

Registered No 2821551

H J Enthoven Limited

Report and Financial Statements

31 December 2009

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COMPANIES HOUSE

Directors

P M King (Chairman)
M C Boddy
T Boon
J D R Campbell
G I Cummins
A R Hampson
D L Wheeler

Secretary

G I Cummins

Auditors

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

Registered Office

Darley Dale Smelter
South Darley
Matlock
Derbyshire
DE4 2LP

Directors' report

The directors present their report and financial statements for the year ended 31 December 2009

Results and dividends

The profit for the year after taxation amounted to £13,374,000 (2008 £36,298,000). There are no proposed dividends at 31 December 2009. A dividend of £16,087,000 was declared and paid in 2008. A dividend of £25,000,000, declared in December 2007 was paid in 2008.

Principal activities

The Company trades on a divisional basis under the names H J Enthoven & Sons and British Lead Mills, as smelters, refiners, manufacturers and marketers of lead and lead products. It also acts as a holding company for G&P Batteries Limited a battery collection company. The activities of the Company are not expected to change in the foreseeable future.

Review of the business

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, volumes of lead sold, the margins achieved and its ability to control manufacturing costs.

The Company's turnover decreased from £133.1 million in 2008 to £108.7 million in 2009, a decrease of 18.4%. Sales volumes decreased by 14.5% to 87,400 tonnes because of the economic climate, combined with a reduction in the average LME price of lead, which decreased from an average of £1,108 per tonne in 2008 to an average of £1,088 per tonne in 2009. Gross profit margins fell from 39.6% of turnover to 21.1% of turnover due to a shift in sales volumes to non-traditional markets at lower margins and higher feedstock purchase prices. However, the impact of this was offset by a decrease in manufacturing costs per tonne due to lower energy, consumables and waste disposal costs. Payroll costs and maintenance were lower in total, although they were higher when measured on a per tonne basis. Distribution costs decreased due to the lower sales volumes and administration expenses were well controlled. The factors described above resulted in a net £27.7 million fall in operating profits to £15.7 million in 2009 from £43.4 million in 2008, representing 14.5% of turnover in 2009 (2008 32.6%). The tax charge for the year decreased due to lower profits offset by the availability of less group relief.

Outlook

The principal markets for the Company's products are the battery manufacturing industry and building and construction, both of which saw suppressed demand in the second half of 2008 and the first half of 2009. However, in the second half of 2009 the lead price averaged £1,288 per tonne, with a range of £960 per tonne to £1,511 per tonne, as the recessionary effects on confidence eased, which improved demand for the Company's products. Western World consumption was down 11% in 2009, and Europe within that region was down 20%. However, Western World consumption is forecast to rebound significantly in 2010 and continue to grow over the next decade. The Company has seen the benefits in 2010 of some restocking by customers but growth has not reached the pre-recessionary levels and there have been some structural changes in demand as a result of customer closures and production relocation in the UK and the rest of Europe. The realignment programmes to combat the recessionary effects, which included cost reductions and the opening of new markets for products, have enabled the Company to minimise the adverse effects of the recession.

Directors' report (continued)

Review of the business (continued)

Risks

The key business risks affecting the Company are the competition for the acquisition of raw materials and sales of products in the markets in which it operates, 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. 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 hedging can be achieved at an acceptable cost. The Company from time to time also benefits from longer term strategic hedging of the raw materials costs undertaken by its parent company Eco-Bat Technologies Limited.

Funding and liquidity

The Company's core long term funding is via a mix of intra-group long term loans, which have no scheduled repayment date, 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 also has the ability to borrow under the Eco-Bat Technologies Limited £75.0 million committed borrowing based bank facilities based on a proportion of its outstanding debtors and stocks. There is currently no borrowing under this facility. The Company considers it has sufficient facilities to cover its peak borrowing requirements for at least the next twelve months.

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 ongoing basis and if the Company becomes aware of a 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.

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 lends its surplus funds to Eco-Bat Technologies Limited. The current investment strategy places a high level of emphasis on the security of deposits ahead of maximisation of yield.

Directors' report (continued)

Review of the business (continued)

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

Directors

The directors who served the Company during the year were as follows

P M King (Chairman)

M C Boddy

T Boon

J D R Campbell

G I Cummins

A R Hampson

D L Wheeler

M N Toyn (retired and resigned 30 April 2009)

There are no other directors' interests requiring disclosure under the Companies Act 2006

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. Where Company employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development promotion to disabled employees wherever possible.

Creditor payment policy and practice

The Company policy is to agree terms of supply with its suppliers at the start of the trading relationship and to pay suppliers in accordance with those agreed terms. At 31 December 2009 the Company had an average of 10 days purchases outstanding in trade creditors (2008: 6 days).

Political and charitable donations

During the year, the Company made charitable donations totalling £3,987 (2008: £5,079). There were no political donations (2008: £nil).

Going concern

The Company relies on its own future income and a long term group loan to finance its business. If required it has access to funds on a daily basis from Eco-Bat Technologies Limited under the cash pooling arrangement, and is able to borrow under the Eco-Bat Technologies Limited £75.0 million committed borrowing based bank facilities based on a proportion of its own outstanding debtors and stocks. There is currently no borrowing under this facility.

Directors' report (continued)

Going concern (continued)

The Eco-Bat Technologies Group has adequate financial resources. The Company continually monitors the financial position of the Eco-Bat Technologies Group, their cash flows, liquidity position and borrowing facilities. As a consequence, the directors believe that the Company, and the Eco-Bat Technologies Group are well placed to manage business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company and the Eco-Bat Technologies Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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.

Re-appointment of Auditors

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

By order of the Board



G I Cummins
Secretary

12 August 2010

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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 auditors' 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 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Shareholders' Funds, the Balance Sheet and the related notes 1 to 26. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 6, 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 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.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of H J Enthoven Limited (continued)

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

Christopher Voogd (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham

Date 12 August 2010

Profit and loss account

for the year ended 31 December 2009

		2009	2008
	Note	£000	£000
Turnover	2	108,703	133,141
Cost of sales		(85,763)	(80,352)
Gross profit		22,940	52,789
Distribution costs		(3,911)	(5,342)
Administrative expenses		(3,318)	(4,052)
Operating profit	3	15,711	43,395
Interest receivable and similar income	6	128	507
Interest payable and similar charges	7	(957)	(992)
		(829)	(485)
Profit on ordinary activities before taxation		14,882	42,910
Tax on profit on ordinary activities	8	(1,508)	(6,612)
Profit for the financial year attributable to members of the parent company	18	13,374	36,298

All profits are from continuing operations

Statement of total recognised gains and losses

for the year ended 31 December 2009

	<i>Note</i>	<i>2009</i> <i>£000</i>	<i>2008</i> <i>£000</i>
Profit for the financial year		13,374	36,298
Pension fund actuarial losses	20	(3,004)	(2,484)
Deferred taxation on pension fund actuarial losses	8	841	696
Total recognised gains and losses relating to the year		<u>11,211</u>	<u>34,510</u>

Reconciliation of shareholders' funds

for the year ended 31 December 2009

	<i>Note</i>	<i>2009</i> <i>£000</i>	<i>2008</i> <i>£000</i>
Total recognised gains and losses		11,211	34,510
Dividends	9	-	(16,087)
Total movements during the year		<u>11,211</u>	<u>18,423</u>
Shareholders' funds at 1 January		45,389	26,966
Shareholders' funds at 31 December		<u>56,600</u>	<u>45,389</u>

Balance sheet

at 31 December 2009

	Note	2009 £000	2008 £000
Fixed assets			
Intangible fixed assets	10	574	709
Tangible fixed assets	11	33,239	33,822
Investments	12	50	50
		<u>33,863</u>	<u>34,581</u>
Current assets			
Stocks	13	28,137	24,210
Debtors	14	23,246	11,049
Cash at bank		1,071	21,544
		<u>52,454</u>	<u>56,803</u>
Creditors: amounts falling due within one year	15	(8,641)	(26,335)
Net current assets		<u>43,813</u>	<u>30,468</u>
Total assets less current liabilities		<u>77,676</u>	<u>65,049</u>
Creditors amounts falling due after more than one year	16	(11,121)	(11,121)
Provisions for liabilities			
Pension deficit	20	(8,798)	(7,922)
Deferred taxation	8	(1,157)	(617)
Net assets		<u>56,600</u>	<u>45,389</u>
Capital and reserves			
Called up share capital	17	7,019	7,019
Share premium account	18	3,860	3,860
Profit and loss account	18	45,721	34,510
Shareholders' funds	18	<u>56,600</u>	<u>45,389</u>

Approved by the Board



M C Boddy
Director

12 August 2010

Notes to the financial statements

at 31 December 2009

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting standards

Consolidated financial statements

The Company is exempt, under s400 of the Companies Act 2006, from the obligation to prepare consolidated financial statements as the Company is a wholly owned subsidiary undertaking of a parent Company incorporated in the EU, which prepares consolidated financial statements. As such, these financial statements present information about the Company as an individual undertaking and not about its group.

Cash flow statement

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes consolidated financial statements.

Related parties transactions

The Company is a wholly owned subsidiary of Eco-Bat Technologies Limited, the consolidated financial statements of which are publicly available. Accordingly, the Company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the Eco-Bat Technologies Limited Group.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of the entity's identifiable assets and liabilities.

Positive goodwill is shown as an asset in the balance sheet and amortised through the profit and loss account evenly over its estimated useful life. Goodwill arising on acquisitions is being amortised over a period of 20 years. It was reviewed for impairment at the end of the first full financial year, and is reviewed in other periods if events or changes in circumstance indicate that the carrying value may not be recoverable.

If a business is subsequently sold or closed, any goodwill arising that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

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 are recognised as an expense when incurred.

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.

Depreciation

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
Leasehold property	-	over the life of the lease
Plant and machinery	-	6.67% to 25% of original cost per annum

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

Notes to the financial statements

at 31 December 2009

1 Accounting policies (continued)

Investments in subsidiaries

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

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost of metal stocks comprises the material value at the time of purchase. Direct processing costs and appropriate overhead expenses are added to bring the stocks to their present location and stage of production reached.

Pension costs

The cost of providing benefits under the defined benefit plan is determined 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 profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. 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 reduction in future entitlement) occurs the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognised in the profit and loss account during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the profit and loss account as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and following the adoption of the FRS 17 amendment in the case of quoted securities this is the published bid price. The value of a net pension benefit asset is restricted to the sum of any unrecognised past service costs and the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Cash pooling

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 and are accounted for as cash or borrowing by the Company offset by a 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 profit and loss account as appropriate.

Notes to the financial statements

at 31 December 2009

1 Accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate. The charge is reduced by tax losses surrendered to the Company that have not been paid for.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted, and
- no deferred tax is recognised on the remaining industrial buildings allowances. All allowances available after 31 December 2008 will be accounted for as a permanent difference in the UK corporation tax computation.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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 profit and loss account.

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.

Notes to the financial statements

at 31 December 2009

1 Accounting policies (continued)

Revenue recognition (continued)

Dividends

Dividends are charged to reserves or credited to the profit and loss account when the right to receive or make a payment is established in accordance with FRS 21

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account 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

Derivative instruments

The Company uses forward currency contracts to reduce its exposure to movements in foreign currency fluctuations. In addition it uses forward metal contracts to hedge its risk associated with movements in the price of the base metals that it deals in

Forward currency contracts

The accounting treatment for forward currency contracts depends on the type of transaction being hedged. Where forward currency contracts are taken out to hedge currency assets or liabilities reflected in the balance sheet, gains and losses arising from revaluing forward contracts at the rate used in the balance sheet or mark-to-market valuations are taken to the profit and loss account.

Where forward contracts are used to hedge against the financial effects of currency movements of a future transaction, unrealised gains or losses are not recognised in the profit and loss account or balance sheet. Gains or losses on such forward contracts are deferred and ultimately recognised in the profit and loss account or balance sheet when the underlying hedge transaction occurs provided that certain hedge criteria are met

- the instrument must be related to a firm foreign currency commitment
- it must involve the same currency as the hedged item, and
- it must reduce the risk of foreign currency exchange movements on the Company's operations

The rates under such contracts are used to record the hedged item. As a result gains and losses are offset against the foreign exchange gains and losses on the related foreign assets and liabilities, or where the instrument is used to hedge a committed future transaction are not recognised until the transaction occurs

Commodity contracts

Forward commodity contracts are entered into in order to limit the Company's exposure to the financial effect of movements in the price of the commodities in which it trades

Gains and losses on forward commodity contracts that are closed or settled are recognised in the profit and loss account

Gains and losses on forward commodity contracts used to hedge future firm transactions are recognised only at the time that the transaction being hedged is itself recognised

Notes to the financial statements

at 31 December 2009

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

	2009 £000	2008 £000
United Kingdom	54,393	94,373
Rest of Europe	16,526	17,941
Rest of the World	37,784	20,827
	<u>108,703</u>	<u>133,141</u>

3 Operating profit

This is stated after charging/(crediting)

	2009 £000	2008 £000
Auditors' remuneration - audit services	52	52
Depreciation of owned fixed assets	3,623	2,757
Amortisation of goodwill	135	135
Operating lease rentals - land and buildings	98	98
- plant and machinery	74	79
Hire of plant and equipment	176	96
Loss on disposal of tangible fixed assets	46	27
Foreign exchange losses/(gains)	236	(281)

4 Staff costs

	2009 £000	2008 £000
Wages and salaries	7,951	8,666
Social security costs	679	745
Pension costs defined benefit scheme (note 20)	1,159	1,435
Pension costs defined contribution scheme (note 20)	103	95
	<u>9,892</u>	<u>10,941</u>

	2009 No	2008 No
The monthly average number of employees during the year was as follows		
Production staff	224	232
Distribution staff	26	29
Administrative staff	23	24
	<u>273</u>	<u>285</u>

Notes to the financial statements

at 31 December 2009

5. Directors' emoluments

	2009 £000	2008 £000
Emoluments	695	974

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

	2009 £000	2008 £000
Emoluments	149	190
Accrued annual pension benefit of the highest paid director	32	31

The directors all receive emoluments for their services to the Company

The emoluments of three of the directors have been borne by other group companies. These directors' services to the Company only occupy a portion of their time, and the director's emoluments above only include that part of their remuneration for their services to the Company.

All the directors were members of the defined benefit pension scheme, sponsored by the Company (2008 all)

6. Interest receivable and similar income

	2009 £000	2008 £000
Bank interest receivable	95	495
Interest on loans to group companies – cash pooling	17	12
Other interest	16	-
	128	507

7 Interest payable and similar charges

	2009 £000	2008 £000
Bank interest payable	68	75
Corporation tax	1	64
Foreign exchange loss	23	159
Net interest cost/(income) on pension deficit (note 20)	682	(2)
Interest on loans from group companies	183	631
Interest on loans from group companies – cash pooling	-	65
	957	992

Notes to the financial statements

at 31 December 2009

8. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2009 £000	2008 £000
<i>Current tax</i>		
UK corporation tax at 28% (2008 28.5%)	439	5,584
Tax under/(over)-provided in previous years	28	(40)
Total current tax (note 8(b))	467	5,544
<i>Deferred tax</i>		
Timing differences on pensions deficit (note 8(d))	501	619
Origination and reversal of timing differences (note 8(c))	532	701
Timing differences in respect of prior periods (note 8(c))	8	(252)
Tax on profit on ordinary activities	1,508	6,612

b) Factors affecting current tax charge

On 1 April 2008 the rate of corporation tax was reduced from 30% to 28%. As a result the effective standard rate applicable for the year ended 31 December 2009 is 28% (2008 28.5%)

The tax expense in the profit and loss account is lower than the standard rate. The differences are reconciled below

	2009 £000	2008 £000
Profit on ordinary activities before taxation	14,882	42,910
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5%)	4,167	12,229
<i>Effects of</i>		
Disallowed expenses and non-taxable income	94	35
Capital allowances in excess of depreciation	(371)	(557)
Other timing differences	(162)	(156)
Pension deficit timing differences	(501)	(629)
Group relief not paid for	(2,788)	(5,338)
Adjustments in respect of previous periods	28	(40)
Total current tax (note 8(a))	467	5,544

Notes to the financial statements

at 31 December 2009

8. Tax (continued)

c) Deferred taxation liability/(asset)

	2009 £000	2008 £000
Capital allowances in advance of depreciation	1,323	936
Other timing differences	(166)	(319)
Provision for deferred taxation	<u>1,157</u>	<u>617</u>
	2009 £000	2008 £000
At 1 January	617	168
Profit and loss account movement arising during the year (note 8(a))	540	449
At 31 December	<u>1,157</u>	<u>617</u>

d) Deferred taxation asset on pension deficit

	2009 £000	2008 £000
At 1 January	3,081	3,004
Deferred tax charged to profit and loss (note 8 (a))	(501)	(619)
Deferred tax credited to statement of recognised gains and losses	841	696
At 31 December	<u>3,421</u>	<u>3,081</u>

The deferred tax asset for the pension scheme deficit has been deducted in arriving at the net pension liability shown in note 20

e) Factors that may affect future tax charges

No provision has been made for deferred tax where potentially taxable gains have been rolled over into replacement assets. Such gains would become taxable only if these assets were sold without it being possible to claim rollover relief. The amount not provided is £118,000 (2008: £118,000).

A contingent asset of £586,000 (2008: £586,000) being surplus UK ACT recoverable, has not been recognised in these financial statements.

Notes to the financial statements

at 31 December 2009

8. Tax (continued)

On the 22 June 2010, the UK Chancellor of the Exchequer announced a number of corporate tax reforms. The following changes to corporation tax will have an impact on the company,

- Corporation tax rate reduction from 28% to 24%, over 4 years. This reduction will be staggered as a 1% reduction each year, with the first reduction of 1% to 27% effective from 1 April 2011.
- As of 1 April 2012, the tax amortisation rate on plant and machinery capital additions will be reduced from 20% to 18% per annum. There has also been a decrease of the tax amortisation rate on long-life assets (those assets capable of being used for more than 25 years) from 10% to 8%.

The first 1% reduction in the standard rate of corporation tax to 27% was substantially enacted 21 July 2010, has no material effect in these accounts and the deferred tax calculations have therefore not been adjusted. With the exception of the reduction in the tax rates, the impact of the changes not yet enacted is not expected to be material.

There are no further factors which are expected to change the future tax charge of the company.

9. Dividends

	2009 £000	2008 £000
<i>Equity dividends on US Dollar ordinary shares</i>		
Ordinary dividend declared and paid	-	16,087
	-	16,087
<i>Equity dividends on US Dollar ordinary shares</i>		
Ordinary dividend per share declared and paid	-	1.48

Notes to the financial statements

at 31 December 2009

10 Intangible fixed assets

	<i>Goodwill £000</i>
<i>Cost</i>	
At 1 January 2009 and 31 December 2009	2,711
<i>Amortisation</i>	
At 1 January 2009	2,002
Provided during the year	135
At 31 December 2009	2,137
<i>Net book value</i>	
At 31 December 2009	574
At 1 January 2009	709

11. Tangible fixed assets

	<i>Land and buildings</i>		<i>Assets in course of construction</i>		
	<i>Freehold property £000</i>	<i>Leasehold property £000</i>	<i>Plant and machinery £000</i>	<i>£000</i>	<i>Total £000</i>
<i>Cost</i>					
At 1 January 2009	19,871	66	39,465	1,567	60,969
Additions	113	-	2,503	490	3,106
Disposals	-	-	(1,457)	-	(1,457)
Reclassifications	(73)	(1)	1,430	(1,356)	-
At 31 December 2009	19,911	65	41,941	701	62,618
<i>Depreciation</i>					
At 1 January 2009	4,005	65	23,077	-	27,147
Provided during the year	504	-	3,119	-	3,623
Disposals	-	-	(1,391)	-	(1,391)
At 31 December 2009	4,509	65	24,805	-	29,379
<i>Net book value</i>					
At 31 December 2009	15,402	-	17,136	701	33,239
At 1 January 2009	15,866	1	16,388	1,567	33,822

Included in freehold property is land with a cost of £1,594,000 (2008 £1,594,000) which is not depreciated

Notes to the financial statements

at 31 December 2009

12 Investments

	<i>Shares in group companies £000</i>
<i>Cost</i>	
At 1 January 2009 and 31 December 2009	50

There have been no provisions made against the value of investments

Principal group investments

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

<i>Name of Company</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Blotter Limited	100%	Holding Company
G&P Batteries Limited*	100%	Battery collection

* Held indirectly

13. Stocks

	<i>2009 £000</i>	<i>2008 £000</i>
Raw materials and consumables	11,931	3,437
Work in progress	8,689	10,418
Finished goods and goods for resale	5,636	8,477
Spares, tooling and consumable stores	1,881	1,878
	<u>28,137</u>	<u>24,210</u>

The differences between the above values of stocks and their replacement costs is not material

Notes to the financial statements

at 31 December 2009

14. Debtors

	2009	2008
	£000	£000
Trade debtors	15,170	9,137
Amounts owed by group undertakings	566	191
Amounts owed by group undertakings - cash pooling	5,540	-
Other taxation recoverable	1,313	308
Other debtors	220	961
Prepayments and accrued income	437	452
	<u>23,246</u>	<u>11,049</u>

15 Creditors: amounts falling due within one year

	2009	2008
	£000	£000
Trade creditors	3,862	3,060
Amounts owed to group undertakings	250	195
Amounts owed to group undertakings - cash pooling	1,483	17,056
UK corporation tax	360	2,517
Other taxation and social security	378	352
Other creditors	275	461
Accruals	2,033	2,694
	<u>8,641</u>	<u>26,335</u>

16 Creditors: amounts falling due after more than one year

	2009	2008
	£000	£000
Amounts owed to group undertakings	<u>11,121</u>	<u>11,121</u>

Notes to the financial statements

at 31 December 2009

17 Share capital

	2009 No	2009 £000	2008 No	2008 £000
<i>Authorised</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>
<i>Allotted, called up and fully paid</i>				
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

18 Reserves

	Share premium account £000	Profit and loss account £000
At 31 December 2008	3,860	34,510
Profit for the year	-	13,374
Actuarial loss on pension deficit, net of tax	-	(2,163)
At 31 December 2009	<u>3,860</u>	<u>45,721</u>

19. Commitments under operating leases

At 31 December 2009 the Company had annual commitments under non-cancellable operating leases as set out below

	2009		2008	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
<i>Operating leases which expire</i>				
Within one year	46	-	68	5
In two to five years	21	67	-	66
	<u>67</u>	<u>67</u>	<u>68</u>	<u>71</u>

Notes to the financial statements

at 31 December 2009

20. Pension benefits

The Company operates a final salary defined benefit pension scheme, the H J Enthoven Limited Pension Scheme "the scheme", which covers the majority of the UK employees. The scheme is funded by the payment of contributions to separately administered pooled funds. The scheme is closed to new members but continues to operate for existing members as well as for deferred members and pensioners. The Company also operates a defined contribution scheme for new employees, the costs of which are charged to the profit and loss account as incurred. The assets of the scheme are held separately from the Company in independently administered funds.

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

	2009 £000	2008 £000
<i>Scheme assets at fair value, invested in</i>		
Equities	32,339	26,982
Bonds	12,166	13,374
Gilts	16,628	10,994
	<u>61,133</u>	<u>51,350</u>
Present value of scheme liabilities	(73,352)	(62,353)
	<u>(12,219)</u>	<u>(11,003)</u>
Defined benefit pension deficit before deferred tax	(12,219)	(11,003)
Deferred tax asset (note 8(d))	3,421	3,081
	<u>(8,798)</u>	<u>(7,922)</u>

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.

The amounts of the defined benefit cost recognised in the profit and loss account and the statement of total recognised gains and losses for the years ended 31 December are analysed as follows:

	2009 £000	2008 £000
<i>Recognised in the profit and loss account</i>		
Current service cost	1,159	1,435
	<u>1,159</u>	<u>1,435</u>
Recognised in arriving at operating profit (note 4)	1,159	1,435
	<u>(3,205)</u>	<u>(3,895)</u>
Expected return on pension scheme assets	(3,205)	(3,895)
Interest cost on pension scheme liabilities	3,887	3,893
	<u>682</u>	<u>(2)</u>

Notes to the financial statements

at 31 December 2009

20 Pension benefits (continued)

	2009 £000	2008 £000
<i>Recognised in the statement of total recognised gains and losses</i>		
Actual return/ (loss) on pension scheme assets	8,141	(7,961)
Less expected return on scheme assets	(3,205)	(3,895)
	4,936	(11,856)
Actuarial (losses)/gains from changes in assumptions on scheme liabilities	(7,940)	9,372
Actuarial losses recognised in the statement of total recognised gains and losses	(3,004)	(2,484)

Pension assumptions

Pension contributions 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 market values at the respective balance sheet dates and overall expected rates of return are established by applying forecast returns on 15 year AA rated bonds and 20 year fixed interest gilts

	2009 %	2008 %
<i>Main assumptions</i>		
Rate of increase in salaries	4.5	4.5
Rate of increase in pensions in payment	3.5	3.0
Discount rate	5.7	6.2
Expected rates of return on scheme assets		
Equities	7.5	6.9
Bonds	5.7	6.2
Gilts	4.5	3.9
Inflation assumption	3.5	3.0
<i>Post retirement mortality</i>	<i>Years</i>	<i>Years</i>
Current pensioners at 65 – male	20.3	19.3
Current pensioners at 65 – female	23.4	22.1
Future pensioners at 65 – male	21.5	21.1
Future pensioners at 65 – female	23.6	24.0

The post-retirement mortality assumptions allow for expected increases in longevity. The current pensioners disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with “future pensioners” being that relating to an employee retiring between 2016 and 2031. Mortality rates are based on SAPS (YOB) MC tables (2008 PA92 tables), and projected to reflect improvements in life expectancy assumed to continue to 2020 with minimum improvement thereafter.

The discount rates are based on published indices for 15 year AA bonds derived from corporate bond yields which reflect the term of 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 2009 this expectation for future inflation was reduced by an inflation risk premium of 0.2% (2008 nil%).

Notes to the financial statements

at 31 December 2009

20. Pension benefits (continued)

The expected rates of return on equities add a premium of 1.8% to longer term government bond rates (or 3% to longer term gilt rates) in the United Kingdom. The expected rate of return on bonds and gilts is derived from their market values.

The total contributions to the defined benefit plan in 2010 are expected to be £3,693,000. Company pensions contributions include £2,200,000 (2008: £2,200,000) additional contributions as part of an agreed programme of seven payments of similar amounts to reduce the outstanding scheme deficit.

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 £103,000 (2008: £95,000). At 31 December 2009 there were £14,000 (2008: Nil) of outstanding contributions by the Company owing to the scheme.

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

	2009 £000	2008 £000
As at 1 January	62,353	68,188
Current service cost	1,159	1,435
Interest cost	3,887	3,893
Plan participants contributions	353	361
Benefits paid	(2,340)	(2,152)
Actuarial losses/ (gains)	7,940	(9,372)
As at 31 December	73,352	62,353

The defined benefit obligation comprises £73,352,000 (2008: £62,353,000) arising from a funded scheme. There are no unfunded schemes.

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

	2009 £000	2008 £000
As at 1 January	51,350	57,460
Expected return on plan assets	3,205	3,895
Employer contributions	3,629	3,642
Plan participants contributions	353	361
Benefits paid	(2,340)	(2,152)
Actuarial gains/ (losses)	4,936	(11,856)
As at 31 December	61,133	51,350

Notes to the financial statements

at 31 December 2009

20. Pension benefits (continued)

History of experience gains and losses

UK Pensions	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Fair value of scheme assets	61,133	51,350	57,460	52,381	49,384
Present value of defined benefit obligations	(73,352)	(62,353)	(68,188)	(69,394)	(62,122)
Deficit in the scheme	(12,219)	(11,003)	(10,728)	(17,013)	(12,738)
Experience adjustments arising on plan liabilities	(7,940)	9,372	4,814	(4,137)	(6,717)
Experience adjustments arising on plan assets	4,936	(11,856)	(464)	494	6,041

The cumulative amount of actuarial gains and losses recognised since 1 January 2003 in the statement of total recognised gains and losses is a £1,692,000 gain (2008 £4,696,000 gain)

The directors are unable to determine how much of the pension scheme deficit recognised on transition to FRS17 and taken directly to equity is attributable to actuarial gains and losses since inception of those pension schemes. Consequently, the directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the statement of total recognised gains and losses before 1 January 2003

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 market values, are as follows

	2009 £000	2008 £000
Commodity contracts (losses)/gains	(1,652)	3,379
Forward currency contracts (losses)	(59)	(109)

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.

22. Contingent liabilities

At 31 December 2008 and 2009, the Company, along with certain other group subsidiaries, has provided a guarantee relating to €235,000,000 of fixed interest bonds due 2013, issued by another group company, Eco-Bat Finance PLC. The amount outstanding at 31 December 2009 was €235,000,000 (2008 €235,000,000). On 7 April 2010 Eco-Bat Finance PLC redeemed €58,750,000 of its bonds.

At 31 December 2009 the Company had provided a guarantee to Lloyds TSB Bank PLC in respect of amounts due from time to time by the immediate parent to Lloyds TSB Bank PLC. There was no amount payable under the agreement as at 31 December 2009 (2008 £nil).

Notes to the financial statements

at 31 December 2009

23. Related party transactions

The Company has taken advantage of the exemption given by FRS 8 paragraph 3 (c) not to disclose transactions with related parties that are part of a group

The Company operates a monthly payroll on behalf of the HJ Enthoven Pension Scheme. At 31 December 2009, £175,000 (2008 £150,000) was owed to the Company and included in prepayments and accrued income

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 QX Holdings, 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 2009, the Company had capital commitments contracted but not provided for of £588,000 (2008 £1,519,000)

26. Post balance sheet event

See note 22, contingent liabilities, above