

**BAE Systems Al Diriyah Programme Limited**

## **Directors' Report and Financial Statements**

Registered number 04313894  
For the year ended 31 December 2016



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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

### **Company registration**

The Company is a private company, limited by shares and registered in England and Wales with the registered number 04313894.

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

The principal activity of the Company was to administer the provision and support of military vehicles to the Saudi Arabian National Guard. The supply contract was completed in 2012; the support contract was scheduled for completion in mid-2014 but this was extended to mid-2015. The support contract has now ended; the final payment from the customer was received subsequent to the balance sheet date (February 2017) and the intention is now to dissolve the Company.

### **Going Concern**

During the year ended 31 December 2014 and until mid-2015 the principal activity of the Company was as set out above. However, subsequent to July 2015 a decision was taken to cease trading following the completion of the support contract and the resolution of the outstanding technical issues. For this reason, the directors have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1 to the financial statements.

### **Key Performance Indicators**

This Company is part of the BAE Systems plc Group and the key performance indicators used to review and monitor the business are set by the directors of the Group and discussed in more detail in the Annual Report of the Group.

### **Results and dividend**

The profit for the financial year is £327k (2015: £75k loss). The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the notes (forming part of the financial statements) on pages 9 to 12.

The directors do not recommend the payment of a dividend for the year (2015: £nil).

### **Directors**

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

D A Cole  
G J Edwards

The directors are not due to retire from the Board under the provisions of the Company's Articles of Association.

## **Directors' report** *(continued)*


### **Disclosure of information to the 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 as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

The auditor, KPMG LLP, has indicated its willingness to continue in office and in accordance with section 487(2) of the Companies Act 2006, has been reappointed.

### **On behalf of the Board**



**D A Cole**  
*Director*

24 May 2017

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), 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 judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 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.

## **KPMG LLP**

15 Canada Square  
London  
E14 5GL  
United Kingdom

### **Independent auditor's report to the members of BAE Systems Al Diriyah Programme Limited**

We have audited the financial statements of BAE Systems Al Diriyah Programme Limited for the year ended 31 December 2016 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Independent auditor's report to the members of BAE Systems Al Diriyah Programme Limited *(continued)***

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

### **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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**John Costello (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

24 May 2017

**Income statement and statement of comprehensive income**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>31 December 2016 £000's</b>	<b>31 December 2015 £000's</b>
<b>Revenue</b>	<i>1</i>	-	-
Operating costs		<u>351</u>	<u>22</u>
<b>Operating profit</b>		<b>351</b>	<b>22</b>
Administrative expenses		<u>(24)</u>	<u>(97)</u>
<b>Net profit / (loss)</b>	<i>2</i>	<b>327</b>	<b>(75)</b>
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>327</b>	<b>(75)</b>
Taxation expense	<i>4</i>	<u>-</u>	<u>-</u>
<b>Profit / (loss) for the year</b>		<b>327</b>	<b>(75)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>327</b>	<b>(75)</b>

The notes on pages 9 to 12 form part of the financial statements.

The results for 2016 and 2015 arise from discontinued activities.

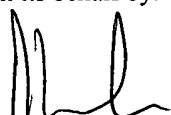


**Balance sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>31 December 2016 £000's</b>	<b>31 December 2015 £000's</b>
<b>Current assets</b>			
Trade and other receivables	5	<u>2,298</u>	<u>2,298</u>
<b>Total assets</b>		<u>2,298</u>	<u>2,298</u>
<b>Current liabilities</b>			
Trade and other payables	6	<u>(1,990)</u>	<u>(2,317)</u>
<b>Total liabilities</b>		<u>(1,990)</u>	<u>(2,317)</u>
<b>Net assets / (liabilities)</b>		<u>308</u>	<u>(19)</u>
<b>Capital and reserves</b>			
Issued share capital	7	-	-
Retained earnings / (deficit)		<u>308</u>	<u>(19)</u>
<b>Equity shareholders' surplus / (deficit)</b>		<u>308</u>	<u>(19)</u>

The notes on pages 9 to 12 form part of these financial statements.

These financial statements were approved by the board of directors on 24 May 2017 and were signed on its behalf by:



**D A Cole**  
*Director*

Company registered number: 04313894

**Statement of changes in equity**  
*for the year ended 31 December 2016*

	<b>Share capital</b>	<b>Retained (deficit) / earnings</b>	<b>Total (deficit) / equity</b>
	£000's	£000's	£000's
At 1 January 2015	-	56	56
Loss for the year	-	(75)	(75)
At 31 December 2015	-	(19)	(19)
Profit for the year	-	327	327
<b>At 31 December 2016</b>	<b>-</b>	<b>308</b>	<b>308</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### ***Basis of preparation***

These financial statements were prepared in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework. Amendments to FRS 101 (2014/15 cycle and other amendments) and amendments to FRS 101 (2015/16 cycle), both effective for periods beginning on or after 1 January 2016, have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the EU (EU-adopted 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 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 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). The Company intends to continue to prepare its financial statements in accordance with FRS 101.

#### ***Non going concern basis of preparation***

Until 2015, the financial statements had been prepared on a going concern basis. In mid-2015 the directors took the decision to cease trading following the completion of the contract and resolution of the outstanding technical issues. For this reason, the directors have not prepared the financial statements for the current and prior year on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

Income tax expense comprises current and deferred tax. Current and deferred 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.

#### *Current tax*

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences:

- on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- related to investments in subsidiaries and equity accounted investments to the extent that it is probable that they will not reverse in the foreseeable future; and
- arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

#### *Revenue*

Revenue is recognised as soon as the Company can reliably estimate the outcome of a long-term contract and has obtained the right to consideration in exchange for its performance. This is usually when title passes or a separately identifiable phase (milestone) of a contract has been completed.

**Notes** *(continued)*

**2 Notes to the income statement**

	2016 £000's	2015 £000's
<i>Profit / (loss) on ordinary activities before taxation is stated after charging:</i>		
Auditor's remuneration	(7)	(7)
Legal and professional fees	(17)	(29)
Foreign exchange (loss)	-	(11)

**3 Remuneration of directors**

None of the directors received any remuneration from the Company (2015: *£nil*). The Company did not have any employees during the year (2015: *nil*).

**4 Taxation**

The Company has not provided for corporation tax for the year as any profits will be covered by the surrender of losses from other Group companies, in respect of which no payment will be made.

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

	2016 £000's	2015 £000's
(Loss) / profit before taxation	327	(75)
UK corporation tax rate	20.00%	20.25%
Expected tax expense / (income) on profit / (loss)	(65)	15
Expenses not tax effected	-	(9)
Imputed interest (income)	6	7
Losses (received from) / surrendered to other group companies	59	(13)
<b>Taxation expense</b>	-	-

Provision for deferred tax is not required.

**5 Trade and other receivables**

	2016 £000's	2015 £000's
Trade receivables	2,229	2,229
Amount owed by group companies	69	69
	<u>2,298</u>	<u>2,298</u>

**Notes (continued)**

**6 Trade and other payables**

	2016 £000's	2015 £000's
Trade payables	6	2
Amounts owed to group companies	1,977	1,945
Accruals	7	370
	<u>1,990</u>	<u>2,317</u>

**7 Issued share capital**

	2016 £	2015 £
<i>Issued and fully paid</i>		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

**8 Controlling parties**

The immediate and the ultimate parent company is BAE Systems plc, the only Group for which Group accounts are drawn up and of which the Company is a member, and which is registered in England and Wales. Copies of the Group accounts can be obtained at its registered office at 6 Carlton Gardens, London SW1Y 5AD. Website: [www.baesystems.com](http://www.baesystems.com).