

H J Enthoven Limited

Report and Financial Statements

31 December 2015

Registered No. 2821551

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Company Information

Directors

P Allbutt
M C Boddy
J D R Campbell
I C Davies
A R Hampson
R J Harris
G R Clementson

Secretary

I C Davies

Auditors

Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ

Registered Office

Darley Dale Smelter
South Darley
Matlock
Derbyshire DE4 2LP

Strategic report

Registered No. 2821551

The directors present their strategic report for the year ended 31 December 2015.

Principal activities and review of the business

During the year, the Company transitioned to FRS101. Please refer to note 27 to review the impact of the change in accounting standard on the financial statements.

The principal activity of the Company during the year was to operate as smelters, refiners, manufacturers and marketers of lead and lead products. The Company traded on a divisional basis under the names H J Enthoven & Sons and British Lead Mills. On 31st December, the Company acquired the trade and assets of G&P Batteries Limited ("G&P") and from 1 January 2016 activities of the Company include used battery collection services. The activities of the Company are not expected to change again in the foreseeable future.

The directors consider that the key performance indicators that enable an understanding of the Company's business performance are the London Metal Exchange ('LME') price of lead, raw material cost (eg: used lead acid batteries, scrap lead), volumes of lead sold, the margins achieved, and its ability to control manufacturing costs.

The loss for the year after taxation amounted to £6.2 million (2014 – loss of £0.7 million).

The Company's turnover decreased from £139.9 million in 2014 to £119.3 million in 2015, a decrease of 14.7%, mainly due to a fall in the average LME price of lead, down from an average of £1,272 per tonne in 2014 to an average of £1,169 per tonne in 2015, there was also a decrease in sales volumes of a 9.7% to 86,000 tonnes. Of the overall reduction in turnover, £8.9 million was related to the change in LME price while the remaining £11.8 million was related to volume.

Gross profit margins decreased from 6.1% of turnover in 2014 to 2.8% in 2015. Sales margins remained under pressure coupled with a fall in purchase margins. The low availability of scrap and high competition for feedstock continued to apply downward pressure on unit margins as the purchase price paid for feedstock continued to increase. Manufacturing costs overall have fallen however costs per tonne have increased primarily due to the influence of fixed costs elements at lower volume year over year.

Distribution expenses have decreased in line with a reduction in sales volumes. Administration expenses have increased in 2015 as a result of costs incurred implementing changes to the pension scheme.

Following impairment testing of its assets, the Company determined that impairment of certain of its non-current assets was required as a result of ongoing weak operating results, largely as a consequence of continuing difficult market conditions. The Company has recorded impairment expenses of £4.1 million during the year (2014 – £nil).

With effect from 5 April 2015, the benefits accruing to members in the UK defined benefit pension scheme have been amended. Future pensionable salary growth and other benefit increases have been capped, retirement terms changed and employee contributions increased. These changes resulted in a £5.1 million reduction of the pension liability.

Both the impairment and pension credit are reported as a net credit £1 million as exceptional operating income.

The factors described above resulted in a net £4.4 million increase in operating losses to £4.6 million in 2015 up from £0.2 million loss in 2014, representing (3.8)% of turnover in 2015 (2014 – 0.1%).

On 31 December 2015 further to a group reorganisation the Company purchased the entire share capital of G&P from its subsidiary Blotter Limited; the trade and assets of G&P were transferred to the Company at book value (note 13) and a dividend of £5.8 million was paid by Blotter Limited to the Company. As a consequence of these transactions the Company recorded an investment impairment of £7.7 million of its investment in Blotter Limited.

In 2015 we have recognised an IFRIC 14 pension liability of £16.9 million in respect of the UK defined benefit pension scheme. This resulted in a £16.9 million increase of the pension liability, with the corresponding debit being reported within other comprehensive income. At the balance sheet date the Company was committed to minimum employer contributions of £4.8m per annum for next 4 years, which is higher than the assessed deficit. So under the requirements of IFRIC 14, as the Company has no right to any residual surplus of the pension scheme per the scheme rules, a provision is required to the extent that

Strategic report (continued)

these minimum commitments exceed the assessed deficit which has been included in these financial statements accordingly.

There is a tax credit of £1.1 million in the year (2014 – £0.1 million credit) as a result of higher deferred tax credits. Current taxes are fully offset in 2015 and 2014 by losses brought forward.

Principal risks and uncertainties

The key risks affecting the Company are the lack of availability and stiff competition for its raw materials, the ability to sell economically into geographical sectors outside of those in which it operates, the relative strength of sterling and the influence of the LME price of lead.

The Company's activities are subject to strict health, safety and environmental regulations and its objective is to be compliant with all applicable regulations at all times with no harm to people. There have been no material incidents during the year.

Commodity price risk

The Company is exposed to short term movements in the prices of the products it produces which are generally sold as commodities, the prices of which are exposed to world markets. The Company limits this exposure by systematically hedging a proportion of its purchases against the financial effect of future price changes where such commercial hedging can be achieved at an acceptable cost.

Funding and liquidity

At the year end, the Company's core long term funding is via a mix of external loans, intra-group long term loans and share capital. The Company has entered into cash pooling arrangements with other Group companies whereby certain cleared bank balances are automatically transferred to, or from, the Company on a daily basis. The Company has the ability to borrow under the Eco-Bat Technologies Limited Group (Eco-Bat Technologies Limited and its subsidiaries, collective 'the Group') £150 million committed borrowing based bank facilities expiring on 22 September 2016, based on a proportion of its outstanding debtors and stocks and has US \$34.1 million (£23.1 million) drawn down under this facility, of which US \$34.1 million (£23.1 million) has been on-lent to Eco-Bat Technologies Limited. The Group is in ongoing discussions with lending banks regarding the replacement of this facility.

The Company considers it has sufficient facilities to cover its peak financing requirements for at least the next twelve months.

Foreign currency risk

In order to protect the Company's sterling denominated balance sheet and reduce cash flow risk, the Company has substantially eliminated the effect of its structural currency exposure by borrowing and lending in the same currency. This is achieved by on-lending its entire foreign currency denominated external borrowing via an intra-group loan to its parent company in the same currency. The Company is also exposed to foreign exchange risk on a proportion of its sales and purchases. It mitigates this risk by entering into forward exchange contracts.

Counterparty and credit risks

The largest concentration of credit exposure within the Company relates to amounts due from customers, cash and cash equivalents held with banks and other financial institutions, and financial derivative counterparties.

It is Company policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis and if the Company becomes aware of deterioration in a customer's credit worthiness then that customer's credit terms are reassessed by management so as to reduce the Company's exposure to bad debts. In addition, the Eco-Bat Technologies group currently has in place credit insurance policies in which the Company participates to insure a proportion of its trade receivables, so as to reduce the exposure to bad debts. The maximum credit risk exposure relating to trade receivables is represented by their carrying values as at the balance sheet date less amounts refundable under insurance policies.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, and certain derivative instruments, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Strategic report (continued)

Counterparty and credit risks (continued)

The Company only places significant amounts of funds with recognised financial institutions with strong credit ratings and does not consider the credit risk exposure to be significant. Counterparty risk for cash on deposit is monitored continuously, with investment limits and maturity periods subject to regular formal approval. Counterparties selected must have a minimum 'A' rating from both Moody's and Standard & Poor's. The Company has lent US \$34.1 million (£23.1 million) and from time to time lends other surplus funds to its parent undertaking, Eco-Bat Technologies Limited. The current investment strategy places a high level of emphasis on the security of deposits ahead of maximisation of yield.

Similarly, the Company only enters into financial derivative contracts with creditworthy counterparties and seeks to obtain guarantees from parental entities where appropriate; the credit risk is not considered to be significant.

Brexit risk

Following the recent referendum which will result in the UK leaving the European Union, the Company will continue to monitor the effects of the decision but does not consider the decision to have significant implications for its immediate day to day operations or future plans.

By order of the Board



I C Davies
Secretary
18 August 2016

Registered No. 2821551

Directors' report

The directors present their report and financial statements for the year ended 31 December 2015.

Results and dividends

The loss for the year after taxation amounted to £6.2 million (2014 – loss of £0.7 million). No dividend was declared or paid in the year (2014 – £Nil). A review of the business is included within the Strategic Report.

Outlook

The principal markets for the Company's products are the battery manufacturing industry, building and construction, and reprocessing of used non-lead batteries. In addition the Company is now benefiting from having its own battery collection division. The average LME price for lead in the first half of 2016 was £1,235 which is 6% higher than the annual average LME lead price for 2015 and similar to the first half comparative period in 2015. Against the current improved LME price and the continuation of the highly competitive commercial environment, the Company will continue to plan for a continuance of what are historically lower scrap margins. Management will have a continued focus on working capital management and market and foreign exchange volatility post Brexit. These market conditions also affect our competition. From a competitive stand point, we believe that we are well suited to weather this period and we have reasonable levels of raw materials to achieve a satisfactory level of plant utilisation and meet our contract obligations.

Financial Risk Management

Details of the Company's objectives and policies for financial risk management and its exposure to commodity price risk, funding and liquidity risk, foreign currency risk and credit risk are provided in the principle risks and uncertainties section of the Strategic Report.

Going concern

The Company relies on its own future income, an £18.8 million long term intra-group loan, has access to funds on a daily basis from its parent company Eco-Bat Technologies Limited under a cash pooling arrangement, and is able to borrow under a £150 million, committed, bank facility expiring on 22 September 2016, based on a proportion of its own outstanding debtors and stocks. As at 31 December 2015, US \$34.1 million (£23.1 million) was drawn down under this facility by the Company. The Group is in ongoing discussions with lending banks regarding the replacement of this facility.

Eco-Bat Technologies Limited has confirmed, its willingness and ability to provide financial support to the Company to the extent that the Company is unable to meet it from its own sources and; that it will not call for repayment of any outstanding amounts due if to do so would leave the Company in such a position that it would not be able to meet its other liabilities as they fall due.

Subject to the aforementioned, the Company has adequate financial resources and continually monitors its financial position including its cash flows, liquidity position and borrowing facilities. The Company also monitors the potential impact of the guarantees and security given to the Group's lenders.

After making the necessary enquiries, considering the business plan and forecasts, the availability of financial support and the contingent liability disclosed in these financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Charitable donations

During the year, the Company made charitable donations totalling £1,585 (2014 – £4,049).

Directors' report (continued)

Directors

The directors who served the Company during the year and subsequently were as follows:

P Allbutt
M C Boddy
J D R Campbell
I C Davies
A R Hampson
R J Harris
R R Kubis (Resigned 30 October 2015)
G R Clementson (appointed 26 July 2016)

Directors' liabilities

The Group has indemnified its directors, by way of directors' and officers' liability insurance, against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision is in force at the date of approving the Directors' Report.

Employees

It is Company policy to encourage, at each location, systems of communication and consultation between management and employees. Company policy is one of equal opportunity in the selection, terms and conditions of employment, training and promotion for all employees (whether disabled or otherwise) at all job levels. Personnel managers advise on the provision of any reasonable facility required by disabled employees. The Company is committed to developing, maintaining and supporting a culture of equality, diversity and inclusion in its workplace. Additionally, the Company operates an employee whistleblowing policy.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the auditors, each director has taken all the steps that he might reasonably be expected to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors of the Company.

By order of the Board



I C Davies
Secretary
18 August 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK 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 101 'Reduced Disclosure Framework' (FRS 101).

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; and
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent auditor's report

to the members of H J Enthoven Limited

We have audited the financial statements of H J Enthoven Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Statement of Directors' Responsibilities set out on page 7, 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 Reports and Financial Statements report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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 and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

to the members of H J Enthoven Limited

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 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

*Lorna McNeil (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
19 August 2016*

Income Statement

for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Turnover	2	119,271	139,925
Cost of sales		(115,906)	(131,324)
Gross profit		3,365	8,601
Distribution costs		(3,814)	(4,211)
Administrative expenses		(5,061)	(4,579)
Exceptional operating income	4	942	-
Operating loss	3	(4,568)	(189)
Impairment of investments	13	(7,686)	-
Income from shares in subsidiary undertaking	13	5,788	-
Interest receivable and similar income	7	1,758	1,958
(Loss)/profit before interest and income taxes		(4,708)	1,769
Interest payable and similar charges	8	(2,546)	(2,527)
Loss on ordinary activities before taxation		(7,254)	(758)
Tax income	9	1,096	100
Loss for the financial year		(6,158)	(658)

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2015

	<i>Notes</i>	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Loss for the financial year		(6,158)	(658)
Change in minimum funding liability	20	(16,872)	-
Remeasurement gains(losses) on defined benefit plans	20	7,820	(10,876)
Deferred taxation on pension fund remeasurement gain/(loss)	9	(1,842)	2,175
Total comprehensive losses for the year		<u>(17,052)</u>	<u>(9,359)</u>

Statement of changes in equity

for the year ended 31 December 2015

	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Retained earnings £000</i>	<i>Total equity £000</i>
At 1 January 2014	7,019	3,860	39,347	50,226
Comprehensive loss for the year	-	-	(9,359)	(9,359)
Dividends	-	-	-	-
At 1 January 2015	<u>7,019</u>	<u>3,860</u>	<u>29,988</u>	<u>40,867</u>
Comprehensive loss for the year	-	-	(17,052)	(17,052)
Dividends	-	-	-	-
At 31 December 2015	<u>7019</u>	<u>3,860</u>	<u>12,936</u>	<u>23,815</u>

Balance sheet

at 31 December 2015

	Notes	2015 £000	2014 £000
Fixed assets			
Intangible fixed assets	11	318	257
Tangible fixed assets	12	32,019	30,302
Investments	13	–	50
		<u>32,337</u>	<u>30,609</u>
Current assets			
Stocks	14	21,883	27,453
Debtors: amounts falling due after more than one year	9,15	2,775	24,945
Debtors: amounts falling due within one year	15	44,603	23,363
Cash at bank		22,649	29,253
		<u>91,910</u>	<u>105,014</u>
Creditors: amounts falling due within one year	16	(63,081)	(37,614)
Net current assets		<u>28,829</u>	<u>67,400</u>
Total assets less current liabilities		61,166	98,009
Creditors: amounts falling due after more than one year	17	(18,807)	(38,012)
Provisions for liabilities			
Pensions	20	(18,544)	(19,130)
Net assets		<u>23,815</u>	<u>40,867</u>
Capital and reserves			
Share capital	18	7,019	7,019
Share premium		3,860	3,860
Retained earnings		12,936	29,988
Shareholder's funds		<u>23,815</u>	<u>40,867</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 18 August 2016 by:



R J Harris
Director
18 August 2016

Notes to the financial statements

at 31 December 2015

1. Accounting policies

The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand Pounds Sterling (£000) except when otherwise indicated.

Basis of preparation

H J Enthoven Limited (the 'Company') is a private limited company incorporated in England and Wales. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 issued by the Financial Reporting Council, and is included in the consolidated financial statements of Eco-Bat Technologies, which are publically available (see note 24). Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 'The Financial Reporting standard applicable in the UK and Republic of Ireland'. The amendments on the adoption of FRS 101 are set out in note 27. The accounting policies which follow are those policies which apply in preparing the financial statements for the year ended 31 December 2015.

Disclosure Exemptions

In preparing the financial statements the Company has taken advantage of the following disclosure exemptions under FRS101:

- Statement of Cash flows - Under Paragraph 10(d) of IAS1 on the grounds that the Company is wholly owned and its parent publishes group financial statements.
- IFRS 7. Financials Instruments: Disclosures
- The requirements of paragraphs 65 of IFRS 3 Business Combinations.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - Paragraph 79(a)(iv) of IAS 1
 - Paragraph 73(e) of IAS 16 Property, plant and equipment
 - Paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements'
 - 10(d) statement of cash flows
 - 10(f) a statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS)
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information)
 - 40A-D (requirements for a third statement of financial position)
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- Paragraph 30 and 31 of IAS 'Accounting policies, changes in accounting estimates and errors'
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two of more members of a group.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Going concern

The Company relies on its own future income, financial support from and drawdowns under the Eco-Bat Technologies Limited committed borrowing base bank facility, intra-group loans and cash pooling from Eco-Bat Technologies Limited to finance its business.

Eco-Bat Technologies Limited has confirmed, its willingness and ability to provide financial support to the Company to the extent that the Company is unable to meet its obligations from its own sources and; that it will not call for repayment of any outstanding amounts due if to do so would leave the Company in such a position that it would not be able to meet its other liabilities as they fall due.

Subject to the aforementioned, the Company has adequate financial resources and continually monitors its financial position including its cash flows, liquidity position and borrowing facilities. The directors also monitor the potential impact of the guarantees and security given to the Group's lenders.

After making the necessary enquiries, considering the business plan and forecasts, the availability of financial support and the contingent liability disclosed in these financial statements, the Company has a reasonable expectation that it has adequate resources to continue its operations for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Group financial statements

The Company is exempt, under s400 of the Companies Act 2006, from the obligation to prepare group financial statements as the Company is a wholly owned subsidiary undertaking of a parent company incorporated in the EU, which prepares group financial statements. As such, these financial statements present information about the Company as an individual undertaking and not about its group. The results of the Company have been included in the ultimate parent entity's Eco-Bat Technologies Limited consolidated financial statements as referred to in note 24.

Goodwill

Goodwill is initially measured at cost being the excess of the cost of the acquisition over the Company's share of the assets and liabilities recognised on acquisition. Prior to conversion to FRS 101, goodwill was amortised and reviewed for impairment. Following transition any goodwill arising is not amortised but will be reviewed annually for impairment or whenever there is an indicator of impairment.

Group reorganisation

Where the Company acquires the assets and trade of another group company, this transaction is based on the book value as recorded in the company being acquired with no attempt to assess fair value or revisit acquisition goodwill.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Development costs which do not meet the capitalisation criteria in accordance with IAS 38 as internally-generated intangible assets are reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Intangible assets (continued)

The amortisation expense of intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Software	-	1 to 4 years
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Tangible fixed assets

All tangible fixed assets are initially recorded at cost. Subsequently tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs attributable to assets under construction and which meet the recognition criteria in IAS23 are capitalised along with other costs directly attributable to the asset.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold property	-	2% of original cost per annum
Plant and machinery	-	6.67% to 25% of original cost per annum

No depreciation is provided on assets during the course of construction.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement within exceptional operating expenses.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the item) is included in the income statement in the year the item is de-recognised.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost, less provision for any diminution in value.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, consumables, spares and tooling	–	purchase cost on a first-in, first-out basis.
Finished goods and work-in-progress	–	cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade Debtors

Trade debtors are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is considered no longer probable. Bad debts are written off when identified.

Cash at Bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Cash also includes balances lent on a daily basis under the cash pooling arrangements.

Cash pooling

The Company is part of the cash pooling arrangement with other group companies whereby certain cleared bank balances are automatically transferred to or from the Company on a daily basis and are accounted for as cash or borrowing by the Company offset by an intra-group cash pooling loan in debtors or creditors as appropriate. Interest is calculated daily and the annual net interest receivable or payable with each group company is accounted for as interest receivable or payable in the income statement as appropriate.

Pensions

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice.

Past service costs are recognised in the income statement on the earlier of, the date of any plan amendment or curtailment, and the date that the Company recognises related restructuring or termination costs. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership) or a plan amendment (introduction or withdrawal of a defined benefit plan or changes to the benefits payable under an existing defined benefit plan) occurs the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement, curtailment or amendment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and the Company recognises the net interest income or expense in the income statement.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Pensions (continued)

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through the statement of comprehensive income in the period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods.

The defined benefit pension liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation, less the fair value of plan assets out of which the obligations are to be settled directly and adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. Fair value is based on market price information and in the case of quoted securities is the published bid price.

The value of a net pension benefit asset is restricted to the lower of the surplus in the plan and the asset ceiling discounted using the same discount rate used to determine the defined benefit obligation. Any adjustment required is accounted for in the statement of comprehensive income. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an un-discounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to other comprehensive income if it relates to items that are credited or charged to other comprehensive income. Otherwise income tax is recognised in the income statement.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the income statement.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Revenue recognition

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

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue, net of rebate allowances, can be reliably measured.

Freight cost

Cost of freight shipping finished products to customers is included in revenue at the value invoiced to customers. Charges incurred are expensed to distribution costs.

Interest income

Interest income is recognised as the interest accrues, by reference to the principal outstanding and the applicable effective interest rate.

Dividends

Dividends are recognised when the Company's right to receive a payment is established.

Operating lease agreements

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration including issue premiums received and net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised in the income statement in finance revenue and finance cost respectively.

Interest on group loans is recognised as the income or expense accrues using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time (considered to be in excess of twelve months) to be ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Derivative financial instruments

The Company uses a variety of derivative financial instruments such as forward foreign currency contracts and currency options to hedge its risks associated with foreign currency fluctuations. In addition, the Company uses forward metal contracts and options to hedge its risk associated with movements in the price of the various metals that it deals in. Derivatives are carried as assets when the fair value is positive and liabilities when the fair value is negative.

The fair value of forward exchange and metal contracts is calculated by reference to current forward exchange rates and metal prices for contracts with similar maturity profiles. The fair values of currency and metal options are provided by third parties with access to actively quoted rates and prices and sophisticated valuation models. The Company also utilizes its own treasury management systems to access quoted rates and prices.

No derivatives used by the Company qualify for hedge accounting so all gains or losses arising from changes in fair value on derivatives are taken directly to the income statement for the year.

Significant accounting estimates and assumptions

The key assumptions and critical judgements concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred taxation

Deferred tax assets are recognised for unused tax losses and future pension and post retirement costs to the extent that it is probable that taxable profit will be available against which the losses or costs can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 9.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. Actuarial valuations involve making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Because of the long term nature of these plans, such estimates can be subject to significant uncertainty. Further details are contained in note 20.

Exceptional operating expenses

The Company includes amounts within exceptional operating expenses only if they are significant one-off items that are material to the understanding of the results of the Company. Examples of such items include, but are not limited to impairments, restructuring costs and pension plan amendments.

Notes to the financial statements

at 31 December 2015

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax.

An analysis of turnover by geographical market is given below:

	2015 £000	2014 £000
United Kingdom	53,232	62,626
Rest of Europe	14,876	20,891
Rest of the World	51,163	56,408
	<u>119,271</u>	<u>139,925</u>

3. Operating (loss)/profit

This is stated after charging/(crediting):

	2015 £000	2014 £000
Auditor's remuneration – audit of company accounts	<u>67</u>	<u>63</u>
Depreciation of owned fixed assets	3,689	3,336
Impairments of property plant and equipment (included in exceptional operating expenses)	4,128	–
Amortisation of intangible assets	61	39
Research and development expense	48	39
Hire of plant and equipment	393	357
(Profit)/loss on disposal of tangible fixed assets	(14)	31
Unrealised (gains)/losses on metals hedging contracts	931	(1,054)
Realised (gains)/losses on metals hedging contracts	(1,766)	(1,603)
Unrealised (gains)/losses on foreign currency contracts	42	25
Realised (gains)/ losses on foreign currency contracts	32	(44)
Cost of inventories recognised as expense in the year (costs of sales)	86,184	100,870
Write down of inventories to net realisable values	(12)	367
Operating lease rentals:		
– land and buildings	57	158
– plant and machinery	<u>64</u>	<u>67</u>

4. Exceptional operating expenses

Exceptional operating expenses include of £4,128,000 (2014 – £nil) in respect of the impairment of the carrying value of tangible fixed assets (Note 12) at one of the Company's operating units. There is no tax impact of this as these are not deductible for tax purposes.

Also included within exceptional operating expenses is a pension plan amendment gain of £5,070,000 (2014 – £nil) arising from the capping of future pensionable salary growth, changes to other benefit increases and retirement terms as well as increases in employee contributions (Note 20). The tax impact of this is £1,026,000 of incremental tax charge.

Notes to the financial statements

at 31 December 2015

5. Directors' remuneration

	2015 £000	2014 £000
Remuneration	366	485
Company contributions paid to defined contribution pension schemes	27	14
	<i>No.</i>	<i>No.</i>
Members of defined benefit pension schemes	4	4
Members of defined contribution pension schemes	4	2

The amounts in respect of the highest paid director are as follows:

	2015 £000	2014 £000
Emoluments	139	138
Accrued annual pension benefit of the highest paid director	63	63

The directors all receive emoluments for their services to the Company.

The emoluments of five (2014 - four) of the directors have been borne by other group companies. These directors' services to the Company occupy a portion of their time, therefore the directors' emoluments above only include that part of their remuneration for their services to the Company.

6. Staff costs

	2015 £000	2014 £000
Wages and salaries	9,890	9,821
Social security costs	935	910
Pension costs defined benefit scheme (note 20)	859	1,666
Plan amendments and settlements (note 20)	(5,070)	–
Pension costs defined contribution scheme (note 20)	411	312
	7,025	12,709

The average monthly number of employees during the year was made up as follows:

	<i>No.</i>	<i>No.</i>
Production staff	251	241
Distribution staff	13	17
Administrative staff	24	27
	288	285

Notes to the financial statements

at 31 December 2015

7. Interest receivable and similar income

	2015 £000	2014 £000
Bank interest receivable	–	211
Interest on loans to group companies	462	411
Foreign exchange gains on loans	1,296	1,336
	<u>1,758</u>	<u>1,958</u>

8. Interest payable and similar charges

	2015 £000	2014 £000
Bank interest payable	507	540
Net interest cost on pension deficit (note 20)	423	393
Interest on loans from group companies	279	277
Foreign exchange losses on loans	1,337	1,317
	<u>2,546</u>	<u>2,527</u>

9. Tax

(a) Tax charged in the income statement

The tax credit is made up as follows:

	2015 £000	2014 £000
Current tax:		
Current income tax	–	–
	<u>–</u>	<u>–</u>
Deferred tax:		
Origination and reversal of timing differences	(1,082)	(144)
Impact of changes in tax laws and rates	(14)	44
Tax income in the income statement	<u>(1,096)</u>	<u>(100)</u>

The standard rate fell from 21% to 20% with effect from 1 April 2015, making the effective rate 20.25% for the year ended 31 December 2015.

It was announced in the Budget of 8 July 2015 that the UK corporation tax rate will reduce to 19% from 1 April 2017 and to 18% from 1 April 2020. These rates were substantively enacted on 26 October 2015.

Deferred tax balances have been stated at a rate at which the items are expected to reverse in line with the dates noted above.

Further changes to the rate of UK corporation tax were proposed in the budget of 16 March 2016 to further reduce the rate from 1 April 2020 to 17%. As these changes were proposed subsequent to the balance sheet date and have not yet been substantively enacted, they are not reflected in these financial statements.

Notes to the financial statements

at 31 December 2015

9. Tax (continued)

(b) Tax relating to items charged or credited to other comprehensive income

	2015 £000	2014 £000
<i>Deferred tax</i>		
Actuarial (loss)/gain on defined benefit pension plans	(1,583)	2,338
Changes in tax rates	(259)	(163)
	<u>(1,842)</u>	<u>2,175</u>

(c) Reconciliation of the total tax income

The tax income in the income statement differs from the standard rate of corporation tax in the UK of 20.25% (2014 – 21.50%). The differences are reconciled below:

	2015 £000	2014 £000
Loss on ordinary activities before tax	<u>(7,254)</u>	<u>(758)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 – 21.50%)	(1,469)	(163)
<i>Effects of:</i>		
Disallowed expenses	1,562	19
Non-taxable dividend income	(1,172)	–
Deferred tax on rate changes	(17)	44
Group relief not paid for	–	–
Total tax income (note 9(a))	<u>(1,096)</u>	<u>(100)</u>

(d) Deferred tax

	2015 £000	2014 £000
<i>Deferred tax income in the income statement:</i>		
Accelerated capital allowances	(1,729)	(873)
Other timing differences	185	76
Pension plans	1,951	1,140
Fair value of forward currency contracts	(1)	2
Fair value of forward commodity contracts	(9)	189
Tax losses carried forward	(1,476)	(678)
Changes in tax rates	(17)	44
Deferred tax credited to the income statement	<u>(1,096)</u>	<u>(100)</u>

Notes to the financial statements

at 31 December 2015

9. Tax (continued)

The Company elected to recognise a deferred tax asset during the year in accordance with guidance provided in IAS 12, *Income Taxes*, to the extent that it is probable that it will be used. The deferred tax assets recognised are expected to be utilised against future taxable profits. The deferred tax asset is presented as net of deferred tax liabilities within the financial statements and classified as a noncurrent asset.

Deferred tax included in the Balance Sheet is as follows:

	2015	2014
	£000	£000
Deferred tax asset:		
Pension benefits	301	3,826
Accelerated capital allowances	809	–
Tax losses carried forward	1,400	631
Other timing differences	344	35
At 31 December	<u>2,854</u>	<u>4,492</u>

Deferred tax liability:

Accelerated capital allowances	–	1,335
Fair value of forward commodity contracts	74	98
Fair value of forward currency contracts	5	5
At 31 December	<u>79</u>	<u>1,438</u>

Disclosed on the balance sheet as:

Deferred tax assets (note 15)	2,775	3,054
Deferred tax liabilities	–	–
At 31 December	<u>2,775</u>	<u>3,054</u>

Tax losses relate to losses on trading results carried forward

No provision has been made for deferred tax on the IFRIC 14 pension liability £16,872,000, (2014 – £nil).

A contingent asset of £586,000 (2014 – £586,000) being surplus UK ACT recoverable, has not been recognised in these financial statements.

10. Dividends

No dividends have been declared or paid during the year (2014 – £nil).

No further dividend is currently proposed (2014 – £nil).

Notes to the financial statements

at 31 December 2015

11. Intangible fixed assets

	<i>Software</i> £000	<i>Goodwill</i> £000	<i>Total</i> £000
<i>Cost:</i>			
At 1 January 2015	574	2,711	3,285
Additions	122	–	122
At 31 December 2015	696	2,711	3,407
<i>Amortisation:</i>			
At 1 January 2015	317	2,711	3,028
Provided during the year	61	–	61
At 31 December 2015	378	2,711	3,089
<i>Net book value:</i>			
At 31 December 2015	318	–	318
At 1 January 2015	257	–	257

12. Tangible fixed assets

	<i>Freehold property</i> £000	<i>Plant and machinery</i> £000	<i>Assets in course of construction</i> £000	<i>Total</i> £000
<i>Cost:</i>				
At 1 January 2015	21,299	48,778	600	70,677
Additions	95	1,643	767	2,505
Assets acquired from G&P	4,155	2,873	24	7,052
Disposals	–	(764)	–	(764)
Reclassifications	70	530	(600)	–
At 31 December 2015	25,619	53,060	791	79,470
<i>Depreciation:</i>				
At 1 January 2015	7,110	33,265	–	40,375
Provided during the year	574	3,115	–	3,689
Disposals	–	(741)	–	(741)
Impairment charges (note 4)	1,395	2,733	–	4,128
At 31 December 2015	9,079	38,372	–	47,451
<i>Net book value:</i>				
At 31 December 2015	16,540	14,688	791	32,019
At 1 January 2015	14,189	15,513	600	30,302

Included in freehold property is land with a cost of £2,656,000 (2014 – £1,594,000) which is not depreciated.

Notes to the financial statements

at 31 December 2015

13. Investments

	<i>Shares in group companies £000</i>
<i>Cost:</i>	
At 1 January 2015	50
Acquisition of G&P	7,686
Impairment of G&P	(7,686)
Reduction in Blotter Limited share capital	(50)
At 31 December 2015	<u>–</u>

On 31 December 2015 the Company acquired the investment in G&P from its subsidiary Blotter Limited at book value of £7,686,000. At the close of business on 31 December 2015 the trade and assets of G&P were transferred to the Company at book value of £5,788,000. At the same time G&P declared and paid a final dividend of its remaining reserves of £5,788,000, which is included in dividend income in the income statement. The Company's investment in G&P was impaired by £7,686,000. The net result of the transaction was a loss of £1,898,000 which is included in the income statement for the period.

The Company's subsidiary Blotter Limited used the proceeds of the sale of G&P to repay its loans to Eco-Bat Technologies Limited, entered into a capital reduction of £49,998 and became a dormant holding company.

Transfer of G&P's remaining trade and assets into the Company:

	<i>Book value £000</i>
<i>Net assets acquired:</i>	
Tangible fixed assets	7,052
Stock	144
Debtors	2,924
Deferred tax asset	467
Cash at bank and in hand	9
Current liabilities	(4,808)
Net assets acquired	<u>5,788</u>
 <i>Satisfied by:</i>	 £000
Intergroup debtor	<u>5,788</u>

For the year ended 31 December 2015, G&P recorded total turnover of £15,965,000 (2014 - £17,403,000) and gross profit of £2,044,000 (2014 - £1,462,000).

Notes to the financial statements

at 31 December 2015

13. Investments (continued)

Principal group investments

The Company has investments in the ordinary share capital of the following subsidiary undertakings:

<i>Name of Company</i>	<i>Country of Incorporation and operation</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Blotter Limited	United Kingdom	100%	Holding Company
G&P Batteries Limited	United Kingdom	100%	Battery Collection*

* The assets and trade were transferred to HJ Enthoven Limited at 31 December 2015 and G&P became a dormant company.

14. Stocks

	<i>2015 £000</i>	<i>2014 £000</i>
Raw materials and consumables	5,652	11,032
Work in progress	6,869	8,571
Finished goods and goods for resale	6,514	5,287
Spares, tooling and consumable stores	2,848	2,563
	<u>21,883</u>	<u>27,453</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15. Debtors

Amounts falling due after more than one year:

	<i>2015 £000</i>	<i>2014 £000</i>
Deferred tax assets	2,775	3,054
Amounts owed by parent undertaking	–	21,891
	<u>2,775</u>	<u>24,945</u>

Amounts falling due within one year:

	<i>2015 £000</i>	<i>2014 £000</i>
Trade debtors	15,055	16,358
Amounts owed by parent undertaking	23,198	–
Amounts owed by group undertakings	1,488	2,363
Other taxation recoverable	2,541	2,920
Other debtors	829	1,048
Prepayments and accrued income	1,492	674
	<u>44,603</u>	<u>23,363</u>

Notes to the financial statements

at 31 December 2015

15. Debtors (Continued)

The Company has credit insurance cover for the majority of its trade debtors.

Included in amounts due by the parent undertaking, Eco-Bat Technologies Limited, is a loan that mirrors the US \$34,100,000 (£23,141,000), (2014 – US \$34,100,000 (£21,891,000)) draw down under the 5 year revolving credit facility (notes 16 and 17). The loan is repayable by 22 September 2016 and interest is charged at a floating rate of 1.75% above the 3 month LIBOR rate.

16. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	5,699	3,755
Amounts owed to group undertakings	902	639
Amounts owed to group undertakings – cash pooling	26,775	30,435
Other taxation and social security	865	515
Other creditors	1,284	454
Bank loans	23,141	–
Accruals	4,415	1,816
	<u>63,081</u>	<u>37,614</u>

Trade creditors are non-interest bearing and are normally settled on terms within 60 days.

Details of the bank loans are set out in note 17.

17. Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Bank loans	–	26,891
Amounts owed to parent undertakings	18,807	11,121
	<u>18,807</u>	<u>38,012</u>

The loan from the parent undertaking, Eco-Bat Technologies Limited, is sterling denominated, has a variable interest rate of 2% above the official one month LIBOR rate with a maturity date of 31 December 2022.

At 31 December 2015 and 31 December 2014, the Company had drawn down US \$34,100,000 (2015 £23,141,000), (2014 £21,891,000) and £nil (2014 £5,000,000) under the Group's 5 year revolving credit facility of £150 million expiring on 22 September 2016; these borrowings are at a floating rate of 1.75% above the three month LIBOR rate and are secured over certain of the Company's assets, including fixed assets, debtors and stock.

The proceeds of the US \$34,100,000 (2015 £23,141,000), (2014 £21,891,000) have been on-lent on the same terms of the draw down to Eco-Bat Technologies Limited (note 15).

Notes to the financial statements

at 31 December 2015

18. Issued share capital

<i>Authorised</i>	<i>No.</i>	<i>2015</i> <i>£000</i>	<i>No.</i>	<i>2014</i> <i>£000</i>
Ordinary shares of £1 each	100	–	100	–
Ordinary shares of US \$1 each	10,879,000	7,019	10,879,000	7,019
		<u>7,019</u>		<u>7,019</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	–	1	–
Ordinary shares of US \$1 each	10,879,000	7,019	10,879,000	7,019
		<u>7,019</u>		<u>7,019</u>

The two classes of shares rank pari passu as regards rights for dividends, voting and on the winding up of the Company.

19. Other financial commitments

The Company has entered into commercial leases on certain properties, motor vehicles and small items of machinery. These leases have a range of terms of between 3 months and 8 years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

<i>Land and Buildings</i>	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Within one year	221	104
After one year but not more than five years	120	127
More than five years	30	30
	<u>371</u>	<u>261</u>

<i>Other operating leases</i>	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Within one year	234	58
After one year but not more than five years	76	45
More than five years	–	–
	<u>311</u>	<u>103</u>

Notes to the financial statements

at 31 December 2015

20. Pensions

The Company operates an employer-financed retirement benefits scheme ("EFRB") and a defined benefit pension scheme, the H J Enthoven Limited Pension Scheme ("the Scheme"). These schemes are combined and presented as a single scheme.

The EFRB is unfunded and had a liability of £1,038,000 (2014 - £1,115,000) at the balance sheet date.

The Scheme is closed to new members but continues to operate for existing members as well as for deferred members and pensioners. The Scheme is a funded scheme governed by the laws of the United Kingdom, which requires contributions to be made into separately administered funds. The Scheme has a separate legal form from the Company and is managed by a Board of Trustees which comprises four employer-nominated and two member-nominated Trustees. The Trustees are responsible for the administration of the Scheme, investment of the Scheme assets (including the determination of investment strategy) and risk management, and are assisted by external advisers.

Each year the trustees meet regularly to oversee the management of the Scheme and review the level of funding as required by UK legislation. The Trustees decide on the level of contributions and reach an understanding with the Company as to the risk management policy, the level of monthly contributions and a series of recovery payments to eliminate the pension deficit based on the latest triannual actuarial valuation.

The Scheme invests in external pooled funds with multiple providers, and has a portfolio mix comprised mainly of quoted equities and debt instruments with a small exposure to property funds. These funds are not invested in any of the Group's own financial instruments nor in real estate or other assets used by the Group.

Pension liabilities are adjusted annually for inflation and are exposed to interest rate risks and changes to life expectancy for pensioners. The plan assets include significant investments in quoted equity investments and debt securities and property funds all of which are exposed to external market risks.

During the year, the Company worked collaboratively with the pension scheme board of trustee and amendments were made to future pensionable salary growth, other benefit increases were capped, retirement terms were changed and employee contributions were increased. The last full actuarial valuation of the scheme was performed on 5 April 2015.

The Company also operates a defined contribution schemes in the UK, the costs of which are charged to the income statement in the period in which they become payable.

The assets and liabilities of the scheme as at 31 December are:

	2015	2014
	£000	£000
<i>Scheme assets at fair value, invested in:</i>		
Equity	48,767	47,508
Property	5,319	4,675
Gilts	47,954	48,254
Cash	2,906	131
Fair value of scheme assets	104,946	100,568
Present value of scheme liabilities	(106,618)	(119,698)
Additional liability recognised due to minimum funding requirements	(16,872)	–
Defined benefit pension deficit	(18,544)	(19,130)

The pension scheme assets have not been invested in any of the Eco-Bat Technologies Limited Group's own financial instruments nor in properties or other assets used by the Eco-Bat Technologies Limited Group.

Notes to the financial statements

at 31 December 2015

20. Pensions (continued)

The amounts recognised in the income statement and in the statement of comprehensive income for the year are analysed as follows:

	2015 £000	2014 £000
Recognised in the income statement:		
Current service cost	859	1,666
Plan amendments and settlements	(5,070)	–
Recognised in arriving at operating profit (note 6)	<u>(4,211)</u>	<u>1,666</u>
Net interest on scheme assets	(3,680)	(4,193)
Net interest on scheme liabilities	4,103	4,586
Recognised in arriving at interest payable (note 8)	<u>423</u>	<u>393</u>
Total recognised in income statement	<u>(3,788)</u>	<u>2,059</u>
Taken to statement of other comprehensive income		
Return on plan assets	(144)	5,560
Changes in demographic assumptions	3,000	–
Changes in financial assumptions	3,893	(16,488)
Experience adjustments	<u>1,071</u>	<u>52</u>
Actuarial gains/(losses) recognised in the statement of comprehensive income	<u>7,820</u>	<u>(10,876)</u>
Changes in minimum funding liability	<u>(16,872)</u>	<u>–</u>

Notes to the financial statements

at 31 December 2015

20. Pensions (continued)

Pension assumptions

Pension liabilities and current service costs are determined with the advice of independent qualified actuaries, on the basis of annual valuations using the projected unit credit method. Scheme assets are stated at their market values at the respective balance sheet dates.

	2015 %	2014 %
<i>Main assumptions:</i>		
Rate of increase in salaries	2.0	4.1
Rate of increase in pensions in payment	3.6	3.6
Discount rate	3.8	3.6
Inflation assumption – RPI	3.1	3.1
Inflation assumption – CPI	2.2	2.2
<i>Post retirement mortality:</i>		
	<i>Years</i>	<i>Years</i>
Current pensioners at 65 – male	22.1	22.3
Current pensioners at 65 – female	24.1	24.7
Future pensioners at 65 – male	24.3	24.5
Future pensioners at 65 – female	26.5	27.1

The post-retirement mortality figures for current pensioners above relate to an assumed retirement at the balance sheet date at age 65. Mortality rates are based on S2 pensioner (YOB) tables (these are the same base tables as those used for the 5 April 2015 statutory funding valuation), with an assumption about future improvements in mortality in line with the CMI 2015 projections and a 1.25% p.a. long term trend rate.

The discount rates are based on high quality corporate bonds of a currency and term consistent with the expected benefit payments. Outlying items in the market population are ignored.

The assumptions for inflation and for increases in pensions are based on the yield gap between long-term index-linked and long-term fixed interest gilt securities. In 2016 (and 2015) this expectation for future inflation was reduced by an inflation risk premium of 0.2% p.a. In June 2010, the Government announced that statutory revaluation and pension increases would be based on the CPI measure of price inflation from 2011. The calculations used to value the liabilities adopt CPI only where permitted by the scheme rules. All other calculations are based on RPI.

The pension contributions include £4,800,000 (2014 – £4,800,000) additional contributions as part of an agreed programme. This programme was revised with effect from April 2016, with a new programme of payments totalling £15,100,000 over the next three years to fund the outstanding scheme deficit. At the balance sheet date the company was committed to minimum employer contributions of £4.8m per annum for next 4 years, which is higher than the assessed deficit. So under requirements of IFRIC 14, as the company has no right to surplus of the pension scheme per scheme rules, therefore a provision is required for these minimum commitments which has been included in these financial statements accordingly.

The Company is now operating a defined contribution scheme for new employees, the costs of which are charged to profits as incurred. The costs in the year were £411,000 (2014 – £312,000). At 31 December 2015 there were no outstanding contributions by the Company owing to the scheme (2014 – £nil).

Notes to the financial statements

at 31 December 2015

20. Pensions (continued)

Sensitivity

A 0.25% point change in net yield between discount rate and inflation assumption for pension benefits and post-retirement benefits would have the following effects:

	<i>Increase</i> <i>£000</i>	<i>Decrease</i> <i>£000</i>
Effect on aggregate service cost and interest cost	380	(18)
Effect on defined benefit obligation	<u>(4,015)</u>	<u>4,559</u>

A one year change in the mortality assumption for pension benefits and post-retirement benefits would have the following effects:

	<i>Increase</i> <i>£000</i>	<i>Decrease</i> <i>£000</i>
Effect on aggregate service cost and interest cost	242	(521)
Effect on defined benefit obligation	<u>3,421</u>	<u>(3,397)</u>

The total contributions to the defined benefit plan in 2016 are expected to be £6,669,000 for the Company.

The duration of the defined benefit plans obligation at the end of the reporting period is 16 years (2014: 19 years).

Notes to the financial statements

at 31 December 2015

20. Pensions (continued)

Changes in the present value of the defined benefit pension scheme obligations are analysed as follows:

	2015 £000	2014 £000
As at 1 January	119,698	102,628
Current service cost	859	1,666
Plan amendments and settlements	(5,070)	–
Interest cost	4,103	4,586
Plan participants contributions	208	254
Benefits paid	(5,216)	(5,872)
Actuarial (gains)/ losses	(7,964)	16,436
Changes in minimum funding liability	16,872	–
As at 31 December	123,490	119,698

The defined benefit obligation all arises from a funded scheme.

Changes in the fair value of defined benefit scheme assets are analysed as follows:

	2015 £000	2014 £000
As at 1 January	100,568	89,074
Net interest on plan assets	3,680	4,193
Employer contributions	5,850	7,359
Plan participants contributions	208	254
Benefits paid	(5,216)	(5,872)
Actuarial (losses)/gains	(144)	5,560
As at 31 December	104,946	100,568

21. Derivatives

The Company enters into forward foreign currency contracts and forward commodity contracts to hedge its exposures to existing transactions and firm future commitments. The fair values of derivatives held at the balance sheet date, determined by reference to their marked-to-market values, are as follows:

	2015 £000	2014 £000
Commodity contracts gains	518	768
Commodity contracts losses	(902)	(222)
Forward currency contracts gains	36	29
Forward currency contracts losses	(74)	(25)

The above amounts are recorded within other debtors and other creditors in notes 15 and 16.

In addition, the Company has in place outstanding priced future commitments to buy and sell lead which are expected to be settled in the normal course of trade. These are not considered to be derivative contracts.

Notes to the financial statements

at 31 December 2015

22. Related party transactions

The Company has taken advantage of the exemption given by FRS 101 RDF not to disclose transactions with related parties that are wholly owned members of the Eco-Bat Technologies Limited group.

The Company operates a monthly payroll on behalf of the H J Enthoven Pension Scheme. At 31 December 2015, £nil (2014 – £nil) was owed to the Company and included in prepayments and accrued income.

23. Contingent liabilities

Guarantee for Notes

At 31 December 2015, the Company, along with certain other Eco-Bat Technologies Limited group subsidiaries, provided a guarantee relating to €300,000,000 of fixed interest Notes issued by Eco-Bat Finance PLC on 9 March 2012 and maturing on 15 February 2017. Interest on the Notes is payable semi-annually in February and August of each year. The amount outstanding at 31 December 2015 was €300,000,000 and the maximum liability under the guarantee is limited to the amount required to repay all amounts outstanding on the Notes amounted to €308,719,000 or £227,487,694 (2014 - €308,719,000 or £239,757,539).

Subsequent to the year end, on 15 August 2016, Eco-Bat Finance PLC redeemed the outstanding amount of the fixed interest Notes at par along with accrued and unpaid interest thereon.

24. Ultimate parent company and controlling party

The immediate parent company is HJE Limited. Eco-Bat Technologies Limited is the smallest and largest group which prepares group financial statements that are publicly available and include the results of the Company. Eco-Bat Technologies Limited is registered in England and Wales and copies of their financial statements are available from:

The Company Secretary
Eco-Bat Technologies Limited
Cowley Lodge
Warren Carr
Matlock
Derbyshire
DE4 2LE

The ultimate parent undertaking is EB Holdings II, Inc., an entity incorporated in the State of Nevada, USA. The controlling party is H M Meyers, the chairman of Eco-Bat Technologies Limited.

25. Capital commitments

At 31 December 2015, the Company had capital commitments contracted but not provided for of £195,000 (2014 – £105,000).

26. Post Balance Sheet Events

Subsequent to the year end, on 15 August 2016, Eco-Bat Finance PLC redeemed the outstanding amount of the €300,000,000 of fixed interest Notes at par along with accrued and unpaid interest thereon.

Notes to the financial statements

at 31 December 2015

27. Transition to FRS 101

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP).

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014. The adjustments to FRS 101 are classified below under two headings; 'reclassifications' and 're-measurements'.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS1 'First time adoption of International Financial Reporting Standards'.

Reconciliation of profit and loss year ended 31 December 2014

		UKGAAP	Reclassify	Re-measurements	IFRS
	Notes	£000	£000	£000	£000
Turnover		139,925	—	—	139,925
Cost of sales	iii,iv	(132,230)	—	906	(131,324)
Gross profit		7,695	—	906	8,601
Distribution costs		(4,211)	—	—	(4,211)
Administrative expenses		(4,579)	—	—	(4,579)
Operating (loss)/profit		(1,095)	—	906	(189)
Interest receivable and similar income		1,958	—	—	1,958
Interest payable and similar charges	vi	(1,633)	—	(894)	(2,527)
Los on ordinary activities before taxation		(770)	—	12	(758)
Tax credit in respect of (loss)/profit on ordinary activities		58	—	42	100
(Loss)/profit for the financial year attributable to members of the parent company	vi	(712)	—	54	(658)

Notes to the financial statements

at 31 December 2015

Reconciliation of equity as at 1 January 2014

	Notes	UKGAAP £000	Reclassify £000	Re- measurement £000	IFRS £000
Fixed assets					
Intangible fixed assets	i	–	213	–	213
Tangible fixed assets	i	31,749	(213)	–	31,536
Investments		50	–	–	50
		<u>31,799</u>	<u>–</u>	<u>–</u>	<u>31,799</u>
Current assets					
Stocks		36,264	–	–	36,264
Debtors: amounts falling due after more than one year		20,594	2,986	(2,207)	21,373
Debtors: amounts falling due within one year	iii,iv	22,596	–	114	22,710
Cash at bank		23,571	–	–	23,571
		<u>103,025</u>	<u>2,986</u>	<u>(2,093)</u>	<u>103,918</u>
Creditors: amounts falling due within one year	iv	(34,708)	–	(514)	(35,222)
Net current assets		<u>68,317</u>	<u>2,986</u>	<u>(2,607)</u>	<u>68,696</u>
Total assets less current liabilities		<u>100,116</u>	<u>2,986</u>	<u>(2,607)</u>	<u>100,495</u>
Creditors: amounts falling due after more than one year		(36,715)	–	–	(36,715)
Provisions for liabilities					
Pensions	ii	(10,843)	(2,711)	–	(13,554)
Deferred taxation		275	(275)	–	–
Net assets		<u>52,833</u>	<u>–</u>	<u>(2,607)</u>	<u>50,226</u>
Capital and reserves					
Called up share capital		7,019	–	–	7,019
Share premium account		3,860	–	–	3,860
Retained earnings	vi	41,954	–	(2,607)	39,347
Shareholder's funds		<u>52,833</u>	<u>–</u>	<u>(2,607)</u>	<u>50,226</u>

Notes to the financial statements

at 31 December 2015

Reconciliation of equity as at 31 December 2014

		UKGAAP	Reclassify	Re-measurement	IFRS
	Notes	£000	£000	£000	£000
Fixed assets					
Intangible fixed assets	i	–	257	–	257
Tangible fixed assets	i	30,559	(257)	–	30,302
Investments		50	–	–	50
		<u>30,609</u>	<u>–</u>	<u>–</u>	<u>30,609</u>
Current assets					
Stocks		27,453	–	–	27,453
Debtors: amounts falling due after more than one year		21,891	5,394	(2,340)	24,945
Debtors: amounts falling due within one year	iii,iv	22,654	–	709	23,363
Cash at bank		29,253	–	–	29,253
		<u>101,251</u>	<u>5,394</u>	<u>(1,631)</u>	<u>105,014</u>
Creditors: amounts falling due within one year	iv	(37,392)	–	(222)	(37,614)
Net current assets		<u>63,859</u>	<u>5,394</u>	<u>(1,853)</u>	<u>67,400</u>
Total assets less current liabilities		<u>94,468</u>	<u>5,394</u>	<u>(1,853)</u>	<u>98,009</u>
Creditors: amounts falling due after more than one year		(38,012)	–	–	(38,012)
Provisions for liabilities					
Pensions	ii	(15,304)	(3,826)	–	(19,130)
Deferred taxation		1,568	(1,568)	–	–
Net assets		<u>42,720</u>	<u>–</u>	<u>(1,853)</u>	<u>40,867</u>
Capital and reserves					
Called up share capital		7,019	–	–	7,019
Share premium account		3,860	–	–	3,860
Retained earnings	vi	31,841	–	(1,853)	29,988
Shareholder's funds		<u>42,720</u>	<u>–</u>	<u>(1,853)</u>	<u>40,867</u>

Notes to the financial statements

at 31 December 2015

Notes

Reclassifications

i) Intangible assets

Under IAS 38 software is required to be classified as an intangible asset. At 31 December 2014 £257,000 (1 January 2014 - £213,000) of software was reclassified to intangible assets from tangible fixed assets.

ii) Deferred tax on pension liability

Under previous UK GAAP the pension liability was required to be shown net of the related deferred tax asset. Under FRS 101 the pension liability is required to be shown gross and the related deferred tax included within deferred tax asset line on the balance sheet. Under UK GAAP deferred tax on defined benefit pension plans is offset against the pension liability. At 31 December 2014 £3,826,000 (1 January 2014 - £2,711,000) of deferred tax was reclassified to deferred taxation assets from pension liabilities.

Re-Measurements

iii) Recognition of derivatives at fair value

IFRS 9 requires that forward currency contracts in place at the balance sheet date are valued at market rates. Under UK GAAP such contracts were valued at the period end rate used in the balance sheet. Where forward contracts were used to hedge against the financial effects of currency movements on probable future transactions, unrealised gains or losses were not recognised in the Company's income statement or balance sheet until the underlying hedge transaction occurs provided that certain hedge criteria are met.

IFRS 9 requires that forward commodity contracts in place at the balance sheet date are valued at market rates. Under UK GAAP, forward commodities contracts taken out to hedge future firm transaction were recognised only at the time that the transaction being hedged was itself recognised

Under IAS 39 'Financial Instruments: Recognition and Measurement', all derivatives are required to be recognised at fair value in the balance sheet. As a consequence the following contracts with positive and negative fair values have been recognised in the balance sheet.

At 1 January 2014

	FX Contracts £000	Commodity Contracts £000	IFRS £000
Other assets	19	95	114
Other liabilities	–	(514)	(514)

At 31 December 2014

	FX Contracts £000	Commodity Contracts £000	IFRS £000
Other assets	29	680	709
Other liabilities	(1)	(221)	(222)

Notes to the financial statements

at 31 December 2015

iv) Deferred tax assets

Reclassifications of deferred tax were required on transition to IFRS in addition to changes in the re-measurement of deferred taxes.

Reclassifications: Under UK GAAP deferred tax assets and liabilities have been netted off against deferred tax liabilities. Unless specific criteria are met, IAS 12 income taxes requires assets and liabilities to be reported gross as non-current assets and liabilities.

Re-measurements: Because IFRS defines deferred tax in relation to temporary differences between carrying values and their related tax bases, rather than timing differences in the income statement, adjustments are required to recognise a number of items for which no deferred tax was recognised under UK GAAP including additional tax on non-qualifying assets, fair value of fixed assets and derivatives at fair value.

as at 1 January 2014

	Reclassifications	Re-measurements	IFRS
	£000	£000	£000
Defined pension benefit	2,711	–	2,711
Non qualifying fixed assets	–	(2,300)	(2,300)
Fair value forward currency contracts	–	(4)	(4)
Fair Value forward commodity contracts	–	97	97
Net deferred tax asset/(liability)	<u>2,711</u>	<u>(2,207)</u>	<u>504</u>

as at 31 December 2014

	Reclassifications	Re-measurements	IFRS
	£000	£000	£000
Defined pension benefit	3,826	–	3,826
Non qualifying fixed assets	–	(2,237)	(2,237)
Fair value forward currency contracts	–	(5)	(5)
Fair Value forward commodity contracts	–	(98)	(98)
Net deferred tax asset/(liability)	<u>3,826</u>	<u>(2,340)</u>	<u>1,486</u>

v) Pensions net interest on pension liability

Under previous UK GAAP the interest cost was determined by applying the discount rate to the opening present value of the defined benefit obligation, and the interest income on the expected return on plan assets based on an assessment made at the beginning of the year of the long-term market returns on scheme assets. Under IAS 19 net interest is calculated by applying the discount rate to the net defined liability or asset. As a result of transition to FRS 101, net interest for the year ended 31 December 2014 was £875,000 higher than had been recognised under previous UK GAAP, with a corresponding reduction in remeasurement gains recognised in other comprehensive income.

Notes to the financial statements

at 31 December 2015

Restatement of the reported profit for the year ended 31 December 2014 from UK GAAP to IFRS

vi) Remeasurements in the income statement

The restatements in the income statement are as follows:

	<i>2014</i>
	<i>£000</i>
Revaluation of forward currency contracts	28
Revaluation of forward commodity contracts	878
Revaluation of forward currency contracts finance costs	(19)
IAS 19 Interest on scheme assets	(875)
Deferred tax on above items	42
Total Remeasurements in the income statement	<u>54</u>