

**MDA Space and Robotics
Limited**

**Directors' report and financial
statements**

Registered number 05495455

31 December 2015

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Directors and advisors

Directors	A Wirasekara D Kenyon
Secretary	M Manki
Auditor	KPMG Audit Plc Plym House 3 Long Bridge Road Marsh Mills Plymouth PL6 8LT
Registered Office	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
Registered number	05495455
Solicitor	Eversheds Eversheds House 70 Great Bridgewater Street Manchester M1 5ES

Directors' report

The directors present their directors' report and the financial statements of MDA Space and Robotics Limited ("the Company") for the year ended 31 December 2015.

Principal activities and business review

The principal activity of the Company during the period was the re-orientation of the Company to deliver the Columbus Ka Band Terminal (ColKa) for the International Space Station and to seek further follow on product sales. The Company also initiated a second major thrust to look at establishing a major robotics project leveraging both strong UK Space Agency support and MacDonald, Dettwiler and-Associates Ltd.'s ("MDA") Canadian heritage in this market. Growth was supported by the appointment of a full time Managing Director in May 2015 and the identification and hiring for a full time Nuclear Robotics business development manager to start 1 January 2016.

Research and development

The Company continued research in the Optical area looking to utilise existing Camera IP to be adapted to work on a Geostationary satellite platform with a view to creating a new type of Earth Observation data for exploitation within the MDA group.

Future development of the business

The business will continue focus on further Data Relay sales (primarily Ka-Band) whilst seeking to establish a second business line in either robotics (Space & Nuclear) or a Geostationary camera/earth observation mission.

Results and dividends

The loss before taxation for the year amounted to £115,565 (2014: loss of £136,277). The directors do not recommend the payment of a dividend (2014: £nil).

Financial risk management objectives and policies

The Company uses various financial instruments including cash and items, such as trade debtors and trade creditors, arising directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The Company is exposed to a variety of financial risks which result from its operating activities. The Board is responsible for coordinating the Company's risk management and focuses on actively securing the Company's short to medium term cash flows.

The Company maintains a hedging program and enters into foreign exchange forward contracts to hedge the significant majority of the exposure arising from expected foreign currency denominated cash flows. The most significant financial risks to which the Company is exposed are described below.

Cash flow risks

The Company seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Directors' report *(continued)*

Interest rate risk

The Company finances its operations through a mixture of cash reserves held. The Company's principal financial asset is therefore cash. The credit risk associated with cash is limited.

The Directors

The current directors are shown on page 1. Those who served the Company during the period were as follows:

A Wirasekara
D Kenyon

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Political and charitable contributions

The Company made no political or charitable donations during the year (2014: £nil).

Going concern

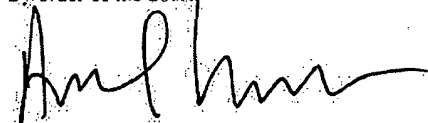
The Company's ultimate parent Company, Macdonald, Dettwiler and Associates Ltd. (incorporated in Canada), has stated its intention to continue to provide financial support to the Company to enable it to meet its obligations as they fall due for a period of at least one year from the date of approval of the financial statements.

The directors also believe that the major 2016 focus on continuation and expansion of the UK business portfolio will result in the Company reaching sustainable profitability in the foreseeable future.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board



A Wirasekara
Director

Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

12 August 2016

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP
Longbridge Road
Plymouth
PL6 8LT

Independent auditor's report to the members of MDA Space and Robotics Limited

We have audited the financial statements of MDA Space and Robotics Limited for the year ended 31 December 2015 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 4, 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 (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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of MDA Space and Robotics Limited
(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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Victoria Sewell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Plym House,
Longbridge Road
Plymouth
PL6 8LT

2016

Profit and loss account
for the year ended 31 December 2015

	Notes	2015 £	2014 £
Turnover	<i>1</i>	5,089,824	553,805
Cost of Sales		(4,955,265)	(570,354)
Gross profit		134,559	(16,549)
Administrative costs		(250,124)	(119,728)
Operating loss on ordinary activities before taxation	<i>2</i>	(115,565)	(136,277)
Tax charge on operating loss on ordinary activities	<i>5</i>	-	-
Loss for the financial year	<i>10</i>	(115,565)	(136,277)

All of the activities of the Company are classed as continuing.

Other comprehensive income
For the year ended 31 December 2015

		2015 £	2014 £
Loss for the financial year	<i>1</i>	(115,565)	(136,277)
Fair value gains on derivatives designated as cash flow hedges		15,041	30,621
Total comprehensive loss relating to the financial year		(100,524)	(105,656)

All amounts relating to continuing activities.

The notes on pages 10 to 16 form part of the financial statements.

Balance sheet
at 31 December 2015

	<i>Note</i>	2015	2014
		£	£
Fixed Assets			
Tangible Assets	6	24,126	14,401
Current Assets			
Debtors	7	413,161	1,957,798
Cash at bank and in hand		298,819	135,308
Financial assets		42,310	42,740
		<u>754,290</u>	<u>2,135,846</u>
Creditors: amounts falling due within one year	8	<u>(1,203,663)</u>	<u>(2,474,970)</u>
Net current liabilities		<u>(449,373)</u>	<u>(339,124)</u>
Net liabilities		<u>(425,247)</u>	<u>(324,723)</u>
Capital and reserves			
Called-up equity share capital	9	7,528	7,528
Share premium account	10	766,065	766,065
Capital contribution reserve	10	353,406	353,406
Profit and loss account	10	(1,597,908)	(1,482,343)
Cashflow Hedge reserve	10	45,662	30,621
Shareholder's deficit		<u>(425,247)</u>	<u>(324,723)</u>

These financial statements were approved by the board of directors on its behalf by:

2016 and were signed on



A Wirasekera
Director

Statement of changes in equity
at 31 December 2015

	Called up share capital £000	Share premium account £000	Capital contribution account	Cashflow hedge reserve	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	7,528	766,065	353,406	-	(1,346,066)	(219,067)
Total comprehensive income (loss) for the period						
Profit or loss					(136,277)	(136,277)
Fair value gains on cash flow hedges				30,621	-	30,621
Total comprehensive income (loss) for the period				30,621	(136,277)	(105,656)
Balance at 31 December 2014	7,528	766,065	353,406	30,621	(1,482,343)	(324,723)
Balance at 1 January 2015	7,528	766,065	353,406	30,621	(1,482,343)	(324,723)
Total comprehensive income (loss) for the period						
Profit or loss					(115,565)	(115,565)
Fair value gains on cash flow hedges				15,041	-	15,041
Total comprehensive income (loss) for the period				15,041	(115,565)	(100,524)
Balance at 31 December 2015	7,528	766,065	353,406	45,662	(1,597,908)	(425,247)

Notes

(forming part of the financial statements)

1 Accounting policies

MDA Space and Robotics Limited ("the Company") is a company domiciled and incorporated in the UK.

Basis of accounting

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 14.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

The Company's ultimate parent undertaking, MacDonald, Dettwiler and Associates Ltd. ("MDA") includes the Company in its consolidated financial statements. The consolidated financial statements of MDA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from MDA, 13800 Commerce Parkway, Richmond, British Columbia, Canada, V6V 2J3. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes;
- Key management personnel compensation; and
- Disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 13.

As the Company is a wholly owned subsidiary of MDA, the Company has also taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with companies which form part of the group (or investees of the group qualifying as related parties).

Notes

(forming part of the financial statements) (continued)

Going concern

The directors believe that the Company is well-placed to manage its business risks successfully despite the current uncertain economic outlook.

Despite the net current liabilities of £449,373, and the net liabilities of £425,247, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This is because the directors have assurances from the parent company that it will continue to support the Company for the foreseeable future, and historically the parent company has assisted in funding the business to help meet any working capital shortfall. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods and services supplied, exclusive of value added tax. Sales are recognised on delivery of the goods and services.

Revenue is recognised when the Company has the right to the consideration, where the significant risk and rewards of ownership of the goods or provision of service has passed to the customer who has accepted the sales price and the receipt of payment can reasonably be assured.

All revenue is derived from the same activity, the research and development of optical equipment, based in the United Kingdom.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Fixed assets and depreciation

All fixed assets are initially recorded at cost

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the usual economic life of that asset as follows

Fixtures & Fittings	-	33% Straight line
Equipment	-	33% Straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Leases

The Company does not currently have any finance leases. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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.

Notes

(forming part of the financial statements) (continued)

2 Operating loss

Loss is stated after charging

	31 December 2015 £	31 December 2014 £
Depreciation of owned fixed assets	8,529	3,225
Operating lease costs:		
Land and buildings	36,913	27,513
(Gain)/loss on foreign currency exchange	(42,997)	33,248

Auditor's remuneration

	31 December 2015 £	31 December 2014 £
Audit of these financial statements	12,000	10,000
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	5,000	5,000
	<u>17,000</u>	<u>15,000</u>

3 Particulars of employees

The average number of staff employed by the Company during the financial year amounted to:

	31 December 2015 No	31 December 2014 No
Administrative	1	1
Management	2	3
Technical	4	-
	<u>7</u>	<u>4</u>

The aggregate payroll costs for the year were as follows:

	31 December 2015 £	31 December 2014 £
Wages and salaries	387,024	185,758
Social security costs	46,411	20,012
	<u>433,435</u>	<u>205,770</u>

Notes

(forming part of the financial statements) (continued)

4 Directors

None of the directors received any remuneration or became entitled to any other benefit in respect of their services to the Company during the year (2014: £nil).

The Company has applied the exemptions available in respect of the disclosure of key management personnel compensation (see note 1).

5 Taxation on ordinary activities

	31 December 2015 £	31 December 2014 £
Loss on ordinary activities before taxation	(115,565)	(136,277)
Loss on ordinary activities at the standard rate of corporation tax 20.25% (2014: 21.5%)	(23,402)	(29,300)
Unrecognised tax losses	23,402	29,300
Total current tax		

The Company has tax losses subject to her Majesty's Revenue and Customs approval of approximately £1,125,061 (2014: £1,019,694) available for offset against future operating profits. The Company has not recognised any deferred tax asset in respect of these losses due to there being insufficient certainty regarding recovery.

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to the rate of corporation tax to 19% (effective 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. Accordingly, this will reduce the Company's current tax charge in the future.

The blended rate for the 12-month period ended 31 December 2015 is 20.25%.

Notes
(forming part of the financial statements) (continued)

6 Tangible fixed assets

	Fixtures & Fittings £	Equipment £	Total £
<i>Cost</i>			
As at 1 January 2015	1,162	24,030	25,192
Additions during the year	-	18,254	18,254
As at 31 December 2015	<u>1,162</u>	<u>42,284</u>	<u>43,446</u>
<i>Depreciation</i>			
As at 1 January 2015	1,162	9,629	10,791
Charge for the year	-	8,529	8,529
As at 31 December 2015	<u>1,162</u>	<u>18,158</u>	<u>19,320</u>
<i>Net Book Value</i>			
As at 31 December 2015	-	24,126	24,126
As at 31 December 2014	-	14,401	14,401

7 Debtors

	2015 £	2014 £
Trade debtors	105,276	1,781,128
Other debtors	307,885	176,670
	<u>413,161</u>	<u>1,957,798</u>

8 Creditors: amounts falling due within one year

	2015 £	2014 £
Amounts owed to group undertakings	93,026	1,057,191
Trade creditors	154,425	32,808
Income tax and social security	29,763	7,531
Financial liabilities	36,989	-
Accruals and deferred income	889,460	1,377,440
	<u>1,203,663</u>	<u>2,474,970</u>

Notes

(forming part of the financial statements) (continued)

9 Share capital

Authorised share capital

	31 December 2015	31 December 2014
	£	£
1,652,751 Ordinary shares of £0.01 each	16,528	16,528
Allotted share capital		

	2015		2014	
	No	£	No	£
Ordinary shares of £0.01 each	752,751	7,528	752,751	7,528

10 Reserves

	Capital contribution reserve £	Share premium account £	Cashflow Hedge Reserve £	Profit and loss account £
At 1 January 2015	353,406	766,065	30,621	(1,482,343)
Loss for the period				(115,565)
Fair value gains on derivatives designated as cash flow hedges			15,041	
At 31 December 2015	353,406	766,065	45,662	(1,597,908)

11 Leasing commitments

At 31 December 2015 and 2014, the Company had no annual commitments under non-cancellable operating leases.

12 Ultimate parent company

MDA Space and Robotics Limited is a wholly owned subsidiary of MDA (incorporated in Canada), whose shares are publicly traded on the Toronto Stock Exchange.

MDA is the parent company of the larger group of which the Company is a member and for which group accounts are drawn up. No other group financial statements include the results of the Company. Copies of the accounts are available from MDA at the address described in note 1.

Notes

(forming part of the financial statements) (continued)

13 Accounting estimates and judgements

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of debtors

The Company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors, and historical experience.

Hedge accounting

The Company determines fair value of its derivative financial instruments based on internal valuation models, such as discounted cash flow analysis, using management estimates and observable market-based inputs, as applicable. Management estimates include assumptions concerning the amount and timing of estimated future cash flows and application of appropriate discount rates. Observable market-based inputs are sourced from third parties and include interest rates and yield curves, currency spot and forward rates, and credit spreads, as applicable.

Critical accounting judgements in applying the Company's accounting policies

There are no such judgements in either the current or prior year.

14 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. There were no material transition adjustments to reflect, after taking advantage of the exemptions noted in note 1. As a result there is no requirement to provide a further reconciliation between old UK GAAP and FRS 102.