

Elbit Systems UK Limited

Directors' report and financial
statements

Registered number 05241591

31 December 2009

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25/09/2010

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Directors' report

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

Principal activities

The company acts as an intermediate holding company, and is expected to do so for the foreseeable future

Proposed dividend

The directors do not recommend the payment of a dividend

Directors

The directors who held office during the year were as follows

M Carmon (resigned 14 July 2009)

I Dvir (resigned 19 July 2010)

I Fisher (resigned 19 July 2010)

S R Warren, F Brinksman, J Gasper and B D Temin were all appointed as directors of the company on 19 July 2010

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year

Director's statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors of the Company.

By order of the Board



F. Brinksman (Appointed 14 July 2009)
Secretary

21 SEP 2010

2010

Cairo House
Greenacres Road
Oldham
Lancashire
England
OL4 3JA

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 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). 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 year. In preparing those 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,
- state whether applicable UK Accounting Standards have been followed, 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the group and 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 group and 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 Elbit Systems UK Limited

We have audited the financial statements of Elbit Systems UK Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account the Statement of Total Recognised Gains and Losses the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities 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). These 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on the 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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom 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.


Gary Harding (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

24 September 2010

Profit and Loss Account
for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Administrative expenses		(4,529)	(26 229)
Operating loss		<u>(4,529)</u>	<u>(26 229)</u>
Interest receivable	3	70,001	221 969
Interest payable and similar charges	4	(400,081)	(1,001,753)
Loss on ordinary activities before taxation		<u>(334,609)</u>	<u>(806 013)</u>
Tax on loss on ordinary activities	5	-	(49 138)
Loss on ordinary activities after taxation		<u><u>(334,609)</u></u>	<u><u>(855,151)</u></u>

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2009

There were no gains and losses in the current or preceding year other than those passing through the profit and loss account


All amounts relate to continuing operations

Registered Number 05241591

Balance Sheet
at 31 December 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Investments	6		11,610,910		11,610,910
			<u>11,610,910</u>		<u>11,610,910</u>
Current assets					
Debtors	7	1,590,411		2,986,405	
Cash at bank and in hand		271		329	
		<u>1,590,682</u>		<u>2,986,734</u>	
Creditors: amounts falling due within one year	8	<u>(810,050)</u>		<u>(871,493)</u>	
Net current assets			<u>780,632</u>		<u>2,115,241</u>
Total assets less current liabilities			<u>12,391,542</u>		<u>13,726,151</u>
Creditors: amounts falling due after more than one year	9		<u>(14,000,000)</u>		<u>(15,000,000)</u>
Net liabilities			<u>(1,608,458)</u>		<u>(1,273,849)</u>
Capital and reserves					
Called up share capital	11		1		1
Profit and loss account	12		(1,608,459)		(1,273,850)
Shareholders' funds			<u>(1,608,458)</u>		<u>(1,273,849)</u>

These financial statements were approved by the board of directors on 21/9/10 and were signed on its behalf by


SR Warren
Director

Reconciliation of Movements in Shareholders' Deficit
for the year ended 31 December 2009

	2009 £	2008 £
Loss for the financial year	(334,609)	(855 151)
Net reduction in shareholders' funds	(334,609)	(855,151)
Opening shareholders funds	(1,273,849)	(418,698)
Closing shareholders' deficit	(1,608,458)	(1,273 849)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Elbit Systems Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Elbit Systems Limited, within which this company is included, can be obtained from the website given in note 13.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, 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, except as otherwise required by FRS 19.

Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Notes to the profit and loss account

Auditors' remuneration

	2009 £	2008 £
Audit of these financial statements undertaken by current auditors	2,000	4 100
Other services relating to taxation undertaken by current auditors	2,500	2 500

3 Other interest receivable and similar income

	2009 £	2008 £
Intercompany loan interest	(70,001)	(221 969)
	<u>(70,001)</u>	<u>(221,969)</u>

4 Interest payable and similar charges

	2009 £	2008 £
On bank loans and overdrafts	400,081	1,001,753
On all other loans	-	-
	<u>400,081</u>	<u>1,001 753</u>

Notes (continued)

5 Taxation

Analysis of charge in year

	2009	2008
	£	£
<i>UK corporation tax</i>		
Payment receivable for group relief	-	-
Prior year adjustment in respect of payment for group relief no longer receivable	-	49,138
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	49,138
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the year is higher than (2008 higher than) the standard rate of corporation tax in the UK of 28% (2008 28 %). The differences are explained below

	2009	2008
	£	£
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(334,609)	(806,013)
	<hr/>	<hr/>
Current tax at 28% (2008 28 %)	(93,690)	(225,684)
	<hr/>	<hr/>
<i>Effects of</i>		
Adjustment in respect of group relief	-	49,138
Group relief surrendered for nil consideration	93,690	225,684
	<hr/>	<hr/>
Total current tax charge (see above)	-	49,138
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

There are no factors expected to affect the ongoing tax rate, the UK tax rate will remain at 28% for the tax year 2010

Notes (continued)

6 Fixed asset investments

	Shares in group undertakings £
<i>Cost</i>	
At beginning of year	11 610,910
Additions	-
At end of year	11,610,910
<i>Provisions</i>	
At beginning and end of year	-
<i>Net book value</i>	
At 31 December 2009	11,610,910
At 31 December 2008	11,610,910

The companies in which the company's interest at the year end is more than 20% are as follows

	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>		
Ferranti Technologies (Group) Limited	Aerospace and defence	100%
UAV Tactical Systems Limited	Defence contractor	51%

7 Debtors

	2009 £	2008 £
Amounts owed by group undertakings	-	13,405
Loan to subsidiary undertakings	1,590,411	2,973 000
	<u>1,590,411</u>	<u>2,986,405</u>

The loan to subsidiary undertakings is due after more than one year

Notes (continued)

8 Creditors' amounts falling due within one year

	2009 £	2008 £
Amounts owed to parent undertaking	772,750	772,750
Amounts due to group undertakings	30,700	24,100
Accruals and deferred income	6,600	74,643
	<u>810,050</u>	<u>871,493</u>

9 Creditors' amounts falling due after more than one year

	2009 £	2008 £
Bank loans and overdrafts	14,000,000	15,000,000
	<u>14,000,000</u>	<u>15,000,000</u>

The bank loan matures within 1 to 2 years and is secured against the assets of the parent company, Elbit Systems Limited.

10 Deferred taxation

	2009 £
Deferred tax provision at the beginning and end of the year	-

The elements of deferred taxation are as follows

	2009 £	2008 £
Tax losses	85,132	85,132
Unrecognised deferred tax asset	<u>85,132</u>	<u>85,132</u>

The deferred tax asset has not been recognised on the basis that it is uncertain that these tax losses will be utilised in the near future.

In accordance with FRS 19, the unrecognised deferred tax asset has been calculated using a tax rate of 28%, the rate at which the provision is expected to reverse.

Notes (continued)

11 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
1 000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1	1	1
	<hr/>	<hr/>

12 Profit and loss account

	Profit and loss account £
At beginning of year	(1,273,850)
Loss for the year	(334,609)
	<hr/>
At end of year	(1 608 459)
	<hr/>

13 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Elbit Systems Limited, a company incorporated in Israel, which is the ultimate parent company

Elbit Systems Limited is the largest and smallest group for which consolidated financial statements are prepared. The consolidated financial statements of this group are available to the public and may be obtained from www.elbitsystems.com