to developing new integrated power systems are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably Development costs previously recognised as an expense are not recognised as an asset in a subsequent period Development costs that have a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding ten years

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software These costs are amortised using the straight-line method over their estimated useful lives of three to five years

Impairment of fixed tangible assets and intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date

Inventories and work in progress

Inventories are stated at the lower of cost and net realisable value Cost is determined using the first in, first out (FIFO) method The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) It excludes borrowing costs Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses Work in progress is valued at cost, less the cost of work invoiced on incomplete contracts and less foreseeable losses

Accounting policies

2 Summary of significant accounting policies (continued)

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate The amount of the provision is recognised in the income statement

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

Employee benefits
The Company operates a defined contribution plan for which the Company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis The Company has no further payment obligations once the contributions have been paid The contributions are recognised as employee benefit expense when they are due Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with the attached conditions Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight line basis over the expected lives of the related assets

Share capital and share premium
Ordinary shares are classified as equity Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

Current and deferred income tax
The tax expense represents the sum of current tax and deferred tax

Current tax
The tax payable is based on the taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Accounting policies

2 Summary of significant accounting policies (continued)

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts Bank overdrafts are shown within borrowings in current liabilities on the balance sheet

Exceptional items

Exceptional items are items which individually or, if of a similar type, in aggregate need to be disclosed by virtue of their nature, size or incidence in order to allow a proper understanding of the underlying financial performance of the company

Critical judgements in applying the entity's accounting policies

The Company makes judgements on specific items when applying its' accounting policies The judgement that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below

Development expenditure

The Company invests in the development of future products in accordance with the accounting policy stated in the Intangible assets note The assessment as to whether this expenditure will achieve a complete product for which the technical feasibility is assured is a matter of judgement, as is the forecasting of how the product will generate future economic benefit Finally, the period of time over which the economic benefit associated with the expenditure incurred will arise is also a matter of judgement These judgements are made by evaluating the development plan prepared by the research and development department and approved by management, regularly monitoring progress by using an established set of criteria for assessing technical feasibility and benchmarking to other products

Borrowings

Borrowings are recognised upon origination at fair value of the sums paid or received in exchange for the liability, and subsequently measured at amortised cost using the effective interest method Interest free payables are booked at their nominal value

Accounting policies

3 Financial risk management

Financial risk factors
The Company's activities expose it to a variety of financial risks market risk (primarily currency risk), credit risk and liquidity risk The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance

(a) Market risk

(i) Foreign exchange risk
The Company is exposed to foreign exchange risk arising from various currency exposures, predominantly with the Eurozone as a proportion of the company's sales are to customers in those countries During the year, net transactions in currencies other the GBP amounted to approximately £2 6m (2012 £2 2m), If the currencies above had weakened/strengthened by 10% against the GBP with all other variables held constant, the post-tax loss for the year would have been approximately £0 25m higher/lower In order to minimise foreign exchange risk, the company has implemented a policy of partially hedging net exposures

(ii) Cash flow and fair value interest rate risk
The Company has interest bearing liabilities Short and medium term financing requirements are provided by a current account arrangement with EnerSys Luxembourg Finance Sarl The balance owed to which was £1 6m as at 31 March 2013 (2012 £1 8m) These borrowings currently bear interest at a rate of 3 0% per annum (2012 3 0%)

As such, management consider that the Company is not significantly exposed to foreign exchange, cash flow and fair value interest rate risk

(b) Credit risk
Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted If customers are independently rated, these ratings are used Otherwise, if there is no independent rating, the credit quality of the customer is assessed taking into account its financial position, past experience and other factors Individual risk limits are set based on internal or external ratings in accordance with limits set by management Management monitors the utilisation of credit limits regularly

(c) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its cash commitments as they fall due Liquidity risk may result from either the inability to realise financial assets quickly at their fair values or from the inability to generate cash inflows as anticipated Management monitors rolling forecasts of the Company's liquidity reserve and cash and cash equivalents on the basis of expected cash flow

Capital risk management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders The Company have focused on maximising shareholder value

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2013

4 Segmental reporting

At 31 March 2013, the Company is organised on a worldwide basis into four main geographical segments The revenue analysis in the table below is based on the location of the customers where the order is received

- United Kingdom
- Europe
- North America
- Rest of the World

The assets and liabilities are located in the United Kingdom

Primary reporting format – geographical segments

	United Kingdom	Europe	North America	Rest of the World	Unallocated	2013 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	**3,727**	**4,495**	**792**	**795**	-	**9,809**
Segment result operating loss	(455)	(1,647)	5	(140)	-	(2,237)
Restructuring costs					(2,414)	(2,414)
Finance income –net	-	-	-	-	92	92
Loss before taxation	**(455)**	**(1,647)**	**5**	**(140)**	**(2,322)**	**(4,559)**

	United Kingdom	Europe	North America	Rest of the World	Unallocated	2012 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	**5,790**	**5,213**	**697**	**505**	-	**12,205**
Segment result operating profit/(loss)	48	(1,175)	27	154	-	(946)
Finance costs – net	-	-	-	-	142	142
Profit (loss) before taxation	**48**	**(1,175)**	**27**	**154**	**142**	**(804)**

Notes to the financial statements for the year ended 31 March 2013 (continued)

4 Segmental reporting (continued)

Secondary reporting format – business segments

At 31 March 2013, the Company is organised into two main business segments

1) Power Solutions
2) Custom Products

	Power Solutions	Custom Products	Unallocated	2013 Total
	£'000	£'000	£'000	£'000
Revenue	**4,602**	**5,207**	**-**	**9,809**
Segment result operating loss	(667)	(1,570)	-	(2,237)
Restructuring costs			(2,414)	(2,414)
Finance income – net	-	-	92	92
Loss before and after taxation for the year	**(667)**	**(1,570)**	**(2,322)**	**(4,559)**

	Power Solutions	Custom Products	Unallocated	2012 Total
	£'000	£'000	£'000	£'000
Revenue	**5,999**	**6,206**	**-**	**12,205**
Segment result operating profit / (loss)	84	(1,030)	-	(946)
Finance costs - net	-	-	142	142
Profit before and after taxation for the year	**84**	**(1,030)**	**142**	**(804)**

The geographic location is determined based on the location of the external customer

Notes to the financial statements for the year ended 31 March 2013 (continued)

5 Profit before income tax

The following is the disclosure of expenses by nature

	Notes	2013 £'000	2012 £'000
Employee benefit expense	25	**4,372**	4,486
Depreciation of property, plant and equipment	12	**258**	271
Amortisation of intangibles	11	**71**	69
Costs of inventories included in cost of sales		**5,792**	7,001
Transportation		**95**	82
Advertising costs		**19**	29
Occupancy costs		**659**	624
Other expenses		**782**	607
Total cost of sales, selling and distribution costs, research and development expense and administrative expenses		**12,048**	13,169

Services provided by the Company's auditors and network of firms

During the period the Company obtained the following services from the Company's auditors at costs as detailed below

	2013 £'000	2012 £'000
Audit services		
- statutory audit of company	**17**	26
-audit of subsidiary company	**11**	16
Total	**28**	42

The Company's auditors, Ernst & Young LLP, provide no non-audit services for the Company

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2013 (continued)

6 Restructuring expenses

	2013	2012
	£'000	£'000
Employee costs	166	-
Provision for inter-company loan write off	2,248	-
	2,414	-

7 Other operating income

	2013	2012
	£'000	£'000
Amortisation of Capital Grant	**2**	3
Compensation for gas leak	-	15
	2	18

8 Total net interest (receivable) / payable and similar charges

	2013	2012
	£'000	£'000
Interest receivable on bank balances	-	(1)
Interest receivable on loan to parent company	**(166)**	(170)
	(166)	(171)
Interest payable on loan from previous parent company	**74**	28
Interest payable on finance lease	-	1
	74	29
Total net interest (receivable) / payable	**(92)**	(142)

Notes to the financial statements for the year ended 31 March 2013 (continued)

9 Income tax

The taxation for the year differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as explained below

	2013	2012
	£'000	£'000
Loss before taxation	**(4,559)**	(804)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(1,094)**	(209)
Effects of		
Expenses not deductible for tax purposes	**509**	13
Deferred tax asset not recognised	**(35)**	75
Losses carried forward against future trading profit	**620**	121
Total taxation	**-**	-

The weighted average applicable tax rate was 24 % (2012 26%)

Cumulative unrecognised tax asset £1,934,000 (2012 £1,660,000) in respect of losses carried forward against future profits arising from the same trade

Announcements have been made by the Chancellor of the Exchequer of proposed changes to corporation tax rates that will have an effect on the future tax charges of the company The change in the corporation tax rate from 24% to 23%, effective 1 April 2013, was subsequently enacted

A further reduction of 1%, effective 1st April 2014, to a rate of 22% has been announced but not substantively enacted

Notes to the financial statements for the year ended 31 March 2013 (continued)

10 Investments in subsidiary undertakings

At 1 April 2012 and 31 March 2013	**£nil**

Details of subsidiaries are as follows:

Company	Activity	The country of incorporation	Holding of shares/voting rights	Class
AGM Batteries Limited	Design, manufacture and sale of lithium-ion cells	UK	100%	Ordinary

11 Intangible assets

	Software £'000	Development assets £'000	Total £'000
Cost			
At 1 April 2012	42	1,680	1,722
Additions	4	-	4
At 31 March 2013	46	1,680	1,726
Accumulated amortisation and impairment			
At 1 April 2012	25	1,495	1,520
Charge for the year	15	56	71
At 31 March 2013	40	1,551	1,591
Net book amount at 31 March 2013	**6**	**129**	**135**
Net book amount at 31 March 2012	17	185	202

The useful economic life for development costs is considered by the directors to be five years, except where it is known that likely future economic benefits from these development costs are less than five years In such cases, the useful economic life is considered to be the period over which future economic benefits are anticipated to be recognised

Notes to the financial statements for the year ended 31 March 2013 (continued)

12 Property, plant and equipment

	Plant machinery & equipment £'000
Aggregate cost	
At 1 April 2012	**3,134**
Additions at cost	241
At 31 March 2013	**3,375**
Accumulated depreciation	
At 1 April 2012	**2,484**
Charge for the year	258
At 31 March 2013	**2,742**
Net book amount at 31 March 2013	**633**
Net book amount at 31 March 2012	650

13 Inventories

	2013 £'000	2012 £'000
Raw materials and consumables	**1,547**	2,978
Work-in-progress	**317**	537
Finished goods and goods for resale	**37**	17
Total	**1,901**	3,532

Notes to the financial statements for the year ended 31 March 2013 (continued)

14 Trade and other receivables

	2013 £'000	2012 £'000
Trade receivables	**1,545**	3,424
Amounts recoverable on contracts	**1,808**	1,493
VAT Receivable	**71**	121
Amounts due from group undertakings	**206**	3,466
Prepayments	**128**	118
Total	**3,758**	8,622

Concentrations of credit risk with respect to trade receivables are limited due to the Company's customer base being largely 'Blue Chip' organisations Due to this, management believe there is no further credit risk provision required in excess of normal provision for doubtful receivables

There were £4 8m non-current receivables due to the Company from EnerSys Luxembourg Finance Sarl at 31 March 2013 (2012 £4 8m) This relates to a loan bearing an interest rate of 3 5% per annum which is repayable by 24 March 2021

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2013 (continued)

15 Trade and other payables - current

	2013 £'000	2012 £'000
Trade payables	**769**	650
Social security and other taxes	**140**	151
Accruals	**532**	1,462
Amounts payable on contracts	**1,321**	1,111
Deferred income	**465**	1,724
Finance lease	**-**	10
Amounts due to group undertakings	**1,560**	1,645
Total	**4,787**	6,753

16 Non-current liabilities

	2013 £'000	2012 £'000
Capital grant	**6**	8

Amounts credited to the income statement are disclosed in note 7

17 Provision for liabilities

	2013 £'000	2012 £'000
At 1 April 2012	**-**	275
Provision charged to income statement in the year	**223**	-
Utilised in the year	**-**	(275)
At 31 March 2013	**223**	-

The brought forward provision related to a warranty claim The provision made in the year relates to a potential claim for liquidated damages of £103 k and restructuring costs of £120k

18 Financial instruments

Fair value of non-current borrowings

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest

There are no differences between the book and fair value of financial assets and liabilities

19 Called up share capital

	2013 Number	2012 Number	**2013 £'000**	2012 £'000
Issued and fully paid				
12,296,280 ordinary shares of £1 each	**12,296,280**	12,296,280	**12,296**	12,296

Each holder of an ordinary share is entitled to one vote for each share held at all meetings of shareholders and will be entitled to any dividends declared by the Board of Directors

20 Share premium account

	Share premium £'000
At 1 April 2012 and 31 March 2013	**54**

21 Accumulated losses

	Accumulated losses £'000
At 1 April 2012	**(2,779)**
Loss for the year to 31 March 2013	(4,559)
As at 31 March 2013	**(7,338)**

Notes to the financial statements for the year ended 31 March 2013 (continued)

22 Capital contribution

	Capital contribution £'000
At 1 April 2012 and 31 March 2013	**1,156**

23 Cash flow generated from operations

Reconciliation of operating profit to net cash inflow from operating activities

	Notes	2013 £'000	2012 £'000
Continuing operations			
Loss before interest and income tax	4	**(4,651)**	(946)
Adjustments for			
Depreciation	12	**258**	271
Amortisation	11	**71**	69
Changes in working capital			
Inventories	13	**1,631**	(2,254)
Trade and other receivables	14	**4,864**	(1,527)
Trade and other payables	15	**(709)**	2,182
Deferred income	15	**(1,259)**	1,568
Provision	17	**(52)**	275
Cash generated from continuing operations		**153**	(362)

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2013 (continued)

24 Employees and directors

	2013 £'000	2012 £'000
Staff costs for the Company during the year		
Wages and salaries	**3,752**	3,914
Social security costs	**462**	411
Other pension costs (note 26)	**158**	161
Total salary costs	**4,372**	4,486

	2013 £'000	2012 £'000
Average monthly number of people (including executive directors) employed		
Production	**84**	80
Sales and distribution	**14**	14
General and administration	**22**	25
Total	**120**	119

The aggregate remuneration paid to Directors was as follows

	2013 £'000	2012 £'000
Executive Directors		
Base salary	**136**	88
Pensions	**4**	3
Total	**140**	91
Number of Directors	**1**	1

The executive who was a director during the year (2012 1) was a member of ABSL's Company personal pension scheme The scheme is a funded scheme of the defined contribution type

Notes to the financial statements for the year ended 31 March 2013 (continued)

25 Pension costs

The Company has established a pension scheme covering many of its employees The scheme is a funded scheme of the defined contribution type

Pension costs for the defined contributions scheme are as follows

	2013 £'000	2012 £'000
Defined contribution schemes	**158**	161

26 Operating lease commitments - minimum lease payments

At 31 March 2013 the Company has lease agreements in respect of properties, plant and equipment, for which the payments extend over a number of years

	2013 £'000		2012 £'000	
Future minimum lease payments within the following periods	Properties	Plant & equipment	Properties	Plant & equipment
Within one year	**165**	**5**	165	5
Later than one year and less than five years	**495**	**5**	660	9
Total	**660**	**10**	825	14

27 Capital commitments and contingent liabilities

At 31 March 2013, the following guarantees were in place in relation to the Company's operations

	2013 £'000	2012 £'000
Performance bonds	**443**	620
VAT / Duty deferment guarantee	**50**	50
Total	**493**	670

No economic outflow is expected as a result of these contingencies

Notes to the financial statements for the year ended 31 March 2013 (continued)

28 Related party transactions

During the year EnerSys US Corporate Management charged the Company £132,000 in relation to foreign currency transactions conducted on its behalf and £18,000 in respect of professional services The outstanding balance owed to Enersys US Corporate Management at 31 March 2013 was £124,000 (2012 £29,000)

In financial year 2013 the Company provided goods and services, consisting mainly of cells, to ABSL Inc to the value of £304,000 (2012 £510,000) The outstanding balance owed by ABSL Inc at 31 March 2013 was £Nil (2012 £842,000)

In financial year 2013 the Company provided management services to EH Europe GmbH - Head Office to the value of £180,000 (2012 £Nil) The outstanding balance owed by EH Europe GmbH - Head Office at 31 March 2013 was £43,000 (2012 £Nil)

In financial year 2013 the Company purchased computer equipment from EnerSys SP Z o o to the value of £22 000 (2012 £Nil) The outstanding balance owed to EnerSys SP Z o o at 31 March 2013 was £Nil (2012 £Nil)

In financial year 2013 the Company provided goods to Hawker GmbH to the value of £39,000 (2012 £Nil) The outstanding balance owed by Hawker GmbH at 31 March 2013 was £Nil (2012 £Nil)

EnerSys Luxembourg Finance Sarl provide lending / borrowing facilities to the Company At 31 March 2013 the balance on the current account was £1,615,000 owed by the Company (2012 £1,789,000 owed to the Company) The accrued interest on the borrowing at 31st March 2013 owed to EnerSys Luxembourg Finance Sarl was £101,000 (2012, owed by EnerSys Luxembourg Finance Sarl, £27,000)

The Company has a long term loan with EnerSys Luxembourg Finance Sarl with a balance of £4,750,000 at 31st March 2013 (2012 £4,750,000) The accrued interest on the borrowing at 31st March 2013 owed by EnerSys Luxembourg Finance Sarl was £336,000 (2012, owed by EnerSys Luxembourg Finance Sarl, £170,000)

The Company has an inter-company debtor with AGM Batteries Limited with a balance of £2,248,000 at 31st March 2013 (2012 £2,601,474) Due to changes within AGM Batteries Limited, a provision has been created against the full amount at 31st March 13 for the potential write-off

29 Controlling party and ultimate parent company

EnerSys Corporation, a company incorporated in the United States of America, is considered to be the ultimate parent company Copies of the accounts of EnerSys can be obtained from the head office at the following address, 2366 Bernville Rd, Reading, Pennsylvania, 19605, USA This is the smallest and largest group which prepares consolidated accounts

The immediate parent company of ABSL Power Solutions Ltd is EnerSys Holdings UK Ltd