Saft Limited

Report and Financial Statements

Year Ended

31 December 2017

Company Number 328857

Saft Limited

Report and financial statements
for the year ended 31 December 2017

Contents

Page:

Directors	Mrs T Collinson Mr J Taylor Mr I Carmi
Registered office	River Drive South Shields Tyne & Wear NE33 2TR
Company Secretary	Mr S Harrison
Auditors	KPMG LLP Quayside House 110 Quayside Newcastle Upon Tyne NE1 3DX

Saft Limited

Strategic report
for the year ended 31 December 2017

Strategy
Saft Limited's ("the Company") mission is to provide battery solutions to civil and military customers, on time, right first time and profitably. The strategy agreed to achieve this is that by embracing continuous improvement and best practice we will endeavour to be the preferred choice for the design and supply of cells and battery solutions in both civil and military markets. The Directors and Shareholders of the business believe that the financial performance during the year herein reported and for the years immediately preceding demonstrate that the Company is being managed in accordance with that mission and strategy, and further that the business plan for the future will continue to meet those requirements.

Future trends
During 2017 Ministry of Defence (MoD) restocking took place and will continue throughout 2018. During 2017 investment in the site rose and this is expected to continue during 2018 concerning equipment and people deployment and the improvement of process and efficiencies. Saft continues to support new equipment programmes introduced into service and the requirements for more sophistication from their portable power sources is continuing. The Company continues to develop its range of products and associated services to address these increasingly demanding applications.

Principal risks and uncertainties
The principal risks are:

1. Low price East Asian competition
2. Employee retention
3. Delays and cancellations of major defence equipment programmes
4. Supply chain disruption
5. Legislative changes
6. Financial risks

1. The Company's strategy of continuing to offer high specification and high added value products into demanding applications and markets (in particular to United Kingdom military customers), along with a robust local supply chain helps defend against low price competition.

2. Our employees' experience and skill sets are very important to the success of the business. The loss of key individuals and an inability to recruit suitably qualified replacements could adversely affect the business. To mitigate this risk, the Company has introduced a number of training and learning programmes for its employees, and has developed an employee retention policy and a number of schemes linking Company performance to individual remuneration packages. The development of on-site occupational health and work place ergonomic programmes also aids employee retention and wellbeing.

3. The Company's policy of continuing to increase its share of the civil market (both in home and export markets), and increasing demand from other group companies, reduces the impact should Government or MoD decisions be taken to delay and/or cancel major defence programmes in the United Kingdom.

4. The Company sources its material requirements both locally and internationally. Exposure to potential delays/ disruptions within the supply chain could adversely affect the business. To mitigate this, the Company pursues a policy of dual sourcing all critical materials and has in place effective supplier selection, purchasing and monitoring procedures.

5. United Kingdom, European Union and International legislation affects the business operations. Due to Saft's international presence, its use of internal and external consultants and internal controls, any changes to legislation are assessed – either locally, within the European Saft sites or internationally across the whole Saft group - and business actions taken to review impact on business strategy, ensure compliance and initiate 'best practice'. Following the result of the EU Referendum in June 2016 the Company continues to monitor the progress of the ongoing Brexit negotiations and will react accordingly to any legislative changes.

6. The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk.

    a. *Credit risk*
    Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Company only undertakes transactions with financial institutions which have a strong external credit rating. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made and the regular updating of customer credit ratings.

    b. *Liquidity risk*
    The Company manages its working capital to minimise additional funding requirements. However, the Company has access to group and external funds if required for ongoing operations and future investments.

    c. *Foreign exchange risk*
    The Company is exposed to foreign exchange risk as a result of its international operations. In particular the Company has exposure to the US dollar as a result of purchasing stock items from other group companies.

    These risks are monitored on a regular basis in order to limit any adverse effects on financial performance.

This report was approved by the board and signed on its behalf by:

T. Collinson
Director

17 September 2018

Directors' report
for the year ended 31 December 2017

The directors present their report and audited financial statements of the Company for the year ended 31 December 2017.

Business review and principal activities

Saft Limited is a wholly owned subsidiary of Saft Groupe SA which in turn is a wholly owned subsidiary of Total SA. The Company's activities in the United Kingdom include the design, manufacture and sale of a comprehensive range of primary (non-rechargeable) cells and batteries, and the design and assembly of secondary (rechargeable) batteries, all for use in the military and civil industrial markets, both in the United Kingdom and overseas.

The results for the Company show a profit on ordinary activities before taxation of £2,232,000 (2016: £1,867,000) for the year and turnover of £12,000,000 (2016: £9,218,000). The directors recommend the payment of a dividend of £650,000, (2016: £300,000).

Business environment

The economic climate in 2017 following the decision for Brexit created a cautious UK trading market. There remains significant uncertainty about the outcome of the current Brexit negotiations.

The Company's strategy continues to be to provide a local manufacturing source for its largest market (United Kingdom) and customers; providing a robust local supply chain based on the principles of quality, cost and delivery, and security/sovereignty of supply for the defence market.

The manufacturing activities are managed under latest 'lean manufacturing' philosophies using regularly reviewed policy deployment objectives and comprehensive key performance indicators, covering the six main business areas of:

- Quality
- Cost
- Delivery
- Market (needs/trends)
- Environment
- Morale

The overall business policy deployment objectives then cascade throughout the organisation in such a manner that all stakeholders have a clear understanding of how their roles, responsibilities and actions impact upon the overall business objectives. Throughout the organisation, plan, do, check and act activities are initiated by stakeholder multi-disciplined teams to continuously improve specific processes which contribute to overall business continuous improvement. The teams' recommendations and actions cover all areas – parts, people (training), process (improvement), plant (equipment – including capital expenditure) – of improvement and enhancement in order to meet business objectives.

Financial key performance indicators
The directors consider the financial KPI's of the business to be:

- Turnover
- Gross Margin
- Operational Costs
- Operating Working Capital

The actual performance of the business for the year is in line with the directors expectations for financial KPI's.

Other key performance indicators
The directors consider the non-financial KPI's of the business to be:

- On Time Delivery
- Health & safety compliance

The actual performance of the business for the year is in line with the directors expectations for non-financial KPI's.

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

Mrs T Collinson
Mr J Taylor
Mr I Carmi

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Matters covered in the strategic report

Certain information is not shown in the Directors' Report because it is shown in the Strategic Report instead under S414c(ii). The Strategic Report includes information on the principal risks and uncertainties of the business and information on both financial and non-financial key performance indicators.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved confirm that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Political Contributions

The company made no political donations or incurred any political expenditure in the year (2016: £nil.)

Auditor

During the year KPMG LLP were appointed as auditor. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Post Balance Sheet Events

The directors have recommended the payment of a dividend of £650,000 in 2018.

On behalf of the board

T. Collinson

T. Collinson
Director

River Drive
South Shields
Tyne & Wear
NE33 2TR

17 September 2018

Opinion

We have audited the financial statements of Saft Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of income and retained earnings, Statement of financial position and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting

Directors' responsibilities (continued)

unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Rachel Fleming

Rachel Fleming (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Date 24 September 2018

Saft Limited

Statement of income and retained earnings
for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	3	12,000	9,218
Cost of sales		(8,637)	(6,678)
Gross profit		3,363	2,540
Distribution costs		(517)	(425)
Administrative expenses		(963)	(585)
Other operating income		339	316
Operating profit	4	2,222	1,846
Interest receivable and similar income	7	10	21
Profit before taxation		2,232	1,867
Taxation on profit on ordinary activities	8	(447)	(397)
Profit for the financial year		1,785	1,470
Retained profits at 1 January		2,072	902
Dividends paid		(300)	(300)
Retained profits at 31 December		3,557	2,072

There were no recognised gains and losses for 2017 & 2016 other than those included in the statement of income and retained earnings.

There was no other comprehensive income for 2017 (2016: nil.)

The notes on pages 10 to 20 form part of these financial statements.

Saft Limited

Statement of financial position at 31 December 2017

Company registration 328857	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	9	**340**	453
Tangible assets	10	**2,034**	1,894
		2,374	2,347
Current assets			
Inventories	11	**687**	597
Debtors	12	**2,993**	3,566
Cash at bank and in hand		**6,044**	4,292
Current assets		**9,724**	8,455
Creditors: amounts falling due within one year	13	**(2,166)**	(2,332)
Net current assets		**7,558**	6,123
Total assets less current liabilities		**9,932**	8,470
Provision for Deferred Tax	16	**(57)**	(79)
Provisions for liabilities	14	**(103)**	(104)
Net assets		**9,772**	8,287
Capital and reserves			
Called up equity share capital	17	**5,840**	5,840
Share premium account		**375**	375
Retained Earnings		**3,557**	2,072
Total Equity		**9,772**	8,287

The financial statements were approved by the Board of Directors and authorised for issue on 17 September 2018

T.Collinson
Director

The notes on pages 10 to 20 form part of these financial statements.

1 Accounting policies

Saft Limited (the Company) is a private limited company (limited by share capital) incorporated in the United Kingdom. The address of its registered office and principal place of business is River Drive, South Shields, Tyne and Wear, NE33 2TR.

These financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the Company operates. All amounts in the financial statements have been rounded to the nearest £1,000.

The directors have prepared financial projections which forecast continued growth and profitability. These forecasts show that the Company should be able to operate within its facilities.

As a consequence, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the going concern basis of accounting continues to be appropriate in preparing the financial statements. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making this assessment.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies.

The Company's ultimate parent undertaking Total S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Total S.A. are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available from www.total.com.

The Company is a "qualifying entity" under FRS 102 and has therefore utilised the following disclosure exemptions available:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Total S.A include the disclosures equivalent to those required by FRS 102 the Company has also taken the exemptions available in respect of the following disclosures: Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Revenue

Turnover represents the amounts derived from the provision of goods and services to customers after the deduction of trade discounts and value added tax. Turnover is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are despatched to the buyer.

Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

1 Accounting policies *(continued)*

Property, Plant and Equipment (continued)

The Company adds to the carrying amount of an item the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold buildings	-	10 to 50 years
Plant and machinery	-	3 to 10 years
Computers	-	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Impairment of Goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Inventories

Inventories are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Foreign currency translation

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1 Accounting policies *(continued)*

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Intangible assets

a) Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight line basis over its useful economic life.
The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

(b) Research and development costs

Research expenditure is written off in the profit and loss account in the year in which it is incurred. Development expenditure is also written off to the profit and loss account, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred as an intangible fixed asset and amortised over the period during which the group is expected to benefit.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment costs in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

1 Accounting policies *(continued)*

Operating lease arrangements

Lease agreements where substantially all of the benefits and risks of ownership remain with the lessor are classified and accounted for as operating leases. Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Share based payment transactions

The Company is part of a number of group share-based payment plans operated by Total S.A., the ultimate parent. On the grounds of materiality, no employee expense, or corresponding movement in equity has been recognised over the period in which employees become unconditionally entitled to the awards under the group share-based payment plans.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

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

Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

3 Analysis of Turnover

	2017 £'000	2016 £'000
Analysis of turnover by country of destination:		
United Kingdom	**7,462**	4,600
Rest of Europe	**2,610**	2,926
United States of America	**1,725**	1,486
Other	**203**	206
	12,000	9,218

4 Operating profit

	2017 £'000	2016 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	**274**	268
Amortisation of intangible assets, including goodwill	**113**	113
Loss on disposal of tangible fixed assets	**9**	-
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**13**	13
Exchange Differences	**28**	(323)
Defined contribution pension cost	**225**	225

5 Employees

	2017 £'000	2016 £'000
Staff costs (including directors) consist of:		
Wages and salaries	**2,962**	2,502
Social security costs	**289**	266
Cost of defined contribution scheme	**225**	225
	3,476	2,993

The average number of employees (including directors) during the year was as follows:

	2017 Number	2016 Number
Production	**66**	61
Distribution	**11**	11
Administration	**18**	18
	95	90

6 Directors' remuneration

	2017 £'000	2016 £'000
Directors' emoluments	**246**	269
Company contributions to money purchase pension schemes	**21**	20
	267	289

There were 2 directors in the Company's defined contribution pension scheme (2016 – 2.)

The remuneration of the highest paid director was £160K (2016: £150K.) analysed as follows:

	2017 £'000	2016 £'000
Directors' emoluments	**146**	144
Company contributions to money purchase pension schemes	**14**	6
	160	150

7 Interest receivable and similar income

	2017 £'000	2016 £'000
Bank income receivable	**6**	16
Interest receivable from group undertakings	**4**	5
	10	21

8 Taxation on profit on ordinary activities

	2017 £'000	2016 £'000
Current tax		
Current tax on profits of the year	**469**	400
Total current tax	**469**	400
Deferred tax		
Origination and reversal of timing differences	**(22)**	(3)
Total deferred tax	**(22)**	(3)
Taxation on profit on ordinary activities	**447**	397

The tax assessed for the year is higher (2016 – higher) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2017 £'000	2016 £'000
Profit before tax	**2,232**	1,867
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.155% (2016 - 20%)	**427**	373
Effects of:		
Expenses not deductible for tax purposes	**1**	19
Accelerated capital allowances/other timing differences	**19**	5
Total tax charge for period	**447**	397

Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017.The deferred tax asset on 31 December 2017 has been calculated based on these rates.

9 Intangible assets

Company	**Goodwill £'000**
Cost or valuation	
At 1 January 2017	2,551
Additions	-
At 31 December 2017	**2,551**

9 Intangible assets (continued)

Amortisation	
At 1 January 2017	(2,098)
Provision for year	(113)
At 31 December 2017	**(2,211)**
Net book value	
At 31 December 2017	**340**
At 31 December 2016	453

10 Property, Plant and Equipment

Company	**Freehold land and property £'000**	**Plant and machinery £'000**	**Total £'000**
Cost			
At 1 January 2017	1,139	4,799	5,938
Additions	56	367	423
Disposals	-	(31)	(31)
At 31 December 2017	**1,195**	**5,135**	**6,330**
Depreciation			
At 1 January 2017	227	3,817	4,044
Provision for year	29	245	274
Disposals	-	(22)	(22)
At 31 December 2017	**256**	**4,040**	**4,296**
Net book value			
At 31 December 2017	**939**	**1,095**	**2,034**
At 31 December 2016	912	982	1,894

11 Inventories

	2017 £'000	2016 £'000
Raw materials and consumables	**451**	445
Work in progress (goods to be sold)	**124**	61
Finished goods and goods for resale	**112**	91
	687	597

The directors believe that there are no material differences between the carrying value and replacement costs of inventories.

Inventory recognised in cost of sales during the year as an expense was £4,919,000 (2016: £3,134,000).

12 Debtors

	2017 £'000	2016 £'000
Trade debtors	**815**	1,410
Amounts owed by group undertakings	**2,131**	2,091
Prepayments and accrued income	**47**	65
	2,993	3,566

Amounts owed by group undertakings are unsecured, interest free (except for cash deposits which bear interest at LIBOR less 0.15%) and are repayable on demand.

13 *Creditors: amounts falling due within one year*

	2017 £'000	2016 £'000
Trade creditors	**501**	534
Amounts owed to group undertakings	**180**	531
Taxation and social security	**193**	223
Corporation tax	**242**	217
Accruals and deferred income	**1,050**	827
	2,166	2,332

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

14 Provisions for liabilities

Company	Warranty Provision £'000
At 1 January 2017	104
Charged to profit or loss	8
Utilised in year	(9)
At 31 December 2017	**103**

15 Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost for the year was £225,000 (2016: £225,000). At 31 December 2017 £22,451 (2016: £21,929), representing the unpaid contributions, were outstanding and are held in accruals.

16 Deferred taxation

	Accelerated capital allowances 2017 £'000	Other Timing Difference 2017 £'000	Total 2017 £'000
Deferred tax liability	**(61)**	**4**	**(57)**

	Deferred Taxation £'000
At 1 January 2017	(79)
Credit to the profit and loss for the year	22
At 31 December 2017	**(57)**

17 Share capital

	2017 £'000	2016 £'000
Allotted, called up and fully paid		
5,839,754 (2016 – 5,839,754) ordinary shares of £1 each	**5,840**	5,840

There are no special voting rights attached to the shares. The shares are not redeemable but may be purchased back by the Company. The shareholders are entitled to dividends if declared by the Board of Directors.

18 Contingent liabilities

The Company is subject to the Waste Batteries and Accumulators Regulations 2009. Placing batteries onto the United Kingdom market has created a constructive obligation to dispose of waste batteries. The directors have considered the likely impact of this legislation and are satisfied that any potential liability arising on the Company would be insignificant.

In addition during the year the Company received a claim for damages from a supplier. The Company is taking appropriate advice from legal counsel and insurers in respect of this claim. On the basis that the claim is in the early stages the amount of any payment, if any, cannot be reliably estimated. In the event the claim was successful the directors believe this would be covered by insurance policies in place and hence the net financial impact would not be material to the financial statements.

19 Commitments under operating leases

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2017 Land & Buildings £'000	**2016 Land & Buildings £'000**	**2017 Other £'000**	**2016 Other £'000**
Not later than 1 year	-	2	**11**	12
Later than 1 year and not later than 5 years	-	-	**5**	16
Later than 5 years			**-**	-
Total	-	2	**16**	28

Operating lease payments expensed in the year under non-cancellable operating leases was £49,000 (2016: £56,000)

20 Capital commitments

	2017 £'000	**2016 £'000**
Contracted but not provided for	**202**	51

21 Ultimate controlling party and related party disclosures

The Company's immediate parent undertaking is Saft Finance SARL, a company incorporated in Luxemburg. The ultimate parent undertaking and controlling party is Total S.A, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of Total SA's consolidated financial statements can be obtained from 2 place Jean Millier, La Defense 6, 92400, Courbevoie, France. The smallest group to consolidate these financial statements is Saft Groupe S.A.

22 Post Balance Sheet Events

The directors have recommended the payment of a dividend of £650K in 2018