

MDA Space and Robotics
Limited

Directors' report and financial
statements

Registered number 05495455

31 December 2013

TUESDAY



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Directors and advisors

Directors

A Wirasekara
D Friedmann
D Osborne
H Makim
T W Piche

Secretary

T W Piche

Auditor

KPMG Audit Plc
15 Canada Square
London
E14 5GL

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 the company for the year ended 31 December 2013.

Principal activities and business review

The principal activity of the company during the period was the research and development of optical equipment for use in space.

Research and Development

Both MacDonald, Dettwiler and Associates Limited ("MDA") and the company see the development of RALCam 4 as an important additional product. Work on this is ongoing.

Future development of the business

The sales opportunities of the RALCam family of cameras continue to increase with the added support of the MDA business development team. Opportunities for both the short and long-term are being developed covering the full range of cameras.

Results and dividends

The loss before taxation for the year amounted to £169,293 (2012: *loss of £74,453*). The directors do not recommend the payment of a dividend (2012: *£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 does not actively engage in the trading of financial assets and has no financial derivatives. 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 Friedmann
H Makim
M Iskander (resigned March 1, 2014)
T W Piche

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 (2012: *£nil*).

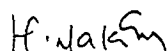
Going concern

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.

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



H Makim
Director

Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

29 September 2014

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 Audit Plc

15 Canada Square

London

E14 5GL

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 2013 set out on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 APB's web-site 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 2013 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.

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.



Nigel Harker (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
London

29th September
2014

Profit and loss account
for the year ended 31 December 2013

	Notes	31 December 2013 £	31 December 2012 £
Turnover	<i>1</i>	99,333	312,721
Cost of sales		(13,826)	(93,495)
		<hr/>	<hr/>
Gross profit		85,507	219,226
Administrative costs		(254,800)	(293,679)
		<hr/>	<hr/>
Operating loss on ordinary activities before taxation	<i>2</i>	(169,293)	(74,453)
Tax charge on operating loss on ordinary activities	<i>5</i>	-	-
		<hr/>	<hr/>
Loss for the financial year	<i>10</i>	(169,293)	(74,453)
		<hr/>	<hr/>

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

The Company has no recognised gains or losses other than the results for the year as set out above.

Reconciliation of movements in shareholder's deficit
for the year ended 31 December 2013

	31 December 2013 £	31 December 2012 £
Loss for the financial year	(169,293)	(74,453)
	<hr/>	<hr/>
Net increase in shareholder's deficit	(169,293)	(74,453)
Opening shareholder's deficit	(49,774)	24,679
	<hr/>	<hr/>
Closing shareholder's deficit	(219,067)	(49,774)
	<hr/>	<hr/>

Balance sheet
 at 31 December 2013

	<i>Note</i>	2013	2012
		£	£
Fixed Assets			
Tangible Assets	6	1,094	3,065
Current Assets			
Debtors	7	102,464	210
Cash at bank and in hand		98,969	78,912
		<u>201,433</u>	<u>79,122</u>
Creditors: amounts falling due within one year	8	<u>(421,594)</u>	<u>(131,961)</u>
Net current liabilities		<u>(220,161)</u>	<u>(52,839)</u>
Net liabilities		<u>(219,067)</u>	<u>(49,774)</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	(1,346,066)	(1,176,773)
Shareholder's deficit		<u>(219,067)</u>	<u>(49,774)</u>

These financial statements were approved by the board of directors on 29 September 2014 and were signed on its behalf by:


H Makim
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of MacDonald, Dettwiler and Associates Ltd., the company has taken advantage of the exemption contained in FRS 8 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). The consolidated financial statements of the ultimate parent company, MacDonald, Dettwiler and Associates Ltd., within which the company is included, can be obtained from the address in note 12.

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 £220,161, and the net liabilities of £219,067, 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

Notes (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. 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, except as otherwise required by FRS 19.

2 Operating loss

Loss is stated after charging

	31 December 2013 £	31 December 2012 £
Depreciation of owned fixed assets	1,971	1,858
Operating lease costs:		
Land and buildings	17,085	13,010
	<u>17,085</u>	<u>13,010</u>

Auditor's remuneration

	31 December 2013 £	31 December 2012 £
Audit of these financial statements	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	5,000	4,000
	<u>5,000</u>	<u>4,000</u>
	<u>15,000</u>	<u>14,000</u>

Notes (continued)

3 Particulars of employees

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

	31 December 2013 No	31 December 2012 No
Administrative	1	1
Management	3	3
	<u>4</u>	<u>4</u>

The aggregate payroll costs for the year were as follows:

	31 December 2013 £	31 December 2012 £
Wages and salaries	147,799	153,501
Social security costs	49,556	24,116
	<u>197,355</u>	<u>177,617</u>

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 (2012: £nil).

5 Taxation on ordinary activities

	31 December 2013 £	31 December 2012 £
Loss on ordinary activities before taxation	(169,293)	(74,453)
Loss on ordinary activities at the standard rate of corporation tax 23.25% (2012: 24.75%)	(39,360)	(18,427)
Unrecognised tax losses	39,360	18,427
	<u>-</u>	<u>-</u>
Total current tax	-	-

The Company has tax losses subject to her Majesty's Revenue and Customs approval of approximately £849,617 (2012: £680,324) 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.

Notes (continued)

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The blended rate for the 12-month period ended 31 December 2013 is 23.25%.

6 Tangible fixed assets

	Fixtures & Fittings £	Equipment £	Total £
<i>Cost</i>			
As at 1 January 2013	1,162	7,498	8,660
	<hr/>	<hr/>	<hr/>
As at 31 December 2013	1,162	7,498	8,660
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
As at 1 January 2013	1,162	4,433	5,595
Charge for the year	-	1,971	1,971
	<hr/>	<hr/>	<hr/>
As at 31 December 2013	1,162	6,404	7,566
	<hr/>	<hr/>	<hr/>
<i>Net Book Value</i>			
As at 31 December 2013	-	1,094	1,094
	<hr/>	<hr/>	<hr/>
As at 31 December 2012	-	3,065	3,065
	<hr/>	<hr/>	<hr/>

7 Debtors

	2013 £	2012 £
Trade debtors	61,299	-
Other debtors	41,165	210
	<hr/>	<hr/>
	102,464	210
	<hr/>	<hr/>

8 Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	384,364	90,255
Trade creditors	15,011	1,750
Income tax and social security	7,219	19,956
Accruals and deferred income	15,000	20,000
	<hr/>	<hr/>
	421,594	131,961
	<hr/>	<hr/>

Notes (continued)

9 Share Capital

Authorised share capital

	31 December 2013 £	31 December 2012 £
1,652,751 Ordinary shares of £0.01 each	<u>16,528</u>	<u>16,528</u>

Allotted share capital

	No	2013 £	No	2012 £
Ordinary shares of £0.01 each	<u>752,751</u>	<u>7,528</u>	<u>752,751</u>	<u>7,528</u>

10 Reserves

	Capital contribution reserve £	Share premium account £	Profit and loss account £
At 1 January 2013	353,406	766,065	(1,176,773)
Loss for the period	-	-	(169,293)
At 31 December 2013	<u>353,406</u>	<u>766,065</u>	<u>(1,346,066)</u>

11 Leasing Commitments

At 31 December 2013 and 2012, 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 MacDonald, Dettwiler and Associates Ltd. (incorporated in Canada), whose shares are publicly traded on the Toronto Stock Exchange.

MacDonald, Dettwiler and Associates Ltd. (incorporated in Canada) 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 that company at:

13800 Commerce Parkway,
Richmond, British Columbia,
V6V 2J3, Canada