

H J Enthoven Limited

Report and Financial Statements

31 December 2008

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COMPANIES HOUSE

H J Enthoven Limited

Registered No: 2821551

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 2008.

Results and dividends

The profit for the year after taxation amounted to £36,298,000 (2007: £37,232,000). A dividend of £25,000,000, declared in December 2007 was paid in 2008. A further dividend of £16,087,000 was declared and paid in the current year (2007: £nil). There are no proposed dividends at 31 December 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 £148.9 million in 2007 to £133.1 million in 2008 a decrease of 10.6%. Sales volumes increased, but this was more than offset by a reduction in the average LME price of lead, which decreased from £1,284 per tonne in 2007 to £1,108 per tonne in 2008. Gross profit margins improved from 37.5% of turnover to 39.6% of turnover due to lower purchase prices. However the impact of this was offset by an increase in manufacturing costs per tonne due to higher energy, consumables, waste disposal and payroll costs, partly mitigated by lower maintenance costs. Distribution costs increased due to higher sales volumes and administration costs were controlled. The factors described above resulted in a net £3.8 million fall in operating profits to £43.4 million in 2008 from £47.2 million in 2007, representing 32.6% of turnover in (2007: 32.6%). The tax charge for the year decreased due to lower profits and the availability of additional group relief.

Outlook

In the second half of 2008 the LME price of lead declined significantly, having reached \$3,080 per tonne in the first quarter, but ended the year at \$963. Worldwide lead production is expected to increase further as new mine capacity comes on stream, and this will enable primary smelters to increase output. The LME lead price has stabilised and has shown a tendency to rise in the first half of 2009. Global lead production is forecast to rise slightly in 2009, by some 0.5%, to 8.555 million tonnes and consumption to drop by 1.1% to 8.430 million tonnes, resulting in a small global surplus, estimated at 125,000 tonnes. The current recessionary impact on automobile and industrial battery manufacturers will, in the short term, result in lower sales and gross margins. The second major consumer of lead is the building and construction industry which is also affected in the current downturn. The recessionary effects experienced by the Company's major consumers will have an impact on the level of lead sales in the first half of 2009 and as yet, there is no clear picture of the rate of sales recovery in the second half of 2009. The Company has therefore initiated a number of measures to minimise the impact of lower sales, by re-alignment of production to match customers' lower demand which will also be reflected in a reduction of operating costs against the 2009 budget. This will be accomplished without compromising the Company's ability to ramp-up production quickly if demand recovers to recent historic levels.

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.

Directors' report

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/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. Eco-Bat has more recently been investing in government backed certificates of deposit. 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.

Directors' report

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
M N Toyn (retired and resigned 30 April 2009)
A R Hampson
D L Wheeler

There are no other directors' interests requiring disclosure under the Companies Act 1985.

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 1985. 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 2008 the Company had an average of 6 days purchases outstanding in trade creditors. (2007: 7 days).

Political and charitable donations

During the year, the Company made charitable donations totalling £5,079 (2007: £5,168). There were no political donations (2007: £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.

The Eco-Bat Technologies Limited Group has adequate financial resources. The Company continually monitors the financial position of the Eco-Bat 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.

Directors' report

After making enquiries, the directors have a reasonable expectation that the Company and the 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.

Directors' statement as to disclosure of information to auditors

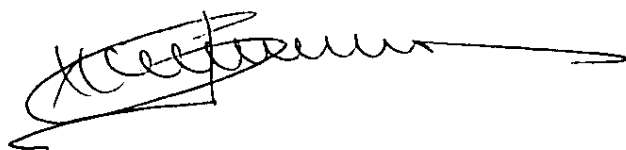
The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirm that:

- to the best of his knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are not aware; and
- he has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



G I Cummins
Secretary

8 July 2009

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 judgments and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 2008 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 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of H J Enthoven Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Birmingham

8 July 2009

Profit and loss account

for the year ended 31 December 2008

	Note	2008 £000	2007 £000
Turnover	2	133,141	148,898
Cost of sales		(80,352)	(93,115)
Gross profit		52,789	55,783
Distribution costs		(5,342)	(4,517)
Administrative expenses		(4,052)	(4,087)
Operating profit	3	43,395	47,179
Dividend from subsidiary		-	800
Interest receivable and similar income	6	507	786
Interest payable	7	(992)	(1,104)
		(485)	482
Profit on ordinary activities before taxation		42,910	47,661
Tax on profit on ordinary activities	8	(6,612)	(10,429)
Profit on ordinary activities after taxation	18	36,298	37,232

All profits are from continuing operations.

Statement of recognised gains and losses

for the year ended 31 December 2008

	2008 £000	2007 £000
Profit for the financial year	36,298	37,232
Pension fund actuarial (losses)/gains	(2,484)	4,350
Deferred taxation on pension fund actuarial losses/(gains)	696	(1,260)
Total gains and losses recognised since the last annual report	34,510	40,322

Reconciliation of shareholders' funds

for the year ended 31 December 2008

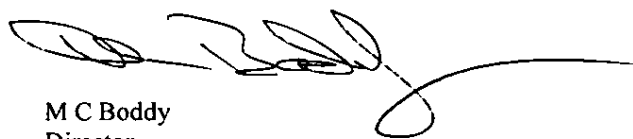
	Note	2008 £000	2007 £000
Total recognised gains and losses relating to the year		34,510	40,322
Dividends	9	(16,087)	(25,000)
Total movements during the year		18,423	15,322
Shareholders' funds at 1 January		26,966	11,644
Shareholders' funds at 31 December		45,389	26,966

Balance sheet

at 31 December 2008

	Note	2008 £000	2007 £000
Fixed assets			
Intangible assets	10	709	844
Tangible assets	11	33,822	31,045
Investments	12	50	50
		<u>34,581</u>	<u>31,939</u>
Current assets			
Stocks	13	24,210	31,408
Debtors	14	11,049	20,613
Cash at bank		21,544	6,954
		<u>56,803</u>	<u>58,975</u>
Creditors: amounts falling due within one year	15	(26,335)	(41,935)
Net current assets		<u>30,468</u>	<u>17,040</u>
Total assets less current liabilities		<u>65,049</u>	<u>48,979</u>
Creditors: amounts falling due after more than one year	16	(11,121)	(14,121)
Provisions for liabilities and charges			
Pension deficit	20	(7,922)	(7,724)
Deferred taxation	8	(617)	(168)
		<u>45,389</u>	<u>26,966</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	34,510	16,087
Equity shareholders' funds	18	<u>45,389</u>	<u>26,966</u>

The financial statements on pages 8 to 29 were approved by the Board of Directors on 8 July 2009 and were signed on its behalf by:



M C Boddy
Director

8 July 2009

Notes to the financial statements

at 31 December 2008

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 s228 of the Companies Act 1989, 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 Financial Reporting Standard No 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.

Tangible assets

All tangible fixed assets are initially recorded at cost.

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.

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.

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

Investments in subsidiaries

In the Company's financial statements, 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.

Notes to the financial statements

at 31 December 2008

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 by the parent 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.
- 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 in the profit and loss account on dispatch of goods, less allowance for rebates.

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.

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 FRS21.

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.

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

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 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 used to hedge future firm transactions are recognised only at the time that the transaction being hedged is itself recognised

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:

	2008 £000	2007 £000
United Kingdom	94,373	118,515
Rest of Europe	17,941	25,066
Rest of the World	20,827	5,317
	<u>133,141</u>	<u>148,898</u>

Notes to the financial statements

at 31 December 2008

3. Operating profit

This is stated after charging/(crediting):

	2008 £000	2007 £000
Auditors' remuneration - audit services	52	50
Depreciation of owned fixed assets	2,757	2,600
Amortisation of goodwill	135	135
Operating lease rentals - land and buildings	98	98
- plant and machinery	79	80
Hire of plant and equipment	96	61
Loss/ (profit) on disposal of tangible fixed assets	27	(6)
Foreign exchange gains	(281)	(8)

4. Staff costs

	2008 £000	2007 £000
Wages and salaries	8,666	8,567
Social security costs	745	687
Pension costs defined benefit scheme (note 20)	1,435	1,553
Pension costs defined contribution scheme (note 20)	95	84
	10,941	10,891

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

	2008 No.	2007 No.
Production staff	232	249
Distribution staff	29	14
Administrative staff	24	25
	285	288

Notes to the financial statements

at 31 December 2008

5. Directors emoluments

	2008 £000	2007 £000
Emoluments	974	786

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

	2008 £000	2007 £000
Emoluments	190	155
Accrued annual pension benefit of the highest paid director	31	23

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 (2007: all).

6. Interest receivable

	2008 £000	2007 £000
Bank interest receivable	495	786
Interest on loans to group companies	12	-
	507	786

7. Interest payable

	2008 £000	2007 £000
Bank interest payable	75	38
Corporation tax	64	-
Foreign exchange loss	159	7
Net interest (income)/cost on pension deficit	(2)	2
Interest on loans from group companies	696	1,057
	992	1,104

Notes to the financial statements

at 31 December 2008

8. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2008 £000	2007 £000
<i>Current tax:</i>		
UK corporation tax at 28.5% (2007: 30%)	5,584	10,372
Tax under-provided in previous years	(40)	(132)
Total current tax (note 8(b))	5,544	10,240
<i>Deferred tax:</i>		
Timing differences on pensions deficit (note 8(d))	619	581
Changes in tax rates on pensions deficit (note 8 (d))	-	259
Origination and reversal of timing differences (note 8(c))	701	304
Timing differences in respect of prior periods (note 8(c))	(252)	146
Change in tax rates other timing differences (note 8(c))	-	(12)
Removal of industrial buildings allowances (note 8(c))	-	(1,089)
Tax on profit on ordinary activities	6,612	10,429

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 rate applicable for the year ended 31 December 2008 is 28.5%.

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

	2008 £000	2007 £000
Profit on ordinary activities before taxation	42,910	47,661
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	12,229	14,298
<i>Effects of:</i>		
Disallowed expenses and non-taxable income	44	(194)
Capital allowances in excess of depreciation	(557)	(752)
Other timing differences	(165)	448
Pension deficit timing differences	(629)	(581)
Group relief not paid for	(5,338)	(2,847)
Adjustments in respect of previous periods	(40)	(132)
Total current tax (note 8(a))	5,544	10,240

Notes to the financial statements

at 31 December 2008

8. Tax (continued)

c) Deferred taxation liability/(asset)

	2008 £000	2007 £000
Capital allowances in advance of depreciation	936	612
Other timing differences	(319)	(444)
Provision for deferred taxation	<u>617</u>	<u>168</u>
	2008 £000	2007 £000
At 1 January	168	819
Profit and loss account movement arising during the year (note 8(a))	449	(651)
At 31 December	<u>617</u>	<u>168</u>

d) Deferred taxation asset on pension deficit

	2008 £000	2007 £000
At 1 January	3,004	5,104
Deferred tax charged to profit and loss (note 8 (a))	(619)	(581)
Deferred tax credited/(charged) to statement of recognised gains and losses	696	(1,260)
Deferred tax change in tax rates charged to profit and loss (note 8 (a))	-	(259)
At 31 December	<u>3,081</u>	<u>3,004</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 (2007: £118,000).

A contingent asset of £586,000 (2007: £586,000) being surplus UK ACT recoverable, has not been recognised in these financial statements.

Notes to the financial statements

at 31 December 2008

8. Tax (continued)

On the 22 April 2009 the UK Chancellor of the Exchequer announced a number of corporate tax reforms effective from 1 April 2008. The following changes to corporation tax will affect the Company;

- A dividend exemption is to be made available for distributions received on or after 1 July 2009, which applies to all UK dividends received by UK resident tax companies which meet the relevant conditions.
- New legislation effective from accounting periods beginning on or after 1 January 2010 will potentially restrict the amount of finance expense allowable for UK tax purposes, depending on the level of the worldwide external gross finance expense of the group of companies of which the Company is a part. Updated draft legislation has yet to be published, such that the impact on the Company cannot currently be quantified.
- A first year allowance of 40% for expenditure on plant and machinery has been announced if expenditure is incurred in the 12 months commencing 1 April 2009.

9. Dividends

	2008 £000	2007 £000
<i>Equity dividends on US Dollar ordinary shares:</i>		
Ordinary dividend declared and paid	16,087	-
Ordinary dividend declared	-	25,000
	<u>16,087</u>	<u>25,000</u>
<i>Equity dividends on US Dollar ordinary shares:</i>		
Ordinary dividend per share declared and paid	1.48	-
Ordinary dividend per share declared	-	2.30
	<u>1.48</u>	<u>2.30</u>

10. Intangible fixed assets

	<i>Goodwill</i> £000
<i>Cost:</i>	
At 1 January 2008 and 31 December 2008	2,711
<i>Amortisation:</i>	
At 1 January 2008	1,867
Provided during the year	135
	<u>2,002</u>
At 31 December 2008	
<i>Net book value:</i>	
At 31 December 2008	709
	<u>709</u>
At 1 January 2008	844
	<u>844</u>

Notes to the financial statements

at 31 December 2008

11. Tangible fixed assets

	<i>Land and buildings</i>			<i>Assets in course of construction</i>	<i>Total</i>
	<i>Freehold property £000</i>	<i>Leasehold property £000</i>	<i>Plant and machinery £000</i>	<i>£000</i>	<i>£000</i>
<i>Cost:</i>					
At 1 January 2008	16,264	66	28,617	11,421	56,368
Additions	454	-	3,826	1,290	5,570
Disposals	-	-	(969)	-	(969)
Reclassifications	3,153	-	7,991	(11,144)	-
At 31 December 2008	19,871	66	39,465	1,567	60,969
<i>Depreciation:</i>					
At 1 January 2008	3,574	65	21,684	-	25,323
Provided during the year	431	-	2,326	-	2,757
Disposals	-	-	(933)	-	(933)
At 31 December 2008	4,005	65	23,077	-	27,147
<i>Net book value:</i>					
At 31 December 2008	15,866	1	16,388	1,567	33,822
At 1 January 2008	12,690	1	6,933	11,421	31,045

Included in freehold property is land with a cost of £1,594,000 (2007: £1,594,000) which is not depreciated.

12. Investments

	<i>Shares in group companies £000</i>
<i>Cost:</i>	
At 1 January 2008 and 31 December 2008	50

There have been no provisions made against the value of investments

Notes to the financial statements

at 31 December 2008

12. 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>Proportion of voting rights and shares held</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
Blotter Limited	100%	Great Britain	Holding Company
G&P Batteries Limited*	100%	Great Britain	Battery collection

* Held indirectly

13. Stocks

	<i>2008 £000</i>	<i>2007 £000</i>
Raw materials and consumables	3,437	4,762
Work in progress	10,418	14,568
Finished goods and goods for resale	8,477	10,286
Spares, tooling and consumable stores	1,878	1,792
	<u>24,210</u>	<u>31,408</u>

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

14. Debtors

	<i>2008 £000</i>	<i>2007 £000</i>
Trade debtors	9,137	16,987
Amounts owed by group undertakings	191	1,080
Other taxation recoverable	308	435
Other debtors	961	1,859
Prepayments and accrued income	452	252
	<u>11,049</u>	<u>20,613</u>

Notes to the financial statements

at 31 December 2008

15. Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Trade creditors	3,060	6,034
Amounts owed to group undertakings	195	502
Amounts owed to group undertakings - cash pooling	17,056	1,393
UK corporation tax	2,517	5,643
Other taxation and social security	352	340
Accruals and deferred income	2,694	2,341
Dividend payable	-	25,000
Other creditors	461	682
	<u>26,335</u>	<u>41,935</u>

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

	2008	2007
	£000	£000
Amounts owed to group undertakings	<u>11,121</u>	<u>14,121</u>

17. Share capital

	2008	2008	2007	2007
	No.	£000	No.	£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.

Notes to the financial statements

at 31 December 2008

18. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 31 December 2006	7,019	3,860	765	11,644
Profit for the year	-	-	37,232	37,232
Actuarial gain on pension deficit	-	-	3,090	3,090
Dividends	-	-	(25,000)	(25,000)
At 31 December 2007	7,019	3,860	16,087	26,966
Profit for the year	-	-	36,298	36,298
Actuarial loss on pension deficit	-	-	(1,788)	(1,788)
Dividends	-	-	(16,087)	(16,087)
At 31 December 2008	7,019	3,860	34,510	45,389

19. Commitments under operating leases

At 31 December 2008 the Company had annual commitments under non-cancellable operating leases as set out below:

	<i>2008</i>		<i>2007</i>	
	<i>Land and buildings £000</i>	<i>Other £000</i>	<i>Land and buildings £000</i>	<i>Other £000</i>
<i>Operating leases which expire:</i>				
Within one year	57	5	17	22
In two to five years	-	66	77	21
	57	71	94	43

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.

Notes to the financial statements

at 31 December 2008

20. Pension benefits (continued)

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

	2008 £000	2007 £000
<i>Scheme assets at fair value, invested in:</i>		
Equities	26,982	36,657
Bonds	13,374	8,152
Gilts	10,994	12,651
	<u>51,350</u>	<u>57,460</u>
Present value of scheme liabilities	(62,353)	(68,188)
	<u>(11,003)</u>	<u>(10,728)</u>
Defined benefit pension deficit before deferred tax	(11,003)	(10,728)
Deferred tax asset (note 8(d))	3,081	3,004
	<u>(7,922)</u>	<u>(7,724)</u>
Net pension liability	<u>(7,922)</u>	<u>(7,724)</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:

	2008 £000	2007 £000
<i>Recognised in the profit and loss account:</i>		
Current service cost	1,435	1,553
	<u>1,435</u>	<u>1,553</u>
Recognised in arriving at operating profit	<u>1,435</u>	<u>1,553</u>
	<u>(3,895)</u>	<u>(3,471)</u>
Expected return on pension scheme assets	(3,895)	(3,471)
Interest cost on pension scheme liabilities	3,893	3,473
	<u>(2)</u>	<u>2</u>
Recognised in arriving at interest payable	<u>(2)</u>	<u>2</u>

Notes to the financial statements

at 31 December 2008

20. Pension benefits (continued)

	2008	2007
	£000	£000
<i>Recognised in the statement of recognised gains and losses:</i>		
Actual (loss)/return on pension scheme assets	(7,961)	3,007
Less: expected return on scheme assets	(3,895)	(3,471)
	(11,856)	(464)
Actuarial losses from changes in assumptions on scheme liabilities	9,372	4,814
Actuarial (losses)/gains recognised in the statement of recognised gains and losses	(2,484)	4,350

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.

	2008	2007
	%	%
<i>Main assumptions:</i>		
Rate of increase in salaries	4.5	4.9
Rate of increase in pensions in payment	3.0	3.4
Discount rate	6.2	5.6
Expected rates of return on scheme assets:		
Equities	6.9	7.5
Bonds	6.2	5.8
Gilts	3.9	4.5
Inflation assumption	3.0	3.4
<i>Post retirement mortality:</i>	<i>Years</i>	<i>Years</i>
Current pensioners at 65 – male	19.3	19.5
Current pensioners at 65 – female	22.1	22.1
Future pensioners at 65 – male	21.1	21.1
Future pensioners at 65 – female	24.0	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 in 2035. Mortality rates are based on PA92 tables, adjusted to reflect recent experience in the scheme, 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.

Notes to the financial statements

at 31 December 2008

20. Pension benefits (continued)

The expected rates of return on equities add a premium of 0.7% to longer term government bond 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 2009 are expected to be £3,707,000. Company pensions contributions include £2,200,000 (2007: £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 £95,000 (2007: £84,000). At 31 December 2007 and 2008 there were no outstanding contributions owing to the scheme.

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

	2008 £000	2007 £000
As at 1 January	68,188	69,394
Current service cost	1,435	1,553
Interest cost	3,893	3,473
Plan participants contributions	361	352
Benefits paid	(2,152)	(1,770)
Actuarial gains	(9,372)	(4,814)
As at 31 December	62,353	68,188

The defined benefit obligation comprises £62,353,000 (2007: £68,188,000) arising from a funded scheme. There are no unfunded schemes.

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

	2008 £000	2007 £000
As at 1 January	57,460	52,381
Expected return on plan assets	3,895	3,471
Employer contributions	3,642	3,490
Contributions by employees	361	352
Benefits paid	(2,152)	(1,770)
Actuarial losses	(11,856)	(464)
As at 31 December	51,350	57,460

Notes to the financial statements

at 31 December 2008

20. Pension benefits (continued)

History of experience gains and losses:

UK Pensions	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Fair value of scheme assets	51,350	57,460	52,381	49,384	40,915
Present value of defined benefit obligations	(62,353)	(68,188)	(69,394)	(62,122)	(52,570)
Deficit in the scheme	(11,003)	(10,728)	(17,013)	(12,738)	(11,655)
Experience adjustments arising on plan liabilities	9,372	4,814	(4,137)	(6,717)	(944)
Experience adjustments arising on plan assets	(11,856)	(464)	494	6,041	1,489

The cumulative amount of actuarial gains and losses recognised since 1 January 2003 in the statement of recognised gains and losses is a £4,696,000 gain (2007: £7,180,000 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 statements of 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:

	2008 £000	2007 £000
Commodity contracts gains	3,379	6,478
Forward currency contracts (losses)/gains	(109)	2

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 liability

At 31 December 2007 and 2008, 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 2008 was €235,000,000 (2007: €235,000,000).

At 31 December 2008 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 2008 (2007: £nil).

Notes to the financial statements

at 31 December 2008

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 2008, £150,000 (2007: £142,000) was owed to the Company and included in prepayments and accrued income.

24. Ultimate parent company and controlling party

The immediate parent company is Eco-Bat Technologies Limited, which 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 LLC. Quexco Incorporated, a subsidiary of QX Holdings LLC, consolidates the results of Eco-Bat Technologies Limited in its own financial statements. Quexco Incorporated and QX Holdings LLC are entities incorporated or otherwise organised in the State of Delaware, USA. The controlling party is the chairman of Eco-Bat Technologies Limited, H M Meyers.

25. Capital Commitments

At 31 December 2008, the Company had capital commitments contracted but not provided for of £1,519,000 (2007: £2,147,000).