Energiser Investments plc

Annual Report and Accounts

For the year ended 31 December 2012

Board of Directors and advisers

Non-executive Chairman
Simon Bennett

Executive Director
Nishith Malde

Company registration number
00298654

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Nishith Malde

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Chairman’s statement

The following represents my report to shareholders on the results for the year ended 31 December 2012 and the financial position at that date. As mentioned in the last annual report, 2012 experienced the first “double-dip” recession since the economic turmoil of 1975. Notwithstanding, the Group’s principal property asset located in Wellingborough, Northamptonshire, generated a modest increase in gross rental income. The carrying value of this property portfolio has remained at a similar level to the previous year end. The expenditure incurred in the production of a concept prototype motor has been written off as there have been a number of technical issues which have resulted in it being classified as development expenditure which does not fit the criteria to be capitalised. The Board is evaluating its current status.

Results

Our residential development in Wellingborough generated gross rental income of £149,000 and after associated operating costs resulted in net rental income of £117,000. In addition, the Group wrote off £116,000 invested in the production of the high powered motor. Administrative expenses have reduced to £84,000 (2011: £116,000) and after finance costs of £100,000 (2011: £124,000) the loss before and after taxation was £171,000 (2011: £124,000) resulting in a loss per share of 0.39p (2011: 0.24p).

The Group’s net assets have decreased to £169,000 (2011: £340,000) representing net asset value per share of 0.39p (2011: 0.78p). Net asset value per share is calculated by dividing the net assets of the Group by the number of ordinary shares in existence at the balance sheet date.

The directors do not recommend the payment of a dividend.

The Group’s largest shareholder, Stephen Wicks, has agreed to provide further financial support to the Group for the foreseeable future, if required. As at the year end there were no loans due to Mr Wicks.

Operations

The Group continues to hold an investment in EiRx Therapeutics PLC (“ETP”) which has previously been fully provided against.

Our development of 20 residential properties in Wellingborough is currently generating a gross annual rental income of £142,000 as one of the properties is vacant. The properties are continuing to be let on short term tenancies whilst the residential property market is recovering and it is still the intention of the Board to sell them. As part of our search for investment opportunities the Group had identified a brownfield site with planning consent for nine houses with completion expected in December 2012. However this transaction did not proceed.

As I stated in the interim report, much progress had been made in the project to produce a pre-production version of a prototype motor with applications in the leisure industry, however due to technical issues that have not yet been resolved the Board is evaluating the status for further investment in this project.

Outlook

The Board will continue to search for new investment opportunities whilst continuing to maximise the rental income from the Group’s property portfolio.

Simon Bennett
Chairman
4 June 2013

Directors

Simon Bennett, *Non-executive Chairman (aged 55)* qualified as a Chartered Accountant in 1981 and has over 25 years' investment banking experience in the City. Mr Bennett was the head of corporate finance and head of the mid and small caps team at Credit Lyonnais Securities and, following its acquisition by Credit Agricole, he established Incremental Capital LLP to provide corporate finance advice to mid and small cap companies. In the latter part of 2005, Mr Bennett joined Baker Tilly and Co. Limited as managing director. In late 2007 Mr Bennett joined Fairfax IS plc, the independent investment bank, as head of corporate broking. Mr Bennett has recently joined Sanlam Securities as Head of Corporate Broking and is also a non-executive director of Inland Homes plc and a number of other private companies.

Nishith Malde, *Director (aged 55)* qualified as a Chartered Accountant in 1985 with KPMG and specialised in advising owner managed businesses. He left KPMG in 1989 to set up a consultancy firm which later merged with an audit practice where he was the partner responsible for the affairs of Country & Metropolitan plc. Mr Malde joined Country & Metropolitan plc as Finance Director and Company Secretary in November 1998. He was actively involved in the preparation for the flotation of Country & Metropolitan plc in December 1999 and its further development (which included acquisitions and disposals) until it was acquired by Gladedale Holdings plc in April 2005. He is also a Director of Inland Homes plc which floated onto AIM in April 2007.

Directors' report
for the year ended 31 December 2012

The Directors have pleasure in submitting their report, together with the financial statements of the Group and Company, for the year ended 31 December 2012.

Principal activity and business review

The Company is registered as a Public Limited Company (plc). The Company's shares of 0.1p each are listed on AIM, part of the London Stock Exchange.

The principal activity of the Group is as an investment company investing in quoted and unquoted companies to achieve capital growth. The Group also holds a property development, acquired by way of its principal activity. The properties are held for sale with rental income arising from short-term lets. The Group is actively marketing the properties with the aim to sell them in the short to medium term.

The Group's Key Performance Indicators (KPI) are the return on project investment and the net assets position of the Group including net assets per share. These indicators are monitored closely by the Board and the details of performance against these are given below.

Results and dividends

The net loss of the Group for the year before and after taxation amounted to £171,000 (2011: loss of £124,000). The Directors do not recommend the payment of a dividend for the year ended 31 December 2012.

The net assets of the Group at 31 December 2012 totalled £169,000 (2011: net assets of £340,000). The net assets per ordinary share as at 31 December 2012 were 0.39p (2011: net assets per ordinary share of 0.78p).

A more detailed review of the activity and progress of the business, including the portfolio of investments, is contained in the Chairman's Statement on page 2.

Whilst the Group currently has limited investments in quoted or unquoted companies, as referred to above, the Group's principal activity is that of investing in companies. Accordingly, the main Key Performance Indicators used by the business are:

- the returns on project investment (at the year end the only project, comprising the Wellingborough development, was fully let out under short-term operating leases whilst being held for sale producing a return of £116,000; 2011: £99,000); and
- the net assets position of the Group including net assets per share (2012: net assets per share of 0.39p; 2011: net assets per share of 0.78p).

Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks. The Directors have set out below the principal risks facing the business. Where possible, processes are in place to monitor and mitigate such risks. The Group operates a system of internal control and risk management in order to provide assurance that the Board is managing risk whilst achieving its business objectives. No system can fully eliminate risk and, therefore, the understanding of operational risk is central to the management process.

To enable shareholders to appreciate what the business considers are the main operational risks, they are briefly outlined below:

	Risk	Potential impact	Strategy
Housing market	A fall in the housing market in the regions in which the Group operates	• Inability to realise maximum value in a timely fashion • Adverse effect on the timing of sales	The Group lets properties on short term tenancies so that it is in a good position to sell when the market recovers
Rental market	A decrease in demand for rental properties	May have a detrimental effect on the Group's ability to cover administration and debt servicing costs	The Group ensures that tenants are satisfied with their property to encourage tenancy renewals and employs a reputable manager to deal with any issues and to let the properties
Interest rates	Significant upward changes in interest rates	Would lead to increased borrowing costs and thus have a detrimental effect on profit	The Group mitigates any adverse exposure to interest rate changes by controlling its gearing and by using hedging instruments

Directors' report
for the year ended 31 December 2012

Financial risk management objectives and policies

The Company's policy in respect of financial instruments and risk profile is set out on page 7 of the Directors' Report and in Note 17 of the accounts.

Corporate governance and compliance

The Company is listed on AIM and, accordingly, compliance with the revised UK Corporate Governance Code is not mandatory. However, the Company is committed to applying the principles of corporate governance as applicable to a company of this size and nature. The Board is accountable to the Company's shareholders for good corporate governance. This report and the Remuneration Report describe how the Company applies the provisions of good corporate governance.

Directors

The Company supports the concept of effective Board leadership and control of the Company. The Board is responsible for approving Company policy and strategy. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense.

The Board consists of one Executive Director and one Non-executive Director. The Non-executive Director is independent of management and any business or other relationship which could interfere with the exercise of his independent judgement.

The Board considers that the level of shareholdings held by the Non-executive Director is insufficient to affect his independence.

The Board members are listed on page 3.

All Directors are subject to re-election every three years and at the first Annual General Meeting (AGM) after appointment.

Directors' and officers' insurance

The Company has insurance for the Directors and officers of the Company and its subsidiaries in respect of liabilities incurred by them in the course of carrying out their duties or the exercise of their powers.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management. It therefore encourages shareholders to offer their views.

The AGM provides an opportunity for shareholders, particularly private investors, to question the Board on issues arising.

The notice convening the AGM is the notice of the meeting sent to shareholders with this report. A separate motion will be put to the meeting on each substantial issue.

Accountability and audit

The Board endeavours to present a balanced and understandable assessment of the Group's position and prospects in all reports as well as in the information required to be presented by statutory requirements.

Going concern

The financial statements have been prepared on the going concern basis, the Directors having considered the cash forecasts for the next twelve months from the date of the approval of these financial statements. In doing so they have given due regard to the risks and uncertainties affecting the business as set out in the Directors' Report, the liquidity risk disclosed in Note 17, funding provided by Mr S D Wicks, who has undertaken to meet the cash needs of the Group if required, and the repayment of other loans as referred to in Note 12. On this basis the Directors have a reasonable expectation that the funds available to the Group are sufficient to meet the requirements indicated by those forecasts.

Internal control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets and for reviewing its effectiveness. Such a system is designed to manage, but not eliminate, the risk of failure to achieve business objectives. There are inherent limitations in any control system and accordingly even the most effective systems can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Directors' report
for the year ended 31 December 2012

Assessment of business risk
The Board regularly reviews operating and strategic risks.

The Group's operating procedures include a system for reporting financial and non-financial information to the Board including:

- reports from management with a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- reports on the performance of investments;
- reports on selection criteria of new investments;
- discussion with senior personnel; and
- consideration of reports prepared by third parties.

Control procedures
Operational procedures have been developed for each of the Group's operating businesses that embody key controls over relevant areas. The implications of changes in law and regulations are taken into account by the Group.

The Board has considered the need for an internal audit function but has decided that this is not justified at present given the size of the Group. However, it will keep the decision under review on an annual basis at least.

Appointment of Directors
The Board deals with all matters relating to the appointment of Directors including determining the specification, identifying suitable candidates and selection of the appointee. No separate Nominations Committee has been formed.

Throughout the year the Articles of Association have required each Director to seek re-election after no more than three years in office. Therefore the Board considers it inappropriate that Non-executive Directors be appointed for a fixed term as recommended by the Code.

Policy for paying creditors
The Company's policy is to pay creditors in accordance with agreement reached with creditors. Trade creditors at the year end amount to 173 days (2011: 161 days) of average supplies.

Significant shareholdings
According to the Company's register of substantial shareholdings at 3 June 2013 the following had notified the Company of their interest in 3% or more of the Company's issued ordinary share capital:

	Number of shares	%
S D Wicks	23,558,855	53.8
N Malde	5,935,646	13.6
M Wheeler	3,581,755	8.2
H Cramer	3,419,488	7.8
W Weston	2,175,558	5.0
A G P Forrest	1,257,558	3.9

Directors and secretary
Nishith Malde will retire in accordance with the Articles of Association and, being eligible, offers himself for reappointment.

Those Directors who held office during the year and their interests in shares of the Company which include beneficial and family interests are shown below:

	As at 31 December 2012 ordinary shares of 0.1p	As at 31 December 2011 ordinary shares of 0.1p
S Bennett	**750,000**	750,000
N Malde	**5,935,646**	5,935,646

The Directors had no other interests in the shares of the Company. There have been no changes in these interests between 31 December 2012 and 3 June 2013. All the above interests are beneficial.

Directors' report
for the year ended 31 December 2012

Directors and secretary *continued*

Nishith Malde and Simon Bennett each have a notice period of six months. Details of Directors' remuneration are shown in the Remuneration Report on page 34.

Taxation status

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Principal risks and uncertainties

The Group's financial instruments comprise its investment portfolio, cash balances, debtors and creditors that arise directly from its operations and derivative instruments. The Group is exposed to market risk through the use of financial instruments and specifically to liquidity risk, market price risk and credit risk, which result from the Group's operating activities.

The Board's policy for managing these risks is summarised below.

Liquidity risk

The Group makes investments for the long term. Accordingly the Group rarely trades investments in the short term. Whilst the Group has no listed investments at present, historically these have been sold to meet the Group's funding requirements. However, the market in small capitalised companies can be illiquid. The Group also has a number of residential properties which are available for sale. Accordingly the Directors monitor the market and make disposals as appropriate. Any unlisted investments in the portfolio are normally subject to greater liquidity risk. This risk is taken into account by the Directors when arriving at the valuation of these assets.

Market price risk

The Group is exposed to market price risk as shown by movements in the value of its equity investments. Any such risk would be regularly monitored by the Directors.

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of carrying amount of equity, less cash and cash equivalents as presented on the face of the Statement of Financial Position. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Directors' report
for the year ended 31 December 2012

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have elected to prepare Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Laws). 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 and profit or loss of the Company and Group 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 IFRS or UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group 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 Group 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.

The Directors confirm that:

- so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with Section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD

Nishith Malde
Company Secretary
4 June 2013

Independent auditor's report
to the members of Energiser Investments plc on the Group financial statements

We have audited the Group financial statements of Energiser Investments plc for the year ended 31 December 2012 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Statement of Cash Flows, the principal accounting policies and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 8, the Directors are responsible for the preparation of the Group 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 Group 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 (APB) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

Other matter

We have reported separately on the Parent Company financial statements of Energiser Investments plc for the year ended 31 December 2012.

Paul Houghton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
4 June *2013*

Group statement of comprehensive income
for the year ended 31 December 2012

	Note	**2012 £'000**	2011 £'000
Continuing operations			
Revenue arising in the course of ordinary activities		**149**	139
Other income		**—**	70
Change in fair value of investments	1 & 7	**—**	(54)
Development costs		**(116)**	—
Cost of sales		**(32)**	(39)
Gross Profit		**1**	116
Administrative expenses		**(84)**	(116)
Operating loss	2	**(83)**	—
Finance costs	3	**(100)**	(124)
Finance income	3	**12**	—
Loss before taxation		**(171)**	(124)
Taxation	5	**—**	—
Loss for the year attributable to shareholders of the Company and total comprehensive income		**(171)**	(124)
Loss per share			
Basic and diluted loss per share from total and continuing operations	6	**(0.39)p**	(0.24)p

Diluted loss per share is taken as equal to basic loss per share as the Group's average share price during the period is lower than the exercise price and therefore the effect of including share options is anti-dilutive.

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Group statement of financial position
as at 31 December 2012

	Note	**2012 £'000**	2011 £'000
ASSETS			
Non-current assets			
Financial assets held at fair value through profit or loss	7	**1**	1
Current assets			
Inventories	9	**2,566**	2,550
Trade and other receivables	10	**14**	14
Cash and cash equivalents		**7**	111
		2,587	2,675
Total assets		**2,588**	2,676
LIABILITIES			
Current liabilities			
Trade and other payables	11	**333**	278
Short-term borrowings	12	**815**	743
		1,148	1,021
Non-current liabilities			
Long-term borrowings	12	**1,239**	1,271
Financial liabilities held at fair value through profit or loss		**32**	44
		1,271	1,315
Total liabilities		**2,419**	2,336
Net assets		**169**	340
EQUITY			
Share capital	13	**2,312**	2,312
Share premium account		**5,747**	5,747
Convertible loan		**88**	88
Merger reserve		**1,012**	1,012
Retained earnings		**(8,990)**	(8,819)
Total equity		**169**	340

The financial statements were approved by the Board of Directors and authorised for issue on 4 June 2013.

Simon Bennett	**Nishith Malde**	**Company Number**
Chairman	***Director***	***00298654***

The accompanying accounting policies and Notes form an integral part of these consolidated financial statements.

Group statement of changes in equity

For the year ended 31 December 2012

	Share capital £'000	Share premium account £'000	Convertible loan £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2011	2,300	5,641	88	1,012	(8,702)	339
Issue of equity	12	106	—	—	—	118
Share-based compensation	—	—	—	—	7	7
Transactions with owners	12	106	—	—	7	125
Total comprehensive loss	—	—	—	—	(124)	(124)
Total changes in equity	12	106	—	—	(117)	1
Balance at 31 December 2011	**2,312**	**5,747**	**88**	**1,012**	**(8,819)**	**340**
Total comprehensive loss	—	—	—	—	(171)	(171)
Balance at 31 December 2012	**2,312**	**5,747**	**88**	**1,012**	**(8,990)**	**169**

The accompanying accounting policies and Notes form an integral part of these consolidated financial statements.

Group statement of cash flows
For the year ended 31 December 2012

	2012 £'000	2011 £'000
Cash flows from operating activities		
Loss before and after taxation	**(171)**	(124)
Adjustments for:		
Change in fair value of investments	**—**	54
Fair value (gain)/loss on financial liabilities recognised in profit or loss	**(12)**	44
Interest expense	**100**	80
Decrease in trade and other receivables	**—**	8
Increase in trade payables	**22**	105
Share option charge	**—**	7
Reversal of impairment of inventories	**—**	(94)
Increase in inventories	**(16)**	(9)
Net cash generated by operating activities	**(77)**	71
Cash flows from investing activities		
Purchase of investments	**—**	(54)
Net cash used in investing activities	**—**	(54)
Cash flows from financing activities		
Proceeds from borrowings	**71**	61
Re-payment of borrowings	**(31)**	(43)
Interest paid	**(67)**	(50)
Net proceeds on issue of ordinary shares	**—**	118
Net cash (used in) / generated by financing activities	**(27)**	86
Net (decrease) / increase in cash and cash equivalents	**(104)**	103
Cash and cash equivalents at beginning of period	**111**	8
Cash and cash equivalents at end of period	**7**	111

The accompanying accounting policies and Notes form an integral part of these consolidated financial statements.

Principal accounting polices
for the year ended 31 December 2012

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below.

Basis of accounting

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except as modified by financial assets and liabilities (including derivatives) fair value.

The consolidated financial statements have been prepared in accordance with the accounting policies set out below and International Financial Reporting Standards (IFRS) as adopted by the European Union and that are effective at 31 December 2012.

The accounting policies have been applied consistently throughout the Group for the purposes of the preparation of these consolidated financial statements and the same accounting policies, presentations and methods of computation are followed in this set of financial statements as were applied in the previous set of audited financial statements.

The financial statements have been prepared on the going concern basis, the Directors having considered the cash forecasts for the next twelve months from the date of the approval of these financial statements. In doing so they have given due regard to the risks and uncertainties affecting the business as set out in the Directors' Report, the liquidity of investments and the liquidity risk disclosed in Note 17, funding provided by Mr S D Wicks, who has undertaken to meet the cash needs of the Group if required, and the repayment of other loans as referred to in Note 12. On this basis the Directors have a reasonable expectation that the funds available to the Group are sufficient to meet the requirements indicated by those forecasts.

Summary of significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2012. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Group Statement of Financial Position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of fair value of consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Other income

Other income is measured by reference to the fair value of consideration received or receivable by the Group for the sale of properties, excluding VAT and discounts, and dividend income from investments. Income from the sale of properties is recognised when the title passes. Dividends are recognised on receipt.

Other income – operating leases

Properties are leased out on operating leases. Rental income is recognised within revenue (excluding VAT) on a straight line basis over the lease and direct operating expenses were reported within cost of sales.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Principal accounting polices
for the year ended 31 December 2012

Dividends

Dividends are recognised when the shareholders' right to receive payment is established.

Taxation

Current tax is the tax currently payable based on taxable loss for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to other comprehensive income or equity in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes land and all attributable construction costs.

Financial assets

Financial assets are divided into the following categories: loans and receivables (including trade and other receivables) and financial assets at fair value through profit or loss (including investments). Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which point a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit or loss are recognised at fair value plus transaction costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss include financial assets that are designated by the entity as at fair value through profit or loss upon initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the Statement of Comprehensive Income. Financial assets originally designated as financial assets at fair value through profit or loss may not be reclassified subsequently.

Financial assets are designated as at fair value through profit or loss where they are managed and their performance evaluated on a fair value basis in accordance with the Group's documented investment strategy.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and certain other current assets are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Statement of Comprehensive Income.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial assets *continued*

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct issue costs.

They are subsequently measured at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in the Statement of Comprehensive Income. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Statement of Comprehensive Income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires. When the obligation is extinguished by conversion to equity, a gain or loss is recognised in respect of the difference between the carrying value of the debt compared to the fair value of the shares issued.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value in the Statement of Financial Position. Fair values are obtained from observable market prices or valuation techniques such as discounted cash flow models. Generally the best evidence of the fair value of a derivative at initial recognition is the transaction price (ie the fair value of the consideration given or received). All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are used for matching exposures on assets and liabilities. Where separate derivative instruments exist these are measured at fair value through profit or loss under IAS 39. The fair value liability is recognised in the Statement of Financial Position, with the associated expense recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

Equity comprises the following:

- **Share capital** represents the nominal value of equity shares;
- **Share premium** represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- **Convertible loan** represents the equity element of a convertible loan which has now been settled;
- **Retained earnings** represents retained profits/(losses); and
- **Merger reserve** represents the excess of the nominal value of shares issued in the acquisition of a subsidiary undertaking and the nominal value of the subsidiary undertaking's shares.

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The Group holds no such assets. All other leases are regarded as operating leases and the payments made under them are charged to profit or loss on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Principal accounting polices
for the year ended 31 December 2012

Segment reporting

In accordance with IFRS 8, information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the Group engages. In identifying its operating segments, management differentiates between investment activities and rental of its freehold and leasehold properties. These segments are based on the information reported to the chief operating decision maker. The rental segment utilises its freehold properties within inventories. The Group's result to date is substantially derived from investment activities.

Capital management

The Group's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to ensure sufficient liquid resources are available to meet the funding requirement of its investments and to fund new investments where identified.

This is achieved through ensuring sufficient bank and other facilities are in place and further details are given in note 17 to the accounts.

Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Standards and interpretations in issue but not yet effective

A number of new standards, amendments to standards and interpretations have been issued and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early as they are not expected to have any significant impact on the Group financial statements.

IFRS 9 Financial Instruments (effective January 2015)
IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
IFRS 13 Fair Value Measurement (effective 1 January 2013)
IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2012)

Other standards and interpretations in issue but not yet effective are not considered to have any relevance to the Group.

Critical judgements in applying the accounting policies

In the process of preparing the accounting policies, the Directors have applied critical judgements in adopting the going concern basis to the financial statements as more fully set out in the basis of preparation paragraph of these accounting policies.

The property development at Wellingborough has been classed as inventory. This is considered appropriate as these properties are intended for sale in the ordinary course of business and in the near future. At present the Company is actively marketing these for sale. Any rental income is incidental and only arises from short-term leases. The directors revise this judgement carefully at each year end.

Key sources of estimation uncertainty

Fair value of loans

The fair value of other loans at initial recognition has been calculated in the absence of information for directly comparable instruments as no active market exists for such items. Accordingly, the inputs to the valuation techniques and specifically the market related rate of interest rely on other sources of data including the Directors' knowledge of similar loans. The carrying value of other loans included in borrowings was £0.775m (2011: £0.704m). The subsequent measurement of loans is at amortised cost (note 17).

Notes to the Group financial statements
for the year ended 31 December 2012

1. Income and segmental analysis

The Group generates income by way of profits or losses on investments. It also generates rental and other related income from letting properties. These operating segments are monitored by the Executive Director and strategic decisions are made on the basis of segment operating results. The segmental analysis of operations is as follows:

Segmental analysis by activity

	2012 £'000	2011 £'000
Segment result		
Investment activities:		
Change in fair value of investments	**—**	(54)
Development costs	**(116)**	—
Administrative expenses	**(83)**	(109)
	(199)	(163)
Rental activities:		
Net rental income	**117**	106
Administrative expenses	**(1)**	(7)
	116	99
Other income:		
Sale of property	**—**	(30)
Reversal of impairment of inventories	**—**	94
	—	64
Operating loss	**(83)**	—
Finance costs	**(100)**	(80)
Fair value adjustment on interest rate swap	**12**	(44)
Loss before tax	**(171)**	(124)

	2012 £'000	2011 £'000
Segment assets		
Investment activities:		
Non-current assets	**1**	**1**
Current assets	**4**	**40**
	5	**41**
Rental activities:		
Current assets – inventories	**2,566**	**2,550**
Current assets – other	**17**	**85**
	2,583	**2,635**
Total assets	**2,588**	**2,676**
Segment liabilities		
Investment activities:		
Current liabilities	**806**	**696**
	806	**696**
Rental activities:		
Current liabilities	**342**	**325**
Non-current liabilities	**1,271**	**1,315**
	1,613	**1,640**
Total liabilities	**2,419**	**2,336**
Total assets less total liabilities	**169**	**340**

The activity of both the investments and rentals arose wholly in the United Kingdom.

No single customer accounts for more than 10% of revenue.

Notes to the Group financial statements
for the year ended 31 December 2012

2. Operating loss

Operating loss is stated after charging:

	2012 £'000	2011 £'000
Auditor's remuneration for:		
Audit services		
– audit of the Group's annual accounts	**15**	15
– audit of subsidiaries pursuant to legislation	**5**	5
Other services		
– taxation services	**5**	14

3. Finance costs and finance income

	2012 £'000	2011 £'000
Finance costs		
Short-term loans	**32**	31
Long-term loans	**68**	49
Fair value adjustment on interest rate swap derivative held at fair value through profit and loss	**—**	44
	100	124
Finance income		
Fair value adjustment on interest rate swap derivative held at fair value through profit and loss	**12**	—
	12	—

4. Directors and employees

Staff costs during the year were as follows:

	2012 £'000	2011 £'000
Wages and salaries	**10**	10
Social security costs	**—**	—
Share-based payment	**—**	7
	10	17

The Directors and employees of the Group have waived £387,000 of remuneration as at 31 December 2012 (2011: £349,000), which includes £38,000 in respect of the current year. See Remuneration Report on page 34.

The average number of employees (including Directors) of the Group was:

	2012 Number	2011 Number
Management of investments and properties	**3**	3

Further details of individual Directors' remuneration, pension fund and interests in the Company are shown in the table on page 34.

5. Income tax expense

There is no tax credit/(charge) for either the current or prior years due to brought forward tax losses. The current tax assessed for the year is lower than the standard rate of corporation tax in the UK of 24.5%. The differences are explained as follows:

	2012 £'000	2011 £'000
Loss on ordinary activities before taxation	**(171)**	**(124)**
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011: 26.0%)	**(42)**	**(32)**
Effect of:		
Expenses not deductible for tax	**26**	**29**
Other differences	**—**	**—**
Tax losses arising	**16**	**3**
Total tax charge	**—**	**—**

The Group has unrecognised deferred tax assets of £927,000 (2011: £991,000) as a result of losses carried forward of £4,029,000 (2011: £3,962,000).

Notes to the Group financial statements
for the year ended 31 December 2012

6. Loss per ordinary share

The loss per ordinary share is based on the weighted average number of ordinary shares in issue during the year of 43,787,956 ordinary shares of 0.1p (2011: 50,752,808 ordinary shares of 0.1p) and the following figures:

	2012 **£'000**	2011 £'000
Loss attributable to equity shareholders	**(171)**	(124)
Loss per ordinary share	**(0.39)p**	(0.24)p

Diluted earnings per share is taken as equal to basic earnings per share as the Group's average share price during the period is lower than the exercise price and therefore the effect of including share options is anti-dilutive.

7. Investments

	2012 **£'000**	2011 £'000
Investments listed on a recognised stock exchange	**1**	1
	1	1

In accordance with IFRS 7, financial instruments are measured by level of the following fair value measurement hierarchy:

- Level 1: quoted prices in an active market for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price on the last day of the financial year of the Group. These instruments are included in level 1 and comprise FTSE and AIM listed investments classified as held at fair value through profit or loss.
- Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group holds an interest rate swap which is classified as level 2. Further details can be found in note 17.
- Level 3: the fair value of financial instruments that are not traded in an active market (for example, investments in unquoted companies) is determined by using valuation techniques such as earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between these classifications in the period (2011: none). The change in fair value for the current and previous years is recognised through profit or loss.

Notes to the Group financial statements
for the year ended 31 December 2012

7. Investments *continued*

All assets held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments held at fair value through profit or loss are summarised as follows:

	Level 1 Quoted equity investments £'000	Level 3 Financial instruments £'000	Total investments £'000
Cost			
At 1 January 2011	(12)	4,853	4,841
Additions	1	54	55
At 31 December 2011	**(11)**	**4,907**	**4,896**
Fair value losses			
At 1 January 2011	12	(4,853)	(4,841)
Increase in fair value losses	—	(54)	(54)
At 31 December 2011	**12**	**(4,907)**	**(4,895)**
Fair value			
At 31 December 2011	**1**	**—**	**1**
At 31 December 2010	—	—	—
Cost			
At 1 January 2012	(11)	4,907	4,896
At 31 December 2012	**(11)**	**4,907**	**4,896**
Fair value losses			
At 1 January 2012	12	(4,907)	(4,895)
At 31 December 2012	**12**	**(4,907)**	**(4,895)**
Fair value			
At 31 December 2012	**1**	**—**	**1**
At 31 December 2011	1	—	1

	2012 £'000	2011 £'000
Net increase in unrealised depreciation	**—**	(54)
Loss on remeasurement to fair value of investments carried at fair value through profit or loss	**—**	(54)

At 31 December 2012, the Company held 12.5% (2011: 12.5%) of the issued ordinary share capital of EiRx Therapeutics plc (ETP). This investment is carried at fair value through profit or loss and is valued at £nil as the company's stock market listing has been suspended for a number of years and it is having difficulties achieving a new flotation.

8. Subsidiary undertakings

At 31 December 2012 Energiser Investments plc held 50% or more of the equity of the following:

Company name	Country of registration	Principal activity	Holding	Class of shares
World Life Sciences Ltd	England	Dormant	100%	Ordinary
Urco Ltd	England	Dormant	100%	Ordinary
Development Funding Ltd	England	Development finance	100%	Ordinary
Cedar Green Homes Limited	England	Property development	100%	Ordinary

9. Inventories

	2012 £'000	2011 £'000
Freehold properties	**2,566**	2,550

The cost of inventories includes the cost of land and all attributable costs of construction. The inventory has been provided as security for the bank loan (see note 12).

10. Trade and other receivables

	2012 £'000	2011 £'000
Other debtors	**14**	14

11. Trade and other payables

	2012 £'000	2011 £'000
Current		
Trade creditors	**48**	**47**
Social security and other taxes	**—**	**10**
Other creditors and accruals	**285**	**221**
	333	**278**

12. Borrowings

	2012 £'000	2011 £'000
Current		
Bank loan	**40**	39
Other loans	**775**	704
	815	743
Non-current		
Bank loan	**1,239**	1,271
	1,239	1,271
Total borrowings	**2,054**	2,014

On completion of the Wellingborough development, Cedar Green Homes Limited (formerly Gramm Partnership Housing Limited) entered into a five year term loan from Barclays Bank of £1,360,000, secured on those properties, at an interest rate of base rate plus 2.75%. The terms of the loan required an interest rate swap of £900,000 to fix the base rate at 1.98% per annum. The loan is repayable in September 2015.

Other loans are unsecured and attract interest of 4% above base rate.

13. Share capital

	2012 £'000	2011 £'000
Authorised		
46,000,000 (2011: 46,000,000) ordinary shares of 0.1p each	**46**	46
3,980,789,750 (2011: 3,980,789,750) deferred shares of 0.1p each	**3,981**	3,981
	4,027	4,027
Allotted, called up and fully paid		
43,787,956 (2011: 43,787,956) ordinary shares of 0.1p each	**44**	44
2,268,113,165 (2011: 2,268,113,165) deferred shares of 0.1p each	**2,268**	2,268
	2,312	2,312

Notes to the Group financial statements
for the year ended 31 December 2012

13. Share capital *continued*

Reconciliation of issued share capital

	Ordinary shares Number	Deferred shares Number
At 1 January 2012 and at 31 December 2012	**43,787,956**	2,268,113,165

Deferred shares

The deferred shares have:

- no right to any dividend;
- the right to receive notice of any general meeting and to attend such meeting but no right to vote there at; and
- the right on a winding up or other return of capital (after payment of the debts and liabilities of the Company and an amount equal to the amounts paid up, or credited as paid up, including any premium on the ordinary shares of the Company, together with any unpaid arrears of dividend declared on such shares) to an amount equal to the amounts paid up or credited as paid up on such deferred shares.

The Group operates an unapproved share option scheme. Awards under each scheme are made periodically to employees. The charge calculated up to 31 December 2012 is £nil (2011: £7,000). Volatility was assessed over the period since the shares were listed.

A reconciliation of option movements over the year ended 31 December 2012 is shown below:

	Number	Exercise price
Granted in the year	Nil	
Outstanding at 31 December 2012	**1,900,000**	20p
Exercisable at 31 December 2012	**1,900,000**	20p

At 31 December 2012 outstanding options granted over ordinary shares were as follows:

Share option scheme	Exercise price	Number	Dates exercisable
Company unapproved	20p	1,900,000	24 March 2010 to 23 March 2017

14. Retirement benefits

Defined contribution pension scheme

The Group operates a defined contribution scheme for the benefit of certain employees and Directors. The assets of the scheme are administered by trustees in a fund independent from those of the Company. There were no contributions during the year (2011: £nil).

15. Commitments under operating leases

There are no commitments under operating leases (2011: £nil). All rental properties are let on short term leases between six and twelve months.

16. Transactions with related parties

Highlands Village Limited, a company in which Mr S D Wicks and Mr N Malde are both Directors and shareholders, advanced £281,000 to the Company in previous years on an unsecured basis at 4% above base rate. Interest of £52,000 (2011: £39,000) has been accrued and remains unpaid at the year end.

Notes to the Group financial statements
for the year ended 31 December 2012

17. Financial instruments and risk profile

The Group's financial instruments comprise its investment portfolio, cash balances, debtors and creditors that arise directly from its operations and derivative instruments. The Group is exposed to risk through the use of financial instruments and specifically to liquidity risk, market price risk and credit risk, which result from the Group's operating activities.

The Board's policy for managing these risks is summarised below.

Liquidity risk

The Group makes investments for the long term. Accordingly the Group rarely trades investments in the short term. Whilst the Group has no listed investments at present, historically these have been sold to meet the Group's funding requirements. However, the market in small capitalised companies can be illiquid. The Group also has a number of residential properties which are available for sale. Accordingly the Directors monitor the market and make disposals as appropriate.

Market price risk

The Group is exposed to market price risk as shown by movements in the value of its equity investments. Any such risk would be regularly monitored by the Directors.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of carrying amount of equity, less cash and cash equivalents as presented on the face of the Statement of Financial Position. The movement in the capital to overall financing ratio has been set by the Directors at 20%.

	2012 **£000**	2011 £000
Equity	**169**	340
Less: cash and cash equivalents	**(7)**	(111)
Capital	**162**	229

	2012 **£000**	2011 £000
Equity	**169**	340
Borrowings	**2,054**	2,014
Overall financing	**2,223**	2,354
Capital to overall financing	**7.3%**	9.7%

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

	2012 **£'000**	2011 £'000
Trade and other receivables	**14**	14
Cash and cash equivalents	**7**	111
	21	125

The Directors consider that all the above financial assets are of reasonable quality. No amounts shown above are considered to be past their due date.

Notes to the Group financial statements
for the year ended 31 December 2012

17. Financial instruments and risk profile *continued*

Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as below:

	2012 £'000	2011 £'000
Non-current assets		
Financial assets at fair value through profit or loss	**1**	1
Current assets		
Trade and other receivables	**14**	14
Cash and cash equivalents	**7**	111
Loans and receivables	**21**	125
Current liabilities		
Financial liabilities carried at amortised cost	**1,148**	1,011
Non-current liabilities		
Financial liabilities carried at amortised cost	**1,239**	1,271
Derivative held at fair value through profit or loss	**32**	44
	1,271	1,315

The financial instruments held at fair value through profit or loss have been valued in accordance with the International Private Equity and Venture Capital Valuation guidelines. In the current year, these are determined by reference to quoted prices where there is an active market for identical assets or liabilities. Otherwise the fair value is determined by using valuation techniques such as earnings multiples. There is no material difference between the carrying value and fair value of the Group's aggregate financial assets and liabilities.

Interest rate risk profile of financial liabilities

	2012 £'000	2011 £'000
Floating rate financial liabilities	**2,054**	2,014
Financial liabilities on which no interest is paid	**365**	312
	2,419	2,326

The floating rate financial liabilities principally comprise loans as follows:

- bank loan which is secured against inventories with interest payable at 2.5% over base rate; and
- other loans with interest payable at 4% over base rate.

All financial assets and liabilities are denominated in Sterling.

Maturity profile of financial liabilities including interest

The maturity profile of the Group's financial liabilities was as follows:

	2012 £'000	2011 £'000
In one year or less, or on demand		
Bank loan	**80**	80
Other loans	**775**	704
	855	784
In more than one year but not more than two		
Bank loan	**80**	80
In more than three years		
Bank loan	**1,228**	1,308

The above amounts reflect the contractual undiscounted cash flows which may differ to the carrying values of the liabilities at the reporting date.

Notes to the Group financial statements
for the year ended 31 December 2012

17. Financial instruments and risk profile *continued*

Fair value measurement hierarchy of financial liabilities

The Group uses an interest rate swap to mitigate interest rate exposure on the Barclays Bank loan. The loan has a variable interest rate of 2.75% above the notional base rate of 1.98%. The interest rate swap is deemed to be a separate financial instrument from the loan and not an embedded derivative within the host loan. In accordance with IFRS 7, financial instruments are disclosed by level of the fair value measurement hierarchy as detailed in note 7. There have been no transfers between these classifications in the period (2011: none). The change in fair value for the current and previous years is recognised through profit or loss.

	Level 2 derivatives £'000
Cost	
At 1 January 2012	—
Additions	—
At 31 December 2012	**—**
Fair value movements	
At 1 January 2012	(44)
Fair value adjustment	12
At 31 December 2012	**(32)**
Fair value	
At 31 December 2012	**(32)**
At 31 December 2011	(44)

Sensitivity analysis

The following table illustrates the sensitivity of (loss)/profit and equity to a reasonably possible change in interest rates of +/- 1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	(Loss)/profit for the year £000		**Equity £000**	
	+ 1%	**- 1%**	**+ 1%**	**- 1%**
31 December 2012	**(192)**	**(151)**	**149**	**190**
31 December 2011	(132)	(118)	333	347

18. Company information

The Company is a public limited company registered in England and Wales. The registered office and principal place of business is 2 Anglo Office Park, 67 White Lion Road, Amersham, Buckinghamshire HP7 9FB.

Independent auditor's report

to the members of Energiser Investments plc on the Parent Company financial statements

We have audited the Parent Company financial statements of Energiser Investments plc for the year ended 31 December 2012 which comprise the Parent Company Balance Sheet, the principal accounting policies and the related Notes. 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 8, the Directors are responsible for the preparation of the Parent Company 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 Parent Company 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012;
- 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 Parent Company financial statements.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Other matter

We have reported separately on the Group financial statements of Energiser Investments plc for the year ended 31 December 2012.

Paul Houghton
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
4 June *2013*

Parent company balance sheet
as at 31 December 2012

	Note	**2012 £'000**	2011 £'000
Fixed assets			
Investments	3	**1**	1
Current assets			
Debtors	4	**906**	949
Cash at bank and in hand		**—**	31
		906	980
Creditors: amounts falling due within one year	5	**(846)**	(697)
Net current assets		**60**	283
Net assets		**61**	284
Capital and reserves			
Called up share capital	6	**2,312**	2,312
Share premium account	7	**5,747**	5,747
Convertible loan	7	**88**	88
Revaluation reserve	7	**420**	420
Merger reserve	7	**1,012**	1,012
Profit and loss account	7	**(9,518)**	(9,295)
Shareholders' funds	8	**61**	284

The financial statements were approved by the Board of Directors and authorised for issue on 4 June 2013.

Simon Bennett	**Nishith Malde**	**Company Number**
Chairman	***Director***	***00298654***

The accompanying accounting policies and notes form an integral part of these financial statements.

Principal accounting policies
for the year ended 31 December 2012

The principal accounting policies of the Company remain unchanged from the previous year, other than as noted below. The accounting policies of the Company are set out below.

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment assets. The accounts have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis, the Directors having considered the cash forecasts for the next twelve months from the date of the approval of these financial statements. In doing so they have given due regard to the risks and uncertainties affecting the business as set out in the Directors' Report, the liquidity of investments and the liquidity risk disclosed in Note 17, funding provided by Mr S D Wicks, who has undertaken to meet the cash needs of the Company if required, and the repayment of other loans as referred to in Note 12. On this basis the Directors have a reasonable expectation that the funds available to the Group are sufficient to meet the requirements indicated by those forecasts.

Investments

Investments in subsidiaries are carried at cost less amounts written off.

Listed investments

Investments which are listed on a stock market such as AIM or similar markets are valued at their closing mid price.

Where listed investments are subject to restrictions on sale or the marketability of the holding is limited then a discount to the listed market price may be applied. Unrealised gains are transferred to the revaluation reserve.

Unlisted shares

Valuation methods used are either costs or, where appropriate, fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines.

In estimating fair value a valuation methodology is applied that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio. The valuation methodology will consider:

- price of recent investment;
- earnings multiple;
- net assets;
- discounted cash flows or earnings of the underlying business;
- discounted cash flows from the investment; and
- industry valuation benchmarks.

For investments in start up or early stage businesses, the Price of Recent Investment methodology is the most appropriate for a limited period following the date of investment. Thereafter the fair value is measured using the most appropriate methodology. If fair value cannot be reliably measured then a provision is made.

In the course of this review, increases above cost based valuations of unquoted investments are, in normal circumstances, only made if substantiated by significant third party transactions in relevant shares. Unrealised gains are recorded in the revaluation reserve.

Principal accounting policies
for the year ended 31 December 2012

Leased assets

Payments made under operating leases are charged to the revenue account on a straight line basis over the lease term.

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and
- expenses are charged to capital reserve and realised where a connection with the maintenance or enhancement of the value of the investments can be demonstrated.

Taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Retirement benefits

Defined contribution pension scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Notes to the Company's financial statements
for the year ended 31 December 2012

1. Loss attributable to members of the Parent Company

As permitted by Section 408 of the Companies Act 2006, the Parent Company has not presented its own profit and loss account.

The Company's loss for the year of £223,000 (2011: loss of £187,000) has been transferred to reserves.

Auditor's remuneration

The audit fees for the Company were £15,000 (2011: £15,000). Auditor's remuneration for other services is disclosed in note 2 to the consolidated financial statements.

Fees paid to the Company's auditor, Grant Thornton UK LLP, and its associates for services other than statutory audit of the Company are not disclosed in Energiser Investments plc's accounts since the Group accounts are required to disclose non-audit fees on a Group basis.

2. Staff costs

Staff costs during the year were as follows:

	2012 £'000	2011 £'000
Wages and salaries	**10**	**10**
Social security costs	**—**	**—**
Share-based compensation	**—**	**7**
	10	**17**

The Directors and employees of the Company waived £387,000 of remuneration as at 31 December 2012 (2011: £349,000), which includes £38,000 in respect of the current year. See Remuneration Report on page 34.

The average number of employees (including Directors) of the Company was:

	2012 Number	2011 Number
Management of investments	**2**	2

See the Remuneration Report for details of Directors' remuneration.

3. Investments

	2012 £'000	2011 £'000
Investments listed on a recognised investment exchange	**1**	**1**

	Listed £'000	**Subsidiary undertakings £'000**	**Other unlisted investments £'000**	**Total £'000**
Cost				
At 1 January 2012	(419)	2,623	4,907	7,111
At 31 December 2012	**(419)**	**2,623**	**4,907**	**7,111**
Unrealised appreciation/(depreciation)				
At 1 January 2012	420	—	(4,907)	(4,487)
At 31 December 2012	**420**	**—**	**(4,907)**	**(4,487)**
Provision against investment in subsidiaries	**—**	**(2,623)**	**—**	**(2,623)**
Cost or valuation				
At 31 December 2012	**1**	**—**	**—**	**1**
At 31 December 2011	1	—	—	1

Notes to the Company's financial statements
for the year ended 31 December 2012

4. Debtors

	2012 £'000	2011 £'000
Amounts owed by subsidiary undertaking	**902**	939
Other debtors	**1**	3
Prepayments and accrued income	**3**	7
	906	949

5. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Other loans	**628**	558
Trade creditors	**33**	30
Amounts owed to subsidiary undertaking	**40**	—
Other creditors and accruals	**145**	109
	846	697

6. Share capital

	2012 £'000	2011 £'000
Authorised		
46,000,000 (2011: 46,000,000) ordinary shares of 0.1p each	**46**	46
3,980,789,750 (2011: 3,980,789,750) deferred shares of 0.1p each	**3,981**	3,981
	4,027	4,027
Allotted, called up and fully paid		
43,787,956 (2011: 43,787,956) ordinary shares of 0.1p each	**44**	44
2,268,113,165 (2011: 2,268,113,165) deferred shares of 0.1p each	**2,268**	2,268
	2,312	2,312

Deferred shares

The deferred shares have:

- no right to any dividend;
- the right to receive notice of any general meeting and to attend such meeting but no right to vote there at; and
- the right on a winding up or other return of capital (after payment of the debts and liabilities of the Company and an amount equal to the amounts paid up, or credited as paid up, including any premium on the ordinary shares of the Company, together with any unpaid arrears of dividend declared on such shares) to an amount equal to the amounts paid up or credited as paid up on such deferred shares.

The Company operates an unapproved share option scheme. Awards under each scheme are made periodically to employees. The charge calculated up to 31 December 2012 is £nil (2011: £7,000). Volatility was assessed over the period since the shares listed.

A reconciliation of option movements over the year ended 31 December 2012 is shown below:

	Number	**Exercise price**
Granted in the year	Nil	
Outstanding at 31 December 2012	**1,900,000**	**20p**
Exercisable at 31 December 2012	**1,900,000**	**20p**

6. Share capital *continued*

Deferred shares continued

At 31 December 2012 outstanding options granted over 0.1p ordinary shares were as follows:

Share option scheme	Option price	Number	Dates exercisable
Company unapproved	20p	1,900,000	24 March 2010 to 23 March 2017

7. Reserves

	Share premium account £'000	Equity element of convertible loan £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 2012	5,747	88	420	1,012	(9,295)
Retained loss for the year	—	—	—	—	(223)
At 31 December 2012	**5,747**	**88**	**420**	**1,012**	**(9,518)**

8. Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Retained loss for the year	**(223)**	(187)
New share capital subscribed	**—**	118
Share-based compensation	**—**	7
	(223)	(62)
Shareholders' funds brought forward	**284**	346
Shareholders' funds carried forward	**61**	284

9. Commitments under operating leases

There are no commitments under operating leases (2011: £Nil).

10. Transactions with related parties

Highlands Village Limited, a company in which Mr S D Wicks and Mr N Malde are both Directors and shareholders, advanced £281,000 to the Company in previous years on an unsecured basis at 4% above base rate. Interest of £52,000 (2011: £39,000) has been accrued and remains unpaid at the year end.

Cedar Green Homes Ltd and Development Funding Limited are wholly owned subsidiaries of Energiser Investments plc. Energiser Investments plc is exempt from the requirements of FRS 8 to disclose transactions with the companies.

Remuneration report

Directors' remuneration

The Board submits its Directors' Remuneration Report for the year ended 31 December 2012.

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position as a market leader and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this but to avoid paying more than is necessary. Due to the Board's current size it does not have a Remuneration Committee.

Main elements of remuneration

The three main elements of the Executive Directors' remuneration package are basic annual salary, performance related bonus and share option incentives.

Basic annual salary

Any Executive Director's basic salary is reviewed annually by the Board. In deciding upon appropriate levels of remuneration the Board believes that the Company should offer average levels of base pay reflecting individual responsibilities compared to similar jobs in comparable companies.

Summary of Directors' remuneration

	Aggregate emoluments					Company contributions to money purchase pension scheme	
	Salary/ fees 2012 £'000	Salary waived 2012 £'000	Bonus 2012 £'000	Total 2012 £'000	Total 2011 £'000	2012 £'000	2011 £'000
Executive							
N Malde	38	(38)	—	—	—	—	—
Non-executive							
S C Bennett	10	—	—	**10**	10	—	—
	48	**(38)**	**—**	**10**	10	**—**	**—**

Non-executive Director

The remuneration of the Non-executive Director is determined by the Board within the limits set out in the Articles of Association. The Non-executive Director does not have a contract of service and is not eligible to receive pension contributions.

Directors' interests

The interests of the Directors and their families in the ordinary shares of the Company are shown below:

Ordinary shares	**As at 31 December 2012 0.1p Ordinary shares**	As at 1 January 2012 0.1p Ordinary shares
S C Bennett	**750,000**	750,000
N Malde	**5,935,646**	5,935,646
Share options	**0.1p Ordinary shares**	0.1p Ordinary shares
S C Bennett	**300,000**	300,000
N Malde	**700,000**	700,000

The share options are part of a Company Unapproved scheme and are exercisable at 20p between 24 March 2010 and 23 March 2017.

Other than shown above, no Director had any interest in the shares of the Company or any of its subsidiaries at 31 December 2012 and there have been no changes in Directors' interests since that date and the date of this report.

ON BEHALF OF THE BOARD

Simon Bennett

Chairman

4 June 2013

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Energiser Investments plc (the Company) will be held at 2 Anglo Office Park, 67 White Lion Road, Amersham, Buckinghamshire HP7 9FB at 11.00am on 28 June 2013, for the purposes of considering and, if thought fit, passing the following resolutions as to which those numbered 1 to 3 inclusive will be proposed as ordinary resolutions and those numbered 4 to 6 will be proposed as a special resolutions.

Ordinary resolutions

1. THAT the audited accounts of the Company for the financial year ended 31 December 2012 and the Directors' Report and Auditor's Report on those accounts and the Remuneration Report be received and adopted.

2. THAT Grant Thornton UK LLP be appointed auditor of the Company to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which audited accounts are laid and to authorise the Directors to fix its remuneration.

3. THAT Nishith Malde be reappointed as a Director of the Company in accordance with the Articles of Association of the Company.

Special business

4. THAT the proposed change in the investment strategy of the Company be approved and that the Company is hereby authorised to make investments in such manner and in such business sector(s) as the Directors think fit including, without limitation, property companies, property financing companies, other asset-backed investments and cash-generative investments.

5. THAT in substitution for all existing authorities under that Section, the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the Act) to exercise all the powers of the Company to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (as defined in Section 560 of the Act) of the Company up to a maximum aggregate nominal amount of £32,840.97 or three-quarters of the current issued share capital from time to time to such persons, at such times and generally on such terms and conditions as the Directors (subject to the Articles of Association of the Company from time to time) in their absolute discretion may determine during the period commencing on the date of the passing of this resolution and expiring (unless previously renewed, varied or revoked by the Company in general meeting) 15 months from the date of the passing of this resolution or, if earlier, on the conclusion of the next Annual General Meeting of the Company save that the Company may make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authorities hereby conferred had not expired.

6. THAT in substitution for all existing authorities, the Directors be and they are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 5 above as if Section 561 of the Act did not apply to any such allotment provided that this power shall be limited:

   (a) to the allotment of equity securities where the equity securities respectively attributable to the interests of all relevant shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them on the record date for such allotment subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or stock exchange in any territory;

   (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to a nominal amount not exceeding £1,900 pursuant to the exercise of options to subscribe for equity securities in the capital of the Company granted prior to the date hereof; and

Special business continued

(c) to the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) inclusive above) of equity securities for cash up to an aggregate nominal amount not exceeding £32,840.97 or three-quarters of the current issued share capital from time to time, and shall expire on the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution, whichever is earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement after such expiry as if the power conferred hereby had not expired.

ON BEHALF OF THE BOARD

Nishith Malde
Company Secretary
4 June 2013

Registered office:
2 Anglo Office Park
67 White Lion Road
Amersham
Buckinghamshire
HP7 9FB

Notes

1. A member of the Company entitled to attend, speak and vote at the Annual General Meeting (AGM) may appoint one or more proxies to attend, speak and vote instead of him/her. A proxy need not be a member of the Company.

2. Completion and return of a form of proxy does not preclude a member from attending, speaking and voting at the AGM in person should he/she so wish.

3. A form of proxy is enclosed and to be valid must be completed, signed and returned so as to reach the Company's registrar, Neville Registrars Ltd, Neville House, 18 Laurel Lane, Halesown, B63 3DA (together with a letter or power of attorney or other written authority, if any, under which it is signed or a notarially certified or office copy of such power or written authority, not later than 11.00am on 26 June 2013 being 48 hours before the time fixed for holding the AGM or any adjournment thereof.

4. Copies of the Directors' service contracts and letters of appointment will be available for inspection by members at the registered office of the Company during normal business hours from the date of this notice until the conclusion of the AGM.

5. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, only those members registered in the Register of Members of the Company as at close of business on 26 June 2013 are entitled to attend, speak or vote at this AGM in respect of the number of shares registered in their name as at close of business on 26 June 2013. Changes to entries in the register after close of business on 26 June 2013 shall be disregarded in determining the right to attend, speak or vote at the AGM.