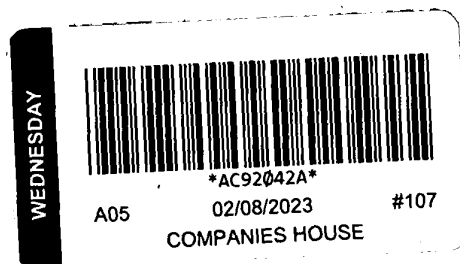


BAE Systems (Land and Sea Systems) Limited

Annual Report and Financial Statements

31 December 2022

Registered Number: 02536912



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Directors' Report

Company registration

BAE Systems (Land and Sea Systems) Limited (the Company) is a private company, limited by shares and registered in England and Wales with the registered number 02536912.

Business review and principal activities

The principal activity of BAE Systems (Land and Sea Systems) Limited (the Company) is to act as a holding company for BAE Systems plc Group (Group) subsidiary companies. There has been no significant change in the nature or level of this activity during the period and the directors do not expect this to change significantly throughout the next financial period.

Results and dividends

The Company's profit for the financial year is £2,718,701 (2021 £4,333,853). The directors do not propose a dividend for 2022 (2021 £nil).

Financial Risk

The applicable financial risk management policies and exposure to financial risks including price, credit, liquidity and cash flow risks are discussed in detail within the BAE Systems plc Group accounts (available at: www.baesystems.com/investors).

Looking forward

The Company will continue to operate as a holding company for the foreseeable future.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £39,187,503 which the directors believe to be appropriate for the following reasons. The ultimate parent company, BAE Systems plc, has indicated in writing that, for at least 12 months from the date of approval of these financial statements, it will continue to make available funds as are needed by the Company to meet its liabilities as they fall due and in particular will not seek repayment of amounts currently made available. The Company and its ultimate parent entity BAE Systems plc continue to conduct ongoing risk assessments in relation to their business operations and liquidity. The directors consider that the Company will be able to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Energy and Carbon Reporting exemption

The Company has taken advantage of the exemption granted under The Companies Act (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as this information is disclosed in the annual report of its ultimate parent, BAE Systems plc on pages 47-53 (available at: www.baesystems.com/investors).

Small companies exemption

Pursuant to Section 414(B) of the Companies Act 2006, the Company has taken advantage of the exemption from presenting a Strategic Report.

Directors and their interests

The directors who served throughout the year and up to the date of this Report, were as follows:

D S Parkes

A-L Holding

The Board is not aware of any contract of significance in relation to the Company in which any director has, or has had, a material interest.

Disclosure of information to 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 they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

The auditor, Deloitte LLP, has indicated its willingness to continue in office and, in accordance with Section 487(2) of the Companies Act 2006, has been re-appointed.

Approved by the Board and signed on its behalf by:


D S Parkes
Director
16 June 2023

Registered office:
BAE Systems (Land and Sea Systems) Limited
Warwick House
PO Box 87
Farnborough Aerospace Centre
Farnborough, Hampshire
GU14 6YU, United Kingdom

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard (FRS) 101 "Reduced Disclosure Framework". 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 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 judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 "Reduced Disclosure Framework" has 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of BAE Systems (Land and Sea Systems) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BAE Systems (Land and Sea Systems) Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement and Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of Accounting Policies; and
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our Report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of BAE Systems (Land and Sea Systems) Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements, which included the UK Companies Act, pension legislation and taxation legislation; and
- do not have a direct effect on the financial statements, but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty, including in respect of export controls, defence contracting and anti-bribery and corruption legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant regulatory authorities.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report

Independent Auditor's Report to the Members of BAE Systems (Land and Sea Systems) Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- The directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.

Use of our Report

This Report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 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.



Jonathan Thomson [FCA] (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
16 June 2023

Income Statement and Statement of Comprehensive Income
for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Operating income	2	2,492	3,710
Operating profit		2,492	3,710
Income from subsidiary undertakings and participating interests	3	227	624
Profit before tax		2,719	4,334
Tax result	5	-	-
Profit for the year		2,719	4,334
Other comprehensive income		-	-
Total comprehensive income for the year		2,719	4,334

The notes on pages 10 to 14 form part of the financial statements.

The results for 2022 and 2021 arise from continuing activities.

Balance Sheet

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investments	6	18,243	15,751
Trade and other receivables	7	21,297	21,070
Total assets		39,540	36,821
Current liabilities			
Trade and other payables	8	(39,188)	(39,188)
Net assets/(liabilities)		352	(2,367)
Capital and reserves			
Issued share capital	9	12,001	12,001
Share premium	9	3,125	3,125
Other reserves	9	8,973	8,973
Retained deficit		(23,747)	(26,466)
Total equity		352	(2,367)

Approved by the Board on 16 June 2023 and signed on its behalf by:


D S Parkes
Director

Registered number: 02536912

Statement of Changes in Equity

for the year ended 31 December 2022

	Issued share capital	Share premium	Other reserves	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	12,001	3,125	8,973	(30,800)	(6,701)
Profit for the year	-	-	-	4,334	4,334
At 31 December 2021	12,001	3,125	8,973	(26,466)	(2,367)
Profit for the year	-	-	-	2,719	2,719
At 31 December 2022	12,001	3,125	8,973	(23,747)	352

Notes to the Financial Statements

1 Accounting policies

BAE Systems (Land and Sea Systems) Limited (the Company) is a private company, limited by shares, and registered in England and Wales and incorporated in the United Kingdom. Its ultimate controlling party is BAE Systems plc. The address of the Company's registered office is shown on page 3. The principal activity of the Company is set out in the Directors' Report on page 3.

These financial statements, which have been prepared in accordance with the Companies Act 2006, are presented in pounds sterling and, unless otherwise stated, rounded to the nearest thousand.

Basis of preparation

These financial statements have been prepared in accordance with FRS 101 "Reduced Disclosure Framework". The Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of International Accounting Standard 1 (IAS) 1 Presentation of Financial Statements, to present comparative information in respect of: paragraph 79(a)(iv) of IAS 1; paragraph 73(e) of IAS 16 Property, Plant and Equipment; paragraph 118(e) of IAS 38 Intangible Assets; and paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

The Company intends to continue to prepare its financial statements in accordance with FRS 101 and on a going concern basis as discussed in the Directors' Report on page 3.

The following paragraphs summarise the main accounting policies of the Company and have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of relevant financial assets and financial liabilities.

Changes in accounting policies

The following standards, interpretations and amendments to existing standards became effective on 1 January 2022 and have not had a material impact on the Company:

- Amendments to IFRS 3: Business Combinations, effective from 1 January 2022;
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use effective from 1 January 2022;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract effective from 1 January 2022; and
- Annual Improvements to IFRS Standards 2018-2020 Cycle, effective from 1 January 2022.

The following other standards, interpretations and amendments to existing standards have been issued but were not mandatory for accounting periods beginning on 1 January 2022. These either have been, or are expected to be endorsed by the UK Endorsement Board and are not expected to have a material impact on the Company:

- IFRS 17 Insurance Contracts, effective from 1 January 2023;

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Changes in accounting policies (continued)

- Amendments FRS 101 reduced disclosure framework, effective from 1 January 2023;
- Amendments to IAS 1: Presentation of Financial Statements, effective from 1 January 2023;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies, effective from 1 January 2023;
- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, effective from 1 January 2023;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; and
- Amendment to IAS 12: Income Taxes, effective from 1 January 2023.

Dividends

Dividends received and receivable are credited to the Company's Income Statement. Equity dividends paid on ordinary share capital are recognised as a liability in the period in which they are declared.

Investments

Equity investments in companies over which the company does not have control or significant influence are measured at fair value through profit and loss.

Trade and other receivables

Trade and other receivables are stated at amortised cost including a provision for expected credit losses. The Company measures the provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors.

The Company writes off a receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery, for example, when a debtor enters bankruptcy or financial reorganisation

Trade and other payables

Trade and other payables are stated at their cost.

Tax

Tax expense comprises current tax. Current tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income. It is the expected tax payable or receivable on the taxable profit or loss for the year, using rates enacted at the reporting date, and any adjustment to tax in respect of the prior years.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made in applying accounting policies

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimates, that have had a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The application of the Company's accounting policies requires the use of estimates. In the event these estimates prove to be incorrect, there may be an adjustment to the carrying amounts of assets and liabilities within the next financial year. The key risk of a material adjustment to the carrying amounts of assets and liabilities relates to the determination of the fair value of the Company's investments. The fair value calculation requires an assessment of future cash flows expected to be generated by the investment, as well as the appropriate discount rate to apply to these projections. Note 6 provides information on the key assumptions adopted by the Company in performing these calculations.

2 Operating costs/ income

	2022	2021
	£'000	£'000
Fair value gain on equity investments at fair value through profit and loss	2,492	3,710
Operating income	2,492	3,710

Details regarding fair value gains and losses are contained in note 6.

Notes to the Financial Statements (continued)

2 Operating costs/ income (continued)

The remuneration of the auditor for the year ended 31 December 2022 for auditing of the financial statements was £7,600 (2021 £6,405) and £nil (2021 £nil) in respect of non-audit work. It has been borne by BAE Systems plc, the ultimate parent company and has not been recharged.

3 Income from subsidiary undertakings and participating interests

	2022 £'000	2021 £'000
Dividend received from BAE Systems Electronics Limited	227	624
Income from subsidiary undertakings and participating interests	227	624

4 Directors and employees

During the year, the Company had two directors in office (2021 two) and no employees (2021 nil).

None of the directors received any emoluments from the Company during the year (2021 nil). All directors who served during the year were employed by BAE Systems plc or and were remunerated through that company.

The directors did not provide any material qualifying services to the Company.

5 Tax

No provision for current tax is required. The Company has surrendered its tax losses to fellow group companies free of charge.

Reconciliation of tax result

The following reconciles the expected tax result, using UK corporate tax rate, to the reported tax result.

	2022 £'000	2021 £'000
Profit before tax	2,719	4,334
UK corporation tax rate	19.00%	19.00%
Expected tax expense on profit	(517)	(823)
Fair value adjustments not tax affected	474	705
Income not subject to tax	43	118
Imputed interest expense	48	61
Losses (surrendered to) fellow group companies	(48)	(61)
Tax result	-	-

In 2021, the Government announced that the UK corporation tax rate would increase to 25% with effect from 1 April 2023.

Notes to the Financial Statements (continued)

6 Investments

	£'000
Fair value	
At 1 January 2022	15,751
Fair value adjustment	2,492
At 31 December 2022	18,243

At the Balance Sheet date, the carrying amount of the Company's investments was compared to its fair value. As a result of this review a fair value gain of £2,492,000 was recognised in respect of the Company's investment in BAE Systems Electronics Limited.

The recoverable amount of each investment is based on value in use estimated using either the net assets of the Company, or the risk-adjusted future cash flow projections from the five-year Integrated Business Plan (IBP) and a terminal value based on the projections for the final year of that plan, with growth rate assumptions of 2% applied for each significant investment. The IBP process includes the use of historical experience, available government spending data and the Group's order backlog, as well as the impact of evolving issues such as global economic uncertainty and climate change. Pre-tax discount rates, derived from the Group's post-tax weighted average cost of capital and adjusted for factors specific to the market in which the companies operate, have been used in discounting these projected risk-adjusted cash flows.

Subsidiary undertakings and participating interests at 31 December 2022

In accordance with Section 409 of the Companies Act 2006, the company's significant holding as at 31 December 2022 is disclosed below. The significant holding is owned directly by the Company and has a financial year end of 31 December. The address of the registered office for the company is Warwick House, PO Box 87, Farnborough Aerospace Centre, Farnborough, Hampshire, GU14 6YU, United Kingdom.

Company name	Class of Share Held	Proportion of class (%)
BAE Systems Electronics Limited	Ordinary Shares of £0.50	1%

7 Trade and other receivables

	2022 £'000	2021 £'000
Non-current		
Amounts owed by BAE Systems plc subsidiaries ¹	21,297	21,070
	21,297	21,070

¹Amounts owed by BAE Systems plc subsidiaries are payable on demand. No interest is applied to the amounts owed.

8 Trade and other payables

	2022 £'000	2021 £'000
Current		
Amounts owed to ultimate parent company ¹	38,294	38,294
Amounts owed to BAE Systems plc subsidiaries ¹	894	894
	39,188	39,188

¹Amounts owed to BAE Systems plc subsidiaries and the Company's ultimate parent company are payable on demand and are unsecured. No interest is applied to the amounts owed.

Notes to the Financial Statements (continued)

9 Share capital and other reserves

Share capital

	£1 Preference shares '000	£1 'A' Ordinary shares '000	£1 'B' Ordinary shares '000	Nominal value £
Authorised	1	6,000	6,000	12,001,144
Issued and fully paid				
At 1 January and 31 December 2022	1	6,000	6,000	12,001,144

The 'A' and 'B' Ordinary Shares rank pari passu in all respects.

Equity dividends

The directors do not propose a dividend for 2022 (2021 £nil).

Other reserves

	Share premium £'000	Special capital reserve £'000	Total £'000
At 1 January and 31 December 2021	3,125	8,973	12,098
At 31 December 2022	3,125	8,973	12,098

The special capital reserve relates to unrealised gains on the sale of shares.

10 Controlling parties

The immediate parent company is BAE Systems (Holdings) Limited and the ultimate controlling party is BAE Systems plc, which is both the smallest and largest parent company preparing group financial statements. Both companies are incorporated in the United Kingdom and registered in England and Wales.

The consolidated financial statements of BAE Systems plc are available to the public and may be obtained from its registered address:

6 Carlton Gardens
London
SW1Y 5AD

Website: www.baesystems.com