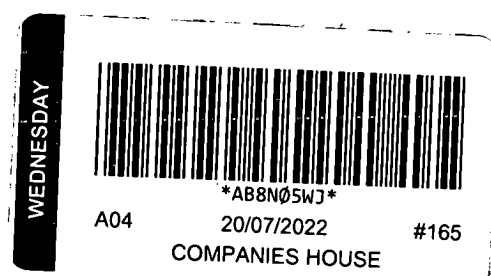


# **BAE Systems (Kazakhstan) Limited**

## **Annual Report and Financial Statements**

**31 December 2021**

Registered Number: 03550759



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## Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2021.

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

### Company registration

BAE Systems (Kazakhstan) Limited (the Company) is a private company, limited by shares and incorporated and registered in England and Wales with the registered number 03550759.

### Business review and principal activity

The Company is a holding company. The Company holds 49% of the share capital of Air Astana JSC, a company incorporated in Kazakhstan, with a par value of US\$8,330,000. Air Astana JSC commenced trading in May 2002 as an airline operating internal routes within Kazakhstan, as well as selected international services to and from Kazakhstan.

The Company did not receive any investment income from Air Astana JSC during the year as no dividends were declared.

### Results and proposed dividend

The Company did not generate a profit for the year (2020: £nil) as no dividends were received from Air Astana JSC.

### Directors

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

Mr D S Parkes  
Miss A-L Holding

None of the directors are due to retire from the Board under the provisions of the Company's Articles of Association.

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.

### 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.

### Looking forward

The Company continues to monitor the COVID-19 pandemic and its potential future impact, to ensure appropriate actions can be taken to mitigate risks to the Company. Management of Air Astana JSC acted early to reduce costs, optimise operations and negotiate additional lines of bank credit to secure the future of the business. The airline continues to be less impacted by the pandemic than many other airlines due its low cost structure and large domestic market.

The directors do not expect any change in operations of the Company in the foreseeable future

### Going concern

After making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. While there remains significant uncertainty as to the future impact of the COVID-19 pandemic, the Company and its ultimate parent entity BAE Systems plc continue to conduct ongoing risk assessments of the potential impact of the pandemic on its business operations and liquidity. Having undertaken these assessments, 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.

## Directors' Report *(continued)*

### 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:



Mr D S Parkes  
Director

13th June 2022

Registered office:  
BAE Systems (Kazakhstan) 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 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 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 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 (Kazakhstan) Limited**

## **Report on the Audit of the Financial Statements**

### **Opinion**

In our opinion the financial statements of BAE Systems (Kazakhstan) Limited (the Company):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its result 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; 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 (Kazakhstan) 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](http://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. These included the UK Companies Act 2006 and the Corporation Tax Act 2010.; 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.

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 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.

### **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 (Kazakhstan) 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.



**Thomas Murray BSc ACA (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
**Statutory Auditor**  
Abbots House  
Abbey Street  
Reading, RG1 3BD  
13 June 2022



**Income Statement and Statement of Comprehensive Income**  
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Investment income	3	-	-
<b>Result before tax</b>		-	-
Tax	4	-	-
<b>Result for the year</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		-	-

The notes on pages 10 to 13 form part of the financial statements.

The results for 2021 and 2020 arise from continuing activities as a holding entity for the Company's 49% shareholding in Air Astana JSC, the national airline of the Republic of Kazakhstan.

**Balance Sheet**

as at 31 December 2021

	Notes	2021 £	2020 £
<b>Non-current assets</b>			
Investments	5	5,745,798	5,745,798
<b>Current liabilities</b>			
Trade and other payables	7	(5,745,796)	(5,745,796)
<b>Net assets</b>		<b>2</b>	<b>2</b>
<b>Capital and reserves</b>			
Issued share capital	8	2	2
<b>Total equity</b>		<b>2</b>	<b>2</b>

The financial statements were approved by the Board on 13th June 2022 and were signed on its behalf by:



Mr D S Parkes  
Director

Registered number: 03550759

**Statement of Changes in Equity**  
for the year ended 31 December 2021

	Issued share capital £	Retained earnings £	Total equity £
At 1 January 2020	2	-	2
Result for the year and other comprehensive income	-	-	-
At 31 December 2020	2	-	2
Result for the year and other comprehensive income	-	-	-
<b>At 31 December 2021</b>	<b>2</b>	<b>-</b>	<b>2</b>

## Notes to the Financial Statements

### 1 Accounting Policies

BAE Systems (Kazakhstan) 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 4. 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 and are presented in pounds sterling.

#### 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 FRS101 disclosure exemptions has been taken:

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of International Accounting Standard (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 IFRS7 Financial Instruments: Disclosures.

The Company intends to continue to prepare its financial statements in accordance with FRS 101.

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 (including derivative instruments). These financial statements have been prepared using the going concern basis of accounting.

The functional and presentational currency of the Company is pounds sterling. That is the currency the investment in and dividends received from Air Astana JSC respectively are denominated in and are expected to continue to be so into the foreseeable future.

#### Changes in accounting policies

There are no amendments to existing standards, or interpretations that became effective on 1 January 2021 and have had a material impact on the Company.

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

In the application of the Company's accounting policies which are described above, 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 amount 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. Revision 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.

## Notes to the Financial Statements (continued)

### 1 Accounting Policies (continued)

The directors consider that there are no critical accounting judgements in applying the Company's accounting policies and that there are no key sources of estimation uncertainty.

#### 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.

#### Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the Balance Sheet date. These exchange differences are recognised in the Income Statement.

#### Investments

Fixed asset investments in shares in subsidiary undertakings and in shares in participating interests are stated at cost less provision for impairment.

The carrying amounts of the Company's investments are reviewed at each Balance Sheet date to determine whether there is any indication of impairment as required by IAS 36 Impairment of Assets. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement.

An impairment loss is only reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised or if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 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 tax rates enacted at the reporting date, and any adjustment to tax payable in respect of the previous years.

#### Trade and other payables

Trade and other payables are stated at their amortised cost.

### 2 Employees

The Company had no employees during the year (2020: nil).

None of the directors received any emoluments from the Company during the year (2020: nil). All directors who served during the year were employed by BAE Systems plc and were remunerated through that company.

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

### 3 Investment income

	2021	2020
	£	£
Dividends received from Air Astana JSC	-	-

## Notes to the Financial Statements (continued)

### 4 Tax expense

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

The following reconciles the expected tax result, using the UK corporation tax rate, to the reported tax result:

	2021 £	2020 £
<b>Result before tax</b>	-	-
UK corporation tax rate	19.00%	19.00%
Expected tax (expense) on profit	-	-
Imputed interest expense	19,799	11,837
Losses (surrendered) to other group companies	(19,799)	(11,837)
<b>Tax result</b>	-	-

### 5 Investments

	2021 £	2020 £
Participating interests:		
Cost and net book value at beginning and end of year	5,745,798	5,745,798

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

Company	Class & % of shares held	Country of incorporation	Principal activity
Air Astana JSC	49% of Common Stock	Republic of Kazakhstan	Airline operator

The capital and reserves of Air Astana JSC as at 31 December 2021 were US\$63,974,000 and its profit after tax for the year US\$36,159,000.

The Company was issued 1 Common Stock of US\$1,000 in Air Astana JSC for a consideration of US\$1,000 on 29 September 2001. A payment of US\$7,499,000 was made on 24 December 2001 and a payment of US\$1,000,000 was made on 25 January 2002 as consideration for 8,499 Common Stock of US\$1,000 each in Air Astana JSC issued on 25 January 2002.

The Company sold 170 Common Stock of US\$1,000 at par on 19 December 2002 for consideration of US\$170,000.

The registered office of Air Astana JSC is 121 Kabanbay Batyr Street, Yessil District, Nur-Sultan 010000, Republic of Kazakhstan and its year end is 31 December.

### 6 Auditor's remuneration

For the years ended 31 December 2020 and 31 December 2021 the auditor has been remunerated by BAE Systems (Operations) Limited. The fee for the audit of the Company was £3,255 in the current year (2020: £3,100) and £nil (2020: £ nil) for non-audit work.

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## Notes to the Financial Statements *(continued)*

### 7 Trade and other payables

	2021 £	2020 £
<b>Current</b>		
Amounts owed to immediate parent company	5,745,796	5,745,796

Amounts owed to the intermediate parent company are payable on demand. No interest is applied to the amounts owed.

### 8 Share capital

	£1 ordinary shares	Nominal value
<b>Authorised, issued and fully paid</b>		
At 1 January and 31 December 2021	2	2

### 9 Controlling parties

The immediate parent company is BAE Systems (Operations) 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](http://www.baesystems.com)

### 10 Post balance sheet events

There have been no material events identified since the balance sheet date which require disclosure.