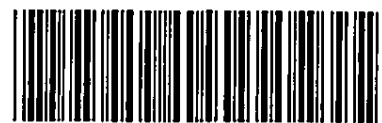


**BAE SYSTEMS ELECTRONICS OVERSEAS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

SATURDAY



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## **DIRECTORS' REPORT**

The directors present their report, together with the financial statements, for the year ended 31 December 2008.

### **Business review and principal activities**

The principal activity of the Company was the supply and installation of microwave video distribution systems. The Company did not trade during the year.

### **Results and dividends**

The profit for the year amounted to £nil, (2007: £nil). The directors do not recommend the payment of a dividend, (2007: £nil).

### **Directors**

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

D S Parkes  
N R Hubbard  
A L Holding

### **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 re-appointed.

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 auditors are unaware; and each director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



A L Holding  
Director

22 June 2009

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

## **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).

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 of the Company for that period.

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, 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 maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a 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 AUDITORS' REPORT TO THE MEMBERS OF BAE SYSTEMS ELECTRONICS OVERSEAS LIMITED**

We have audited the financial statements of BAE SYSTEMS Electronics Overseas Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities on page 3.

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.

In addition we 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BAE SYSTEMS  
ELECTRONICS OVERSEAS LIMITED (CONTINUED)**

**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 31 December 2008 and of its result for the year 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**

*LONDON*

Chartered Accountants  
Registered Auditor

*22 June 2009*

~~2009~~

**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2008

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 a loss.

The notes on pages 8 to 10 form part of the financial statements

**BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER**

	Note	2008 £000	2007 £000
<b>Current assets</b>			
Debtors	4	161	161
<b>Creditors : amounts falling due within one year</b>	5	(50)	(50)
		111	111
<b>Capital and reserves</b>			
Called up share capital	6	-	-
Profit and loss account		111	111
		111	111
<b>Equity shareholders' funds</b>	9	111	111

Approved by the board of directors on 22 June 2009 and signed on its behalf by:



A L Holding  
Director

The notes on pages 8 to 10 form part of these financial statements.



## NOTES TO 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 company's financial statements, except as noted below.

- a. **Basis of preparation.** The financial statements have been prepared under historical cost accounting rules and in accordance with the Companies Act 1985 and applicable accounting standards. The Accounting Standards Board has issued FRS 29 'Financial Instruments: Disclosures', applicable for the year ended 31 December 2008. As the Company is a wholly owned subsidiary of BAE SYSTEMS plc, it is exempt from presenting FRS 29 disclosures as full equivalent disclosures are presented on a group basis within the consolidated financial statements.
- b. **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.
- c. **Cash flow statement.** The Company is exempt from the requirement of Financial Reporting Standard 1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of BAE SYSTEMS plc, and its cash flows are included within the consolidated cash flow statement of that company.
- d. **Related party transactions.** The Company is exempt from the requirement of Financial Reporting Standard No. 8 to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties, as it is a wholly owned subsidiary undertaking of BAE SYSTEMS plc, whose consolidated financial statements are publicly available.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2. AUDITOR'S REMUNERATION**

The auditors' remuneration of £3,000 for 2008 (2007: £3,000) has been borne by BAE SYSTEMS plc, the ultimate parent company.

**3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

No provision for corporation tax or deferred tax is required.

**4. DEBTORS**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year</b>		
Amounts due from Group undertakings	161	161

**5. CREDITORS**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year</b>		
Amounts owed to holding and fellow subsidiary companies	50	50

**6. CALLED UP SHARE CAPITAL**

	<b>Authorised</b>	<b>Issued</b>
	<b>£000</b>	<b>£000</b>
<b>Share Capital</b>		
At 1 January 2008 and 31 December 2008		
Equity: 100 Ordinary shares of £1 each fully paid	-	-

**7. DIRECTORS AND EMPLOYEES**

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. The Company has no other employees.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8. RESERVES – PROFIT AND LOSS ACCOUNT**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Opening and closing profit and loss reserve	111	111

**9. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Opening and closing shareholders' funds	111	111

**10. ULTIMATE PARENT COMPANY**

The immediate parent company is BAE SYSTEMS Electronics Limited and the ultimate parent company is BAE SYSTEMS plc. ("BAE SYSTEMS"), which is registered in England and Wales. The BAE SYSTEMS group is the only group of which the Company is a member for which consolidated financial statements are prepared. Copies of the financial statements of BAE SYSTEMS are available from The Secretary, 6 Carlton Gardens, London, SW1Y 5AD.