

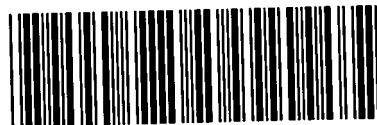
Missiles & Space Batteries Limited

Registered number: SC162626

Directors' report and financial statements

For the year ended 31 December 2015

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COMPANIES HOUSE

MISSILES & SPACE BATTERIES LIMITED

COMPANY INFORMATION

DIRECTORS

B J Dathis
J E E Desprez
A Greig
M Hainaut
S Williams

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
90 St Vincent Street
Glasgow
G2 5UB

BANKERS

Barclays Bank plc
30 St Werburgh Street
Chester
CH1 2DY

MISSILES & SPACE BATTERIES LIMITED

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MISSILES & SPACE BATTERIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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 a very successful year in 2015, continuing on from the good results in 2014, and achieving record levels of Sales and Profit. We anticipate another good year in 2016, with a further increase in sales and profit whilst recognising the challenge of maintaining quality, efficiency and on time delivery improvements in a year of significant growth.

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

FINANCIAL KEY PERFORMANCE INDICATOR

The Company's key performance indicators of Sales, Operating Profit and Cash Flow are considered below. As shown in the Company's Statement of Other Comprehensive Income on page 7, sales increased by 15% compared with the previous year. This was due to increased sales to our sister company in the USA and also some significant development contracts with our key UK customers. We have a strong order book at the end of 2015 and expect sales to increase to over £10 million in 2016.

Operating Profit increased from £2,131,963 in 2014 to £2,406,201 this year. This improvement in Profit is due to higher sales, good margins and continuing improvements in quality and efficiency.

The Statement of Financial Position on page 8 of the financial statements shows that the Company's financial position at the year end, in net assets terms, increased during the year. Cash flows from operating activities were significant and enabled the Company to fund a dividend of £1,200,000 (2014 - £1,200,000) and capital expenditure of £297,410 (2014 - £290,836). The net balance with Airbus Group Treasury improved from £775,678 at 31 December 2014 to £1,007,722 at 31 December 2015.

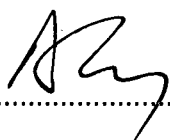
MISSILES & SPACE BATTERIES LIMITED

STRATEGIC REPORT (continued)

Details of all amounts due to and from the Company's parent company and other related parties are shown in note 25.

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 14 April 2016 and signed on its behalf.



.....
A Greig
Director

MISSILES & SPACE BATTERIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

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 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 accounting estimates that are reasonable and prudent; 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 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 £1,926,013 (2014 - £1,687,386).

DIRECTORS

The directors who served during the year were:

B J Dathis
J E E Desprez
A Greig
M Hainaut
S Williams

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 2016, with a further increase in sales and profit. The company has a strong order book at the end of 2015 and we expect sales to increase to over £10 million in 2016. We will continue to improve production planning, efficiency and quality and will invest in the people and equipment necessary to achieve the expected growth in sales.

MISSILES & SPACE BATTERIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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.

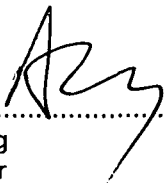
POST BALANCE SHEET EVENTS

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 14 April 2016 and signed on its behalf.



.....
A Greig
Director

MISSILES & SPACE BATTERIES LIMITED

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

We have audited the financial statements of Missiles & Space Batteries Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Accounting Standards), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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 Auditors' 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.

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 THE 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON THE OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

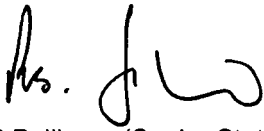
MISSILES & SPACE BATTERIES LIMITED

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

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.



P B Jibson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

90 St Vincent Street
Glasgow
G2 5UB

Date: 13 May 2016

MISSILES & SPACE BATTERIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Turnover	3	8,443,990	7,320,066
Cost of sales		(5,146,499)	(4,446,324)
Gross profit		3,297,491	2,873,742
Distribution costs		(54,143)	(9,651)
Administrative expenses		(853,052)	(732,128)
Other operating income	4	15,905	-
Operating profit	5	2,406,201	2,131,963
Interest receivable and similar income	9	2,735	4,382
Profit on ordinary activities before taxation		2,408,936	2,136,345
Taxation on profit on ordinary activities	10	(482,923)	(448,959)
Profit for the financial year	19	1,926,013	1,687,386
Total comprehensive income for the year		1,926,013	1,687,386

There were no recognised gains and losses for 2015 or 2014 other than those included in the income statement.

MISSILES & SPACE BATTERIES LIMITED

Registered number: SC162626

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	12	1,270,147	1,341,121
		<u>1,270,147</u>	<u>1,341,121</u>
Current assets			
Stocks	13	1,853,790	1,636,972
Debtors: Amounts falling due within one year	14	2,615,284	2,335,704
Cash at bank and in hand	15	14,735	22,026
		<u>4,483,809</u>	<u>3,994,702</u>
Creditors: Amounts falling due within one year	16	(1,283,714)	(1,585,910)
Net current assets		<u>3,200,095</u>	<u>2,408,792</u>
Total assets less current liabilities		<u>4,470,242</u>	<u>3,749,913</u>
Provisions for liabilities			
Deferred tax		(89,511)	(100,095)
Other provisions	18	(34,400)	(29,500)
		<u>(123,911)</u>	<u>(129,595)</u>
Net assets		<u>4,346,331</u>	<u>3,620,318</u>
Capital and reserves			
Called up share capital	20	350,000	350,000
Profit and loss account	19	3,996,331	3,270,318
		<u>4,346,331</u>	<u>3,620,318</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 April 2016.

.....
M Hainaut
Director

The notes on pages 11 to 24 form part of these financial statements.

MISSILES & SPACE BATTERIES LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	350,000	3,270,318	3,620,318
Comprehensive income for the year			
Profit for the year	-	1,926,013	1,926,013
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,200,000)	(1,200,000)
At 31 December 2015	350,000	3,996,331	4,346,331

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

	Share capital £	Retained earnings £	Total equity £
At 1 January 2014	350,000	2,782,932	3,132,932
Comprehensive income for the year			
Profit for the year	-	1,687,386	1,687,386
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,200,000)	(1,200,000)
At 31 December 2014	350,000	3,270,318	3,620,318

MISSILES & SPACE BATTERIES LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	1,926,013	1,687,386
Adjustments for:		
Depreciation of tangibles	368,384	323,228
Increase in stocks	(216,818)	(289,274)
Interest received	(2,735)	(4,382)
Corporate taxation payments	(481,907)	(313,864)
Increase in debtors	(279,580)	(723,624)
(Decrease) / increase in creditors	(313,796)	265,632
Increase / (decrease) in provisions	4,900	(49,500)
Taxation charge	482,923	448,959
	<u>1,487,384</u>	<u>1,344,561</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Purchase of tangible fixed assets	(297,410)	(290,836)
Interest received	2,735	4,382
	<u>(294,675)</u>	<u>(286,454)</u>
Net cash from investing activities		
Cash flows from financing activities		
Dividends paid	(1,200,000)	(1,200,000)
	<u>(1,200,000)</u>	<u>(1,200,000)</u>
Net cash used in financing activities		
Net increase decrease in cash and cash equivalents	<u>(7,291)</u>	<u>(141,893)</u>
Cash and cash equivalents at beginning of year	22,026	163,919
Cash and cash equivalents at the end of year	<u>14,735</u>	<u>22,026</u>
Cash at bank and in hand	<u>14,735</u>	<u>22,026</u>

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 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.

Information on the impact of first-time adoption of FRS 102 is given in note 27. The date of transition was 1 January 2014 and the date of the final set of accounts prepared under old UK GAAP was 31 December 2014.

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 2).

The following principal accounting policies have been applied:

1.2 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.3 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. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Leasehold property	-	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 within 'other operating income' in the Statement of Comprehensive Income.

1.4 OPERATING LEASES: LESSEE

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.5 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.

1.6 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.

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.7 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.

1.8 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.

1.9 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.

1.10 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 Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

1.11 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.12 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 payments obligations.

The contributions are recognised as an expense in the Income Statement 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.

1.13 INTEREST INCOME

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

1.14 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.

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.15 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 change 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 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

No significant judgements have had to be made by management in preparing these financial statements.

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3. ANALYSIS OF TURNOVER

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

	2015 £	2014 £
Production	6,434,773	5,671,591
Development	2,009,217	1,648,475
	<u>8,443,990</u>	<u>7,320,066</u>

Analysis of turnover by country of destination:

	2015 £	2014 £
United Kingdom	4,047,166	4,501,350
Rest of the world	4,396,824	2,818,716
	<u>8,443,990</u>	<u>7,320,066</u>

4. OTHER OPERATING INCOME

	2015 £	2014 £
R&D tax credit	15,905	-
	<u>15,905</u>	<u>-</u>

5. OPERATING PROFIT

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

	2015 £	2014 £
Depreciation of tangible fixed assets	368,384	323,228
Foreign exchange differences	(6,777)	20,330
Defined contribution pension cost	113,422	103,676
Operating lease rentals - plant and machinery	18,051	15,469
Operating lease rentals - land and buildings	145,897	145,896
	<u>638,977</u>	<u>608,600</u>

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

6. AUDITORS' REMUNERATION

	2015 £	2014 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	19,500	18,500
Fees payable to the Company's auditor and its associates in respect of:	-	-
Other services relating to taxation	2,475	2,300
All other services	675	700
	<u>22,650</u>	<u>21,500</u>

7. EMPLOYEES

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

	2015 £	2014 £
Wages and salaries	2,070,219	1,737,154
Social security costs	172,249	148,869
Cost of defined contribution scheme	113,422	103,676
	<u>2,355,890</u>	<u>1,989,699</u>

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

	2015 No.	2014 No.
Manufacturing, research and development	58	51
Administration	8	8
	<u>66</u>	<u>59</u>

8. DIRECTORS' REMUNERATION

	2015 £	2014 £
Directors' emoluments	103,599	101,073
Company contributions to defined contribution pension schemes	9,535	9,303
	<u>113,134</u>	<u>110,376</u>

During the year retirement benefits were accruing to no directors (2014 - NIL) in respect of defined contribution pension schemes.

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

9. INTEREST RECEIVABLE

	2015 £	2014 £
Other interest receivable	2,735	4,382

10. TAXATION

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	480,000	426,864
Adjustments in respect of previous periods	13,507	-
Total current tax	493,507	426,864
Deferred tax		
Origination and reversal of timing differences - current year	(803)	22,095
Origination and reversal of timing differences - prior year	(9,781)	-
Taxation on profit on ordinary activities	482,923	448,959

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	2,408,936	2,136,345
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	487,810	459,314
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,867	4,431
Adjustments to tax charge in respect of prior periods	3,726	-
R&D expenditure credits	(1,114)	1,170
Adjustment to deferred tax in respect of average rate	(10,059)	(6,774)
Other tax adjustments	693	(9,182)
Total tax charge for the year	482,923	448,959

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

11. DIVIDENDS

	2015 £	2014 £
Dividends paid on equity capital	1,200,000	1,200,000

12. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant, machinery and equipment £	Total £
Cost			
At 1 January 2015	244,751	4,838,518	5,083,269
Additions	25,292	272,118	297,410
At 31 December 2015	270,043	5,110,636	5,380,679
Depreciation			
At 1 January 2015	224,362	3,517,786	3,742,148
Charge for the year	13,304	355,080	368,384
At 31 December 2015	237,666	3,872,866	4,110,532
At 31 December 2015	32,377	1,237,770	1,270,147
At 31 December 2014	20,389	1,320,732	1,341,121

13. STOCKS

	2015 £	2014 £
Raw materials and consumables	1,496,322	1,144,134
Work in progress	300,047	448,338
Finished goods and goods for resale	57,421	44,500
	1,853,790	1,636,972

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

14. DEBTORS

	2015 £	2014 £
Due within one year		
Trade debtors	929,232	1,470,802
Amounts owed by group undertakings (note 25)	1,578,127	795,655
Other debtors	43,003	-
Prepayments and accrued income	64,922	69,247
	<u>2,615,284</u>	<u>2,335,704</u>

15. CASH AND CASH EQUIVALENTS

	2015 £	2014 £
Cash at bank and in hand	<u>14,735</u>	<u>22,026</u>

16. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Payments received on account	318,248	418,596
Trade creditors	187,759	297,975
Amounts owed to group undertakings (note 25)	14,850	15,102
Corporation tax	249,600	238,000
Other taxation and social security	110,409	192,719
Other creditors	20,939	19,639
Accruals and deferred income	381,909	403,879
	<u>1,283,714</u>	<u>1,585,910</u>

	2015 £	2014 £
Other taxation and social security		
PAYE/NI control	50,980	39,310
VAT control	59,429	153,409
	<u>110,409</u>	<u>192,719</u>

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

17. DEFERRED TAXATION

	Deferred tax £
At 1 January 2015	(100,095)
Charged to the Statement of Comprehensive Income	10,584
At 31 December 2015	(89,511)

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	(109,232)	(113,607)
Short-term timing differences	19,721	13,512
	<u>(89,511)</u>	<u>(100,095)</u>

18. PROVISIONS

	Reserve Warranty £
At 1 January 2015	29,500
Charged to the Statement of Comprehensive Income	(9,547)
Utilised in year	14,447
At 31 December 2015	34,400

19. RESERVES

Profit & loss account

Profit for the financial year was £1,926,013 (2014: £1,687,386). All reserves are considered distributable.

20. SHARE CAPITAL

	2015 £	2014 £
Authorised		
450,000 Ordinary shares of £1 each	450,000	450,000
Allotted, called up and fully paid		
350,000 Ordinary shares of £1 each	350,000	350,000

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

21. ESOP SHARES

In 2015 20 MSB employees (2014: nil) participated in an Employee Share Ownership Plan offered and administered by Airbus Group, a 50% shareholder of the MSB Parent Company, ASB Aerospatale Batteries S.A.

22. CAPITAL COMMITMENTS

At 31 December 2015 the Company had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	56,640	76,396

23. 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 £113,422 (2014 - £103,676). Contributions totalling £18,492 (2014 - £14,880) were payable to the fund at the Statement of Financial Position date.

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

24. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Land and buildings		
Later than 1 year and not later than 5 years	145,896	145,896
Other		
Not later than 1 year	586	-
Later than 1 year and not later than 5 years	8,856	9,484
	<u> </u>	<u> </u>

25. RELATED PARTY TRANSACTIONS

The company had transactions with three related parties during the year, being the parent company Aerospatiale Batteries SA; Advanced Thermal Batteries Incorporated, a 100% owned subsidiary of Aerospatiale Batteries SA; and Airbus Group, a 50% shareholder of Aerospatiale Batteries SA. Details of transactions with these companies are as follows:

	2015 £	2014 £
Aerospatiale Batteries SA		
Sale of goods and services	447,266	301,302
Purchase of goods and services	850,589	522,712
Balance due from	10,554	17,639
Balance due to	14,850	15,102
Advanced Thermal Batteries Incorporated		
Sale of goods and services	1,853,125	334,508
Purchase of goods and services	201,793	154,683
Balance due from	559,851	2,338
Airbus Group		
Purchase of goods and services	12,190	28,346
Balance due from	1,007,722	775,678
	<u> </u>	<u> </u>

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

26. 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.

27. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.