Company number: 731261

EnerSys Limited

Report and Financial Statements

31 March 2023

Registered No: 731261

Company information

Directors

P L T Arrowsmith
T L Gibbons
M E Matthews
L B Debrue

Secretary

LDC Nominee Secretary Limited

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers

HSBC Bank Plc
26 Broad Street
Reading
RG1 2BU

Registered Office

Stephenson Street
Newport
South Wales
NP19 4XJ
United Kingdom

Strategic report for the year ended 31 March 2023

The directors present their strategic report on the company for the year ended 31 March 2023. The directors are responsible for preparing the Strategic Report and the financial statements in accordance with applicable law and regulations.

Review of the business

The profit for the year after taxation amounted to £6,099,000 (2022 profit: £4,320,000).

The company is a wholly owned subsidiary of Enersys Inc., 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.

The Statement of financial position on page 13 of the financial statements shows the company's financial position at the year end. Details of amounts owed from and to fellow group undertakings are shown in notes 16 and 17 on page 25.

Enersys Group 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 Group, which includes the company, is discussed in the group's annual report which does not form part of this 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.

Inflationary impact & supply chain

The energy markets continued to be a challenge with energy prices rising to unprecedented levels, the plant has navigated through this as best they could but inevitably this has a significant impact on costs. Supply chain disruption was again a feature which was addressed by working with the supply chain on alternative materials and balancing stocks with other factories within the group.

Foreign currency risks

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

Credit risks & interest rate risks

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.

Section 172(1) statement

The Company has a structure which provides a framework for the Directors to make decisions for the long-term success of the Company and its stakeholders. That structure enables compliance with the requirements of Section 172 of the Companies Act 2006 through corporate practices based on the principles of transparency, equity, accountability and corporate responsibility.

When decisions are made, the Board of Directors has regard for matters set out in Section 172(1)(a) to (f) of the Companies Act 2006, when performing its duties under Section 172 and considers the following.

Strategic report for the year ended 31 March 2023 (continued)

Interests of Employees

The reputation, performance and longevity of the company depend on an engaged and involved workforce.

There are quarterly Employee Engagement surveys to ensure the company understands employee's mood and opinions and act accordingly.

Quarterly Continuous Performance Management (CPM) reviews are carried out ensuring that employee development and concerns are realised and supported.

The company has a duty to monitor and minimise Lead in Blood levels. Health and safety and lead-in-blood ratios have continued to improve through the last year.

Key decisions:

Harmonisation of pay grades were proposed and accepted during the pay negotiations which have been a source of contention and entry pay grades increased to help to solve the availability of temporary workers.

The canteen roof has been overclad and this will lead to further developments inside the facility now that it is watertight

Customer relationship

Customer relations and integration are at the forefront of the company's success. The company drives to give customers a quality product and service that exceeds their expectations. There is a constant dialogue with customers to ensure our products and the company can meet their current and future expectations.

Key decisions:

Capital investment on Assembly Line 1 has now been completed and The EP family range transferred from Warrensburg USA as part of the "make in the region for the region" initiatives. Line 3 assembly continues to perform well following the introduction of robots on the front end of the line. This will enable to increase production capacity and shorten lead times.

Supplier relationship

As with Customers, Supplier relations and integration are also a priority for the company.
The company carries out regular audits on suppliers and works with them to rectify any deficiencies or implement any potential improvements that are mutually beneficial.

Key decisions:

A plan for improved energy sustainability has been developed to include use of waste heat, solar panels, led lighting and more efficient motors.

Shareholders

Enersys Limited is part of the Enersys Group.
The Ultimate shareholder is Enersys Inc. who are responsible for the strategy of the group and Enersys Ltd.
Key decisions.
The engagement of shareholders is carried out by the Directors of Enersys Inc.
The directors of Enersys Limited have regard for the strategy set by its ultimate parent company and make decision in line with their goals and in the best interests of Enersys Limited.

By order of the board

DocuSigned by:
Timothy Gibbons
873A15801B5047C...

T L Gibbons

Director

Date: 15th December 2023

Directors' report

The directors present their report and financial statements for the year ended 31 March 2023.

Dividends

No interim dividend was paid during the year (2022: £nil). The directors do not recommend payment of a final dividend (2022: £nil).

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.

Streamlined energy and carbon reporting

Consumption of Electricity kWh ('000)	24,573
Consumption of Gas kWh ('000)	15,356
Total energy consumption kWh ('000)	39,929

11,421 Tonnes of CO^2 was produced based on the consumption of Electricity and Gas.

Of the Electricity consumed 763 kWh was converted into stored battery energy.

The company continues to attempt to reduce its energy usage and carbon footprint.

Enersys Group is changing manufacturing locations of products to ensure that the least amount of transport is required to reach its end customers. A plan for improved energy sustainability has been developed to include use of waste heat, solar panels, led lighting and more efficient motors.

At the end of 2020 Enersys Group established a full-time Sustainability team. This team is responsible for further accelerating our sustainability strategy that enables Enersys Group to take the steps needed to further embed responsible behaviours into all aspects of its business. Proactively addressing issues like climate change, diversity, equity and inclusion, and investing in our communities are becoming expectations for all companies. This approach helps Enersys Group meet these expectations.

As a result, Enersys Ltd. input with regard to energy & carbon reporting, as well as with other sustainability topics is a part of consolidated reports available on Enersys Group webpage under sustainability section.

Directors

The directors of the company who served during the year, and to the date of this report, were as follows:

T L Gibbons
P L T Arrowsmith
M E Matthews
L B Debrue

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

Directors' report (continued)

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.

Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on page 2.

The company has considerable financial resources together with a strong order book, with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

In the event that the company requires assistance to meet its financial obligations, then the parent, EnerSys Inc. would be able to provide financial support to the company. The Directors have received a letter of support from the parent responsible for preparation of cashflow forecast, confirming it will provide financial support to the company if needed, for a period of 12 months from the date of approval of the balance sheet, in order to allow the company to continue as a going concern. The Directors are satisfied that EnerSys Inc. is in a position to be able to provide this financial support. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Post balance sheet events

On 3rd of April 2023, EnerSys Ltd. Acquired Industrial Battery and Chargers Services Ltd., a leading battery service and maintenance provider based in the United Kingdom. The acquisition represents a strategic move for EnerSys Group, enabling the company to expand its motive power service offerings and strengthen its presence in the UK market. With the addition of IBCS, EnerSys Group will be able to further enhance its comprehensive range of battery-related services, from installation and maintenance to repair and replacement.

Directors' report (continued)

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

DocuSigned by:

Timothy Gibbons

873A15801B5047C...

T L Gibbons

Director

Date: 15th December 2023

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements, Strategic report and Director's report for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS102. 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERSYS LIMITED

Opinion

We have audited the financial statements of Enersys Limited for the year ended 31 March 2023 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in Equity and the related notes1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERSYS LIMITED (cont.)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are
    - Companies Act 2006
    - Financial reporting Council (FRC)
    - Tax legislation (Governed by HM Revenue and Customs)
- We understood how Enersys Limited is complying with those frameworks by reading internal policies and codes of conduct and assessing the entity level control environment, including the level of oversight of the directors. We made enquiries of the Company's legal counsel and internal audit of known instances of non-compliance or suspected non-compliance with laws and regulations. We designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraph above. As well as enquiry and attendance at meetings, our procedures involved a review of the board meetings to identify any non-compliance with laws and regulations. Our procedures also involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management. We planned our audit to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over areas involving significant estimation and judgement.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of key management and legal counsel, reviewing key policies, inspecting legal registers and correspondence with regulators and reading key management meeting minutes. We also completed procedures to conclude on the compliance of significant disclosures in the Annual Report and Financial Statements with the requirements of the relevant accounting standards and UK legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERSYS LIMITED (cont.)

Use of our report

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.

DocuSigned by:
Ernst & Young LLP
64C4B32C83904C4...

18 December 2023
Sarah Pocock (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Bristol

Income statement

For the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Turnover	2	103,421	87,325
Cost of sales		(96,699)	(82,462)
Gross profit		6,722	4,863
Selling and distribution costs		(2,228)	(2,049)
Administrative expenses		(1,099)	(748)
Other operating income	3	3,546	3,262
Operating profit	4	6,941	5,328
Interest payable and similar charges	7	-	(1)
Interest receivable and similar income	8	1,296	95
Other finance income/(cost)	9	22	(87)
Profit on ordinary activities before taxation		8,259	5,335
Tax on profit on ordinary activities	10	(2,160)	(1,015)
Profit for the financial year		6,099	4,320

All results arise from continuing activities.

Statement of comprehensive income

for the year ended 31 March 2023

	2023 £000	2022 £000
Profit for the financial year	6,099	4,320
Other comprehensive income:		
Remeasurement gain recognised on defined benefit pension scheme	6,910	4,575
Movement in deferred taxation in respect of pension scheme liability	(1,600)	(828)
Total comprehensive income for the year	11,409	8,067

Statement of financial position

at 31 March 2023

	Notes	2023 £000	2022 £000
Non-Current assets			
Intangible assets	11	493	716
Fixed assets	12	15,222	14,912
Pension asset	23b	11,319	598
		27,034	16,226
Current assets			
Stocks	15.	4,958	4,723
Debtors	16	130,254	123,319
Cash at bank and in hand		3,926	2,826
		139,138	130,868
Creditors: *amounts falling due within one year*	17	(49,010)	(43,671)
Net current assets		90,128	87,197
Total assets less current liabilities		117,162	103,423
Provision for deferred tax	10	(3,129)	(347)
Provisions for liabilities and charges	18	(1,955)	(2,407)
Net assets		112,078	100,669
Capital and reserves			
Called up share capital	19	68,308	68,308
Profit and loss account		43,770	32,361
Equity shareholders' funds		112,078	100,669

Approved by the Board

DocuSigned by:

Timothy Gibbons

T L Gibbons 87341... 5047C...

Director

Date: 15th December 2023

Statement of changes in equity

at 31 March 2023

	Share Capital	*Profit and loss account*	*Total shareholders' funds*
	£000	*£000*	*£000*
At 31 March 2021	68,308	24,294	92,602
Profit for the year	-	4,320	4,320
Other comprehensive income:			
Actuarial gain recognised on Pension Scheme	-	4,575	4,575
Deferred tax on pension scheme liability	-	(828)	(828)
At 31 March 2022	68,308	32,361	100,669
Profit for the year	-	6,099	6,099
Other comprehensive income:			
Actuarial gain recognised on Pension Scheme	-	6,910	6,910
Deferred tax on pension scheme liability	-	(1,600)	(1,600)
At 31 March 2023	68,308	43,770	112,078

Notes to the financial statements

at 31 March 2023

1. Accounting policies

Statement of compliance

EnerSys Limited (registered number 731261) is a private company limited by shares incorporated in England. These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). The presentation currency of these financial statements is sterling and amounts are rounded to the nearest thousand pounds.

The company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures have been applied:

- No separate company Cash Flow Statement is included
- Not to disclose transactions with members of the group headed by Enersys Inc. on the grounds that 100% of the voting rights in the company are controlled within that company and the company is included in the group financial statements

Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on page 2.

The company has considerable financial resources together with a strong order book, with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

In the event that the company requires assistance to meet its financial obligations, then the parent, EnerSys Inc. would be able to provide financial support to the company. The Directors have received a letter of support from the parent responsible for preparation of cashflow forecast, confirming it will provide financial support to the company if needed, for a period of 12 months from the date of approval of the balance sheet, in order to allow the company to continue as a going concern. The Directors are satisfied that EnerSys Inc. is in a position to be able to provide this financial support. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

a) Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in notes 22 and 23.

Notes to the financial statements (continued)

at 31 March 2023

1. Accounting policies (continued)

b) Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 10.

Consolidated financial statements

The financial statements contain information about EnerSys Limited as an individual company and do not contain consolidated financial information about its group. The company is exempt under Section 400 of the Companies Act 2006 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 Inc., 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 Inc. 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.

Pension costs

The company operates a defined benefit scheme and a 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. The valuation has been based using a projected unit credit method. Scheme costs and interest are realised within the Income Statement. The discount rate is based upon the UK AA rated corporate bond yield and using a UK yield model as a deep corporate bond market exist within the UK.

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 (continued)

at 31 March 2023

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods and satisfying delivery terms, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Contract assets and contract liabilities

Where revenue on a contract is recognised in advance of invoicing, the asset is presented as a contract asset. Where amounts invoiced exceed the revenue recognised on a contract, the liability is presented as a contract liability.

Research and development

Research and development expenditure is expensed as incurred.

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:

Land & buildings	–	nil – 5%
Plant and machinery	–	7% - 35%

Impairment of fixed assets

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

Intangibles

Goodwill, from the purchase of the trade and assets of the Motive Power division of Fiamm UK in 2006, has been capitalised in accordance with the transitional relief arrangements under FRS 102 and continues to be amortised over a period of 20 years.

Leased assets

Rentals under operating leases 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.

Notes to the financial statements (continued)

at 31 March 2023

1. Accounting policies (continued)

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.

Taxation

The taxation expenses represent the aggregate amount of current and deferred tax.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amount of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing difference 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:

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.

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

Liabilities and Contingencies

No guarantees have been given to 3rd parties

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

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

An analysis of turnover by geographical destination is as follows:

	2023	*2022*
	£000	*£000*
United Kingdom	47,668	42,644
Rest of Europe	53,200	42,941
The Americas	2,370	1,530
Asia Pacific	16	2
Africa and Middle East	167	208
	103,421	87,325

Notes to the financial statements (continued)

at 31 March 2023

3. Other operating income

	2023 £000	2022 £000
Royalties received	4,619	3,919
Service fee	165	-
Other	94	(657)
Other debtors write-off	(1,332)	-
	3,546	3,262

4. Operating profit

Operating profit is stated after charging/(crediting):

	2023 £000	2022 £000
Stock recognized as expense	51,712	45,067
Tolling costs	37,678	30,915
Cost of service activities	2,322	1,816
Freight costs	2,957	2,692
Warranty expense	494	183
Depreciation of owned fixed assets	1,416	1,486
Amortisation of goodwill and intangibles	224	224
Auditors' remuneration - audit fees	74	53
- non-audit fees	-	-
Operating lease rentals - plant and machinery	50	238
- land and buildings	176	322
Insurance	104	106
Professional and legal services	213	(91)
Travel and entertainment	203	118

5. Directors' emoluments

	2023 £000	2022 £000
Emoluments	136	131

	2023 No.	2022 No.
Members of defined benefit schemes	-	-

Notes to the financial statements (continued)

at 31 March 2023

6. Staff costs

	2023	2022
	£000	£000
Wages and salaries	18,524	16,938
Social security costs	2,010	1,770
Other pension costs	852	815
	21,386	19,523

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

	2023	2022
	No.	No.
Administration	2	4
Production	434	441
Sales and marketing	83	80
	519	525

7. Interest payable and similar charges

	2023	2022
	£000	£000
Interest payable to third parties	-	1

Inter company loans between related parties registered in the UK are interest free.

8. Interest receivable and similar income

	2023	2022
	£000	£000
Interest receivable from group undertakings	1,296	95
	1,296	95

Inter company loans between related parties registered in the UK are interest free.

Inter company interest on group cash pooling are charged at a rate of 2.0%.

Notes to the financial statements (continued)

at 31 March 2023

9. Other finance income/(costs)

	2023 £000	2022 £000
Interest on net defined benefit pension liability	22	(87)

10. Tax on profit on ordinary activities

a) Analysis of tax charge

	2023 £000	2022 £000
UK corporation tax:		
Current tax on income for the year	1,262	720
Adjustments in respect of prior years	(283)	-
	979	720
Deferred tax:		
Origination and reversal of timing differences	523	295
Adjustments in respect of prior years	291	-
Impact of change of tax rate from 1st April 2023 (from 19% to 25%)	367	-
	1,181	295
Tax charge on profit on ordinary activities	2,160	1,015

(b) Factors affecting the tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are reconciled below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	8,259	5,335
Tax charge on ordinary activities at 19% (2022: 19%)	1,569	1,014
Adjustments in respect of prior years	8	-
Other permanent differences	216	1
Impact of change in corporation tax rate	367	-
Total tax	2,160	1,015

Notes to the financial statements (continued)

at 31 March 2023

10. Tax on ordinary activities (continued)

c) Deferred tax assets and liabilities are analysed as follows:

	2023 *£000*	*2022* *£000*
Accelerated capital allowances	(1,446)	(791)
Pension differences	(2,085)	(114)
Other timing differences	402	558
Net deferred tax (liability)/asset	(3,129)	(347)

Estimate of deferred tax 31 March 2023
amounts falling due within one year and greater than one year

	<1 year *£000*	*>1 year* *£000*	*Total* *£000*
Accelerated capital allowances	(240)	(1,206)	(1,446)
Pension differences	173	(2,259)	(2,086)
Other timing differences	114	289	403
Net deferred tax asset/(liability)	47	(3,176)	(3,129)

d) Deferred tax accounting

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

From 1 April 2023, the main rate of corporation tax increased from 19% to 25% and a new 19% small profits rate of corporation tax was introduced for companies whose profits do not exceed £50,000.

e) 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.

At the Spring Budget 2021, the government announced that the Corporation Tax main rate for non-ring fence profits would increase to 25% for profits above £250,000. A small profits rate of 19% was also announced for companies with profits of £50,000 or less. Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief. This provides a gradual increase in the effective Corporation Tax rate.

Notes to the financial statements (continued)

at 31 March 2023

11. Intangible assets

	Goodwill
	£000
Cost:	
At 1 April 2022 and at 31 March 2023	4,468
Accumulated depreciation:	
At 1 April 2022	(3,752)
Charge for the year	(223)
At 31 March 2023	(3,975)
Net book value:	
At 31 March 2023	493
At 31 March 2022	716

Notes to the financial statements (continued)

at 31 March 2023

12. Tangible fixed assets

	Land & buildings	Plant & machinery	Total
Cost:	*£000*	*£000*	*£000*
At 1 April 2022	5,917	43,281	49,198
Additions	-	1,973	1,973
Disposals	-	(65)	(65)
At 31 March 2023	5,917	45,189	51,106
Accumulated depreciation:			
At 1 April 2022	3,993	30,293	34,286
Additions	194	1,416	1,610
Disposals	-	(12)	(12)
At 31 March 2023	4,187	31,697	35,884
NBV:			
At 31 March 2023	1,730	13,492	15,222
At 31 March 2022	1,924	12,988	14,912

Land and buildings includes £255,000 of Freehold Land not being depreciated.

13. Investments

	Shares in Subsidiary undertakings
	£000
Cost:	
At 1 April 2022	3,000
Disposals	(3,000)
At 31 March 2023	-
Provisions:	
At 1 April 2022	(3,000)
Usage on disposals	3,000
At 31 March 2023	-
Net book value:	
At 31 March 2022	-
At 31 March 2023	-

Liquidation process of Hawker Energy Products Limited initiated in January 2021 was completed in May 2022.

14. Post balance sheet events

On 3rd of April 2023, EnerSys Ltd. acquired 100% of the share capital of Industrial Battery and Chargers Services Ltd., a leading battery service and maintenance provider based in the United Kingdom for a cash consideration of £8,879,051.

Notes to the financial statements (continued)

at 31 March 2023

15. Stocks

	2023 £000	2022 £000
Raw Materials	326	918
Finished goods	4,632	3,805
	4,958	4,723

16. Debtors

	2023 £000	2022 £000
Trade debtors	14,579	13,806
Amounts due from fellow group undertakings	114,885	108,182
Prepayments and accrued income	790	1,331
	130,254	123,319

Amounts falling due after more than one year included in above are:

	2023 £000	2022 £000
Amounts due from fellow group undertakings	29,775	29,775

Prevailing 3rd party receivables payment terms are 25 days end of the month. Intercompany receivables are payable within 30 days through group netting cycles.
Amounts falling due after more than one year is an intercompany interest-free loan from UK Holdings Ltd. payable on demand but not expected to be repaid in the near future.

17. Creditors: amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	5,272	4,379
Amounts owed to fellow group undertakings	37,728	34,822
Corporation Tax	1,021	150
Other taxes and social security	715	339
Accruals and deferred income	4,274	3,981
	49,010	43,671

Prevailing 3rd party payables payment terms are 25 days end of the month. Intercompany payables are payable within 30 days through group netting cycles.

Notes to the financial statements (continued)

at 31 March 2023

18. Provisions for liabilities and charges

	Warranty *£000*	*Pension Obligation* *£000*	*Dilapidation Lease* *£000*	*Total* *£000*
At 1 April 2022	464	1,913	30	2,407
Charged during the year	-	(373)	-	(373)
Utilised	-	(79)	-	(79)
At 31 March 2023	464	1,461	30	1,955

The provision for the pension obligation relates to a guarantee by the company to former employees to maintain their pension payments in line with a former pension scheme. The valuation of the provision has been calculated on a discounted basis.

The Warranty provision is based on known exposure and historical expense. Possible exceptional warranty expense is recognised immediately.

Lease dilapidation provision relates to the contractual requirements for the company to put back a property at the end of the lease into the same condition. The valuation of this provision is based on the estimates for costs to conduct repair & maintenance work.

19. Share capital

	2023 *No.*	*2023* *£000*	*2022* *No.*	*2022* *£000*
Allotted, called up and fully paid:				
Ordinary shares of £1 each	68,307,783	68,308	68,307,783	68,308

20. Other financial commitments

At 31 March 2023, the company had total commitments under non-cancellable operating leases as set out below:

	2023			*2022*		
	Land and buildings *£000*	*Other* *£000*	*Total* *£000*	*Land and Buildings* *£000*	*Other* *£000*	*Total* *£000*
Payments due:						
Within one year	253	30	283	236	149	385
Within two to five years	465	58	523	732	209	941
Over 5 years				-	-	-
	718	88	806	968	358	1,326

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 (continued)

at 31 March 2023

22. Pension arrangements

a) EnerSys Limited UK Defined Benefit Pension Scheme

The company commenced operating the EnerSys Limited 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. The assets of the plan are held separately from those of the company and are invested in managed funds.

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 3.25% per annum, price inflation at 3.00% per annum and present and future pensions to increase by 2.90% per annum on that part of the pension in excess of the members' guaranteed minimum pension.

With effect from 31 January 2009, future accrual in the defined benefit section ceased and all active members at that date were provided with benefits under the defined contribution section for future service. The benefits accrued to 31 January 2009 for active members under the defined benefit section remain linked to future salary increases. Contributions made to the scheme during the year were £4,300,000 (2022: £300,000).

b) EnerSys Limited 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 £852,537 (2022: £996,937).

23. Retirement benefits

a) Composition of the defined benefit scheme

An actuarial valuation was carried out as at 31 March 2022 and updated to 31 March 2023 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2023	*2022*
	%	*%*
Rate of increase in salaries	3.75	4.2
Rate of increase in pensions in payment	3.3	3.6
Discount rate	4.75	2.75
Inflation assumption	3.5	3.9

Notes to the financial statements (continued)

at 31 March 2023

23. Retirement benefits (continued)

b) The assets in the scheme were:

	2023	*2022*
	£000	*£000*
Equities	-	11,789
Bonds	19,344	6,311
Gilts	6,598	4,093
Diversified Funds	-	9,409
Cash	6,304	74
Total market value and assets	32,246	31,676
Present value of scheme liabilities	(20,927)	(31,078)
Scheme surplus	11,319	598

c) Amounts recognised in the profit and loss account for the year are analysed as follows:

	2023	*2022*
Recognised in the Profit and Loss account	*£000*	*£000*
Current service cost	-	-
Recognised in arriving at operating profit	-	-
Net interest on net defined benefit liability	(21)	87
Total recognised in the profit and loss account	(21)	87
Taken to other comprehensive income		
Actual return on scheme assets	(3,082)	1,298
Less: amounts included in net interest on the net defined benefit liability	(867)	(688)
	(3,949)	610
Other actuarial gains/(losses) recognised in other comprehensive income	10,349	3,755
Remeasurement gains/(losses) recognised in other comprehensive income	6,400	4,365

d) Changes in the present value of the defined benefit obligation are as follows:

	2023	*2022*
	£000	*£000*
Opening defined benefit obligation	31,078	34,702
Interest cost	846	775
Actuarial (gains)	(10,349)	(3,755)
Benefits paid	(648)	(644)
Closing defined benefit obligation	20,927	31,078

Notes to the financial statements (continued)

at 31 March 2023

23. Retirement benefits (continued)

e) Changes in the fair value of the Plan assets are as follows:

	2023	*2022*
	£000	*£000*
Opening fair value of the Plan assets	31,676	30,722
Expected return on Plan assets	(3,949)	610
Interest Income	867	688
Contributions by the employer	4,300	300
Benefits paid	(648)	(644)
Closing fair value of plan assets	32,246	31,676

24. Share based payments

Share incentives in the company's ultimate parent undertaking, EnerSys Inc., 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 conferred by FRS102 not to disclose transactions with members of the group headed by EnerSys Inc. on the grounds that 100% of the voting rights in the company are controlled within that company and the company is included in the group financial statements.

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 undertaking and controlling party is Enersys Inc., 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 Inc., 2366 Bernville Road, Reading, PA 19605, USA.