

Johnson Matthey Battery Systems Engineering Limited

Directors' Report and Accounts

For the year ended 31 March 2016

Registered number: 03460977



Johnson Matthey Battery Systems Engineering Limited

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Johnson Matthey Battery Systems Engineering Limited

Directors' report

The directors present their report and audited accounts for the year ended 31 March 2016.

Principal activity

The principal activity of the company is the design of battery management systems and large lithium ion batteries. The batteries are manufactured by Johnson Matthey Battery Systems Limited, a fellow subsidiary of AG Holding Limited.

Results and dividends

The company's profit for the year ended 31 March 2016 is £386,000 (2015 £149,000). The profit and loss account is set out on page 3. The directors do not recommend the payment of a final ordinary dividend for the year ended 31 March 2016 (2015 £ nil).

Directors

The directors who served during the year were M R Green (resigned 1 August 2016), A M-G Risse and S P Robinson.

Directors' indemnity

Under a Deed Poll dated 20 July 2005 the ultimate parent company has granted indemnities in favour of each director of its subsidiaries in respect of any liability that he or she may incur to a third party in relation to the affairs of any group member. Such indemnities were in force during the year ended 31 March 2016 for the benefit of all persons who were directors of the subsidiaries at any time during the year ended 31 March 2016 and remain in force for the benefit of all persons who are directors of the subsidiaries at the date when this report was approved.

Disclosure of information to auditor

So far as each person currently serving as a director of the company at the date this report is approved is aware, there is no relevant audit information of which the company's auditor is unaware and each director hereby confirms that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Responsibility of the directors for the preparation of the directors' report and the accounts

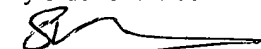
The directors are responsible for preparing the Directors' report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with UK Accounting Standards – Financial Reporting Standard (FRS) 101 – 'Reduced Disclosure Framework' and applicable law. Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards – FRS Standard 101 – 'Reduced Disclosure Framework' have been followed; and
- prepare the accounts 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 accounts comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board



S Farrant

Company Secretary

27 October 2016

Independent auditor's report to the members of Johnson Matthey Battery Systems Engineering Limited

We have audited the accounts of Johnson Matthey Battery Systems Engineering Limited for the year ended 31 March 2016 set out on pages 3 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 – 'Reduced Disclosure Framework'.

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 auditor

As explained more fully in the directors' responsibilities statement on page 1, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the accounts 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 accounts

A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on accounts

In our opinion the accounts:

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

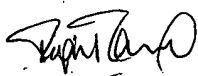
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the accounts are prepared is consistent with the accounts.

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:

- 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 accounts 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Saltire Court

20 Castle Terrace

Edinburgh EH1 2EG

11 November 2016

Johnson Matthey Battery Systems Engineering Limited

Profit and loss account

For the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Turnover	1	1,866	1,952
Cost of sales		(1,492)	(1,445)
Gross profit		374	507
Research and development expenditure		127	(224)
Administrative expenses		(283)	(183)
Major impairment and restructuring costs	2	(93)	-
Profit on ordinary activities before taxation	3	125	100
Taxation	5	261	49
Profit for the year		386	149

There were no other recognised gains or losses during the year.

The accompanying notes set out on pages 8 to 11 are an integral part of the accounts.

Johnson Matthey Battery Systems Engineering Limited

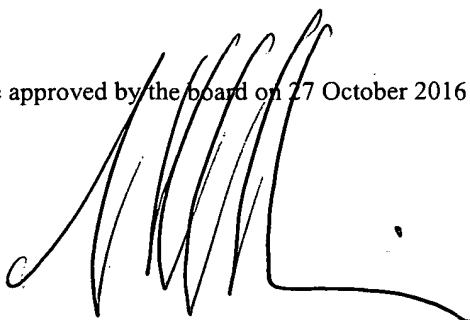
Balance sheet

As at 31 March 2016

	Notes	2016 £'000	2015 £'000
Current assets			
Debtors: amounts falling due within one year	6	481	2,050
Cash at bank and in hand		420	341
		<u>901</u>	<u>2,391</u>
Creditors: amounts falling due within one year	7	<u>(11,254)</u>	<u>(13,130)</u>
Net liabilities		<u>(10,353)</u>	<u>(10,739)</u>
Capital and reserves			
Called up share capital	9	915	915
Share premium account		5,923	5,923
Profit and loss account		<u>(17,191)</u>	<u>(17,577)</u>
Shareholders' deficit		<u>(10,353)</u>	<u>(10,739)</u>

The accounts were approved by the board on 27 October 2016 and signed on its behalf by:

S P Robinson
Director



Company registration number: 03460977

The accompanying notes set out on pages 8 to 11 are an integral part of the accounts.

Johnson Matthey Battery Systems Engineering Limited

Statement of changes in equity

For the year ended 31 March 2016

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 April 2014	915	5,923	(17,726)	(10,888)
Profit for the year	-	-	149	149
Total comprehensive income	-	-	149	149
At 31 March 2015	915	5,923	(17,577)	(10,739)
Profit for the year	-	-	386	386
Total comprehensive income	-	-	386	386
At 31 March 2016	915	5,923	(17,191)	(10,353)

The accompanying notes set out on pages 8 to 11 are an integral part of the accounts.

Johnson Matthey Battery Systems Engineering Limited

Accounting policies

For the year ended 31 March 2016

Basis of preparation

The accounts are prepared in accordance with Financial Reporting Standard (FRS) 101 – ‘Reduced Disclosure Framework’. In preparing these accounts, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of FRS 101 disclosure exemptions has been taken.

The accounts are prepared on the historical cost basis.

The company has applied the exemptions under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliation for share capital;
- capital management policy;
- related party transactions between the company and the parent and other wholly owned subsidiaries of the Johnson Matthey group;
- disclosures in respect of compensation of key management;
- disclosures in relation to new standards not yet applied; and
- a third balance sheet when restating comparative information.

These are the company’s first accounts prepared in accordance with FRS 101. On transition, the company has applied IFRS 1 – ‘First-time Adoption of International Financial Reporting Standards’ while ensuring that its assets and liabilities are measured in compliance with FRS 101 for the year ended 31 March 2016, the comparative information for the year ended 31 March 2015 and in preparation of the opening balance sheet at 1 April 2014, the company’s date of transition to FRS 101. There are no changes on transition to FRS 101 to the reported financial position or financial performance of the company.

Revenue

Revenue comprises all sales of goods and rendering of services at the fair value of consideration received or receivable after the deduction of any trade discounts and excluding sales taxes. Revenue is recognised when it can be measured reliably and the significant risks and rewards of ownership are transferred to the customer.

With the sale of goods this occurs when the goods are despatched or delivered in line with the International Chamber of Commerce’s International Commercial Terms (Incoterms®) as detailed in the relevant contract.

Foreign currencies

Foreign currency transactions are recorded at the exchange rate at the date of transaction. Foreign currency monetary assets and liabilities are retranslated at the exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Research and development expenditure

Expenditure is charged to the profit and loss account in the year incurred.

Johnson Matthey Battery Systems Engineering Limited

Accounting policies

For the year ended 31 March 2016

Taxation

Current and deferred tax are recognised in the profit and loss account.

Current tax is the amount of income tax expected to be paid in respect of taxable profits using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the balance sheet. It is provided using the tax rates that are expected to apply in the period when the asset or liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Pensions

The company operates a defined contribution scheme. The cost of the company's contributions to this scheme is charged to the profit and loss account as incurred.

Johnson Matthey Battery Systems Engineering Limited

Notes to the accounts

For the year ended 31 March 2016

1. Turnover

The company has a single class of business supplying products to customers in the United Kingdom.

2. Major impairment and restructuring charges

Due to a change in anticipated market demand for the company's products, the company conducted a restructuring programme. This resulted in a major impairment and restructuring charge of £93,000.

	2016 £'000
Termination benefits	93
Total	<u>93</u>

3. Profit on ordinary activities before taxation

S P Robinson is remunerated by the ultimate parent company (note 12). A M-G Risse and M R Green are remunerated by another group company. No remuneration was paid to these directors in respect of services to this company (2015 £ nil).

During the year none of the directors (2015 none) exercised share options in the ultimate parent company and three of the directors (2015 three) received shares under the ultimate parent company long term incentive plan.

Audit fees payable to the company's auditor for the audit of the company's annual accounts are borne by Johnson Matthey Battery Systems Limited.

4. Employee costs and numbers

	2016 £'000	2015 £'000
Aggregate remuneration comprised:		
Wages and salaries	1,211	1,268
Social security costs	167	178
Pensions costs (note 11)	<u>139</u>	<u>163</u>
	<u>1,517</u>	<u>1,609</u>

	2016 Number	2015 Number
Average monthly number of employees:		
Research and development	<u>23</u>	<u>26</u>

Johnson Matthey Battery Systems Engineering Limited

Notes to the accounts

For the year ended 31 March 2016

5. Taxation

	2016 £'000	2015 £'000
Current tax		
Adjustment for prior years on UK corporation tax profits	(262)	(50)
Total current tax credit	<u>(262)</u>	<u>(50)</u>
Deferred tax		
Origination and reversal of timing differences	1	1
Total deferred tax charge	<u>1</u>	<u>1</u>
Total taxation credit	<u><u>(261)</u></u>	<u><u>(49)</u></u>

The tax charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	<u>125</u>	<u>100</u>
Tax credit at UK corporation tax rate of 20% (2015 21%)	25	21
Effects of:		
Relief for brought forward losses	(24)	(20)
Adjustments for prior years	<u>(262)</u>	<u>(50)</u>
Total tax credit for the year	<u><u>(261)</u></u>	<u><u>(49)</u></u>

In October 2015 the UK government substantively enacted changes in the UK corporation tax rate from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020.

6. Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year		
Amounts owed by ultimate parent company	311	-
Amounts owed by other Johnson Matthey companies	167	1,996
Corporation tax receivable	-	50
Deferred tax asset (note 8)	<u>3</u>	<u>4</u>
	<u><u>481</u></u>	<u><u>2,050</u></u>

Johnson Matthey Battery Systems Engineering Limited

Notes to the accounts

For the year ended 31 March 2016

7. Creditors

	2016 £'000	2015 £'000
Amounts falling due within one year		
Amounts owed to immediate parent company	11,016	13,074
Accruals and deferred income	238	56
	<u>11,254</u>	<u>13,130</u>

8. Deferred taxation

	£'000
At beginning of year	4
Charge for the year	(1)
At end of year	<u>3</u>

	2016 £'000	2015 £'000
Timing differences on fixed assets	<u>3</u>	<u>4</u>

An asset of £2,468,000 has not been recognised for deferred tax relating to tax losses (2015 £2,635,000).

9. Called up share capital

	Number	£'000
Allotted, called up and fully paid shares of £1 each		
Total share capital at beginning and end of year	<u>915,023</u>	<u>915</u>

10. Related party transactions

There were no related party transactions during the year other than between the company and other Johnson Matthey group companies.

11 Retirement Benefits

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in funds under the control of a separate investment management company. The cost of the company's contributions to the scheme for the year ended 31 March 2016 amounted to £139,000 (year ended 31 March 2015 £163,000).

Johnson Matthey Battery Systems Engineering Limited

Notes to the accounts

For the year ended 31 March 2016

12. Ultimate parent company

The company's immediate parent company is *AG Holding Limited*. Its ultimate parent company is *Johnson Matthey Plc*. The consolidated accounts of *Johnson Matthey Plc* and the accounts of *AG Holding Limited* are available to the public and may be obtained from 5th Floor, 25 Farringdon Street, London EC4A 4AB.