

Registered Number 2672582

BAE Systems (Lancaster House) Limited

Directors' Report and Financial Statements 2010



Contents

Page

Directors' report	1
Statement of directors' responsibilities	2
Balance sheet	3
Notes to the accounts	4 - 5

Directors' report

Page 1

The directors present their report, together with the financial statements, for the year ended 31 December 2010

Principal activities and business review

During the year the Company did not trade and received no income and incurred no expenditure. Consequently, the Company made neither a profit nor a loss, and a profit and loss account has not been prepared.

The directors do not recommend the payment of a dividend for the year (2009 £nil)

Directors

The directors who held office during the year and at the date of this report were

Miss A-L Holding
Mr D S Parkes

Post balance sheet event

The Company's Articles of Association were amended on 10 May 2011 and removed the requirement for the Company to have an authorised share capital, the concept of which was abolished under the Companies Act 2006.

Auditors

The directors have decided to take advantage of an exemption to which the Company is entitled, that under section 480 of the Companies Act 2006, the Company is exempt from the requirement to have its financial statements for the year ended 31 December 2010 audited.

By order of the Board



D S Parkes
Director

Warwick House
PO Box 87
Farnborough Aerospace Centre
FARNBOROUGH
Hampshire
GU14 6YU

Date 30 June 2011

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

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Balance sheet

as at 31 December 2010

Page 3

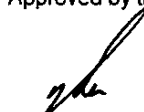
		2010 £'000	2009 £'000
Current assets			
Debtors due within one year	Note 4	22,118	22,118
Net assets		<u>22,118</u>	<u>22,118</u>
Capital and reserves			
Called up share capital	Note 5	25,626	25,626
Profit and loss account	Note 6	<u>(3,508)</u>	<u>(3,508)</u>
Equity shareholders' funds		<u>22,118</u>	<u>22,118</u>

For the year ended 31 December 2010 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

Directors' responsibilities

- The members have not required the Company to obtain an audit of its accounts for the year ended 31 December 2010 in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved by the Board on 30 June 2011 and signed on its behalf by



D.S. Parkes
Director

The notes on page 4 and 5 form part of the financial statements

Notes to the accounts

Page 4

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom. As the Company is a wholly owned subsidiary of BAE Systems plc, it is exempt from presenting FRS 29 disclosures as full equivalent disclosures are presented on a group basis within the consolidated financial statements.

Cash flow statement

The Company is exempt from the requirement of FRS1(revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of BAE Systems plc, and its cash flows are included within the consolidated cash flow statement of that company.

Related party transactions

The Company is controlled by BAE Systems plc and is a wholly owned subsidiary of BAE Systems plc. In accordance with paragraph 3c of FRS8 "Related Party Transactions" the Company is exempt from disclosing details of arrangements with other companies in the BAE Systems plc group.

Taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on an undiscounted basis in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date where there is an obligation to pay more tax, or a right to pay less tax, in the future.

2 Employees and directors

The Company did not have any employees in the year (2009 nil). None of the directors received any emoluments from the Company during the year.

3 Taxation

The Company has not provided for corporation tax for the year as any profits will be covered by the surrender of losses from other Group companies, in respect of which no payment will be made.

The factors influencing the current tax charge are explained below:

	2010 £'000	2009 £'000
Profit before taxation	-	-
Tax charge on profit at UK rate of 28% (2009 - 28%)	-	-
Imputed interest income	155	139
Group losses received free of charge	(155)	(139)
Current tax charge for the year	-	-

Provision for deferred tax is not required.

4 Debtors due within one year

	2010 £'000	2009 £'000
Amounts due from parent undertaking	22,118	22,118

Notes to the accounts (continued)

Page 5

5 Share capital

	2010 £'000	2009 £'000
Authorised, issued and fully paid Ordinary shares of £1 each	<u>25,626</u>	<u>25,626</u>

6 Reserves - profit and loss account

	2010 £'000	2009 £'000
At 1 January and 31 December	<u>(3,508)</u>	<u>(3,508)</u>

7 Ultimate holding company

The ultimate holding company is BAE Systems plc, a company incorporated in Great Britain and registered in England and Wales

The consolidated financial statements of BAE Systems plc are available to the public and may be obtained from

6 Carlton Gardens
London
SW1Y 5AD