

EASTWOOD TREASURY COMPANY LIMITED

Directors' report and financial statements

31 December 2009



EASTWOOD TREASURY COMPANY LIMITED

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EASTWOOD TREASURY COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the Company for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activity of the Company was to manage inter-company loan balances and deposit surplus balances with the ultimate controlling parties

PRINCIPAL RISKS

The Company has no risks or KPIs

RESULTS

The Company undertook no trading activities during the period. The Company's result for the financial year is £nil (2008 £nil). The directors do not recommend the payment of a dividend (2008 £nil).

DIRECTORS

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

G S Phillips (appointed 26/06/2009)

K A Hainsworth (resigned 26/06/2009)

A C Simmons

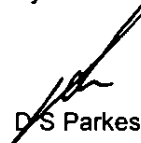
DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

AUDITORS

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 reappointed.

By Order of the Board



D S Parkes

Company Secretary

18 June 2010

Registered Number 4906408

Registered Office

Warwick House

PO Box 87

Farnborough Aerospace Centre

Farnborough

Hampshire

GU14 6YU

EASTWOOD TREASURY COMPANY 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.

KPMG Audit Plc
PO Box 695
8 Salisbury Square
London EC4Y 8BB

Independent auditors' report to the members of Eastwood Treasury Company Limited

We have audited the financial statements of Eastwood Treasury Company for the year ended 31 December 2009 set out on pages 4 to 8. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its results 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
London
18 June 2010

EASTWOOD TREASURY COMPANY 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 or loss.

EASTWOOD TREASURY COMPANY LIMITED

BALANCE SHEET **As at 31 December**

	Note	2009 £'000	2008 £'000
CURRENT ASSETS			
Debtors	4	5,382	5,382
NET ASSETS		<u>5,382</u>	<u>5,382</u>
CAPITAL AND RESERVES			
Called up share capital	6	-	-
Profit and loss account	7	5,382	5,382
SHAREHOLDERS' FUNDS		<u>5,382</u>	<u>5,382</u>

These financial statements were approved by the Board of Directors on 18 June 2010 and were signed on its behalf by



G S Phillips
Director

The notes on pages 7 to 8 form an integral part of these financial statements

EASTWOOD TREASURY COMPANY LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

As at 31 December

	2009 £'000	2008 £'000
Opening shareholders' funds	<u>5,382</u>	<u>5,382</u>
Closing shareholders' funds	<u>5,382</u>	<u>5,382</u>

EASTWOOD TREASURY COMPANY LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The following accounting policies are applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

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 as required by Financial Reporting Standard 19 - Deferred Tax.

Related Party 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 transactions, and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group.

Financial Instruments

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

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditors' remuneration of £1,000 for 2009 (2008 £1,000) has been borne by BAE Systems Integrated System Technologies Limited, the immediate parent company.

3. DIRECTORS AND EMPLOYEES

The Company did not employ any staff during the year ended 31 December 2009 (2008 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. DEBTORS

	2009 £'000	2008 £'000
Amounts owed by immediate parent company	5,382	5,382

EASTWOOD TREASURY COMPANY LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

5. TAXATION

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

Provision for deferred tax is not required

6. CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised:		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
Issued:		
2 Ordinary shares of £1 each	<u>-</u>	<u>-</u>

7. RESERVES

	2009 £'000	2008 £'000
Profit and loss account at 1 January	5,382	5,382
Profit for the year	<u>-</u>	<u>-</u>
Profit and loss account at 31 December	<u>5,382</u>	<u>5,382</u>

8. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is BAE Systems Integrated System Technologies Limited

The Company's ultimate controlling entity is BAE Systems plc, incorporated in Great Britain and registered in England and Wales

BAE Systems plc is the parent undertaking of the largest group of undertakings of which the Company is a member for which group accounts are prepared. Copies of the accounts of BAE Systems plc are available from its registered office at 6 Carlton Gardens, London SW1Y 5AD