

AGM Batteries Limited

**Annual report and financial statements
for the year ended 31 March 2012**

Company Number: 03479383

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AGM Batteries Limited

Annual report and financial statements for the year ended 31 March 2012

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AGM Batteries Limited

Officers and professional advisers for the year ended 31 March 2012

Directors

Mr M G Maine

Mr R W Zuidema

Company Secretary

Jordan Company Secretaries Ltd

Registered Office

21 St Thomas Street

Bristol

Avon

BS21 6JS

Independent Auditors

Ernst and Young LLP

The Paragon

Counterslip

Bristol

BS1 6BX

AGM Batteries Limited

Directors' report for the year ended 31 March 2012

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2012. The company's registered number is 03479383.

Principal activities

The principal activity of the company is the design, manufacture and sale of lithium-ion cells to meet the diverse requirements of industrial and military markets.

Business review and future developments

AGM Batteries Limited turnover increased from £0.8M in 2011 to £1.2M, mainly as a result of its parent company and major customer, ABSL Power Solutions Limited's completion of supply to the US military of battery packs for robotic applications.

Subsequent to the year ended 31 March 2012, a proposal was made to cease production of uncompetitive products.

Key performance indicators

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

Principal risks and uncertainties

The key business risks affecting the Company are managed at the ABSL Power Solutions Ltd group level, rather than an individual business unit level. Therefore, the directors believe that a discussion of the group's risks would not be appropriate for the understanding of the development, performance or position of AGM Batteries Limited.

Financial risk management

The company recognises its operations expose it to a variety of financial risks. The company has in place policies to manage such risks which are periodically reviewed at Group level.

Results and dividends

The loss for the financial year amounted to £418,663 (2011: £641,091).

The directors do not recommend the payment of a dividend (2011: £nil).

Research and development

Research and development expenditure during the year amounted to £22,797 (2011: £130,020).

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 RoHS, WEEE and COSHH directives are all complied with as appropriate.

AGM Batteries Limited

Directors' report for the year ended 31 March 2012 (continued)

Directors

The directors who held office during the year and since then to the date of signing these financial statements are shown on page 1

Statement of directors' responsibilities

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.

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 all the steps have been taken 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.

On behalf of the Board



Mr M G Maine

Director

13th December 2012

AGM Batteries Limited

Independent auditors' report

We have audited the financial statements of AGM Batteries Limited for the year ended 31st March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the director's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st March 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AGM Batteries Limited

Independent auditors' report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Ernst & Young Ltd

Ken Griffin (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP,
Statutory Auditor
Bristol
13th December 2012

AGM Batteries Limited

Profit and loss account for the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	2	1,229,051	829,925
Cost of sales		(1,613,976)	(479,454)
Gross (loss) / profit		(384,925)	350,471
Administrative expenses		(33,738)	(991,562)
Operating loss	5	(418,663)	(641,091)
Loss on ordinary activities before taxation		(418,663)	(641,091)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year	14	(418,663)	(641,091)

All activities of the company are continuing

The company has no recognised gains and losses other than the loss above and, therefore, no separate statement of total recognised gains and losses has been presented

AGM Batteries Limited

Balance sheet as at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	8	234,293	265,149
Current assets			
Stocks	9	448,361	634,504
Debtors	10	207,512	198,125
		655,873	832,629
Creditors amounts falling due within one year	11	(2,993,467)	(2,782,416)
Net current liabilities		(2,337,594)	(1,949,787)
Total assets less current liabilities		(2,103,301)	(1,684,638)
Capital and reserves			
Called up share capital	13	4,064,000	4,064,000
Profit and loss account	14	(6,167,301)	(5,748,638)
Total shareholders' deficit	15	(2,103,301)	(1,684,638)

The financial statements on pages 6 to 16 were approved by the Board of Directors on 12 December 2012 and were signed on its behalf by



Mr M G Maine
Director

13th December 2012

Company Number 03479383

AGM Batteries Limited

Notes to the financial statements for the year ended 31 March 2012

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The principal accounting policies are set out below.

Going concern basis of accounting

In the year to 31 March 2012 the company incurred a loss of £418,663 and at the balance sheet date its total liabilities exceeded its total assets by £2,103,301.

The company has met its day to day working capital requirements and has the provision of working capital facilities supported by EnerSys Holdings UK Ltd, the parent of our parent company, ABSL Power Solutions Ltd. The directors of that company have confirmed to the directors of AGM Batteries Limited that they will continue to provide financial support to the company for the foreseeable future.

In the light of the information currently available to them, the directors believe that the company's 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. Should the parent company not support the company, adjustments would be necessary to record the additional liabilities and write down the assets to their recoverable amount. It is not practicable to quantify these possible adjustments.

Related party transactions

The company is a wholly owned subsidiary of its immediate parent company, ABSL Power Solutions Limited and is included in the consolidated financial statements of EnerSys which are publicly available from 2366 Bernville Rd, Reading, Pennsylvania, 19605, USA F4. Consequently, the company is exempt under the terms of Financial Reporting Standard 8 "Related Party Transactions" from disclosing related party transactions with ABSL Power Solutions Limited.

Cash flow statement

The company is a wholly owned subsidiary of ABSL Power Solutions Limited and the cash flows of the company are included in the consolidated group cash flow statement of EnerSys. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements".

Tangible assets

Tangible assets are recorded at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost, less their estimated residual values, on a straight-line basis, over the estimated useful economic lives of the assets. Assets in the course of construction are not depreciated. The periods of depreciation are as follows:

Plant and equipment	5 – 20 years
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AGM Batteries Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

1 Accounting policies (continued)

Tangible assets (continued)

The fixed assets have been subjected to an impairment review under the requirements of UK GAAP (FRS 11 "Impairment of Fixed Assets and Goodwill") and no further impairment is required in the year ending 31 March 2012 (2011 £ Nil impairment)

Stocks

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items. For finished goods, cost comprises purchase cost plus production and related overheads.

Deferred taxation

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 "Deferred Tax". A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Government grants

- i) Capital based government grants are included within deferred grant income in respect of capital expenditure in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.
- ii) Working capital and revenue based government grants are credited to operating profit to match the expenditure to which they relate. Any amounts received that are unrecognised in the period are included within creditors in the balance sheet.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account as incurred.

Foreign currencies

All transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at the balance sheet date. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

AGM Batteries Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

1 Accounting policies (continued)

Leases

Operating rentals are charged to profit and loss account on a straight-line basis over the lease term

Post retirement benefits

The parent company operates a defined contribution scheme for all employees, including those whose costs are charged to AGM Batteries Limited. Contributions in relation to the defined contribution scheme are charged to the profit and loss account as incurred and are disclosed in note 4.

Turnover

Turnover is generated from the principal activities of the company and represents amounts (excluding value added tax) earned in respect of products delivered and services rendered to customers net of trade discounts.

2 Turnover

Turnover arises from the principal activity, and can be analysed by geographical destination as follows:

	2012	2011
	£	£
United Kingdom	488,689	406,911
Europe	482,133	137,039
United States of America	176,429	158,647
Rest of World	81,800	127,328
	1,229,051	829,925

3 Information regarding directors and employees

	2012	2011
	£	£
Directors' emoluments		
Aggregate directors' emoluments	-	102,541

AGM Batteries Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

3 Information regarding directors and employees (continued)

No directors (2011: no directors) were remunerated through this company. The above emoluments do not include the emoluments of any other director who is remunerated elsewhere as it is not possible to determine the extent of their time working for this company.

The average monthly number of persons (including executive directors) employed by the company during the year was

	2012	2011
By activity		
Production	6	10
Administration	2	6
	8	16

Employee costs in the year were as follows

	2012	2011
	£	£
Staff costs (including directors)		
Wages and salaries	167,682	435,238
Social security costs	17,263	41,104
Other pension costs (note 4)	7,503	14,268
	192,448	490,610

There are no material prepayments or accruals at either balance sheet date relating to pensions (2011: £nil).

4 Pension costs

The ABSL Power Solutions Limited defined contribution schemes are available to employees. Pension costs associated with AGM Batteries Limited staff are fully recharged to AGM Batteries Limited.

The pension cost for the defined contribution scheme is £7,503 (2011: £14,268).

AGM Batteries Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

5 Operating loss

	2012	2011
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	48,554	5,344
Operating lease charges	180,000	175,000
Research and development expenditure	22,797	130,020

The audit fee of £16,000 (2011 £15,000) has been met by another group company

6 Interest payable and similar charges

Since the sale of AGM Batteries Limited to ABSL Power Solutions Limited on 8th June 2006, all AGM's banking has been transacted through the bank accounts of the parent company

7 Tax on loss on ordinary activities

The tax assessed for the year differs from the standard rate of corporation tax in the UK 26% (2011 28%). The differences are explained below

	2012	2011
	£	£
Loss on ordinary activities before tax	(418,663)	(641,091)
Loss on ordinary activities at the standard rate in the UK 26% (2011 28%)	(108,852)	(179,505)
Effects of		
Expenses not deductible for tax purposes	(3,281)	(5,040)
Depreciation in excess of capital allowances and other timing differences	(45,673)	4,635
Loss carried forward against future trade	157,806	179,910
	-	-

Refer to note 12 for details of deferred taxation

AGM Batteries Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

8 Tangible assets

	Plant and equipment £
Cost	
At 1 April 2011	7,352,129
Additions	17,699
At 31 March 2012	7,369,828
Accumulated depreciation	
At 1 April 2011	7,086,980
Charge for the year	48,555
At 31 March 2012	7,135,535
Net book amount	
At 31 March 2012	234,293
At 31 March 2011	265,149

9 Stocks

	2012 £	2011 £
Raw materials and consumables	407,642	509,012
Project work in progress	10,667	65,971
Finished goods and goods for resale	30,052	59,521
	448,361	634,504

AGM Batteries Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

10 Debtors

	2012	2011
	£	£
Amounts falling due within one year		
Trade debtors	173,134	64,987
Value added tax	-	79,731
Prepayments and accrued income	34,378	53,407
	207,512	198,125

11 Creditors: amounts falling due within one year

Amounts owed to the parent company are unsecured, interest free and repayable on demand

	2012	2011
	£	£
Trade creditors	63,352	76,941
Amounts owed to parent company	2,566,278	2,157,123
Amounts Payable under contracts	31,189	-
Valued Added Tax	52,085	-
Capital Grant received from local enterprise	46,648	58,558
Accruals and deferred income	233,915	489,794
	2,993,467	2,782,416

12 Deferred taxation

Cumulative unrecognised deferred tax comprises £3,271,408 (2011 £3,369,722) in respect of losses carried forward against future profits arising from the same trade

AGM Batteries Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

13 Called up share capital

	2012	2011
	£	£
Called up, allotted and fully paid		
4,064,000 ordinary shares at £1 each	4,064,000	4,064,000

14 Profit and loss account

	£
At 1 April 2011	(5,748,638)
Loss for the financial year	(418,663)
At 31 March 2012	(6,167,301)

15 Reconciliation of movements in shareholders' deficit

	2012	2011
	£	£
Shareholders' deficit at 1 April	(1,684,638)	(1,043,547)
Loss for the financial year	(418,663)	(641,091)
Shareholders' deficit at 31 March	(2,103,301)	(1,684,638)

AGM Batteries Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

16 Financial commitments

At 31 March 2012 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings	
	2012	2011
	£	£
After 5 years	180,000	175,000
	180,000	175,000

17 Ultimate parent undertaking and controlling party

The immediate parent undertaking is ABSL Power Solutions Ltd

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.