

BAE Systems Datagate Holdings Limited

Directors' report and financial statements

31 December 2012

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BAE SYSTEMS DATAGATE HOLDINGS LIMITED

CONTENTS

Page

Directors' report	1
Statement of directors' responsibilities in respect of the Director's report and the financial statements	3
Independent auditor's report to the members of BAE Systems Datagate Holdings Limited	4
Profit and loss account	5
Balance sheet	6
Reconciliation of movement in shareholder's funds	7
Notes to the accounts	8

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report together with the audited financial statements, for the year ended 31 December 2012

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The Company acts as a holding company. The principal activity of the Company's trading subsidiary was the provision of secure computer connectivity solutions.

The Company's result for the financial year is £nil (2011 loss £30). The directors do not propose payment of a dividend (2011 £nil).

The Company's trading subsidiary ceased trading on the 31st December 2010.

GOING CONCERN

The directors have reviewed the current activity, future prospects and resources available to the Company, including a letter of support from BAE Systems plc. On the basis of their assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of these risks and uncertainties is included in the Annual Report of the Company's ultimate parent undertaking, BAE Systems plc.

KEY PERFORMANCE INDICATORS

The management of the business and the execution of the Company's strategy are subject to a number of risks. The Company is part of the BAE Systems plc Group and the principal risks and uncertainties affecting the Group are discussed in more detail in the annual report of the Group. The directors do not consider that there are additional specific risks and uncertainties at the Company level.

DIRECTORS

The directors who held office during the year and up to the date of signing the report were:

D L Allot (Resigned 29/1/2013)

A Osborne (Resigned 29/1/2013)

A W Fishburne (Appointed 29/1/2013)

P Tortolano (Appointed 29/1/2013)

POLITICAL AND CHARITABLE DONATIONS

There were no political or charitable donations made in the year (2011 £nil).

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

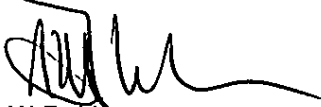
DISCLOSURE OF INFORMATION TO THE AUDITOR

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 as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

AUDITOR

The auditor, KPMG Audit Plc, has indicated its willingness to continue in office and in accordance with section 487 (2) of the Companies Act 2006 has been reappointed

By Order of the Board



A W Fishburne

Director

17 June 2013

Registered Number 04788209

Registered Office

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

**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 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.

Independent auditor's report to the members of BAE Systems Datagate Holdings Limited

We have audited the financial statements of BAE Systems Datagate Holdings Limited for the year ended 31 December 2012 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Mike Barradell (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
KPMG Audit Plc
15 Canada Square
London
E14 5GL
17 June 2013

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December

	Note	2012 £	2011 £
Administrative expenses		-	(30)
OPERATING RESULT/(LOSS)	2	-	(30)
RESULT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(30)
Taxation on profit on ordinary activities	4/9	-	-
RESULT/(LOSS) FOR THE FINANCIAL YEAR		-	(30)

There were no recognised gains or losses for the period and therefore no separate Statement of Total Recognised Gains and Losses has been presented

The notes on pages 8 to 13 form an integral part of these financial statements

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

BALANCE SHEET As at 31 December

	Note	2012 £	2012 £	2011 £	2011 £
FIXED ASSETS					
Tangible assets	5		-		-
Investments	6		-		-
			<u>-</u>		<u>-</u>
			<u>-</u>		<u>-</u>
CURRENT ASSETS					
Debtors	7	1,322,877		1,322,877	
Cash at Bank		-		-	
		<u>1,322,877</u>		<u>1,322,877</u>	
CREDITORS:					
Amounts falling due within one year	8	(50,841)		(50,841)	
		<u>(50,841)</u>		<u>(50,841)</u>	
NET CURRENT ASSETS			<u>1,272,036</u>		<u>1,272,036</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,272,036</u>		<u>1,272,036</u>
NET ASSETS			<u>1,272,036</u>		<u>1,272,036</u>
CAPITAL AND RESERVES					
Called up share capital	10		1,000		1,000
Profit and loss account	11		<u>1,271,036</u>		<u>1,271,036</u>
SHAREHOLDER'S FUNDS			<u>1,272,036</u>		<u>1,272,036</u>

These financial statements were approved by the Board of Directors on 17 June 2013 and were signed on its behalf by



P Tortolano

Director

Registered Number 04788209

The notes on pages 8 to 13 form an integral part of these financial statements

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

As at 31 December

	2012	2011
	£	£
Result/(loss) for the period	-	(30)
Opening Shareholder's funds	1,272,036	1,272,066
Closing Shareholder's funds	1,272,036	1,272,036

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The going concern basis has been applied in these accounts.

Cash flow statement

Under the terms of Financial Reporting Standard 1 - Cash Flow Statements (revised), the Company is exempt from the requirement to publish its own cashflow statement because it is a wholly owned subsidiary and its cash flows are included within the publicly available consolidated financial statements of its ultimate parent, BAE Systems plc.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Equipment - 20% reducing balance

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.

Related Parties transactions

As the Company is a wholly owned subsidiary of BAE Systems plc, the Company has taken advantage of the exception contained in Financial Reporting Standard 8 – Related Party Disclosures, and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group.

Consolidation

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, BAE Systems plc, a company registered in England and Wales. Accordingly, these financial statements present information about the Company as an individual undertaking and not as a group.

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

2. OPERATING RESULT/LOSS

	2012 £	2011 £
Operating loss is stated after charging		
Other external charges	-	30

The auditor's remuneration for the period ended 31 December 2012 was borne by the ultimate parent Company, BAE Systems plc

3. DIRECTORS AND EMPLOYEES

The actual number of employees at the year end was nil (2011 nil)

The Directors are full time executives of other group companies. They do not receive any remuneration for their services as Directors of the Company and it is not practicable to allocate their emoluments for other services

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

4. TAXATION ON ORDINARY ACTIVITIES

No provision for corporation tax is required. The Company has surrendered its losses to fellow subsidiary undertakings free of charge (2011: nil).

Provision for deferred tax is not required.

	2012 £	2011 £
Current Tax		
Current tax charge for the year	-	-
	<hr/>	<hr/>
	-	-
Deferred Tax		
Deferred tax charge for the year	-	-
	<hr/>	<hr/>
Tax on the results for the year	<hr/>	<hr/>
	-	-

The current tax credit for the year differs from the standard rate of corporation tax in the UK as explained below.

	2012 £	2011 £
Result/(loss) before taxation	-	(30)
	<hr/>	<hr/>
Tax credit on result/(loss) at UK rate of 24.5% (2011: 26.5%)	-	8
Expenses not tax effected		-
Imputed interest income		(7,358)
Group losses surrendered free of charge	(317)	6,886
Accelerated capital allowances	317	464
	<hr/>	<hr/>
Current tax credit for the year	-	-

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

5. TANGIBLE FIXED ASSETS

	Computer Equipment
	£
Cost	
At 1 January 2012 and Disposals	775 (775)
	<hr/>
At 31 December 2012	-
Depreciation	
At 1 January 2012 and Disposals	(775) 775
	<hr/>
At 31 December 2012	-
Net book value	
	-
At 31 December 2012 and At 31 December 2011	<hr/> <hr/>

6. INVESTMENTS

	2012 £
Cost	
At 1 January 2012 and 31 December 2012	1,000
	<hr/>
Impairment	
At 1 January 2012 and 31 December 2012	1,000
	<hr/>
Net book value	
At 31 December 2012	-
	<hr/>
At 31 December 2011	-
	<hr/>

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

6 INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

At 31 December 2012 the Company had interests in the following subsidiary

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
BAE Systems Datagate Limited	England & Wales	Ordinary shares	100%	Secure connectivity solutions

7 DEBTORS

	2012 £	2011 £
Intercompany Loan	270,000	270,000
Amounts due from subsidiary undertakings	1,037,680	1,037,680
Corporation Tax	3,147	3,147
Amounts due from other group undertakings	12,050	12,050
	<u>1,322,877</u>	<u>1,322,877</u>

8. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Owed to Immediate Parent Company	126	126
Amounts due to subsidiary undertakings	50,715	50,715
	<u>50,841</u>	<u>50,841</u>

9 DEFERRED TAXATION

The deferred tax asset which has not been recognised in the accounts is made up as follows

	2012 £	2011 £
Accelerated capital allowances	<u>1,312</u>	<u>1,750</u>

Under the Finance Act 2012, the main rate of UK corporation tax was reduced from 25% to 24% with effect from 1 April 2012 and from 24% to 23% with effect from 1 April 2012. The tax rate change to 23% was substantially enacted by the balance sheet date and therefore the effect of the rate reduction on the deferred tax asset as at 31 December 2011 has been included in the figures above.

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

9. DEFERRED TAXATION (CONTINUED)

The Chancellor has also announced further reductions in the main rate of UK corporation tax to 21% with effect from 1 April 2014 and to 20% from 1 April 2015. The effects of these changes would be an additional reduction in the deferred tax asset of approximately £171. These adjustments have not been reflected in the figures above as the tax rate changes were not substantively enacted at the balance sheet date.

10. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Issued.		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

11. RESERVES – PROFIT AND LOSS ACCOUNT

	2012 £	2011 £
At 1 January 2012	1,271,036	1,271,066
Result/(loss) for the year	<u>-</u>	<u>(30)</u>
Balance at 31 December 2012	<u>1,271,036</u>	<u>1,271,036</u>

12. ULTIMATE PARENT UNDERTAKINGS

The Company's immediate parent undertaking is BAE Systems Australia Datagate Pty Limited.

The Company's ultimate parent company is BAE Systems plc, a company incorporated in Great Britain and registered in England and Wales. BAE Systems plc included the Company in its financial statements and is the smallest and largest group to consolidate the Company's financial statements. The consolidated financial statements of BAE Systems plc are available to the public and may be obtained from its registered office at 6 Carlton Gardens, London SW1Y 5AD.