

EnerSys Limited

Report and Financial Statements

31 March 2008

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COMPANIES HOUSE

EnerSys Limited

Registered No: 731261

Directors

R R Kubis
M G Maine
R W Zuidema
W H Leonard

Secretary

Jordan Company Secretaries Limited

Auditors

Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

Registered Office

21 St Thomas Street
Bristol
BS1 6JS

Directors' report

The directors present their report and financial statements for the year ended 31 March 2008.

Results and dividends

The profit for the year after taxation amounted to £961,000 (2007: £5,005,000). The directors do not propose a dividend for the year ended 31 March 2008 (2007: £nil).

Research and development

Ongoing and new research and development programs have been established to launch new product ranges, enhance quality and increase the profitability of operations.

Principal activity and review of the business

The company is a wholly owned subsidiary of EnerSys, a company incorporated in the United States of America, whose financial statements are publicly available.

The principal activity of the company during the year continued to be the manufacture and distribution of industrial batteries. The directors do not expect any change in the principal activity during the next financial year.

In May 2007 the manufacturing facility at Newport became a toll manufacturer for a new European headquarters company, EH Europe GmbH, established in Switzerland.

On the 24th April 2008 the company sold its Manchester site making a profit of £2.7million. Sale proceeds were £3.7 million, with the net book value of the site being £1.0 million.

The Company has made a retained profit for the financial year of £961,000.

The balance sheet on page 9 of the financial statements shows that the company's financial position at the year end is, in both assets and cash terms, consistent with the prior year. Details of amounts owed from and to fellow group undertakings are shown in notes 13, 14 and 15 on page 20.

EnerSys manages its operations on a regional and divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the European region of EnerSys, which includes the company, is discussed in the group's annual report which does not form part of this report.

Environmental

EnerSys group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual Report, which does not form part of this Report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Directors' report

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

The company's export sales are principally made in Euros, with a portion in US dollars, and it is therefore exposed to the movement in the Euro to Pound exchange rate. The group's treasury function takes out contracts to manage this risk at a group level.

The company is financed by a fixed rate loan from its parent and has no third party debt. It therefore has no interest rate exposure.

Group risks are discussed in the group's annual report which does not form part of this report

Directors

The directors of the company who served during the year were as follows:

R R Kubis
M G Maine
R W Zuidema

W H Leonard was appointed as a director on 1 January 2009.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors 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 remains in force as at the date of approving the directors' report.

Suppliers' payment policy

It is company policy in respect of its suppliers to develop long-term relationships with them, which includes making payment consistent with established practices agreed with suppliers and ensuring that they are aware of the terms of payment and that such terms are followed.

The average number of days purchases included within creditors at 31 March 2008 was 44 days (2007: 51 days).

Employees

Information concerning employees and their remuneration is given in note 6. It is company policy to ensure continued employment, where possible, to employees who become temporarily or permanently disabled. To satisfy that need, consultative procedures enable management and other employees to discuss matters of mutual interest, including health and safety. Through these procedures, departmental channels and the publication of financial and economic information, employees are kept informed about company and EnerSys group affairs.

In order to safeguard its employees, the company pursues a policy designed to provide secure working environments and training standards at all operating locations. The company also recognises the need to provide information on matters of concern to employees.

Directors' report

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 each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are not aware; and
- Each director 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 the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board



M G Maine

Director

Date: 21 January 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of EnerSys Limited

We have audited the company's financial statements for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 28. 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the 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 judgments 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 EnerSys 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 March 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
Bristol
Date

22 January 2009

Profit and loss account

for the year ended 31 March 2008

	<i>Notes</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Turnover	2	97,440	87,326
Cost of sales		(85,618)	(72,827)
Gross profit		11,822	14,499
Selling and distribution costs		(3,629)	(3,544)
Administrative expenses		(2,068)	(4,328)
Other operating (expense)		(4,419)	(241)
Operating profit	3	1,706	6,386
Profit/(loss) on disposal of fixed assets		6	(16)
Profit on ordinary activities before interest and taxation		1,712	6,370
Interest payable and similar charges	6	(1,639)	(1,339)
Interest receivable and similar income	7	752	265
Profit on ordinary activities before taxation		825	5,296
Tax on profit on ordinary activities	8	136	(291)
Retained profit for the financial year	18	961	5,005

All results arise from continuing activities.

Statement of total recognised gains and losses

for the year ended 31 March 2008

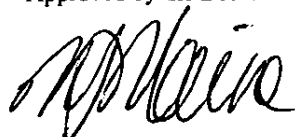
	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Profit for the year	961	5,005
Actuarial (loss)/gain recognised on pension scheme (note 23e)	(534)	(476)
Movement in deferred taxation in respect of pension scheme assets	150	142
Total recognised gain for the year	577	4,671

Balance sheet

at 31 March 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Intangible assets	9	3,913	4,195
Tangible assets	10	13,992	17,021
Investments	11	16,907	16,907
		<u>34,812</u>	<u>38,123</u>
Current assets			
Stocks	12	4,408	9,667
Debtors	13	79,080	75,928
Cash and short-term deposits		244	90
		<u>83,732</u>	<u>85,685</u>
Creditors: amounts falling due within one year	14	(48,366)	(42,738)
Net current assets		<u>35,366</u>	<u>42,947</u>
Total assets less current liabilities		<u>70,178</u>	<u>81,070</u>
Creditors: amounts falling due after more than one year	15	-	(11,211)
Provisions for liabilities and charges	16	(1,938)	(2,472)
Net assets excluding pension asset		<u>68,240</u>	<u>67,387</u>
FRS 17 pension liability	23b	(508)	(232)
Net assets including pension (liability)/asset		<u>67,732</u>	<u>67,155</u>
 Capital and reserves			
Called up share capital	17	68,308	68,308
Profit and loss account	18	(576)	(1,153)
Equity shareholders' funds		<u>67,732</u>	<u>67,155</u>

Approved by the Board



M G Maine

Director

Date: 21 January 2009

Reconciliation of movements in shareholders' funds

for the year ended 31 March 2008

	<i>Share Capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 1 April 2006	68,308	(5,824)	62,484
Profit for the year	-	5,005	5,005
Other recognised losses	-	(334)	(334)
At 31 March 2007	68,308	(1,153)	67,155
Profit for the year	-	961	961
Other recognised losses	-	(384)	(384)
At 31 March 2008	68,308	(576)	67,732

Notes to the financial statements

at 31 March 2008

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with all applicable UK accounting standards.

Consolidated financial statements

The financial statements contain information about EnerSys Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as its results and those of its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, EnerSys, a company incorporated in the United States of America.

Statement of cash flows

A statement of cash flows has not been presented because EnerSys Limited is a subsidiary undertaking of EnerSys who prepare consolidated financial statements that include the results of EnerSys Limited and that are publicly available.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the year end. Exchange differences arising from the re-translation of foreign currency denominated assets and liabilities together with other exchange differences arising in the year are included in the profit and loss account.

Turnover

Turnover represents the invoiced value of goods and services supplied by the company, to third parties, excluding value added tax.

Research and development

Research and development expenditure is expensed as incurred.

Pension costs

The company operates a defined benefit and defined contribution scheme.

In respect of the defined benefit scheme, the expected costs of providing pensions are charged to the profit and loss account so as to spread the costs over the service lives of the participating employees. The costs are assessed in accordance with the advice of actuaries and provision is made in the financial statements with the associated deferred taxation effect. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Company contributions made to the defined contribution scheme are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 31 March 2008

1. Accounting policies (continued)

Depreciation and tangible fixed assets

Tangible fixed assets are depreciated to their residual values on a straight-line basis over their estimated useful lives at the following rates applied to original cost:

Freehold land	–	nil
Freehold and long leasehold buildings	–	2% - 5%
Short leasehold buildings	–	remaining lease period
Plant and machinery	–	7% - 35%
Computer software systems	–	10% - 25%

Impairment of fixed assets

Impairment reviews are undertaken if there are indications that the carrying values may not be recoverable.

Intangibles

Intangible fixed assets have arisen from the purchase of the Motive Power Division of Fiamm UK Limited, Motive Power. It is covered in 3 elements Goodwill, Customer List and Customer Non Compete.

Goodwill from the purchase of the trade and assets of the Motive Power division of Fiamm UK has been capitalised in accordance with FRS 10 and is amortised over a period of 20 years

Customer List represents the value associated with the customer list purchased from the business segment of Fiamm UK and is amortised over 5 years.

Customer Non-Compete is an agreement between EnerSys and Fiamm UK for a period of 5 years and is amortised over this period.

A manufacturing license has also been purchased allowing the company to use a method of manufacturing a Motive product. The agreement is for 5 years and is amortised over this period.

Leased assets

Rentals under operating lease are charged to the profit and loss account on a straight line basis.

Investments

Investments in subsidiary undertakings are held at cost less amounts written off and provisions for impairment.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost comprises the cost of raw materials and an appropriate proportion of labour and overheads. Provision is made for obsolete and slow moving items.

Cash and borrowings

Cash and short-term deposits at the balance sheet date are deducted from bank loans and overdrafts where formal rights of set-off exist.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful life of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income in the period to which they relate.

Notes to the financial statements

at 31 March 2008

1. Accounting policies (continued)

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 revaluation of fixed assets, or gains on 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.
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

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 substantially enacted at the balance sheet date.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and arises from goods produced in the United Kingdom.

The company operates in one business sector, the manufacture and sale of batteries.

An analysis of turnover by geographical destination is as follows:

	2008 £000	2007 £000
United Kingdom	63,610	51,261
Rest of Europe	26,981	25,002
The Americas	2,281	5,748
Asia Pacific	1,493	2,806
Africa and Middle East	3,075	2,509
	<u>97,440</u>	<u>87,326</u>

Notes to the financial statements

at 31 March 2008

3. Operating profit

Operating profit is stated after charging/(crediting):

	2008 £000	2007 £000
Auditors' remuneration – audit fees	46	51
– non-audit fees	18	41
Amortisation of goodwill and intangibles	250	252
Depreciation of owned fixed assets	2,776	3,345
Impairment of owned fixed assets	1,357	17
Research and development expenditure	204	227
Operating lease rentals – plant and machinery	384	472
– land and buildings	41	41
FRS 17 pension current service cost (note 23c)	1,575	1,483
Foreign exchange (loss)/gain on group loans	(2,421)	497

4. Directors' emoluments

	2008 £000	2007 £000
Emoluments	-	102
Company contributions paid to defined benefit schemes	-	2
	-	104

	2008 No.	2007 No.
Members of defined benefit schemes	1	1

Notes to the financial statements

at 31 March 2008

5. Staff costs

	2008	2007
	£000	£000
Wages and salaries	15,171	20,317
Social security costs	1,221	1,493
Other pension costs (see note 22)	1,575	1,483
	<u>17,967</u>	<u>23,293</u>

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

	2008	2007
	No.	No.
Administration	91	96
Production	424	447
Sales and marketing	92	111
	<u>607</u>	<u>654</u>

6. Interest payable and similar charges

	2008	2007
	£000	£000
Interest payable on bank loans, overdrafts and other loans	(427)	(53)
Interest payable to group undertakings	(1,212)	(1,286)
	<u>(1,639)</u>	<u>(1,339)</u>

7. Interest receivable and similar income

Interest receivable on bank loans, overdrafts and other loans	-	3
Interest receivable from group undertakings	679	179
FRS 17 other finance income – (note 23d)	73	83
	<u>752</u>	<u>265</u>

Notes to the financial statements

at 31 March 2008

8. Tax on profit on ordinary activities

a) Analysis of tax charge

	2008	2007
	£000	£000
<i>UK corporation tax:</i>		
Current tax on income for the year	198	1,201
Adjustments in respect of prior years	72	(915)
Total current tax (note 8b)	270	286
<i>Deferred tax:</i>		
Origination and reversal of timing differences – current year	(414)	347
Adjustments in respect of prior years	(44)	(264)
Movement in deferred tax in respect of pension scheme assets	52	(78)
Tax on profit on ordinary activities	(136)	291

(b) Factors affecting the tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2007: 30%). The differences are reconciled below:

	2008	2007
	£000	£000
Profit on ordinary activities before tax	825	5,296
Tax charge on ordinary activities at 30%	248	1,589
Adjustments in respect of prior years	72	(915)
Group relief received without payment	(478)	(215)
Other permanent differences	40	174
Timing differences provided	388	(347)
Total current tax (note 8a)	270	286

c) Factors that may affect future tax charges

EnerSys Limited is a UK resident company in the EnerSys Holdings UK Limited group and as a consequence, the company is eligible to surrender UK group relief to, or claim UK group relief from, other EnerSys Holdings UK Limited group companies. These claims and/or surrenders may be made with or without charge.

Notes to the financial statements

at 31 March 2008

9. Intangible fixed assets

	<i>Goodwill</i> £000	<i>Technology</i> £000	<i>Customer list</i> £000	<i>Customer non compete</i> £000	<i>Total</i> £000
<i>Cost:</i>					
At 1 April 2007	4,468	35	76	58	4,637
Additions	-	-	-	-	-
Disposal	-	(35)	-	-	(35)
At 31 March 2008	4,468	-	76	58	4,602
<i>Accumulated depreciation:</i>					
At 1 April 2007	(390)	(2)	(28)	(22)	(442)
Charge for the year	(223)	-	(15)	(11)	(249)
Disposal	-	2	-	-	2
At 31 March 2008	(613)	-	(43)	(33)	(689)
<i>Net book value:</i>					
At 31 March 2008	3,855	-	33	25	3,913
At 31 March 2007	4,078	33	48	36	4,195

Goodwill relates to the purchase of the trade and assets of the Motive Power division of Fiamm UK and has been capitalised in accordance with FRS 10 and is amortised over a period of 20 years

Customer list represents the value associated with the customer list purchased from the business segment of Fiamm UK and is amortised over 5 years. During the year the company transferred its Technology Manufacturing License to EH Europe GmbH.

Notes to the financial statements

at 31 March 2008

10. Tangible fixed assets

	<i>Land and buildings</i> £000	<i>Plant and machinery</i> £000	<i>Total</i> £000
<i>Cost:</i>			
At 1 April 2007	8,375	77,792	86,167
Additions	-	1,615	1,615
Disposals	-	(1,241)	(1,241)
At 31 March 2008	8,375	78,166	86,541
<i>Accumulated depreciation:</i>			
At 1 April 2007	5,890	63,256	69,146
Charge for the year	64	2,712	2,776
Disposals	-	(730)	(730)
Impairment	-	1,357	1,357
At 31 March 2008	5,954	66,595	72,549
<i>Net book value:</i>			
At 31 March 2008	2,421	11,571	13,992
At 31 March 2007	2,485	14,536	17,021

The net book value of land and buildings at 31 March comprises:

	<i>2008</i> £000	<i>2007</i> £000
Freehold and long leasehold	2,421	2,485

Notes to the financial statements

at 31 March 2008

11. Investments

	<i>Shares in subsidiary undertakings £000</i>
<i>Cost:</i>	
At 1 April 2007 and 31 March 2008	17,413
<i>Provisions:</i>	
At 1 April 2007 and 31 March 2008	506
<i>Net book value:</i>	
At 31 March 2007 and 31 March 2008	16,907

Details of the company's principal subsidiary undertakings are as follows:

<i>Name of company</i>	<i>Country of registration, incorporation and operation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
VHB Industrial Batteries Limited	England and Wales	Ordinary shares	100%	Dormant
Hawker Batteries Limited	England and Wales	Ordinary shares	100%	Dormant

As permitted by section 231 (5) of the Companies Act 1985, only principal subsidiary undertakings are shown above. A complete list of all subsidiary undertakings is filed with the company's annual return.

Group financial statements have not been prepared because the company is a wholly owned subsidiary of Chloride Industrial Batteries Ltd, a company registered in England and Wales. As a result, the financial statements present information about the company as an individual undertaking and not about its group.

12. Stocks

	<i>2008 £000</i>	<i>2007 £000</i>
Raw materials and consumables	112	1,380
Work in progress	740	3,103
Finished goods	3,556	5,184
	<u>4,408</u>	<u>9,667</u>

Notes to the financial statements

at 31 March 2008

13. Debtors

	2008	2007
	£000	£000
Trade debtors	14,451	14,704
Amounts due from fellow group undertakings	64,318	60,609
Other debtors	47	53
Prepayments and accrued income	264	477
Corporation tax receivable	-	85
	<u>79,080</u>	<u>75,928</u>

14. Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Trade creditors	3,170	6,869
Amounts owed to fellow group undertakings	39,445	29,297
Corporation tax	440	-
Other taxes and social security	2,411	1,279
Other creditors	1,317	1,566
Accruals and deferred income	1,583	3,727
	<u>48,366</u>	<u>42,738</u>

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

	2008	2007
	£000	£000
Loans owed to fellow group undertakings	-	11,211
	<u>-</u>	<u>11,211</u>

Notes to the financial statements

at 31 March 2008

16. Provisions for liabilities and charges

	<i>Deferred taxation £000</i>	<i>Restructuring £000</i>	<i>Total £000</i>
At 1 April 2007	1,734	738	2,472
Utilised in year	-	(738)	(738)
Charged/(credited) during the year	(458)	662	204
At 31 March 2008	<u>1,276</u>	<u>662</u>	<u>1,938</u>

The provision for restructuring costs predominantly relates to the reorganisation of the Manchester site which was announced shortly before year end. The remaining provision relates to committed costs which are expected to be incurred in the future.

An analysis of the deferred tax provision at 31 March is as follows:

	<i>2008 £000</i>	<i>2007 £000</i>
<i>Deferred tax assets and liabilities are analysed as follows:</i>		
Accelerated capital allowances	1,415	1,976
Other timing differences	(139)	(242)
Included in provisions for liabilities and charges	<u>1,276</u>	<u>1,734</u>
Included in net pension liability (note 23b)	(198)	(100)
Net deferred tax liability	<u>1,078</u>	<u>1,634</u>

17. Share capital

	<i>2008 No.</i>	<i>2008 £000</i>	<i>2007 No.</i>	<i>2007 £000</i>
<i>Authorised:</i>				
Ordinary shares of £1 each	100,000,000	100,000	100,000,000	100,000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	<u>68,307,783</u>	<u>68,308</u>	<u>68,307,783</u>	<u>68,308</u>

Notes to the financial statements

at 31 March 2008

18. Reserves

	<i>Profit and loss account</i> £000
At 31 March 2006	(5,824)
Profit for the year	5,005
Other recognised gains	(334)
At 1 April 2007	(1,153)
Profit for the year	961
Other recognised (losses)	(384)
At 31 March 2008	(576)

19. Capital commitments

	2008 £000	2007 £000
Contracted for but not provided	1,776	-

20. Other financial commitments

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

	2008			2007		
	<i>Land and buildings</i> £000	<i>Other</i> £000	<i>Total</i> £000	<i>Land and buildings</i> £000	<i>Other</i> £000	<i>Total</i> £000
Within one year	17	53	70	41	112	153
Within two to five years	-	563	563	-	202	202
	17	616	633	41	314	355

21. Contingent liabilities

In accordance with provisions contained in the Value Added Tax Act 1983, the company has entered into a joint and several guarantee for group registrations.

The company has contingent liabilities arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

Notes to the financial statements

at 31 March 2008

22. Pension arrangements

a) Invensys Pension Scheme

From 6 April 2000 through to 5 July 2002, the UK employees of EnerSys Limited were eligible for membership of the Invensys Pension Scheme, which arose from the merger of the BTR Group Pension Scheme and the Siebe Pension Scheme as at that date. The Invensys Pension Scheme and its predecessors are funded defined benefit schemes. Contributions have been made in accordance with the recommendations of independent actuaries based on pension costs across the eligible group. Contributions made to the scheme during the year were £nil (2007: £nil).

b) EnerSys UK Defined Benefit Pension Scheme

The company commenced operating the EnerSys UK Defined Benefit Pension Scheme on 6 July 2002. This is a funded defined benefit plan for employees who were members of the Invensys Pension Scheme and Defined Contribution plan for members employed by EnerSys Limited after 22 March 2002. The assets of the plan are held separately from those of the company and are invested in managed funds.

The EnerSys UK Defined Benefit Pension Scheme commenced on 6 July 2002. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations. The assumptions which have the most significant effect on the results are salary growth at 3.5% per annum, price inflation at 3.5% per annum and present and future pensions to increase by 3.25% per annum on that part of the pension in excess of the members' guaranteed minimum pension.

The charge for the year amounted to £1,575,000 (2007: £1,483,000), which represents the current service cost of the scheme in the year.

c) EnerSys UK Defined Contribution Pension Scheme

The company also operates a defined contribution pension scheme, the assets of which are held in an independently administered fund. Contributions are charged to the profit and loss account as and when incurred. The total contributions charged to the profit and loss account in the year were £191,000 (2007: £206,000).

23. FRS 17 Retirement benefits

a) Composition of the defined benefit scheme

The company operates a defined benefit scheme in the UK, being the EnerSys UK Defined Benefit Pension Scheme. An actuarial valuation was carried out as at 31 March 2008 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2008	2007	2006
	%	%	%
Rate of increase in salaries	3.50	3.00	3.00
Rate of increase in pensions in payment	3.25	3.00	3.00
Discount rate	5.75	5.25	5.00
Inflation assumption	3.50	3.00	3.00

Notes to the financial statements

at 31 March 2008

23. FRS 17 Retirement benefits (continued)

b) The assets in the scheme and the expected rates of return were

	2008		2007		2006	
	<i>Long term rate of return expected</i>	<i>Value</i>	<i>Long term rate of return expected</i>	<i>Value</i>	<i>Long term rate of return expected</i>	<i>Value</i>
	%	£000	%	£000	%	£000
Equities	7.00	7,325	6.75	6,605	6.75	5,410
Bonds	6.75	2,321	5.25	2,001	5.75	1,665
Gilts	4.50	1,778	4.75	1,500	4.75	1,248
Cash	4.00	32	4.00	47	3.75	58
Total market value and assets		11,456		10,153		8,381
Present value of scheme liabilities		(12,162)		(10,485)		(7,978)
Scheme (deficit)/surplus		(706)		(332)		403
Related deferred tax asset/(liability)		198		100		(120)
Net pension (liability)/asset		(508)		(232)		283

c) Amounts charged to operating profit

	2008	2007
	£000	£000
Current service cost	1,575	1,483
Total operating charge	1,575	1,483

d) Amounts credited to other finance income

	2008	2007
	£000	£000
Expected return on pension scheme assets	674	565
Interest on pension scheme liabilities	(601)	(482)
Net return	73	83

Notes to the financial statements

at 31 March 2008

23. FRS 17 Retirement benefits (continued)

e) Amounts recognised in the statement of total recognised gains and losses (STRGL):

	2008 £000	2007 £000
Actual return less expected return on pension scheme assets	(1011)	(50)
Experience gains and losses arising on the scheme liabilities	74	(156)
Changes in assumptions underlying the present value of the scheme liabilities	403	(270)
Actuarial (loss)/gain recognised in STRGL	<u>(534)</u>	<u>(476)</u>

f) Movement in the surplus during the year:

	2008 £000	2007 £000
Surplus (deficit) at the start of the year	(332)	403
Current service cost	(1,575)	(1,483)
Contributions	1,662	1,141
Other finance income/(charges)	73	83
Actuarial (loss)/gain	(534)	(476)
(Deficit)/surplus in scheme	<u>(706)</u>	<u>(332)</u>

g) History of experience gains and losses

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Difference between the expected and actual return on scheme assets:					
Amount £000	(1,011)	(50)	1,021	397	82
Percentage of scheme assets	8.8%	0.5%	12.2%	7.0%	2.2%
Experience (losses)/gains on scheme liabilities:					
Amount £000	74	(156)	79	167	13
Percentage of present value of scheme liabilities	0.6%	1.5%	1%	3.0%	0.4%
Total actuarial gain recognised in statement of total recognised gains and losses:					
Amount £000	(534)	(476)	662	421	98
Percentage of present value of scheme liabilities	4.4%	4.5%	8.3%	7.5%	2.7%

Notes to the financial statements

at 31 March 2008

24. Share based payments

Share options in the company's ultimate parent undertaking, EnerSys, are granted to senior executives of the company for services they provide across the group. The nature and extent of share based payments is disclosed in the accounts of the company's ultimate parent undertaking. The charge in relation to the grant of these options has been taken in the ultimate parent company's financial statements.

25. Related party transactions

The company has taken advantage of the exemptions in FRS 8 from disclosing transactions with other related parties forming part of the EnerSys Group of companies as it is a wholly owned subsidiary undertaking.

26. Immediate parent undertaking

The immediate parent undertaking of EnerSys Limited is Chloride Industrial Batteries Ltd, a company registered in England and Wales.

27. Ultimate parent undertaking

The company's ultimate parent undertakings and controlling party is EnerSys, a company incorporated in the United States of America. Copies of the group financial statements are available from the parent undertakings registered office at EnerSys, 2366 Bernville Road, Reading, PA 19605, USA.

28. Post balance sheet event

On 24th April 2008 the company sold its Manchester facility for £3.7million, the net book value of the property was £1.0 million making a profit on disposal of £2.7 million.