

Registered Number 3653916

BAE Systems Ventures Limited

Directors' report and financial statements
for the year ended 31 December 2011

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Contents

Page

Directors' report	1
Statement of directors' responsibilities	2
Balance sheet	3
Notes to the accounts	4

Directors' report

The directors present their report, together with the financial statements, for the year ended 31 December 2011

Business review and principal activities

The principal activity of the Company is that of an intermediate holding company which makes and manages investments

There was no further investment activity in 2011 with none expected in 2012

Principal risks and Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of these risks and uncertainties is included in the Annual Report of the Company's ultimate parent undertaking, BAE Systems plc ('the Group')

Results and dividends

The result for the year was £nil (2010: £nil). The directors do not recommend the payment of a dividend for the year (2010: £nil).

Directors

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

Mr D S Parkes
Mr B W Ierland
Mr M A Reason

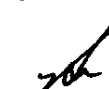
Political and Charitable Donations

There were no political or charitable donations made in the year (2010: £nil).

Disclosure of Information to Auditors

The directors have decided to take advantage of an exemption to which the Company is entitled, that under section 480 (1)(b) of the Companies Act 2006, the Company is exempt from the requirement to have its financial statements for the year ended 31 December 2011 audited.

By order of the Board



D S Parkes
Company Secretary

Date 28 June 2012

Registered Number 3653916
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)

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 judgments 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 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 Company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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.

Balance sheet

as at 31 December 2011

		2011 £	2010 £
Current assets			
Debtors	Note 3	2	2
Current liabilities			
Creditors: amounts falling due within one year	Note 4	(5,807,460)	(5,807,460)
Net current liabilities		<u>(5,807,458)</u>	<u>(5,807,458)</u>
Net Liabilities		<u>(5,807,458)</u>	<u>(5,807,458)</u>
Capital and reserves			
Called up share capital	Note 5	2	2
Profit and loss account	Note 6	(5,807,460)	(5,807,460)
Equity shareholders' funds		<u>(5,807,458)</u>	<u>(5,807,458)</u>

(a) For the year ended 31 December 2011 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

(b) Members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006

(c) The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved by the Board of Directors on 28 June 2012 and signed on their behalf by


D. S. Parkes
Director

The notes on pages 4 to 5 form and integral part of these financial statements

Registered number: 3653916

Notes to the accounts

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom

Financial Instruments

The Company is a wholly owned subsidiary of BAE Systems plc, therefore it is exempt from presenting Financial Reporting Standards 29 (FRS 29) - Financial Instruments Disclosures as full equivalent disclosures are presented on a Group basis within the consolidated financial statements

Cash flow statement

Under the terms of Financial Reporting Standards 1 (FRS 1) - Cash flow statements (revised), the Company is exempt from the requirement to publish its own cashflow statement because it is a wholly owned subsidiary and its cash flows are included within the publicly available consolidated financial statements of its ultimate parent, BAE Systems plc

Related party transactions

As the Company is a wholly owned subsidiary of BAE Systems plc, the Company has taken advantage of the exception contained in FRS 8 - Related party transactions (FRS 8) and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group

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 as required by Financial Reporting Standard 19 (FRS 19) - Deferred Tax

2 Directors and Employees

During the year ended 31 December 2011 the Company did not employ any staff (2010 nil)

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

3 Debtors

	2011 £	2010 £
Amounts due from ultimate parent undertaking	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

4 Creditors' amounts falling due within one year

	2011 £	2010 £
Amounts owed to other group undertakings	<u>(5,807,460)</u>	<u>(5,807,460)</u>

5 Called up Share capital

	2011 £	2010 £
Issued		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

The Company's Articles of Association were amended on 12th May 2011 and removed the requirement for the Company to have an authorised share capital, the concept of which was abolished under the Companies Act 2006

6 Reserves - Profit and Loss Account

	2011 £	2010 £
At 1 January and 31 December	<u>(5,807,460)</u>	<u>(5,807,460)</u>

Notes (continued)

7 Ultimate parent undertaking

The immediate parent undertaking is BAE Systems (Holdings) Ltd

The ultimate parent undertaking is BAE Systems plc a company incorporated in Great Britain and registered in England and Wales

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

6 Carlton Gardens
London
SW1Y 5AD