

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

Directors' report and financial statements

31 December 2013

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BAE SYSTEMS DATAGATE HOLDINGS LIMITED

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BAE SYSTEMS DATAGATE HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report together with the audited financial statements, for the year ended 31 December 2013.

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 (2012: result £nil). The directors do not propose payment of a dividend (2012: £nil).

The Company's trading subsidiary ceased trading on the 31 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.

KEY PERFORMANCE INDICATORS

The Company is part of the BAE Systems plc Group and the key performance indicators used to monitor and review the business are set by the Group and discussed in more detail in the annual report of the Group. The Directors do not consider it necessary to provide additional key performance indicators at a company level for an understanding of the development, performance or position of the business.

DIRECTORS

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

A W Fishburne (Appointed 29/1/2013)

P Tortolano (Appointed 29/1/2013)

D L Allot (resigned 29/01/2013)

A Osborne (resigned 29/01/2013)

POLITICAL AND CHARITABLE DONATIONS

There were no political or charitable donations made in the year (2012: £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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will continue in office. However, our Auditor, KPMG Audit Plc, has instigated an orderly transfer of business to its parent company, KPMG LLP. Therefore, during the 2014 year KPMG Audit Plc will resign and the Board will appoint KPMG LLP as the Company's auditors.

By Order of the Board



P Tortolano

Director

20 June 2014

Registered Number 04788209

Registered Office

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

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

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 2013 set out on pages 5 to 12. 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 2013 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.

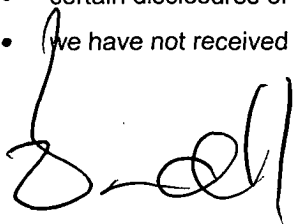
Opinion on other matter prescribed by the Companies Act 2006

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
20 June 2014

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December

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

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

BALANCE SHEET As at 31 December

	Note	2013 £	2013 £	2012 £	2012 £
CURRENT ASSETS					
Debtors	6	<u>1,322,877</u>		<u>1,322,877</u>	
		1,322,877		1,322,877	
CREDITORS:					
Amounts falling due within one year	7	<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	9		1,000		1,000
Profit and loss account	10		<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 20 June 2014 and were signed on its behalf by:



P Tortolano

Director

Registered Number 04788209

The notes on pages 8 to 12 form an integral part of these financial statements

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS As at 31 December

	2013	2012
	£	£
Result for the period	-	-
Opening Shareholder's funds	1,272,036	1,272,036
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.

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

The auditor's remuneration for the period ended 31 December 2013 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 (2012: 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

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 (2012: nil).

Provision for deferred tax is not required.

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

	2013 £	2012 £
Result before taxation	-	-
Tax charge on profit at UK rate of 23.25% (2012: 24.5%)	-	-
Accelerated capital allowances	293	317
Group losses surrendered free of charge	(293)	(317)
Current tax charge for the year	-	-

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

5. INVESTMENTS

	2013 £
Cost	
At 1 January 2013 and 31 December 2013	1,000
Impairment	
At 1 January 2013 and 31 December 2013	1,000
Net book value	
At 31 December 2013	-
At 31 December 2012	-

SUBSIDIARY UNDERTAKINGS

At 31 December 2013 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

6. DEBTORS

	2013 £	2012 £
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>

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Owed to Immediate Parent Company	126	126
Amounts due to subsidiary undertakings	50,715	50,715
	<u>50,841</u>	<u>50,841</u>

8. DEFERRED TAXATION

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

	2013 £	2012 £
Accelerated capital allowances	1,148	1,312

Under the Finance Act 2013, the main rate of UK corporation tax was reduced from 23% to 21% with effect from 1 April 2014 and from 21% to 20% with effect from 1 April 2015. The tax rate change to 20% 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 2013 has been included in the figures above.

9. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Issued:		
1,000 Ordinary shares of £1 each:	1,000	1,000

10. RESERVES – PROFIT AND LOSS ACCOUNT

	2013 £	2012 £
At 1 January 2013	1,271,036	1,271,036
Balance at 31 December 2013	<u>1,271,036</u>	<u>1,271,036</u>

BAE SYSTEMS DATAGATE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

11. 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.