

## **M.A. INTERNATIONAL LIMITED**

Directors' report and financial statements

For the 9 month period ended 31 December 2008

Registered number: 04214548

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# **M.A. INTERNATIONAL LIMITED**

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## **M.A. INTERNATIONAL LIMITED COMPANY INFORMATION**

### **Directors**

M Sutherland	(appointed 26 January 2009)
I McLaren	(appointed 26 January 2009)
L G Sach	(resigned 18 April 2008)
A J Gradden	(resigned 26 January 2009)
C M Evans	(resigned 26 January 2009)

### **Secretary**

D Parkes	(appointed 30 January 2009)
J A Woolhead	(resigned 30 January 2009)

### **Auditors**

KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

### **Registered office**

Surrey Research Park  
Guildford  
Surrey  
GU2 7YP

## **M.A. INTERNATIONAL LIMITED DIRECTORS' REPORT**

The Directors present their report and the audited financial statements for the Company for the 9 month period ended 31 December 2008.

### **Principal activity and review of the business**

The Company's principal activity is that of a holding Company. The Companies subsidiaries do not trade.

During the period the Company received a dividend in specie of £22,713,790 from m.a. Management Services Limited, its subsidiary undertaking. The receipt of this dividend in specie led to the Company writing down the carrying value of its investment in m.a. Management Services by £436,795.

The profit for the period after taxation amounted to £22,276,995 (year ended 31 March 2008: £Nil).

A dividend in specie of £38,799,064 was paid to Detica Group Limited, (formerly Detica Group plc), the Company's parent undertaking, during the period (year ended 31 March 2008: £Nil). The Directors do not recommend payment of a final dividend (year ended 31 March 2008: £Nil).

On 25 September 2008 the Company's former ultimate parent undertaking Detica Group Limited, (formerly Detica Group plc), was acquired by BAE Systems (Holdings) Limited. Following this acquisition the Company's ultimate parent undertaking is BAE Systems plc.

### **Directors**

The Directors in office at 31 December 2008 and those who served during the period are listed on page 1.

### **Indemnity insurance**

The Directors of the Company have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the period and continues to be in force as at the date of this report. Directors and Officers' liability insurance has been purchased in order to minimise the potential impact of such proceedings.

### **Directors' statement as to disclosure of information to auditors**

The Directors at the time of approving the Directors' Report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

Following the acquisition by BAE Systems (Holdings) Limited in the period of the Company's ultimate parent undertaking, Detica Group Limited, (formerly Detica Group plc), Ernst and Young LLP resigned as auditors of the Company on 20 February 2009. On 20 February 2009, the Company appointed KPMG Audit Plc. The auditors, KPMG Audit Plc, have indicated their willingness to continue in office and in accordance with section 487 (2) of the Companies Act 2006 have been re-appointed.

**M.A. INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT CONTINUED**

**Authorisation of financial statements**

The financial statements of M.A. International Limited for the period 1 April 2008 to 31 December 2008 were authorised for issue by the Board of Directors on 23 June 2009 and the balance sheet was signed on behalf of the Board by I McLaren.

Approved by the Board and signed on its behalf:

A handwritten signature in black ink, appearing to read 'I McLaren', with a stylized, flowing script.

I McLaren

Director

23 June 2009

## **M.A. INTERNATIONAL LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

#### **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 period. 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).

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M.A. INTERNATIONAL LIMITED**

We have audited the financial statements of m.a. International Limited for the 9 month period ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the directors report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors Report, and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the 9 month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

23 June 2009

**M.A. INTERNATIONAL LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
for the 9 month period ended 31 December 2008

		9 month period ended 31 December 2008 £	Year ended 31 March 2008 £
	Notes		
Income from shares in group undertakings		22,713,790	-
Amount written off investments	6	(436,795)	-
<b>Profit on ordinary activities before taxation</b>		<b>22,276,995</b>	<b>-</b>
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial period</b>	9	<b>22,276,995</b>	<b>-</b>

All amounts relate to the Company's continuing activities as a holding company.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the 9 month period ended 31 December 2008

There are no recognised gains or losses other than the profit attributable to the shareholders of the Company of £22,276,995 in the 9 month period ended 31 December 2008 (year ended 31 March 2008: £Nil).



**M.A. INTERNATIONAL LIMITED****BALANCE SHEET**

at 31 December 2008

		31 December 2008	31 March 2008
	Notes	£	£
<b>Fixed assets</b>			
Investments	6	100	436,895
<b>Current assets</b>			
Debtors	7	1,850,846	17,936,120
<b>Net assets</b>		<u>1,850,946</u>	<u>18,373,015</u>
<b>Capital and reserves</b>			
Called up equity share capital	8	66,486	66,486
Share premium account	9	1,784,460	1,784,460
Other reserves	9	-	397,335
Profit and loss account	9	-	16,124,734
<b>Equity shareholder's funds</b>	9	<u>1,850,946</u>	<u>18,373,015</u>

For and on behalf of the Board on 23 June 2009:

I McLaren  
Director

**M.A. INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

at 31 December 2008

**1. Accounting policies**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and UK Generally Accepted Accounting Practice ("UK GAAP"). The principal accounting policies are set out below, have been applied consistently throughout the period and the preceding year.

**Basis of consolidation**

The Company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included in the consolidated financial statements of its ultimate parent undertaking BAE Systems plc, a Company incorporated in the United Kingdom. The financial statements present information about the Company as an individual undertaking and not about its Group.

**Cash flow statement**

No cash flow statement is presented for m.a. International Limited as the Company's cash flow is consolidated into the ultimate parent undertaking's group financial statements, in accordance with Financial Reporting Standard 1 'Cash flow statements'.

**Financial instruments**

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

**Related party transactions**

In relation to transactions with other group entities, the Company has taken advantage of the subsidiary undertaking exemption under Financial Reporting Standard 8 'Related Parties'.

**Fixed asset investments**

Fixed asset investments are stated at cost less provision for impairment.

**Taxation**

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the recognition of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, except that deferred assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences will reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

**2. Directors' emoluments**

No Director received any emoluments for their services to the Company in the periods ended 31 December 2008 and 31 March 2008.

**M.A. INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**  
at 31 December 2008

**3. Auditors remuneration**

For the periods ended 31 December 2008 and 31 March 2008, the auditors have been remunerated by another group Company, Detica Limited. The fee for the audit of the Company was £4,000 (31 March 2008: £4,000). The Company's individual accounts do not disclose fees for other services required by Regulation 4(1)(b) of the Companies (Disclosure of Auditor Remuneration) Regulations 2005 because the BAE Systems plc financial statements comply with and include the disclosures required by regulation 4(1)(b).

**4. Dividends**

A dividend in specie of £5.84 per share, totalling £38,799,064, was made in the period ended 31 December 2008 (year ended 31 March 2008: £nil). This dividend represents the transfer intercompany receivables with fellow group companies to its immediate parent undertaking.

**5. Tax on profit on ordinary activities**

Factors affecting current tax charge for the period:

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 28%. The differences are explained below.

	31 December 2008	31 March 2008
	£	£
Profit on ordinary activities before taxation	22,276,995	-
Current tax at 28% (year ended 31 March 2008: 30%)	6,237,559	-
Effects of:		
Amounts written off investments not deductible for tax purposes	122,302	-
Income from fixed asset investments not subject to taxation	(6,359,861)	-
Total current tax for the period	-	-

**M.A. INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**  
at 31 December 2008

**6. Investments**

	Subsidiary Undertaking £
At 1 April 2008	436,895
Amounts written off investments	(436,795)
At 31 December 2008	<u>100</u>

	Country of incorporation/ registration	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
Held directly:				
m.a. Management Services Limited	England and Wales	Ordinary shares	100%	Holding company

Held indirectly:				
m.a. Ventures Limited	England and Wales	Ordinary shares	100%	Non-trading

On 30 March 2007, m.a. International Limited sold m.a. Partners LLC to Detica Holdings Limited for £16,239,000. The consideration was satisfied by a non interest bearing loan note. The loan note is repayable on demand and can be prepaid by Detica Holdings Limited. The sale led to a profit before tax of £16,238,950.

The amount written off investments in the period relates to the Company's investment in m.a. Management Services Limited. m.a. Management Services Limited has net assets of £100 following the dividend in specie paid to the Company during the period.

**7. Debtors**

	31 December 2008 £	31 March 2008 £
Amounts owed by group undertakings	<u>1,850,846</u>	<u>17,936,120</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

**8. Share capital**

**Authorised share capital**

	31 December 2008 £	31 March 2008 £
100,000,000 ordinary shares of £0.01 each	<u>1,000,000</u>	<u>1,000,000</u>

**Allotted, called up and fully paid**

	31 December 2008 £	31 March 2008 £
6,648,645 ordinary shares of £0.01 each	<u>66,486</u>	<u>66,486</u>

**M.A. INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**  
at 31 December 2008

**9. Reconciliation of Shareholder's funds and movement on reserves**

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total shareholder's funds £
Balance at 1 April 2007 & 31 March 2008	66,486	1,784,460	397,335	16,124,734	18,373,015
Profit for the period	-	-	-	22,276,995	22,276,995
Transfer between reserves	-	-	(397,335)	397,335	-
Dividends	-	-	-	(38,799,064)	(38,799,064)
	<u>66,486</u>	<u>1,784,460</u>	<u>-</u>	<u>-</u>	<u>1,850,946</u>
Balance at 31 December 2008					

Other reserves represents the fair value of shares in the Company gifted to employees of the Company's indirect subsidiary, m.a. Ventures Limited. This reserve is distributable and has been transferred to the profit and loss account in the period.

On 30 March 2007, m.a. International Limited sold m.a. Partners LLC to Detica Holdings Limited for £16,239,000. The consideration was satisfied by a non interest bearing loan note. The loan note is repayable on demand and can be prepaid by Detica Holdings Limited. The sale led to an undistributable profit before tax of £16,238,950. Following the dividend in specie of the non interest bearing loan note, the non-distributable profit of £16,238,950 became a realised profit for the Company. Consequently there are no non-distributable reserves at 31 December 2008.

**10. Ultimate parent company**

On 25 September 2008 the Company's immediate parent company Detica Group Limited, (formerly Detica Group plc), was acquired by BAE Systems (Holdings) Limited. Following this acquisition the Company's ultimate parent company is BAE Systems plc. BAE Systems plc included the Company in its Group financial statements which is the smallest and largest group to consolidate the Company's financial statements.

Copies of the BAE Systems plc financial statements are available from: 6 Carlton Gardens, London, SW1Y 5AD.