

ABSL Power Solutions Ltd
Annual report and financial statements
For the year ended 31 March 2021

Registered Number 02840892

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ABSL Power Solutions Ltd

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ABSL Power Solutions Ltd

Directors and advisers for the year ended 31 March 2021

Directors

H Stratton-Brown

M Matthews

Company secretary

Eversecretary Limited (resigned 1 February 2021)

LCD Nominee Secretary Ltd (Appointed 1 February 2021)

Registered office

Building F4 Culham Science Centre

Culham

Abingdon

Oxfordshire

United Kingdom

OX14 3ED

Independent Auditors

Ernst & Young LLP

The Paragon

Counterslip

Bristol

BS1 6BX

Bankers

HSBC Bank Plc

26 Broad Street

Reading

RG1 2BU

Strategic Report for the year ended 31 March 2021

Introduction

The directors present their strategic report of ABSL Power Solutions Ltd for the year ended 31 March 2021.

Principal activities

The principal activity of the Company is the supply of batteries. The business researches, designs and manufactures battery packs for highly demanding markets specifically space.

Operating and financial review

In the year ended 31 March 2021 ABSL Power Solutions Limited completed some large contracts. The Company suffered delays in obtaining new contracts due to Brexit. The business is securing new opportunities for the company in the global space battery market.

Principal risks and uncertainties

The Company's customers are principally governments, their agencies and inter-governmental agencies in Europe and the Rest of the World. A severe curtailment of government spending could impact orders for the Company's products and consequently its turnover and profitability. The Directors consider that, whilst the Company cannot be immune from such pressures, the specialist markets it serves are less likely to be severely impacted by budget cuts.

The Company develops and sells products which the Directors consider are technically very advanced. Inherent in any company that relies on developing new products exploiting advanced technologies, is the risk that a new product does not achieve its anticipated performance and consequently does not justify the investment that has been made to bring it to market.

The Company has reviewed the effects of Brexit and feel that there will be little impact on the Company as the Company produces technically very advanced technologies which are not readily available in Europe. The Company is also developing its portfolio of customers throughout the rest of the world.

Future developments

The business is continuing to explore new cell technologies for its products as customer demands for greater flexibility and enhanced power capabilities. This business will also explore the potential to collaborate on product development utilising the capabilities of the broader EnerSys organisation and look for opportunities beyond the aerospace and defence markets, which have been the traditional mainstay of the business.

Key performance indicators

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development performance or position of the business.

This report was approved by the board on 31 March 2022 and issued on its behalf

DocuSigned by:

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H Stratton-Brown
Director

DocuSigned by:


ABSL Power Solutions Ltd

Directors' report for the year ended 31 March 2021

Introduction

The directors present their annual report and the audited financial statements of ABSL Power Solutions Ltd ("the Company") for the year ended 31 March 2021. The Company's registered number is 02840892.

Results and dividends

The loss for the financial year amounted to £0.2m (2020 Profit: £0.2m).

No interim dividend was paid during the year (2020: £nil). The directors do not recommend payment of a final dividend (2020: £nil).

Going concern basis of accounting

In the year to 31 March 2021 the company made a loss of £0.2m

The company has met its day to day working capital requirements and has the provision of working capital facilities supported by its ultimate parent company, EnerSys Inc. The directors of that company have confirmed to the directors of ABSL Power Solutions Limited that they will continue to provide financial support to the company for 12 months from the date of signing the financial statements.

In the light of the information currently available to them, the directors believe that the company's ultimate parent company will support it in providing adequate funds to meet its day-to-day obligations. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis. The Directors believe that although COVID-19 will have an impact in the short term the company will come through in a stronger position.

Environmental safety and health

The directors take their responsibility in this area seriously and have in place appropriate reporting procedures which ensure that all incidents are notified and actions reviewed. The Restriction of Hazardous Substances (RoHS), Waste Electrical and Electronic Equipment (WEEE) and Control of Substances Hazardous to Health (COSHH) directives are all complied with. Where qualified exemptions exist, in respect of batteries, the Company is working with its suppliers to meet the requirements ahead of time.

Financial risk management

Disclosures on financial risk management is presented in note 3 of these financial statements. On this basis no discussion of financial risk management is made in the directors' report.

Directors

The directors who held office during the year and up to the date of signing the financial statements are listed on page 2.

Creditor payment policy

The company's policy is to agree terms of trading which are appropriate for suppliers' markets and to abide by such terms where suppliers' obligations have been met.

The average creditor payment period at 31 March 2021 was 33 days (2020: 33 days).

Political donations and political expenditure

The Company made no political donations and incurred no political expenditure during 2021 (2020: £nil).

Charitable donations

The Company made no charitable donations during 2021 (2020: £nil).

ABSL Power Solutions Ltd

Directors' report for the year ended 31 March 2021 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

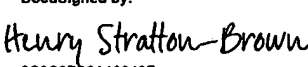
Independent Auditors and disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and each of the directors believes that they have taken all the steps that ought to have been taken as a director in order to make them aware of any relevant audit information and to establish that the company's auditors are aware of that information.


Auditors

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

By order of the Board

DocuSigned by:

H Stratton-Brown
Director

31 March 2022

DocuSigned by:


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABSL POWER SOLUTIONS LTD.

Opinion

We have audited the financial statements of ABSL Power Solutions Ltd for the year ended 31 March 2021 which comprise Statement of comprehensive income, Statement of changes in shareholders' equity, Statement of financial position and the related notes 1 to 20, 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 101 "Reduced Disclosure Framework (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 2021 and of its loss 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.

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 5, 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.

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

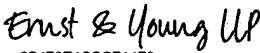
detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility 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 ABSL Power Solutions 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.

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:

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Jane Barwell (Senior statutory auditor)

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

Bristol

31 March 2022

ABSL Power Solutions Ltd

Statement of comprehensive income for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Revenue	4	4,219	5,009
Cost of sales		(3,706)	(3,881)
Gross profit		513	1,128
Selling and distribution costs		(416)	(496)
Administrative expenses		(475)	(497)
Operating (loss)/profit		(378)	135
Interest receivable	6	166	166
Finance costs	6	(43)	(60)
(Loss)/profit before income tax	5	(255)	241
Income tax benefit	7	16	27
(Loss)/profit for the financial year		(239)	268
Total Comprehensive (Loss)/Income		(239)	268

The was no other comprehensive income in the current or preceding year other than the result for the period.

The whole of the Revenue and Profits derive wholly from continuing activities.

The accounting policies and notes on pages 12 to 28 are an integral part of these financial statements.

ABSL Power Solutions Ltd

Statement of changes in shareholders' equity As at 31 March 2020

	Share capital £'000	Share premium £'000	Capital contribution £'000	Accumulated losses £'000	Total £'000
Balance as at 31 March 2019	12,296	54	1,156	(4,609)	8,897
Profit for the year	-	-	-	268	268
Balance as at 31 March 2020	12,296	54	1,156	(4,341)	9,165

Statement of changes in shareholders' equity As at 31 March 2021

	Share capital £'000	Share premium £'000	Capital contribution £'000	Accumulated losses £'000	Total £'000
Balance as at 31 March 2020	12,296	54	1,156	(4,341)	9,165
Loss for the year	-	-	-	(239)	(239)
Balance as at 31 March 2021	12,296	54	1,156	(4,580)	8,926

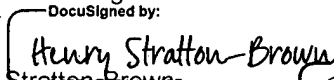
The accounting policies and notes on pages 12 to 28 are an integral part of these financial statements.


ABSL Power Solutions Ltd

Statement of financial position as at 31 March 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Intangible assets	8	-	-
Property plant and equipment	9	599	888
Trade and other receivables	11	4,750	4,750
Total non-current assets		5,349	5,638
Current assets			
Inventories	10	2,897	2,610
Trade and other receivables	11	4,379	4,837
Cash		270	295
Deferred tax asset	14	193	193
Total current assets		7,739	7,935
Liabilities			
Current liabilities			
Trade and other payables	12	(4,162)	(4,256)
Total current liabilities		(4,162)	(4,256)
Net current assets		3,577	3,679
Non-current liabilities			
Trade and other payables	13	-	(152)
Net assets		8,926	9,165
Shareholders' equity			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares	15	12,296	12,296
Share premium		54	54
Capital contribution		1,156	1,156
Accumulated losses		(4,580)	(4,341)
Total shareholders' funds		8,926	9,165

The notes on pages 12 to 28 are an integral part of the financial statements. These financial statements on pages 9 to 28 were approved by the board of directors on 31 March 2022 and were signed on its behalf by:

DocuSigned by:

 H Stratton-Brown
 Director

DocuSigned by:


31 March 2022

ABSL Power Solutions Ltd

Accounting policies

1 General information

AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

ABSL Power Solutions Limited ("the Company") is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is

Building F4 Culham Science Centre
Abingdon
Oxfordshire
United Kingdom
OX14 3ED

The financial statements of the Company for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 31 March 2022.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements are prepared under the historical cost convention.

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. The Company's financial statements are individual entity financial statements.

The principal accounting policies adopted by the Company are set out in note 2 below.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied.

2.1 Financial reporting standard 101 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- b) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* ('IAS 1') to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 *Presentation of financial statements*;
 - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*; and
- (g) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial statements*;
- (h) the requirements of IAS 7 *Statement of Cash Flows*;
- (i) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (j) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures* ('IAS 24');

ABSL Power Solutions Ltd

Accounting policies

2 Summary of significant accounting policies (continued)

- (k) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ;

2.2 Going concern basis of accounting

In the year to 31 March 2021 the company made a loss of £0.2m.

The company has met its day to day working capital requirements and has the provision of working capital facilities supported by its ultimate parent company, EnerSys Inc. The directors of that company have confirmed to the directors of ABSL Power Solutions Limited that they will continue to provide financial support to the company for 12 months from the date of signing the financial statements.

In the light of the information currently available to them, the directors believe that the company's ultimate parent company will support it in providing adequate funds to meet its day to day obligations. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis. The Directors believe that although COVID-19 will have an impact in the short term the company will come through in a stronger position.

2.3 Key judgements and sources of estimation uncertainty

Judgements

Deferred taxation asset

The deferred taxation asset has been recognised based upon the availability of losses brought forward and the forecasted profits of the company over the next twelve months. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Estimates

Long term contracts

Profit on long term contracts is recorded as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated to reflect the proportion of the work carried out at the year end, by recording revenue and related costs as contract activity progresses. Revenue applicable to long term contracts represents the value of work completed during the year, calculated with reference to the total expected hours to complete the contracts. Revenues derived from change orders on contracts are recognised at estimated amounts when they become probable.

2.4 New and amended standards and interpretations

No new accounting standards or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 March 2021, have had a material impact on the Company.

ABSL Power Solutions Ltd

Accounting policies

2 Summary of significant accounting policies (continued)

2.5 Accounting Policies

Revenue recognition

Revenue is recognised when control of the promised goods or services is transferred to customers, in an amount that ABSL expects to be entitled to in exchange for those goods or services. Revenue is shown net of value added tax and discounts.

ABSL generates revenue from the design and manufacture of battery packs for highly demanding markets specifically space. ABSL's services are typically sold in a bundled package of services which generally result in one performance obligation.

Revenue from services rendered to third parties mainly relate to fixed price contracts. Revenue is generally recognised in profit or loss as services are rendered (over time) because of continuous transfer of control to the customer. Therefore, revenue is recognised based upon the extent of progress towards completion of the performance obligation.

Foreign currency translation - Transactions and balances

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

Property plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Plant and equipment	10% to 20% straight line
Right of Use Assets	Over period of Lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

Intangible assets

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects relating to developing new integrated power systems are recognised as intangible

ABSL Power Solutions Ltd

Accounting policies

2 Summary of significant accounting policies (continued)

assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding ten years.

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives of three to five years.

Impairment of fixed tangible assets and intangible assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Inventories and work in progress

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Work in progress is valued at cost, less the cost of work invoiced on incomplete contracts and less foreseeable losses.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

The Company operates a defined contribution plan for which the Company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ABSL Power Solutions Ltd

Accounting policies

2 Summary of significant accounting policies (continued)

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Current and deferred income tax

The tax expense represents the sum of current tax and deferred tax.

Current tax

The tax payable is based on the taxable profit for the year. Taxable profit differs from pre-tax profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Borrowings

Borrowings are recognised upon origination at fair value of the sums paid or received in exchange for the liability, and subsequently measured at amortised cost using the effective interest method. Interest free payables are booked at their nominal value.

Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Leases for quarries do not fall within the scope of IFRS 16. These leases are considered pending transactions and the expenses are recognised in the material costs in the period in which they arise.

The lease liability is initially measured at the present value of the lease payments that are not

ABSL Power Solutions Ltd

Accounting policies

2 Summary of significant accounting policies (continued)

paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The interest rates were calculated on the basis of the remaining term of the leases.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance Sheet. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are included in the Tangible Fixed Assets in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in Exceptional Items.

Variable rents that do not depend on an index or rate are not included in the measurement of

ABSL Power Solutions Ltd

Accounting policies

2 Summary of significant accounting policies (continued)

the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

3 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (primarily currency risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, predominantly with the Eurozone as a proportion of the company's sales are to customers in those countries. During the year, net transactions in currencies other than GBP amounted to approximately £1.3m. (2021: £5.0m). If the currencies above had weakened/strengthened by 10% against the GBP with all other variables held constant, the post-tax profit for the year would have been approximately £0.13m higher/lower.

(ii) Cash flow and fair value interest rate risk

The Company has interest bearing liabilities. Short and medium term financing requirements are provided by a current account arrangement with EnerSys Luxembourg Finance Sarl. The balance owed to which was £2.8m as at 31 March 2021 (2020: £2.9m). These borrowings currently bear interest at a rate of 2.25% per annum (2020: 2.25%). This is repayable on demand.

The Company has made a long term loan to EnerSys Luxembourg Finance Sarl with a balance of £4.75m at 31st March 2021 (2020 £4.75m). The accrued interest on the borrowing at 31st March 2021 owed by EnerSys Luxembourg Finance Sarl was £1.7m (2020, owed by EnerSys Luxembourg Finance Sarl, £1.5m). This is repayable in 2026.

As such, management consider that the Company is not significantly exposed to cash flow and fair value interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the credit quality of the customer is assessed taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. Management monitors the utilisation of credit limits regularly.

Concentrations of credit risk with respect to trade receivables are limited due to the Company's customer base being largely 'Blue Chip' organisations. Due to this, management believe there

ABSL Power Solutions Ltd

Accounting policies

3 Financial risk management (Continued)

is no further credit risk provision required in excess of normal provision for doubtful receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its cash commitments as they fall due. Liquidity risk may result from either the inability to realise financial assets quickly at their fair values or from the inability to generate cash inflows as anticipated. Management monitors rolling forecasts of the Company's liquidity reserve and cash and cash equivalents on the basis of expected cash flow.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company have focused on maximising shareholder value.

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2021

4 Analysis of Turnover

At 31 March 2021, the Company is organised on a worldwide basis into four main geographical segments. A geographical analysis of turnover is as follows:

	2021	2020
	£'000	£'000
United Kingdom	-	268
Europe	2,793	1,688
North America	60	36
Rest of the world	1,366	3,017
Total	4,219	5,009

At 31 March 2021, the Company was operating in only one industrial sector, further analysis would provide no further information.

5 (Loss)/profit before income tax

The following is the disclosure of expenses by nature:

	Notes	2021	2020
		£'000	£'000
Employee benefit expense	16	2,505	2,651
Depreciation of property, plant and equipment	9	314	341
Amortisation of intangibles	8	-	-
Costs of inventories included in cost of sales		1,119	1,439
Advertising costs		2	15
Occupancy costs		82	95
Other expenses		197	333
Total cost of sales, selling and distribution costs, research and development expense and administrative expenses		4,219	4,874

Services provided by the Company's auditors and network of firms

During the period the Company obtained the following services from the Company's auditors at costs as detailed below:

	2021	2020
	£'000	£'000
Audit services		
- statutory audit of company	20	23

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2021 (continued)

6 Total net interest (receivable) / payable and similar charges

	2021	2020
	£'000	£'000
Interest receivable on loan to parent company	(166)	(166)
Interest expense on lease liabilities	10	17
Interest payable on loan from parent company	43	60
Total net interest (receivable) and similar charges	(113)	(89)

7 Income tax

Tax on profit on ordinary activities

	2021	2020
	£'000	£'000
Current tax: UK corporation tax on the profits for the year	(16)	(27)
Deferred tax	-	-
Total Taxation	(16)	(27)

The taxation for the year differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as explained below.

	2021	2020
	£'000	£'000
Profit before taxation	(255)	241
Tax calculated at 19% (2020: 19%)	(48)	46
Non Deductible Expense	26	29
Deductible Allowances	(10)	(68)
Adjustment in respect to prior years	16	(34)
Effects of:		
Utilisation of unrecognised tax losses	-	-
Group losses relief received	-	-
Change in recognized deferred tax asset	-	-
Total taxation	(16)	(27)

The weighted average applicable tax rate was 19% (2020: 19%).

There is a cumulative unrecognised tax asset of £137k (2020: £121k) in respect of losses carried forward against future profits arising from the same trade

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2021 (continued)

8 Intangible assets

	Software £'000	Development assets £'000	Total £'000
Cost			
At 1 April 2020	66	168	234
Additions	-	-	-
Disposals	-	-	-
At 31 March 2021	66	168	234
Accumulated amortisation and impairment			
At 1 April 2020	66	168	234
Charge for the year	-	-	-
Eliminated on disposal	-	-	-
At 31 March 2021	66	168	234
Net book amount at 31 March 2021	-	-	-
Net book amount at 31 March 2020	-	-	-

The useful economic life for development costs is considered by the directors to be five years, except where it is known that likely future economic benefits from these development costs are less than five years. In such cases, the useful economic life is considered to be the period over which future economic benefits are anticipated to be recognised.

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2021 (continued)

9 Property, plant and equipment

	Right of Use Assets £'000	Plant machinery & equipment £'000	Total £'000
Aggregate cost			
At 1 April 2020	688	2,593	3,281
Additions at cost	-	25	25
Disposals at cost	(89)	-	(89)
At 31 March 2021	599	2,618	3,217
Accumulated depreciation			
At 1 April 2020	356	2,037	2,393
Charge for the year	175	139	314
Eliminated on disposal	(89)	-	(89)
At 31 March 2021	442	2,176	2,618
Net book amount at 31 March 2021	157	442	599
Net book amount at 31 March 2020	332	556	888

Other classes of fixed assets which have been fully depreciated in previous periods are no longer presented in the table above

10 Inventories

	2021 £'000	2020 £'000
Raw materials and consumables	958	1,020
Work-in-progress	1,939	1,590
Total	2,897	2,610

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2021 (continued)

11 Trade and other receivables

	2021	2020
Current Receivables	£'000	£'000
Trade receivables	887	825
Amounts recoverable on contracts	1,696	2,285
VAT Receivable	73	110
Amounts due from group undertakings	1,687	1,520
Prepayments	36	97
Total	4,379	4,837

	2021	2020
Non-Current Receivables	£'000	£'000
Amounts due from group undertakings	4,750	4,750
Total	4,750	4,750

There were £4,750k non-current receivables due to the Company from EnerSys Luxembourg Finance Sarl. at 31 March 2021 (2020: £4,750k). This relates to a loan bearing an interest rate of 3.5% per annum which is repayable by 24 March 2026.

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2021 (continued)

12 Trade and other payables - current

	2021 £'000	2020 £'000
Trade payables	128	377
Corporation Tax	-	-
Social security and other taxes	111	74
Accruals	277	202
Amounts payable on contracts	705	526
Lease Liability	157	180
Amounts due to group undertakings	2,784	2,897
Total	4,162	4,256

13 Trade and other payables – non current

	2021 £'000	2020 £'000
Lease Liability	-	152
Total	-	152

14 Deferred Tax Asset

	2021 Unrecognised £'000	2021 Recognised £'000	2020 Unrecognised £'000	2020 Recognised £'000
Assets at the Start of the period	137	193	121	193
Recognition of deferred tax asset	-	-	-	-
Utilization of tax asset from cumulative tax losses	-	-	-	-
Adjustment to unrecognised	80	-	-	-
At 31 March 2021	217	193	121	193

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2021 (continued)

15 Called up Share Capital

	2021 Number	2020 Number	2021 £'000	2020 £'000
Authorised, Issued and fully paid				
12,296,280 ordinary shares of £1 each	12,296,280	12,296,280	12,296	12,296

Each holder of an ordinary share is entitled to one vote for each share held at all meetings of shareholders and will be entitled to any dividends declared by the Board of Directors.

16 Employees and directors

	2021 £'000	2020 £'000
Staff costs for the Company during the year		
Wages and salaries	2,113	2,286
Social security costs	286	253
Other pension costs (note 17)	106	112
Total salary costs	2,505	2,651

	2021	2020
Average monthly number of people (including executive directors) employed		
Production	38	43
Sales and distribution	3	4
General and administration	10	11
Total	51	58

The aggregate remuneration paid to Directors was nil (2020: nil).

The Directors are paid by other Group companies.

There were no executives who acted as a director during the year (2020: nil) and were a member of ABSL's Company personal pension scheme. The scheme is a funded scheme of the defined contribution type.

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2021 (continued)

17 Pension costs

The Company has established a pension scheme covering many of its employees. The scheme is a funded scheme of the defined contribution type.

Pension costs for the defined contributions scheme are as follows:

	2021 £'000	2020 £'000
Defined contribution schemes	106	112

18 Leases

Company as Lessee

The Company leases property.

Lease liabilities are due as follows:

	2021 £'000	2020 £'000
Not Later than one year	157	176
Between one year and five years	-	160
Total	157	336

The following amounts in respect of leases, where the Company is a lessee, have been recognised in the profit or loss:

	2021 £'000	2020 £'000
Interest expense on lease liabilities	10	17
Expense relating to short term leases	176	190
Total	186	207

ABSL Power Solutions Ltd

Notes to the financial statements for the year ended 31 March 2021 (continued)

19 Capital commitments and contingent liabilities

At 31 March 2021, the following guarantees were in place in relation to the Company's operations:

	2021 £'000	2020 £'000
Performance bonds	532	549
VAT / Duty deferment guarantee	100	50
Total	632	599

No economic outflow is expected as a result of these contingencies.

20 Controlling party and ultimate parent company

EnerSys, a company incorporated in the United States of America, is considered to be the ultimate parent company. Copies of the accounts of EnerSys can be obtained from the head office at the following address; 2366 Bernville Rd, Reading, Pennsylvania, 19605, USA. This is the smallest and largest group which prepares consolidated accounts.

The immediate parent company of ABSL Power Solutions Ltd is EnerSys Holdings UK Ltd.