

BAE Systems (Gripen Overseas) Limited

Annual Report and Financial Statements

31 December 2021

Registered Number: 03473663



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Directors' Report

The Directors present their Report, together with the audited financial statements, for the year ended 31 December 2021.

The Company is a member of the BAE Systems plc Group (BAE Systems Group or Group) of companies.

Company registration

BAE Systems (Gripen Overseas) Limited (the Company) is a private company, limited by shares and registered in England and Wales with the registered number 03473663.

Results and dividends

As the Company has ceased trading, it incurs fees and sundry costs while the plan to close the branches is progressed. Given different reporting currencies used, the Company's result is primarily subject to the movement in exchange rates, the main aspect of which has historically been due to the translation of the Swedish branch. This branch was closed in the year and hence the exchange variance shown in these accounts is significantly less than has been recorded in prior years. The Company's profit for the financial year is £19,173 (2020: loss £110,237). The directors do not propose a dividend for 2021 (2020: £nil).

Business review and principal activities

The Company was providing in-country support services to a production contract for the Gripen aircraft held by BAE Systems (Operations) Limited, in Sweden and South Africa. The production contract has now concluded and at this time there is no expectation that this Company will be required to provide any further services. Therefore the directors took the decision to commence the process to close the branches. The branch in Sweden was closed on 22 November 2021 and the resolution of outstanding issues in the South Africa branch continues to progress. Once the South Africa branch has been closed, the directors intend to liquidate the Company and the expectation is that this will be in late 2023.

Principle risks and uncertainties

The Company has not highlighted any principle risks or uncertainties which affect the business' performance or results reported in these financial statements.

Going concern

The Company ceased to trade in 2016 and therefore the financial statements have been prepared on a basis other than going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

Small companies exemption

Pursuant to Section 414(B) of the Companies Act 2006, the Company has taken advantage of the of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Overseas branch office

The Company has an overseas branch office in South Africa.

Directors and their interests

The directors who served throughout the year and thereafter were as follows:

D S Parkes
P D Murphy

The Board is not aware of any contract of significance in relation to the Company in which any director has, or has had, a material interest.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Post Balance sheet events

There were no material events after the balance sheet date requiring disclosure.

Directors' Report *(continued)*

Auditor

The auditor, Deloitte LLP, has indicated its willingness to continue in office and, in accordance with Section 487(2) of the Companies Act 2006, has been re-appointed.

Approved by the Board and signed on its behalf by:



D S Parkes
Director

8 July 2022

Registered office:
BAE Systems (Gripen Overseas) Limited
Warwick House
PO Box 87, Farnborough Aerospace Centre
Farnborough
Hampshire, GU14 6YU
United Kingdom

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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 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 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.

Independent Auditor's Report to the Members of BAE Systems (Gripen Overseas) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BAE Systems (Gripen Overseas) Limited (the Company):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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.

Emphasis of matter – financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report to the Members of BAE Systems (Gripen Overseas) Limited

(continued)

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant regulatory authorities.

Report on other legal and regulatory requirements

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

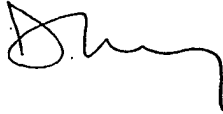
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of BAE Systems (Gripen Overseas) Limited
(continued)

Use of our 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.



Douglas King FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester
United Kingdom

8 July 2022

Income Statement

for the year ended 31 December 2021

	Notes	2021 £	2020 £
Revenue		-	-
Operating income / (expense)	2	19,173	(110,237)
Operating profit / (loss) before tax		19,173	(110,237)
Tax	4	-	-
Profit / (Loss) for the year		19,173	(110,237)

Statement of Comprehensive Income

for the year ended 31 December 2021

		2021 £	2020 £
Profit / (Loss) for the year		19,173	(110,237)
Other comprehensive expense			
Items that may be reclassified to the Income Statement:			
Currency translation on foreign currency branches	7	(32,424)	104,340
Total other comprehensive (expense) / income for the year		(32,424)	104,340
Total comprehensive expense for the year		(13,251)	(5,897)

The notes on pages 11 to 15 form part of the financial statements.

The results for 2021 and 2020 arise from discontinued activities.

Balance Sheet
as at 31 December 2021

	Notes	2021 £	2020 £
Current assets			
Trade and other receivables	5	47,565	20,509
Cash and cash equivalents		8,649	51,809
Total assets		56,214	72,318
Current liabilities			
Trade and other payables	6	(6,861)	(9,714)
Total liabilities		(6,861)	(9,714)
Net assets		49,353	62,604
Capital and reserves			
Issued share capital	7	4	4
Share premium	7	503,008	503,008
Other reserves	7	(2,337)	(69,165)
Retained earnings – deficit		(451,322)	(371,243)
Total equity		49,353	62,604

The notes on pages 11 to 15 form part of the financial statements.

Approved by the Board on 8 July 2022 and signed on its behalf by:



D S Parkes
Director

Registered number: 03473663

Statement of Changes in Equity
for the year ended 31 December 2021

	Notes	Issued share capital £	Share premium £	Other reserves £	Retained earnings - deficit £	Total equity £
At 1 January 2020		4	503,008	(173,505)	(261,006)	68,501
Loss for the year		-	-	-	(110,237)	(110,237)
Other comprehensive expense for the year	7	-	-	104,340	-	104,340
Total comprehensive expense for the year		-	-	104,340	(110,237)	(5,897)
At 31 December 2020		4	503,008	(69,165)	(371,243)	62,604
Profit for the year		-	-	-	19,173	19,173
Other comprehensive income for the year	7	-	-	(32,424)	-	(32,424)
Reclassification of currency translation reserve on closure of branch	7	-	-	99,252	(99,252)	-
Total comprehensive expense for the year		-	-	66,828	(80,079)	(13,251)
At 31 December 2021		4	503,008	(2,337)	(451,322)	49,353

The notes on pages 11 to 15 form part of the financial statements.

Notes to the Financial Statements

1 Accounting policies

BAE Systems (Gripen Overseas) Limited (the Company) is a private company, limited by shares, and registered in England and Wales and incorporated in the United Kingdom. Its ultimate controlling party and parent company is BAE Systems plc. The address of the Company's registered office is shown on page 3. The principal activity of the Company is set out in the Directors' Report on page 2.

These financial statements, which have been prepared in accordance with the Companies Act 2006, are presented in pounds sterling, which is the currency of the primary economic environment in which the entity operates, and are rounded to the nearest pound. Foreign operations are included in accordance with the policies set out below in relation to foreign currencies.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework. The Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of International Accounting Standard (IAS) 1 Presentation of Financial Statements;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements of BAE Systems plc, which are available at www.baesystems.com

The Company intends to continue to prepare its financial statements in accordance with FRS 101.

Going Concern

The financial statements have been prepared under the historical cost convention. The directors intend to close the South Africa branch within the next 12 months, and then the Company will be liquidated. As a result the financial statements have been prepared on a basis other than going concern (see the Directors' Report on page 2 for details). No adjustments arose as a result of ceasing to apply the going concern basis.

The following paragraphs summarise the main accounting policies of the Company and have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Critical accounting policies

Given that the Company has ceased to trade and the branches are in the process of being closed, the directors consider that there are no significant accounting policies which are critical as a result of their level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Judgements made in applying accounting policies

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimates, that have had a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The application of the Company's accounting policies requires the use of estimates. In the event that these estimates prove to be incorrect, there may be an adjustment to the carrying amounts of assets and liabilities within the next financial year. The directors consider there are no material estimates in the financial statements.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Changes in accounting policies

There are no amendments to existing standards, or interpretations that became effective on 1 January 2021 and have a material impact on the Company.

Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated. The directors believe that the financial statements reflect appropriate judgements and estimates, and provide a true and fair view of the Company's financial performance and position.

Interest income and borrowing costs

Interest income and borrowing costs are recognised in the Income Statement in the period in which they are incurred.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the Balance Sheet date. These exchange differences are recognised in the Income Statement.

The assets and liabilities of foreign currency branches are translated at the exchange rates ruling at the Balance Sheet date. The Income Statements of these branches are translated at average rates of exchange during the year. All resulting exchange differences are recognised in the foreign translation reserve.

Trade and other receivables

Trade and other receivables are stated at amortised cost including a provision for expected credit losses. The Company writes off a trade receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery, for example, when a debtor enters bankruptcy or financial reorganisation.

Trade and other payables

Trade and other payables are stated at amortised cost.

Tax

Tax expense comprises current tax. Current tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income. It is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences:

- on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- related to investments in subsidiaries and equity accounted investments to the extent that it is probable that they will not reverse in the foreseeable future; and
- arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements (continued)

2 Operating (income) / expense

	2021 £	2020 £
Other operating charges (professional fees and office costs)	8,906	9,330
Foreign exchange (gains) / losses	(28,079)	100,907
	(19,173)	110,237

The remuneration of the auditor for the year ended 31 December 2021 for auditing of the financial statements was £2,000 (2020: £2,000) and £nil (2020: £nil) in respect of non-audit work. The fee for the UK audit is borne by BAE Systems (Operations) Limited and not recharged, with the fee for the branch audits borne directly by the Company.

3 Employees

The Company has no employees (2020: nil). The aggregate staff costs of Company employees were £nil (2020: £nil).

None of the directors received any emoluments from the Company during the year. All directors who served during the year were employed by BAE Systems plc or other Group companies and were remunerated through those companies. The directors did not provide any material qualifying services to the Company.

4 Tax

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

Total tax reconciliation

The following reconciles the expected tax expense/(income), using the UK corporation tax rate, to the reported tax result:

	2021 £	2020 £
Profit / (Loss) before tax	19,173	(110,237)
UK corporation tax rate	19.00%	19.00%
Expected tax income on result	3,643	(20,945)
Expenses not tax effected	285	315
Unrecognised tax losses carried forward	1,402	1,458
Losses surrendered to other group companies	(5,330)	19,172
Tax result	-	-

No provision for deferred tax is required.

Notes to the Financial Statements *(continued)*

4 Tax *(continued)*

Unrecognised deferred tax

The deferred tax asset, which has not been recognised in the financial statements, is made up as follows:

	2021 £	2020 £
Tax losses	12,724	8,268

The Government announced in 2021 that from 1 April 2023 the UK corporation tax rate would increase from 19% to 25%. The unprovided deferred tax asset has been calculated at the tax rates, enacted at that date, expected to apply to the temporary differences when they reverse (2020: 19%).

5 Trade and other receivables

	2021 £	2020 £
Current		
Trade receivables	21	-
Amounts owed by BAE Systems plc	47,544	20,509
	47,565	20,509

Amounts owed by BAE Systems plc are payable on demand. No interest is applied to the amounts owed.

6 Trade and other payables

	2021 £	2020 £
Current		
Trade payables	-	125
Accruals and deferred income	6,861	9,589
	6,861	9,714

Notes to the Financial Statements (continued)

7 Share capital and other reserves

Share capital

	£1 Ordinary shares No	Nominal value £
Authorised		
At 1 January 2020, 31 December 2020 and 31 December 2021	1,000	1,000
Issued and fully paid		
At 1 January 2020, 31 December 2020 and 31 December 2021	4	4
Share premium		£
At 1 January 2020, 31 December 2020 and 31 December 2021		503,008

The directors do not propose a dividend for 2021 (2020: £nil). The holders of the shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Other reserves

	Foreign translation reserve £
At 1 January 2020	(173,505)
Currency translation on foreign currency branches	104,340
At 31 December 2020	(69,165)
Currency translation on foreign currency branches	(32,424)
Reclassification of currency translation reserve on closure of branch	99,252
At 31 December 2021	(2,337)

Foreign translation reserve

The foreign translation reserve comprises all foreign currency differences arising from the translation of the results and financial position of foreign operations. With the closure of the Swedish branch in November, the amount of the foreign translation reserve accumulated relating to the branch has been released from the reserve above and reclassified to retained earnings. The balance remaining only relates to the South Africa branch. See statement of changes in equity on page 10 for the reclassification of this amount.

8 Contingent liabilities

The Company has no contingent liabilities.

9 Events after the reporting period

There are no material events after the Balance Sheet date requiring disclosure.

10 Controlling parties

The immediate parent company is BAE Systems (Overseas Holdings) Limited and the ultimate controlling party is BAE Systems plc, which is both the smallest and largest parent company preparing group financial statements. Both companies are incorporated in the United Kingdom and registered in England and Wales.

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

6 Carlton Gardens
London
SW1Y 5AD
Website: www.baesystems.com