

Company Number 212802

**BAE SYSTEMS PENSION FUNDS**  
**INVESTMENT MANAGEMENT LIMITED**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED**  
**5th April 2008**

TUESDAY



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**BAE SYSTEMS PENSION FUNDS INVESTMENT MANAGEMENT LIMITED**

**REPORT OF THE DIRECTORS**

The Directors present their report for the year ended 5<sup>th</sup> April 2008

**Activities**

The Company is the appointed investment manager of the invested assets of BAE Systems plc's occupational pensions schemes. The Company is regulated by the Financial Services Authority following the enactment of the Financial Services and Markets Act.

**Directors**

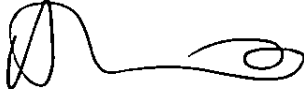
The Directors of the Company during the year were

Mr D Brief  
Mr S.R. Burley  
Mr G W Rose

**Auditors**

Pursuant to a shareholders' resolution, the Company is not obliged to re-appoint its auditors annually and KPMG Audit plc will therefore continue in office.

BY ORDER OF THE BOARD



A-L Holding  
Secretary

Date 17 July 2008

Warwick House  
P O Box 87  
Farnborough Aerospace Centre,  
Farnborough,  
Hants  
GU14 6YU

### Statement of Directors' Responsibilities

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.

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 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 estimates that are reasonable and prudent, and
- 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 the 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.

Under applicable law the Directors are also responsible for preparing a Directors' Report that complies with that law.

### Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as each is aware, there is no relevant audit information of which the Company's Auditors are unaware, and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information. This statement is made subject to all the provisions of section 234ZA of the Companies Act 1985.

### Auditors' Responsibilities

It is the responsibility of the Auditors to form an independent opinion, based on their audit of the financial statements, and to report that opinion to the members of the Company. A copy of the Auditors' Report is included on pages 4 and 5.

## **Independent auditors' report to the members of BAE Systems Pension Funds Investment Management Limited**

We have audited the financial statements of BAE Systems Pension Funds Investment Management Limited for the year ended 5 April 2008 which comprise the Profit and Loss Account, 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**

As described in the Statement of Directors' Responsibilities on page 3, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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. We also 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 5 April 2008 and of its profit for the 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*  
One Canada Square  
London  
E14 5AG

17 July 2008

**BAE SYSTEMS PENSION FUNDS INVESTMENT MANAGEMENT LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 5th April 2008**

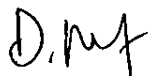
The Company has not traded during the accounting period, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss. A profit and loss account has therefore not been prepared.

**BAE SYSTEMS PENSION FUNDS INVESTMENT MANAGEMENT LIMITED**

**BALANCE SHEET AS AT 5th April 2008**

	5th April 2008 £	5th April 2007 £
Amounts owed by group companies (Note 4)	<u>15,166,941</u>	<u>15,166,941</u>
Financed by		
CAPITAL AND RESERVES		
Called up Share Capital		
Authorised, issued and fully paid 5,015,000 Ordinary Shares of £1 each	5,015,000	5,015,000
Share Premium Account	1,302,104	1,302,104
Capital Redemption Reserve	2,699,235	2,699,235
Profit and Loss Account	<u>6,150,602</u>	<u>6,150,602</u>
	<u>15,166,941</u>	<u>15,166,941</u>

These accounts were approved by the Board of Directors on 17 July 2008



D Brief  
Director

The notes on page 8 form part of these accounts

## **BAE SYSTEMS PENSION FUNDS INVESTMENT MANAGEMENT LIMITED**

### **NOTES TO THE ACCOUNTS**

1. **Accounting Policies**

These accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards

2 **Ultimate Holding Company**

The ultimate holding company is BAE Systems plc, a company incorporated in Great Britain, and registered in England and Wales. This is the only company which consolidates the Company's accounts into its accounts. Copies of the Annual Report and Accounts of BAE Systems plc can be obtained from the Company Secretary, 6 Carlton Gardens, London, SW1Y 5AD

3 **Directors' Emoluments**

No Director received any emoluments from the Company during the year

4 **Amount Owed by Group Companies**

The amount owed by group companies is in respect of a loan to BAE Systems plc. The loan bears no interest and is repayable on demand.

5 **Contingent Liabilities**

There were no contingent liabilities at the balance sheet date