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OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House



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A12 25/10/2019 #256
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A28 11/10/2019 #309
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☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

☒ **What this form is NOT for**
You cannot use this form to
an alteration of manner of
with accounting requirements

Part 1 Corporate company name

Corporate name of
overseas company ① BAE Systems (Funding Four) Unlimited Company

UK establishment
number B R 0 2 1 2 8 6

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

**Part 2 Statement of details of parent law and other
information for an overseas company**

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ② Companies Act 2014 (Ireland)

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**

☒ **Yes.** Please enter the name of the organisation or other
body which issued those principles below, and then go to **Section A3.**

Name of organisation
or body ③ Financial Reporting Council

③ Please insert the name of the
appropriate accounting organisation
or body.

A3 Accounts

Accounts Have the accounts been audited? Please tick the appropriate box.

☐ **No.** Go to **Section A5.**

☒ **Yes.** Go to **Section A4.**

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A4**Audited accounts**

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐**No.** Go to **Part 3 'Signature'**.☒**Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.**1** Please insert the name of the appropriate accounting organisation or body.Name of organisation or body **1**

International Standards on Auditing (Ireland)

A5**Unaudited accounts**

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box.

☐**No.**☐**Yes.****Part 3****Signature**

I am signing this form on behalf of the overseas company.

Signature

Signature

X**X**This form may be signed by:
Director, Secretary, Permanent representative.

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Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Ms. A-L Holding
Company name	BAE Systems plc
Address	6 Carlton Gardens
Post town	LONDON.
County/Region	
Postcode	S W 1 Y 5 A D
Country	United Kingdom
DX	
Telephone	03300 488880



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

BAE Systems (Funding Four) Unlimited Company

(Formerly BAE Systems Finance (Ireland) Unlimited Company)

Annual Report and Financial Statements

31 December 2018

Registered number: 522125

FRIDAY

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DIRECTORS' REPORT FOR THE YEAR TO 31 DECEMBER 2018

The directors present their annual report and financial statements of the company for the year to 31 December 2018.

Business review and going concern

The Company provides finance to other group companies with company funds not immediately required by it in such matters it sees fit. The directors have reviewed the current activity, future prospects and resources available to the Company. On the basis of their assessment, 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. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Results and dividends

The Company's result for the year is a profit before taxation of US \$228,725 (2017: US \$187,043). After a taxation charge of US \$(77,470) (2017: US \$(60,256)), a profit of US \$151,255 (2017 \$126,787) is retained.

The directors are not proposing a final dividend in respect of the current year (2017: NIL).

Key performance indicators (KPIs)

The Company is part of the BAE Systems plc Group and the key performance indicators used to monitor and review the business are set by the Group and discussed in more detail in the annual report of the Group. The directors do not consider it necessary to provide additional key performance indicators at a Company level for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The Company is part of the BAE Systems plc Group and the principal risks and uncertainties affecting the Group are discussed in more detail in the annual report of the Group.

The directors have considered the Company specific risk of recoverability of the intra-group debtor balances totalling US \$2,710,263,050 (2017: US \$2,710,134,487). The directors have carried out an impairment review on the carrying value of the company's intra-group debtor balances and are satisfied that they are at least equal to their recoverable amount and that these balances are recoverable in full.

Directors

The directors and secretary of the company at 31 December 2018 and up to the date of this report were

DIRECTORS	R Patara K Collieran (resigned 26 March 2019) J Clarkin (resigned 17 September 2018) J Laide (appointed 12 December 2018, resigned 26 March 2019) B Chapman (appointed 26 March 2019)
SECRETARY	HMP Secretarial Limited (appointed 26 March 2019) K Collieran (resigned 26 March 2019)

The directors and secretary who held office at 31 December 2018 had no interests in the shares, debentures or loan stock of the company.

Subsequent events

On Tuesday 27 March 2019 the tax residence of the company changed from the Republic of Ireland to the United Kingdom. The name of the company changed to BAE Systems (Funding Four) Unlimited Company.

Political donations

The Company made no political donations or incurred any political expenditure during the year (2017: \$0).

Accounting records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the company are maintained at the Company's principal place of business in Ireland at HMP Secretarial Ltd, Riverside One, Sir John Rogersons Quay, Dublin 2, Ireland.

DIRECTORS' REPORT *(Continued)*

Relevant audit information

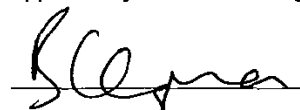
The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the company's statutory auditors are unaware.

Auditors

Following a Group audit retender by the company's ultimate company, BAE Systems plc, Deloitte LLP was appointed as auditor to the Company on 10 September 2018.

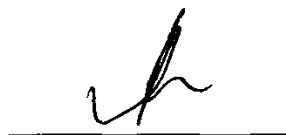
Deloitte LLP have indicated their willingness to be re-appointed as the Company's auditor and a resolution proposing their re-appointment will be put to members.

Approved by the board and signed on its behalf by:



Brian Chapman

Date 26/9/19



Rajdeep Patara

26/9/19

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' report and 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 FRS 101 "*Reduced Disclosure Framework*".

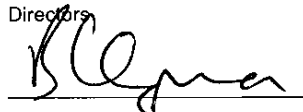
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable 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 which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit and loss of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2014. They are also responsible 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. The directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the Board

Directors



Brian Chapman

Date

26/9/19



Rajdeep Patara

26/9/19

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAE SYSTEMS (FUNDING FOUR) UNLIMITED COMPANY

Report on the audit of the financial statements

Opinion on the financial statements of BAE Systems (Funding Four) Unlimited Company (the 'company') In our opinion the financial statements:

- 1 give a true and fair view of the assets, liabilities and financial position of the company as at 31st December 2018 and of the profit for the financial year then ended, and
- 2 have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014

The financial statements we have audited comprise:

1. the Income Statement and Statement of Comprehensive Income,
2. the Balance Sheet,
3. the Statement of Changes in Equity,
4. the related notes 1 to 11, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below 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 Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, 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

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

1. the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
2. the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAE SYSTEMS (FUNDING FOUR) UNLIMITED COMPANY (continued)

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, 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

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 (Ireland) 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

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
4. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAE SYSTEMS (FUNDING FOUR)
UNLIMITED COMPANY***(continued)*

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited
- The financial statements are in agreement with the accounting records
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made



Peter McDermott FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

1 New Street Square
London EC4A 3HQ

26/9/2019

**Income Statement and Statement of Comprehensive Income
for the year ended 31 December 2018**

	Notes	2018 \$	2017 \$
Turnover	2	323,475	222,877
General and Administrative Costs		(75,785)	(62,487)
Operating Profit		247,690	160,390
Interest Payable and Similar Expenses	3	(18,965)	26,653
Profit on ordinary activity before taxation	4	228,725	187,043
Tax charge on profit on ordinary activities	5	(77,470)	(60,256)
Profit for the financial year		151,255	126,787
Other comprehensive income		-	-
Total comprehensive income for the year		151,255	126,787

The notes on pages 12 to 16 form part of the financial statements.

The results for 2018 and 2017 arise from continuing activities

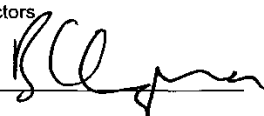
**Balance Sheet
as at 31 December 2018**

	Notes	2018 \$	2017 \$
Current assets			
Debtors (all due within 1 year)	6	2,710,263,050	2,710,134,487
Cash at bank and in hand		176,069	146,592
Total assets		2,710,439,119	2,710,281,079
Current liabilities			
Trade and other payables	7	(30,041)	(23,256)
Total liabilities		(30,041)	(23,256)
Net Assets		2,710,409,078	2,710,257,823
Capital and reserves			
Issued share capital	8	2,710,000,002	2,710,000,002
Retained Profit		409,076	257,821
Total equity		2,710,409,078	2,710,257,823

Approved by the Board on 26 September 2019 and signed on its behalf by

On behalf of the Board

Directors



Brian Chapman

Date:

26/9/19



Rajdeep Patara

26/9/19

Registered number 522125

**Statement of Changes in Equity
for the year ended 31 December 2018**

	Issued share capital	Retained Profit	Total equity
	\$	\$	\$
At 1 January 2017	2,710,000,002	131,034	2,710,131,036
Profit for the year	-	126,787	126,787
At 31 December 2017	2,710,000,002	257,821	2,710,257,823
Profit for the year	-	151,255	151,255
At 31 December 2018	2,710,000,002	409,076	2,710,409,078

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

1 ACCOUNTING POLICIES

BAE Systems (Funding Four) Unlimited Company (the "Company") is a private company, limited by shares and registered in the Republic of Ireland. The company's registered office is Riverside One, Sir John Rogersons Quay, Dublin 2.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2014. They are presented in United States Dollar and rounded unless otherwise stated.

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 2014 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 IFRS 7, Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13, Fair Value Measurement;
- 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; and
- 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.

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

Changes in accounting policies

IFRS 9 Financial instruments became effective on 1 January 2018. There was no impact of adoption.

Several other standards, interpretations and amendments to existing standards became effective on 1 January 2018, including IFRS 15, none of which had a material impact on the Company.

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.

Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated. The directors believe that the financial statements reflect appropriate judgements and estimates, and provide a true and fair view of the Company's financial performance and position.

Interest income and borrowing costs

Interest income and borrowing costs are recognised in the Income Statement in the period in which they are incurred.

Dividends

Dividend 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 rate ruling at the Balance Sheet date. These exchange differences are recognised in the Income Statement.

Trade and other receivables

Trade and other receivables are stated at amortised cost including a provision for expected credit losses. The company measures the provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors.

The Company writes off a trade receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery, for example, when a debtor enters bankruptcy or financial reorganisation.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018 (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less. Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Trade and other payables

Trade and other payables are stated at amortised cost.

Taxation

The income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised in Other Comprehensive Income (OCI) or directly in equity, in which case it is recognised in OCI or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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 on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 amounts 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. Revisions 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.

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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018 (CONTINUED)

2. TURNOVER

	31 December 2018	31 December 2017
	US \$	US \$
Interest earned on loan to parent undertaking	<u>323,475</u>	<u>222,877</u>

3. INTEREST PAYABLE AND SIMILAR EXPENSES

	31 December 2018	31 December 2017
	US \$	US \$
Foreign exchange profit / (loss)	<u>(18,965)</u>	<u>26,653</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation, all of which arises from continuing operations, is stated after (charging)/crediting

	31 December 2018	31 December 2017
	US \$	US \$
Directors' remuneration	(13,532)	(17,423)
Audit of the Financial Statements	<u>(3,430)</u>	<u>(3,225)</u>

The remuneration of the auditor for the year ended 31 December 2018 for auditing the financial statements was \$3,430 (2017: \$3,225) and \$nil (2017: \$nil) in respect of non-audit work.

As noted in the Directors' Report, Deloitte LLP was appointed as statutory auditor for 2018, replacing KPMG, who resigned following the 2017 audit. Accordingly, references related to 2018 relate to Deloitte LLP and 2017 to KPMG.

The Company had no employees during the year.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The Company has provided for Irish corporation tax for the year as follows:

	31 December 2018	31 December 2017
	US \$	US \$
Current tax	(77,470)	(60,256)
Deferred tax	-	-
Total tax charge	<u>(77,470)</u>	<u>(60,256)</u>

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018 (CONTINUED)

The factors influencing the tax charge for the year are explained below

	31 December 2018 US \$	31 December 2017 US \$
Profit on ordinary activities before taxation	<u>228,725</u>	<u>187,043</u>
Tax charge on profit at Irish rate of 25%	(57,181)	(46,761)
Expenses not deductible for tax	<u>(20,289)</u>	<u>(13,495)</u>
Total tax charge for the year	<u>(77,470)</u>	<u>(60,256)</u>

6. DEBTORS

	31 December 2018 US \$	31 December 2017 US \$
<i>Amounts repayable within one year:</i>		
Non-Interest bearing funding unsecured loan to fellow subsidiary	2,700,000,000	2,700,000,000
Interest bearing unsecured loan to parent undertaking	10,000,000	10,000,000
Accrued interest income on loan to parent undertaking	1,058	748
Amounts due from fellow subsidiary	<u>261,992</u>	<u>133,739</u>
Total Intra-group debtors	2,710,263,050	2,710,134,487
Other	-	-
Total debtors	<u>2,710,263,050</u>	<u>2,710,134,487</u>

Amounts payable from parent undertaking and fellow subsidiary are repayable on demand.

The interest payable on the interest bearing unsecured loan of US\$10,000,000 is payable at a floating rate

7. TRADE AND OTHER PAYABLES (Amounts falling due within one year)

	31 December 2018 US \$	31 December 2017 US \$
Amounts owed to trade creditors	(8,141)	(8,428)
Amounts owed to group undertakings	-	-
Current taxation	(21,900)	(12,666)
Other Taxes and Social Security Costs	-	(2,162)
Total Trade and Other Payables	<u>(30,041)</u>	<u>(23,256)</u>

Amounts owed to group undertakings are interest free and repayable on demand

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018 (CONTINUED)

8. AUTHORISED AND ISSUED SHARE CAPITAL

	31 December 2018 US \$	31 December 2017 US \$
Authorised 4,000,000,000 Ordinary shares of \$1 each	<u>4,000,000,000</u>	<u>4,000,000,000</u>
Allotted, issued and fully paid 2,710,000,002 Ordinary shares of \$1 each	<u>2,710,000,002</u>	<u>2,710,000,002</u>

Entity	Ordinary Shares Issued	Denomination	Paid Up or Consideration Outstanding
BAE Systems (Funding Two) Limited	1	US \$1	Paid up
BAE Systems Nominees Limited	1	US \$1	Consideration outstanding
BAE Systems (Funding Two) Limited	10,000,000	US \$1	Consideration paid up by way of the creation of interest bearing inter-company unsecured loan at a floating interest rate.
BAE Systems (Funding Two) Limited	2,700,000,000	US \$1	Consideration paid up by way the creation of non-interest bearing inter-company unsecured loan
	<u>2,710,000,002</u>		

9. ULTIMATE HOLDING UNDERTAKING AND HOLDING UNDERTAKING OF LARGER GROUP RELATED PARTY TRANSACTIONS

The immediate parent company is BAE Systems (Funding Two) Limited and the ultimate parent company is BAE Systems plc, both of which are incorporated in Great Britain and registered in England and Wales

The ultimate parent company and controlling party is BAE Systems plc, a company registered in England and Wales under registration number 1470151 with registered address 6 Carlton Gardens, London, SW1Y 5AD, United Kingdom, and listed on the London Stock Exchange. BAE Systems plc is the parent company of the largest group of undertakings for which group financial statements is drawn up and of which BAE Systems (Funding Four) Unlimited Company is a member. Copies of these financial statements are available from BAE Systems plc registered address.

The company has taken advantage of the exemption available under IAS 24 'Related Party Disclosures' not to disclose related party transactions with members of the group that are wholly owned

10. APPROVAL OF THE COMPANY FINANCIAL STATEMENTS

The Board of directors approved and authorised for issue the Company financial statements.

11. SUBSEQUENT EVENTS

There are no adjusting financial events. On Tuesday 27 March 2019 the tax residence of the company changed from the Republic of Ireland to the United Kingdom. The name of the company changed to BAE Systems (Funding Four) Unlimited Company.