

# Missiles & Space Batteries Limited

Registered number: SC162626

## Annual Report

For the year ended 31 December 2018



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**MISSILES & SPACE BATTERIES LIMITED**

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**COMPANY INFORMATION**

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**Directors**

A Greig  
M Hainaut  
S Williams  
B De La Noue

**Company secretary**

A Greig

**Registered number**

SC162626

**Registered office**

Hagmill Road  
East Shawhead  
Coatbridge  
Scotland  
ML5 4UZ

**INDEPENDENT AUDITOR**

Mazars LLP  
Chartered Accountants & Statutory Auditor  
100 Queen Street  
Glasgow  
G1 3DN

**Bankers**

Barclays Bank plc  
30 St Werburgh Street  
Chester  
CH1 2DY

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**MISSILES & SPACE BATTERIES LIMITED**

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## **MISSILES & SPACE BATTERIES LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Introduction**

The principal activity of the company is the research, design and manufacture of thermal batteries for defence and aerospace applications. There have been no changes in the company's principal activities in the year under review and no changes in the company's activities are expected in the next year.

#### **Business review**

The business had another good year of activity with sales up 3% to £10.4m. There was a good level of profitability, with net profit increasing slightly to 19.2 %, up from 18.6% last year. We anticipate another good year in 2019, with sales increasing to £11.5m and net profit remaining steady around 19%. We are continuing to improve operational performance and plan significant investment in new equipment over the next two years.

#### **Principal risks and uncertainties**

Competitive pressure in all of the markets in which the company does business is a continuing risk for the company, which could result in it losing contracts to its key competitors. The company manages this risk by providing good quality products, designed to customer specifications at competitive prices.

The majority of the company's sales are invoiced in Pounds Sterling, thereby reducing exposure to movements in exchange rates. Where important contracts are expressed in other currencies, appropriate currency risk monitoring procedures are in place.

The Explosives Licence for the factory is regularly revised to take account of changes in the factory and site layout.

Some important component materials in thermal batteries are sourced in the USA. These are subject to strict export controls and regulations by the US authorities (US ITAR regulations). Delays in obtaining these, and any other key components, could have an adverse impact on production planning. The ASB Group continues to develop alternative sources for all ITAR materials.

The company imports from and exports to various countries in the European Union (EU), and will therefore be affected by the United Kingdom's decision to leave the EU. This could adversely affect the cost and delivery of critical materials and components. We are planning for the impact of this but due to the uncertainty surrounding the UK exit from the EU it is not possible to fully assess the risks until more is known about the transition period and future arrangements with the EU.

In 2018 we renewed the lease of our premises at Centrum Park, Coatbridge for a further 15 years, until October 2034. In December 2018, we were notified that the Landlord has gone into administration and that the site will be sold by the Administrators, KPMG. This will not affect our 15 year security of tenancy, but the sale of the site to a new owner could have an impact on the daily activities of the company. However, we do not foresee any significant risks at this time.

The directors are not aware of any significant events since the balance sheet date which would have a material impact on these financial statements.

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**MISSILES & SPACE BATTERIES LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Financial key performance indicators**

The company's key performance indicators of Sales, Operating Profit and Cash Flow are considered below.

As shown in the company's Statement of Comprehensive Income on page 8, sales were £10.4m, an increase of 3% compared with the previous year. We have a strong order book at the end of 2018 and expect sales to be around £11.5 million in 2019.

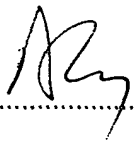
Margins were lower than last year, mainly due to inefficient ageing equipment which we plan to replace in the next two to three years. However this was offset by lower fixed costs than last year and Operating Profit was stable at £2.5m.

The Statement of Financial Position on page 9 shows that the company's financial position at the year end, in net assets terms, was unchanged from the previous year, at £4.7m. The statement of Cash Flows on page 11 indicates that cash flow from operating activities was less than last year but the company was still able to fund an interim dividend of £1,500,000 (2017 - £2,000,000) and capital expenditure of £503k (2017 - £464k). The net balance with Airbus Group Treasury decreased from £0.8m at 31 December 2017 to £0.5m at 31 December 2018.

Details of all amounts due to and from the company's parent company and other related parties are shown in note 28 on page 27.

The Company manages its sole operation in a single geographical region. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

This report was approved by the board on 7 June 2019 and signed on its behalf on.

  
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**A Greig**  
Director

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## MISSILES & SPACE BATTERIES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The Directors present their report and the financial statements for the year ended 31 December 2018.

#### Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £2,009,744 (2017 - £1,878,009).

Particulars of dividends paid are detailed in note 12 to the financial statements.

#### Directors

The Directors who served during the year were:

A Greig  
M Hainaut  
S Williams  
E Tersen (resigned 20 November 2018)  
B De La Noue (appointed 20 November 2018)  
J Desprez (resigned 11 March 2019)

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**MISSILES & SPACE BATTERIES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Future developments**

There are no plans for any significant changes to the nature of the business in the near future.

The Directors anticipate another good year in 2019, with sales of £11.5 million and a net profit of around 19%. The company had a strong order book at the end of 2018 and we expect this level of sales to continue for the next few years. We will continue to improve production planning, efficiency and quality and will invest in the people and equipment necessary to achieve our sales targets and to maintain the high level of quality expected by our customers.

**Matters covered in the strategic report**

As permitted by Paragraph 1A of schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1 and 2. These matters include a fair review of the Company's business and a description of the Company's principal risks and uncertainties.

**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 7 June 2019 and signed on its behalf.

  
Director  
A GRIG

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**MISSILES & SPACE BATTERIES LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MISSILES & SPACE BATTERIES LIMITED**

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**Opinion**

We have audited the financial statements of Missiles & Space Batteries Limited (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**The impact of uncertainties due to Britain exiting the European Union on our audit**

The Director's view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.



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## **MISSILES & SPACE BATTERIES LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MISSILES & SPACE BATTERIES LIMITED**

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included within the Strategic Report and the Directors' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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## MISSILES & SPACE BATTERIES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MISSILES & SPACE BATTERIES LIMITED

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#### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Fiona Martin (Senior statutory auditor)

for and on behalf of

Mazars LLP  
Chartered Accountants and Statutory Auditor  
100 Queen Street  
Glasgow  
G1 3DN

Date:

25/7/19

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**MISSILES & SPACE BATTERIES LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Note	2018 £	2017 £
Turnover	4	10,430,689	10,116,450
Cost of sales		(6,827,396)	(6,465,305)
<b>Gross profit</b>		<u>3,603,293</u>	<u>3,651,145</u>
Distribution costs		(63,398)	(39,697)
Administrative expenses		(1,072,305)	(1,286,812)
Other operating income	5	12,836	(1,920)
<b>Operating profit</b>	6	<u>2,480,426</u>	<u>2,322,716</u>
Interest receivable and similar income	10	8,073	9,039
<b>Profit before tax</b>		<u>2,488,499</u>	<u>2,331,755</u>
Tax on profit	11	(478,755)	(453,746)
<b>Profit for the financial year</b>		<u><u>2,009,744</u></u>	<u><u>1,878,009</u></u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 12 to 27 form part of these financial statements.

**MISSILES & SPACE BATTERIES LIMITED**  
**REGISTERED NUMBER: SC162626**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible fixed assets	13	103,349	2,636
Tangible fixed assets	14	1,096,608	1,131,183
		<u>1,199,957</u>	<u>1,133,819</u>
<b>Current assets</b>			
Stocks	15	2,219,713	1,929,029
Debtors: amounts falling due within one year	16	3,382,241	3,422,140
Cash and cash equivalents	17	509	779
		<u>5,602,463</u>	<u>5,351,948</u>
Creditors: amounts falling due within one year	18	(1,931,236)	(1,605,955)
<b>Net current assets</b>		<u>3,671,227</u>	<u>3,745,993</u>
<b>Total assets less current liabilities</b>		<u>4,871,184</u>	<u>4,879,812</u>
<b>Provisions for liabilities</b>			
Deferred tax	20	(37,986)	(55,172)
Other provisions	21	(152,502)	(153,688)
		<u>(190,488)</u>	<u>(208,860)</u>
<b>Net assets</b>		<u><u>4,680,696</u></u>	<u><u>4,670,952</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	350,000	350,000
Profit and loss account	23	4,330,696	4,320,952
		<u><u>4,680,696</u></u>	<u><u>4,670,952</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
7 June 2019

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Director

M HANNAH

The notes on pages 12 to 27 form part of these financial statements.

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**MISSILES & SPACE BATTERIES LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2017</b>	350,000	4,442,943	4,792,943
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,878,009	1,878,009
Dividends: equity capital	-	(2,000,000)	(2,000,000)
<b>At 1 January 2018</b>	350,000	4,320,952	4,670,952
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,009,744	2,009,744
Dividends: equity capital	-	(2,000,000)	(2,000,000)
<b>At 31 December 2018</b>	350,000	4,330,696	4,680,696

The notes on pages 12 to 27 form part of these financial statements.

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**MISSILES & SPACE BATTERIES LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,009,744	1,878,009
<b>Adjustments for:</b>		
Amortisation of intangible fixed assets	3,080	-
Depreciation of tangible fixed assets	409,893	393,799
Interest received	(8,073)	(9,039)
Taxation charge	478,755	453,746
(Increase) in stocks	(290,684)	(562,802)
Decrease in debtors	109,536	765,172
(Increase)/decrease in amounts owed by groups	(69,637)	-
(Decrease)/increase in creditors	(743,642)	71,444
Increase in amounts owed to groups	1,923	-
Accrued dividend	500,000	-
(Decrease)/increase in provisions	(1,186)	103,688
Corporation tax (paid)	(428,941)	(717,447)
<b>Net cash generated from operating activities</b>	<b>1,970,768</b>	<b>2,376,570</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(103,793)	(2,636)
Purchase of tangible fixed assets	(399,284)	(461,881)
Sale of tangible fixed assets	23,966	24,450
Interest received	8,073	9,039
<b>Net cash from investing activities</b>	<b>(471,038)</b>	<b>(431,028)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,500,000)	(2,000,000)
<b>Net cash used in financing activities</b>	<b>(1,500,000)</b>	<b>(2,000,000)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(270)</b>	<b>(54,458)</b>
Cash and cash equivalents at beginning of year	779	55,237
<b>Cash and cash equivalents at the end of year</b>	<b>509</b>	<b>779</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	509	779

The notes on pages 12 to 27 form part of these financial statements.

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## **MISSILES & SPACE BATTERIES LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1. General information**

Missiles and Space Batteries Limited is a limited company domiciled and registered in Scotland. The registered address is Hagmill Road, East Shawhead, Coatbridge, Scotland, ML5 4UZ.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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**MISSILES & SPACE BATTERIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)****2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.4 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**2.5 Research and development**

Research expenditure is written off to the statement of comprehensive income in the year which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied to the technical, commercial and financial viability of individual projects. In this situation the expenditure is deferred and amortised over the period during which the company is expected to benefit.

**2.6 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates.

**2.7 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.8 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.9 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.10 Intangible fixed assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following basis:

Technology improvements - over 5 years

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## MISSILES & SPACE BATTERIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over the life of the lease
Plant, machinery and equipment	- over 24 to 80 months

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

##### 2.12 Stocks

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

##### 2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.15 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.16 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**2.17 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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**MISSILES & SPACE BATTERIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Production	9,563,789	8,998,391
Development	866,900	1,118,059
	<u>10,430,689</u>	<u>10,116,450</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	5,565,651	6,188,234
Rest of the world	4,865,038	3,928,216
	<u>10,430,689</u>	<u>10,116,450</u>

**5. Other operating income**

	2018 £	2017 £
R&D tax credit	12,836	(1,920)

**6. Operating profit**

The operating profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	409,893	393,799
Amortisation of intangible fixed assets, including goodwill	3,080	-
Exchange differences	(102,412)	86,059

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**MISSILES & SPACE BATTERIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**7. Auditors' remuneration**

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	19,300	18,740
Preparation of statutory financial statements	1,600	1,550
Taxation services	2,850	2,700
Other services	500	710
	4,950	4,960

**8. Employees**

Staff costs, including Directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	2,569,363	2,454,469
Social security costs	220,800	207,608
Defined contribution pension costs	283,031	174,725
	3,073,194	2,836,802

The average monthly number of employees, including the Directors, during the year was as follows:

	2018 No.	2017 No.
Manufacturing, research and development	72	61
Administration	10	14
	82	75

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**MISSILES & SPACE BATTERIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**9. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	106,661	107,281
Company contributions to defined contribution pension schemes	18,937	13,553
	<u>125,598</u>	<u>120,834</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

**10. Interest receivable**

	2018 £	2017 £
Interest receivable	8,073	9,039

**11. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	479,676	465,297
Adjustments in respect of previous periods	16,265	(1,448)
<b>Total current tax</b>	<u>495,941</u>	<u>463,849</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,286)	(10,103)
Adjustment in respect of prior periods	(12,900)	-
<b>Total deferred tax</b>	<u>(17,186)</u>	<u>(10,103)</u>
<b>Taxation on profit on ordinary activities</b>	<u>478,755</u>	<u>453,746</u>

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**MISSILES & SPACE BATTERIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**11. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19.25% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	2,488,499	2,331,755
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2017 - 19.25%)	470,376	448,863
Effects of:		
Expenses not deductible for tax purposes	405	3,596
Adjustments to tax charge in respect of prior periods	16,265	(1,448)
Income not taxable for tax purposes	(268)	(271)
Adjustments to tax charge in respect of previous periods - deferred tax	(12,900)	-
R&D expenditure credits	88	676
Adjustments to deferred tax in respect of average rate	504	-
Other differences leading to an increase / (decrease) in the tax charge	4,285	2,330
<b>Total tax charge for the year</b>	<b>478,755</b>	<b>453,746</b>

**12. Dividends**

	2018 £	2017 £
Dividends paid and payable on equity capital	2,000,000	2,000,000

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**MISSILES & SPACE BATTERIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**13. Intangible fixed assets**

	<b>Technology Improvements £</b>
<b>Cost</b>	
At 1 January 2018	2,636
Additions	103,793
At 31 December 2018	<u>106,429</u>
<b>Amortisation</b>	
Charge for the year	3,080
At 31 December 2018	<u>3,080</u>
<b>Net book value</b>	
At 31 December 2018	<u>103,349</u>
At 31 December 2017	<u>2,636</u>



# MISSILES & SPACE BATTERIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 14. Tangible fixed assets

	Leasehold improvements £	Plant, machinery and equipment £	Total £
<b>Cost</b>			
At 1 January 2018	339,146	5,698,876	6,038,022
Additions	49,037	350,247	399,284
Disposals	-	(60,978)	(60,978)
At 31 December 2018	388,183	5,988,145	6,376,328
<b>Depreciation</b>			
At 1 January 2018	275,573	4,631,266	4,906,839
Charge for the year on owned assets	23,290	386,603	409,893
Disposals	-	(37,012)	(37,012)
At 31 December 2018	298,863	4,980,857	5,279,720
<b>Net book value</b>			
At 31 December 2018	89,320	1,007,288	1,096,608
At 31 December 2017	63,573	1,067,610	1,131,183

### 15. Stocks

	2018 £	2017 £
Raw materials and consumables	1,792,645	1,502,277
Work in progress	223,868	280,525
Finished goods and goods for resale	203,200	146,227
	2,219,713	1,929,029

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**MISSILES & SPACE BATTERIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**16. Debtors**

	2018 £	2017 £
Trade debtors	1,490,953	1,670,330
Amounts owed by group undertakings (note 28)	1,637,723	1,568,086
Other debtors	43,234	100,048
Prepayments and accrued income	210,331	83,678
	<u>3,382,241</u>	<u>3,422,142</u>

**17. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	<u>509</u>	<u>779</u>

**18. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Payments received on account	38,541	34,957
Trade creditors	280,725	500,541
Long term development contracts	43,308	-
Amounts owed to group undertakings (note 28)	157,668	155,745
Accrued dividend	500,000	-
Corporation tax	223,796	156,796
Other taxation and social security	208,466	349,509
Other creditors	25,466	22,171
Accruals and deferred income	453,266	386,236
	<u>1,931,236</u>	<u>1,605,955</u>

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**MISSILES & SPACE BATTERIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**19. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	509	779
Financial assets that are debt instruments measured at amortised cost	<u>3,171,912</u>	<u>3,338,446</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(1,391,659)</u>	<u>(1,064,693)</u>

Financial assets measured at amortised cost comprise cash balances, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and other creditors.

**20. Deferred taxation provision**

	2018 £	2017 £
At beginning of year	(55,172)	(65,275)
Charged to the Statement of Comprehensive Income	17,186	10,103
<b>At end of year</b>	<u>(37,986)</u>	<u>(55,172)</u>

The provision for deferred taxation, which is based on a tax rate of 17% (2017: 18%) is made up as follows:

	2018 £	2017 £
Fixed asset timing differences	(55,172)	(75,629)
Other timing differences	17,186	20,457
	<u>(37,986)</u>	<u>(55,172)</u>

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**MISSILES & SPACE BATTERIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**21. Other provisions**

	£
At 1 January 2018	153,688
Charged to profit or loss	104,571
Utilised in year	(105,757)
<b>At 31 December 2018</b>	<b>152,502</b>

Other provisions primarily comprise a warranty reserve.

**22. Share capital**

	2018 £	2017 £
450,000 (2017 - 450,000) Ordinary shares of £1.00 each	450,000	450,000
<b>Allotted, called up and fully paid</b>		
350,000 (2017 - 350,000) Ordinary shares of £1.00 each	350,000	350,000

**23. Reserves****Profit & loss account**

The profit & loss account includes all current and prior periods retained profits and losses. Profit for the financial year was £1,979,562 (2017: £1,878,009). All reserves are considered distributable.

**24. ESOP shares**

In 2018 17 MSB employees (2017: 9) participated in an Employee Share Ownership Plan offered and administered by Airbus Group, a 50% shareholder of the MSB Parent Company, ASB Aerospaziale Batteries S.A.

**25. Capital commitments**

At 31 December 2018 the Company had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	497,130	112,068

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**MISSILES & SPACE BATTERIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**26. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £106,686 (2017 - £147,725). Contributions totalling £23,558 (2017 - £20,373) were payable to the fund at the Statement of Financial Position date.

**27. Commitments under operating leases**

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
<b>Plant and machinery</b>		
Not later than 1 year	4,454	8,771
Later than 1 year and not later than 5 years	5,127	8,399
Later than 5 years	3,446	4,628
	<u>13,027</u>	<u>21,798</u>
	2018 £	2017 £
<b>Land and Buildings</b>		
Not later than 1 year	200,000	145,899
Later than 1 year and not later than 5 years	800,000	145,899
Later than 5 years	2,000,000	-
	<u>3,000,000</u>	<u>291,798</u>

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## MISSILES & SPACE BATTERIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 28. Related party transactions

The company had transactions with four related parties during the year, being the parent company Aerospatiale Batteries SA., Advanced Thermal Batteries Incorporated, a 100% owned subsidiary of Aerospatiale Batteries SA., Airbus Group, a 50% shareholder of Aerospatiale Batteries SA. and SAFT SA, the parent company of Airbus Group. Details of transactions and balances due from and to these companies at year end are as follows.

##### Aerospatiale Batteries SA.

Sales of £1,199,086 (2017; £579,109), purchases of £1,059,207 (2017; £1,109,850), balance due from £374,177 (2017; £148,390), balance due to £157,668 (2017; £114,996).

##### Advanced Thermal Batteries Incorporated

Sales of £934,150 (2017; £1,314,762), purchases of £264,096 (2017; £592,058), balance due from £774,464 (2017; £675,818), balance due to £nil (2017; £29,714).

##### Airbus Group

Purchases of £nil (2017; £24,370), balance due from £533,829 (2017; £820,877).

##### SAFT SA.

Purchases of £39,171 (2017; £59,651), balance due to £11,943 (2017; £11,034).

#### 29. Controlling party

In the opinion of the directors, the company's ultimate parent undertaking and controlling party is Aerospatiale Batteries SA, a company incorporated in France. Its financial statements are available to the public from Allee Sainte Helene, Cedex, Bourges, 18021, France.