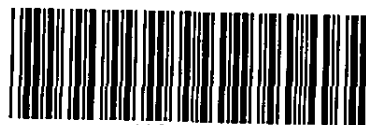


BAE Systems Land Systems (Investments HMC) Limited

**Directors' report and financial statements
Year ended 31 December 2012
Registered number 2696043**

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Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Profit and loss account	3
Balance sheet	3
Notes to the financial statements	4

Directors' report

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2012

Business review

The Company is a wholly owned subsidiary of BAE Systems Land Systems (Singapore Investments) Limited. The Company has not traded in the period.

Results and dividends

The Company made no profit or loss for the year (2011 £nil). The Directors propose a dividend for the year of £2,225,127 (2011 £nil).

Directors

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

B W Ierland	Resigned	4 February 2013		
C A Blakemore	Resigned	4 February 2013		
C N J Sparkes	Appointed	4 February 2013	Resigned	30 April 2013
D A Bond	Appointed	4 February 2013		
M S Miller	Appointed	30 April 2013		

By order of the Board



M S Miller
Director

Warwick House
PO Box 87
Farnborough Aerospace Centre
Farnborough
Hants
GU14 6YU
10th JUNE 2013

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.

Profit and loss account

for the year ended 31 December 2012

During the financial year and the preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently during these years the Company made neither a profit nor a loss.

Balance sheet

at 31 December 2012

	Note	2012 £000	2011 £000
Current assets			
Debtors	4	6,575	6,575
Creditors due within one year	5	(201)	(201)
Net current assets		<u>6,374</u>	<u>6,374</u>
Total assets less current liabilities		<u>6,374</u>	<u>6,374</u>
Net assets		<u>6,374</u>	<u>6,374</u>
Capital and reserves			
Called up share capital	6	3,947	3,947
Reserves	7	2,427	2,427
Equity shareholders' funds	8	<u>6,374</u>	<u>6,374</u>

The notes on pages 4 to 6 form part of these financial statements.

- (a) For the year ended 31st December 2012 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.
- (b) Members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.
- (c) The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the board of directors on 10TH JUNE 2013 and signed on their behalf by



M S Miller
Director
Company registered number 2696043

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The financial statements have been prepared on the going concern basis, under historical cost accounting rules, and in accordance with the Companies Act 2006 and applicable accounting standards

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of BAE Systems plc, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of BAE Systems plc, within which this Company is included, can be obtained from the address given in note 9

FRS 29

As the Company is a wholly owned subsidiary of BAE Systems plc, it is exempt from presenting Financial Reporting Standard 29 disclosures as full equivalent disclosures are presented on a group basis within the consolidated financial statements

Tax

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 Directors' remuneration, staff numbers and costs

The only persons employed by the Company during the period were the directors, none of whom received any remuneration from the Company (2011: £nil). The directors of the Company were paid for their services by fellow group undertaking BAE Systems Global Combat Systems Limited. Disclosure of these amounts is given in the financial statements of that company

Notes to the financial statements (continued)

3 Tax on profit on ordinary activities

The Company has not provided for corporation tax for the year as any taxable 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

	2012 £000	2011 £000
Profit before taxation	-	-
Tax (charge) on profit at UK rate of 24.5% (2011 - 26.5 %)	-	-
Imputed interest (income)	(32)	(50)
Group loss provided free of charge	32	50
Current tax charge for the year	-	-
Provision for deferred tax is not required		

4 Debtors

	2012 £000	2011 £000
Amounts due within one year:		
Amounts owed by other group undertaking	6,575	6,575

5 Creditors due within one year

	2012 £000	2011 £000
Amounts owed to intermediary parent undertaking	201	201

6 Share capital

	2012 £000	2011 £000
Allotted, called up and fully paid 3,947,051 ordinary shares of £1 each	3,947	3,947

Notes to the financial statements (continued)

7 Reserves : Profit and loss account

	£000
At 1 January and 31 December 2012	<u>2,427</u>

8 Reconciliation of movements in equity shareholders' funds

	2012 £000	2011 £000
Equity shareholders' funds at the beginning and the end of the year	<u>6,374</u>	<u>6,374</u>

9 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The immediate parent company is BAE Systems Land Systems (Singapore Investments) Limited

The ultimate parent company is BAE Systems plc, a company incorporated in Great Britain and registered in England and Wales. The largest and smallest group in which the results of the Company are consolidated is that headed by BAE Systems plc. The consolidated accounts of that company are available to the public and may be obtained from the registered office, 6 Carlton Gardens, London SW1Y 5AD.