

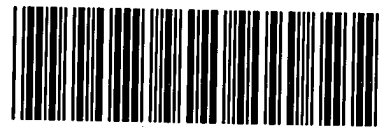
Missiles & Space Batteries Limited

Registered number: SC162626

Annual Report

For the year ended 31 December 2023

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MISSILES & SPACE BATTERIES LIMITED

COMPANY INFORMATION

Directors	B De La Noue A Greig M Hainaut E V Fussey
Company secretary	A Greig
Registered number	SC162626
Registered office	Hagmill Road East Shawhead Coatbridge Lanarkshire Scotland ML5 4UZ
Independent auditor	Forvis Mazars LLP Chartered Accountants & Statutory Auditor 100 Queen Street Glasgow G1 3DN
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 2023

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

2023 was a year of significant growth for the Company, resulting in an improvement in sales and profitability compared with the previous year.

Sales in 2023 increased by 60% to £16.7m and the net profit also increased, from 9% in 2022 to 11.5% in 2023.

The Company received £31.2m of orders in 2023 and has a strong order book of £44.8m at the end of the year. We expect another increase in sales and activity in 2024, and a further improvement in the net profit. We also plan a further £3.5m investment in the site in 2024.

Financial key performance indicators

The company's key performance indicators are sales, operating profit and cash flow.

As shown in the Company's Statement of Comprehensive Income on page 10, sales were £16.7m, £6.3m more than in 2022. We have a strong order book at the end of 2023 and have budgeted for sales of £22.3 million in 2024.

Gross profit at 25% of sales was the same as last year. Operating costs increased due to the growth in activity and the impact of inflation. Administrative expenses increased significantly compared with 2022 (up 17%) also due to activity growth and inflation. However, due to the increase in sales, operating profit increased from £1.3m (12%) in 2022 to £2.6m (16%) this year.

The Statement of Financial Position on page 11 shows that the company's financial position at the year end, in net assets terms, has increased from £5.8m to £7.2m. The statement of Cash Flows on page 13 indicates that cash flow from operating activities decreased from £1.8m last year to £1.0m in 2023. Our working capital increased significantly in 2023 due to the growth in activity. Total capital expenditure in 2023 was £0.7m (2022 - £2.3m). A dividend of £0.5m to our Parent company was declared and will be paid in 2024.

Details of all amounts due to and from the Company's Parent Company and other related parties are shown in notes 17, 19 and 20 on pages 28 and 29.

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.

MISSILES & SPACE BATTERIES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 losing contracts to 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.

At the end of 2023 we have significant exposure in Euros owed to our Parent Company, ASB. We have received loans from ASB to fund the site purchase and improvements, and we lease equipment and purchase materials and components from ASB. The total liability at 31 December 2023 is around six million Euros. We review this exposure on a regular basis and will take action to reduce our exposure if and when we feel it is necessary.

The Explosives Licence for the factory is regularly revised to take account of changes in the factory and site layout. A further extensive update of the explosives licence will be required in 2024 following the completion of improvements to the site.

The continuing conflict between Russia and Ukraine has impacted international supply chains and energy costs. This has increased our operating costs and affected our profitability in 2023 and will continue to do so in 2024.

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

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


Alistair Greig (Sep 26, 2024 16:26 GMT+1)

.....
A Greig
Director

Date: 26/09/2024

MISSILES & SPACE BATTERIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the financial statements for the year ended 31 December 2023.

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 judgements 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 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 £1,920,357 (2022 - £928,670).

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

Directors

The Directors who served during the year were:

B De La Noue
A Greig
M Hainaut
S Williams (resigned 23 July 2023)
E V Fussey (appointed 14 May 2024)

MISSILES & SPACE BATTERIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Future developments

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

We are continuing to make improvements to improve the layout, efficiency, and appearance of the MSB site. These improvements commenced in 2021 and will continue in 2024 with a significant project to expand and upgrade the drier capacity. This project required the purchase of an adjacent industrial unit for £0.5m in the first half of 2024.

We are expecting significant growth in the business over the next five years and will continue to plan further improvements to the site in order to increase our production capacity to support this growth.

The Directors expect another improvement in profitability in 2024 due to the growth in business. Sales are expected to increase to £22.3m and a net profit after tax of 16% is budgeted.

The Company has a strong order book and order pipeline. 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.

Economic impact of global events

UK businesses are currently facing many uncertainties such as the consequences of Brexit, COVID-19, environmental sustainability and geopolitical events such as the Russian invasion of Ukraine. These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.

The Directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non-adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

The Company continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

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 Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have 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 auditor is aware of that information.

Post balance sheet events

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

MISSILES & SPACE BATTERIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Auditor

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

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

Alistair Greig

Alistair Greig (Sep 26, 2024 16:26 GMT+1)

A Greig
Director

Date: 26/09/2024

MISSILES & SPACE BATTERIES LIMITED

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

Opinion

We have audited the financial statements of Missiles & Space Batteries Limited (the 'Company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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 2023 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

MISSILES & SPACE BATTERIES LIMITED

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

MISSILES & SPACE BATTERIES LIMITED

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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

MISSILES & SPACE BATTERIES LIMITED

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

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. 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.

Craig Maxwell

Craig Maxwell (Sep 26, 2024 19:43 GMT+1)

Craig Maxwell (Senior Statutory Auditor)

for and on behalf of

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

Date: 26/09/2024

MISSILES & SPACE BATTERIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Turnover	4	16,714,464	10,414,413
Cost of sales		(12,584,358)	(7,836,826)
Gross profit		<u>4,130,106</u>	<u>2,577,587</u>
Distribution costs		(10,761)	(60,979)
Administrative expenses		(1,502,992)	(1,284,086)
Other operating income	5	27,850	27,850
Operating profit	6	<u>2,644,203</u>	<u>1,260,372</u>
Interest payable and similar expenses	10	(103,993)	(100,543)
Profit before tax		<u>2,540,210</u>	<u>1,159,829</u>
Tax on profit	11	(619,853)	(231,159)
Profit for the financial year		<u><u>1,920,357</u></u>	<u><u>928,670</u></u>

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022 - £Nil).

The notes on pages 15 to 33 form part of these financial statements.

MISSILES & SPACE BATTERIES LIMITED
REGISTERED NUMBER: SC162626

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible fixed assets	13	20,197	22,681
Tangible fixed assets	14	6,441,989	6,106,922
Investment property	15	97,035	97,035
		<u>6,559,221</u>	<u>6,226,638</u>
Current assets			
Stocks	16	4,392,610	3,715,723
Debtors: amounts falling due within one year	17	5,532,862	3,234,886
Cash and cash equivalents	18	168	231
		<u>9,925,640</u>	<u>6,950,840</u>
Creditors: amounts falling due within one year	19	<u>(4,989,804)</u>	<u>(4,974,664)</u>
Net current assets		<u>4,935,836</u>	<u>1,976,176</u>
Total assets less current liabilities		<u>11,495,057</u>	<u>8,202,814</u>
Creditors: amounts falling due after more than one year	20	(3,932,339)	(2,131,223)
Provisions for liabilities			
Deferred tax	23	(292,338)	(229,380)
Other provisions	24	(70,838)	(63,026)
		<u>(363,176)</u>	<u>(292,406)</u>
Net assets		<u><u>7,199,542</u></u>	<u><u>5,779,185</u></u>
Capital and reserves			
Called up share capital	25	350,000	350,000
Profit and loss account	26	6,849,542	5,429,185
		<u>7,199,542</u>	<u>5,779,185</u>

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

Michel Hainaut
 Michel Hainaut (Sep 26, 2024 17:21 GMT+2)

M Hainaut

Director

Date: 26/09/2024

The notes on pages 15 to 33 form part of these financial statements.

MISSILES & SPACE BATTERIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	350,000	6,000,515	6,350,515
Comprehensive income for the year			
Profit for the year	-	928,670	928,670
	<hr/>	<hr/>	<hr/>
Transactions with owners			
Dividends payable	-	(1,500,000)	(1,500,000)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(1,500,000)	(1,500,000)
	<hr/>	<hr/>	<hr/>
At 1 January 2023	350,000	5,429,185	5,779,185
Comprehensive income for the year			
Profit for the year	-	1,920,357	1,920,357
	<hr/>	<hr/>	<hr/>
Transactions with owners			
Dividends payable	-	(500,000)	(500,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	<u>350,000</u>	<u>6,849,542</u>	<u>7,199,542</u>

The notes on pages 15 to 33 form part of these financial statements.

MISSILES & SPACE BATTERIES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	1,920,357	928,670
Adjustments for:		
Amortisation of intangible fixed assets	8,473	10,671
Depreciation of tangible fixed assets	801,965	547,782
Interest paid	103,993	100,543
Taxation charge	619,853	231,159
Increase in stocks	(676,887)	(1,309,089)
Increase in debtors	(1,615,624)	(419,068)
(Increase)/decrease in amounts owed by group undertakings	(716,731)	855,269
Increase in creditors	564,847	380,234
Increase in amounts owed to group undertakings	332,468	792,487
Increase/(decrease) in provisions	7,812	(12,974)
Corporation tax paid	(356,765)	(336,374)
Net cash generated from operating activities	<u>993,761</u>	<u>1,769,310</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(5,989)	(22,933)
Purchase of tangible fixed assets	(683,504)	(2,263,011)
Sale of tangible fixed assets	6,271	-
Net cash used in investing activities	<u>(683,222)</u>	<u>(2,285,944)</u>
Cash flows from financing activities		
Interest paid	(103,993)	(100,543)
Dividends paid	(1,500,000)	-
Loans from group undertakings repaid	(890,609)	616,979
Loans from group undertakings drawn down	2,184,000	-
Net cash (used in)/generated from financing activities	<u>(310,602)</u>	<u>516,436</u>
Net decrease in cash and cash equivalents	(63)	(198)
Cash and cash equivalents at beginning of year	231	429
Cash and cash equivalents at the end of year	<u>168</u>	<u>231</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	168	231
	<u>168</u>	<u>231</u>

MISSILES & SPACE BATTERIES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(i) Analysis of net debt

	At 1 January 2023 £	Cash flows £	New finance leases £	At 31 December 2023 £
Cash at bank and in hand	231	(63)	-	168
Debt due after 1 year	(836,975)	(1,576,567)	-	(2,413,542)
Debt due within 1 year	(941,850)	271,854	-	(669,996)
Finance leases	(1,495,554)	185,476	(459,798)	(1,769,876)
	<u>(3,274,148)</u>	<u>(1,119,300)</u>	<u>(459,798)</u>	<u>(4,853,246)</u>

The notes on pages 15 to 33 form part of these financial statements.

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

Missiles and Space Batteries Limited (the "Company") is a private company limited by shares, and domiciled and registered in Scotland. The Company's registered number is SC162626. The Company's registered office address is Hagmill Road, East Shawhead, Coatbridge, Lanarkshire, Scotland, ML5 4UZ.

The principal activity of the Company is the research, design and manufacture of thermal batteries for defence and aerospace applications.

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 financial statements are prepared in Pounds Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

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 Going concern

The Company has reported a profit of £1,920,357 (2022 - £928,670) and net current assets of £4,935,836 (2022 - £1,976,176) at the reporting date. The Board consider that the Company continues to be a going concern and accordingly these financial statements are prepared on the going concern basis.

The Directors have robust processes in place to monitor and assess financial performance of the Company. The Directors have prepared financial projections for a period of 12 months from the date of signing the financial statements. The financial projections indicate that the Company will be able to discharge its liabilities as they fall due for a period of no less than 12 months from approval of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.3 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.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover from the sale of thermal batteries for defence and aerospace applications 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 turnover 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.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 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 profit or loss 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.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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 reporting 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.9 Intangible fixed assets

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

All intangible fixed 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 - 5 years

2.10 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 the Statement of Comprehensive Income 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:

Heritable property - over 25 years
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 Statement of Comprehensive Income.

2.11 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

MISSILES & SPACE BATTERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

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.

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 recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to the Statement of Comprehensive Income.

2.17 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.17 Financial instruments (continued)

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)**2.17 Financial instruments (continued)****Derecognition of financial instruments****Derecognition of financial assets**

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

2.18 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.

The following areas of judgement and estimation had the most significant effect on amounts recognised in the financial statements: fair value of investment property and stock provision.

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. Turnover

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

	2023 £	2022 £
Production	15,589,722	9,132,693
Development	1,124,742	1,281,720
	<u>16,714,464</u>	<u>10,414,413</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	9,123,441	5,887,075
Rest of the World	7,591,023	4,527,338
	<u>16,714,464</u>	<u>10,414,413</u>

5. Other operating income

	2023 £	2022 £
Rental income	27,850	27,850
	<u>27,850</u>	<u>27,850</u>

6. Operating profit

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

	2023 £	2022 £
Depreciation of tangible fixed assets	801,965	547,782
Amortisation of intangible assets, including goodwill	8,473	10,671
Recognised (gain)/loss on foreign exchange	(20,657)	104,131
	<u>801,965</u>	<u>547,782</u>

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. Auditor's remuneration

	2023 £	2022 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>30,000</u>	<u>25,000</u>
Fees payable to the Company's auditor in respect of:		
Preparation of statutory financial statements	2,800	2,500
Taxation services	5,350	4,500
	<u>8,150</u>	<u>7,000</u>

8. Employees

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

	2023 £	2022 £
Wages and salaries	4,211,591	2,986,528
Social security costs	428,111	319,849
Cost of defined contribution pension scheme	502,399	375,852
	<u>5,142,101</u>	<u>3,682,229</u>

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

	2023 No.	2022 No.
Manufacturing, research and development	91	74
Administration	19	17
	<u>110</u>	<u>91</u>

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	129,478	127,508
Company contributions to defined contribution pension schemes	25,835	21,677
	<u>155,313</u>	<u>149,185</u>

During the year retirement benefits were accruing to 1 Director (2022 - 1) in respect of defined contribution pension schemes.

10. Interest payable and similar expenses

	2023	2022
	£	£
Loan interest payable	103,993	100,543
	<u>103,993</u>	<u>100,543</u>

11. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	560,129	168,782
Adjustments in respect of previous periods	(3,234)	(12,291)
Total current tax	<u>556,895</u>	<u>156,491</u>
Deferred tax		
Origination and reversal of timing differences	59,291	59,493
Adjustments in respect of prior periods	3,667	15,175
Total deferred tax	<u>62,958</u>	<u>74,668</u>
Taxation on profit on ordinary activities	<u>619,853</u>	<u>231,159</u>

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	2,540,210	1,159,829
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	597,457	220,368
Effects of:		
Adjustments to tax charge in respect of prior periods	(3,234)	(12,291)
Adjustments to tax charge in respect of prior periods - deferred tax	3,667	15,175
Additional deduction for land remediation expenditure	-	(522)
Expenses not deductible for tax purposes	1,382	57
Remeasurement of deferred tax for changes in tax rates	3,509	14,278
Fixed asset differences	17,072	(5,906)
Total tax charge for the year	619,853	231,159

Factors that may affect future tax charges

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Group operates are above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

12. Dividends

	2023 £	2022 £
Dividends payable on equity capital	500,000	1,500,000

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

13. Intangible fixed assets

	Technology improvements £
Cost	
At 1 January 2023	98,605
Additions	5,989
At 31 December 2023	<u>104,594</u>
Amortisation	
At 1 January 2023	75,924
Charge for the year	8,473
At 31 December 2023	<u>84,397</u>
Net book value	
At 31 December 2023	<u>20,197</u>
At 31 December 2022	<u>22,681</u>

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

14. Tangible fixed assets

	Heritable property £	Plant, machinery and equipment £	Total £
Cost			
At 1 January 2023	4,211,342	8,798,656	13,009,998
Additions	-	1,143,303	1,143,303
Disposals	(6,271)	(412,238)	(418,509)
At 31 December 2023	<u>4,205,071</u>	<u>9,529,721</u>	<u>13,734,792</u>
Depreciation			
At 1 January 2023	658,514	6,244,562	6,903,076
Charge for the year	251,922	550,043	801,965
Disposals	-	(412,238)	(412,238)
At 31 December 2023	<u>910,436</u>	<u>6,382,367</u>	<u>7,292,803</u>
Net book value			
At 31 December 2023	<u>3,294,635</u>	<u>3,147,354</u>	<u>6,441,989</u>
At 31 December 2022	<u>3,552,828</u>	<u>2,554,094</u>	<u>6,106,922</u>

15. Investment property

	Investment property £
Valuation	
At 1 January 2023	97,035
At 31 December 2023	<u>97,035</u>

The 2023 valuations were made by the Directors, in line with the Company's accounting policy.

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

16. Stocks

	2023 £	2022 £
Raw materials and consumables	3,549,031	2,777,995
Work in progress	777,870	526,368
Finished goods and goods for resale	65,709	411,360
	<u>4,392,610</u>	<u>3,715,723</u>

17. Debtors

	2023 £	2022 £
Trade debtors	3,810,876	2,116,295
Amounts owed by group undertakings (note 31)	1,551,015	834,284
Other debtors	78,160	210,843
Prepayments and accrued income	92,811	73,464
	<u>5,532,862</u>	<u>3,234,886</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	<u>168</u>	<u>231</u>

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

19. Creditors: Amounts falling due within one year

	2023 £	2022 £
Payments received on account	391,830	10,778
Trade creditors	628,514	835,629
Amounts owed to group undertakings (note 20 & 31)	2,729,157	3,494,389
Corporation tax	165,751	-
Other taxation and social security	356,225	92,723
Obligations under finance lease and hire purchase contracts (note 21)	251,079	201,306
Other creditors	88,043	52,306
Accruals and deferred income	379,205	287,533
	<u>4,989,804</u>	<u>4,974,664</u>

Amounts owed to group undertakings are unsecured, repayable on demand and subject to interest at varying rates which are noted below.

20. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Obligations under finance leases and hire purchase contracts (note 21)	1,518,797	1,294,248
Amounts owed to group undertakings (note 31)	2,413,542	836,975
	<u>3,932,339</u>	<u>2,131,223</u>

In 2020, the Company received a loan from Aerospatiale Batteries SA, the parent company. The loan was for the purpose of purchasing the site and building in Coatbridge and had an initial value of EUR 1,800,000 (£1,542,546). The loan is repayable in quarterly instalments over a period of 7 years. Interest is charged at a rate of 2.8% on the outstanding balance over the term of the loan.

In 2022, the Company received a further loan from Aerospatiale Batteries SA, the parent company. The loan was for the purpose of site improvements and had a value of 1,000,000 EUR. The loan was repayable in monthly instalments over 12 months, however some repayments were missed which has resulted in the liability outstanding at the current year end. Interest is charged at a rate of 2.5% on the outstanding balance over the term of the loan. This loan was repaid in full in January 2024.

During 2023, the Company received a further loan from Aerospatiale Batteries SA, the parent company. The loan had an initial value of EUR 2,500,000 (GBP - £2,184,000) for the purpose of site improvements. The loan is repayable in quarterly instalments over a period of 7 years, bearing interest at 4.88%.

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	251,079	201,306
Between 1-5 years	1,340,295	1,095,480
Over 5 years	178,502	198,768
	<u>1,769,876</u>	<u>1,495,554</u>

In 2023 and 2022, the Company leased equipment from Aerospatiale Batteries SA, the parent company. The net book value of the equipment as at 31 December 2023 is £1,923,551 (2022 - £1,584,006).

22. Financial instruments

	2023 £	2022 £
Financial assets		
Financial assets that are not debt instruments measured at amortised cost	168	231
Financial assets that are debt instruments measured at amortised cost	5,440,051	3,127,043
	<u>5,440,219</u>	<u>3,127,274</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(6,238,463)	(5,506,832)

Financial assets that are not debt instruments measured at amortised cost comprise cash balances.

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

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

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

23. Deferred taxation

	2023	2022
	£	£
At beginning of year	(229,380)	(154,712)
Charged to the Statement of Comprehensive Income	(62,958)	(74,668)
At end of year	(292,338)	(229,380)

The provision for deferred taxation, calculated at a rate of 25% (2022 - 25%) is made up as follows:

	2023	2022
	£	£
Accelerated capital allowances	(335,429)	(279,124)
Short term timing differences	43,091	49,744
	(292,338)	(229,380)

24. Provisions

	Provisions
	£
At 1 January 2023	63,026
Charged to the Statement of Comprehensive Income	7,812
At 31 December 2023	70,838

The provisions are mostly for warranty costs and represent an estimate of the costs of settling any warranty obligations on batteries sold during the year.

MISSILES & SPACE BATTERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

25. Share capital

	2023 £	2022 £
Authorised		
450,000 (2022 - 450,000) Ordinary shares of £1.00 each	450,000	450,000
	<u>450,000</u>	<u>450,000</u>
Allotted, called up and fully paid		
350,000 (2022 - 350,000) Ordinary shares of £1.00 each	350,000	350,000
	<u>350,000</u>	<u>350,000</u>

The Company has one class of Ordinary shares which carry voting rights but no right to fixed income.

26. Reserves**Profit & loss account**

This reserve includes all current and prior periods retained profits and losses. Profit for the financial year was £1,920,357 (2022 - £928,670). All reserves are considered distributable.

27. ESOP shares

In 2023, 19 MSB employees (2022 - 14) participated in an Employee Share Ownership Plan offered and administered by Airbus Group, a 50% shareholder of the MSB Parent Company, ASB Aerospatiale Batteries S.A.

28. Capital commitments

At 31 December 2023 the Company had capital commitments as follows:

	2023 £	2022 £
Contracted for but not provided in these financial statements	131,676	188,927
	<u>131,676</u>	<u>188,927</u>

29. 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 £502,398 (2022 - £375,852). Contributions totalling £44,508 (2022 - £36,367) 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 2023**

30. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Other operating leases		
Not later than 1 year	10,302	9,593
Later than 1 year and not later than 5 years	11,574	16,244
	<u>21,876</u>	<u>25,837</u>

31. Related party transactions

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

Aerospatiale Batteries SA.

Sales of £1,136,133 (2022 - £1,030,151), purchases of £2,898,441 (2022 - £2,142,031), balance due from £104,788 (2022 - £163,831), balance due to £6,596,782 (2022 - £5,507,601).

Advanced Thermal Batteries Incorporated

Sales of £359,014 (2022 - £400,808), purchases of £722 (2022 - £708), balance due from £7,122 (2022 - £57,632), balance due to £Nil (2022 - £Nil).

SAFT SA.

Purchases of £298,350 (2022 - £Nil), balance due to £Nil (2022 - £Nil).

Airbus

Balance due to £315,795 (2022 - £319,317), balance due from £1,439,105 (2022 - £613,673).

32. Post balance sheet events

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

33. 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 from Allée Sainte Hélène, Bourges, CEDEX 18021, France.