

**BAE SYSTEMS (ABERDEEN) LIMITED**

**COMPANY NUMBER 57296**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31st DECEMBER 2004**



**DIRECTORS' REPORT AND FINANCIAL STATEMENTS 31st DECEMBER 2004**

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## **DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements for the year ended 31st December 2004.

### **Principal Activities and Result**

The company has not traded during the year and has made neither a profit nor loss (2003: £nil).

### **Directors**

The directors who served during the year and at the date of this report were:

Mr Peter John Lynas  
Mr Colin James Musgrave  
Mr David Stanley Parkes

None of the directors had any beneficial or non-beneficial interest in the share capital of the company during the year, nor in the period from 31st December 2004 to the date of this report. 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.

The beneficial, including family, interests in the share capital of BAE SYSTEMS plc, the ultimate holding company, of the persons who are directors at the end of the year are shown below.

### **Ordinary Shares of 2.5p each of BAE SYSTEMS plc**

Directors	Shares		Share Options			
	At 1st January 2004	At 31st December 2004	At 1st January 2004	Granted	Lapsed	At 31st December 2004
D S Parkes	1,385	1,385	46,006	14,504	(1,396)	59,114
P J Lynas	0	8,875	298,935	150,969	(1,165)	448,739
C J Musgrave	0	4,998	154,851	63,030	0	217,881

BAE SYSTEMS (ABERDEEN) LIMITED

**Auditors**

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By order of the Board



**D S Parkes**

Director

Registered office:

Crewe Toll

Ferry Road

Edinburgh

EH5 2XS

29 June 2005

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Report of the Independent Auditors to the members of BAE SYSTEMS (Aberdeen) Limited**

We have audited the financial statements on pages 7 to 9

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 5 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

**Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its result for the 12 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

*UCP76 Audit Pl*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
London

29 June 2005

BAE SYSTEMS (ABERDEEN) LIMITED

**BALANCE SHEET**

	Note	31.12.2004 £'000	31.12.2003 £'000
<b>Current assets</b>			
Debtors	5	<u>8,205</u>	<u>8,205</u>
		8,205	8,205
<b>Creditors:</b>			
<b>amounts due within one year</b>	6	(2,933)	(2,933)
<b>Net current assets</b>		<u>5,272</u>	<u>5,272</u>
<b>Capital and reserves</b>			
Called up share capital	7	15	15
Profit and loss account		5,257	5,257
<b>Shareholders' funds</b>		<u>5,272</u>	<u>5,272</u>
Note:			
Equity		5,257	5,257
Non-equity		15	15
<b>Shareholders' funds</b>		<u>5,272</u>	<u>5,272</u>

The financial statements were approved by the Board of directors on *29 June 2005* and were signed on its behalf by:

  
**D S Parkes**  
 Director

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Accounting policies**

#### **Basis of preparation**

The financial statements are drawn up in accordance with applicable accounting standards and under the historical cost convention.

#### **Taxation**

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing difference 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.

#### **Related party transactions**

The company is controlled by BAE SYSTEMS plc and is a wholly owned subsidiary of BAE SYSTEMS plc. In accordance with paragraph 3c of FRS 8 "Related Party Transactions" the company is exempt from disclosing details of arrangements with other companies in the BAE SYSTEMS plc group.

#### **Cash flow statement**

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of BAE SYSTEMS plc, and its cash flows are included within the consolidated cash flow statement of that company.

### **2. Profit and Loss Account**

During the year ended 31 December 2004 and the prior year the company did not trade and has made neither profit nor loss nor any other recognised gains or losses. Therefore no profit and loss account is presented. The audit costs are borne by another group company.

### **3. Taxation Note**

No provision for current or deferred tax is required.

### **4 Directors' emoluments**

None of the Directors received any emoluments from the Company during the year (2003: nil)



**5 Debtors**

	31 <sup>st</sup> December 2004 £'000	31 <sup>st</sup> December 2003 £'000
<b>Amounts due within one year:</b>		
Amounts owed by holding and fellow subsidiary companies	8,205	8,205

**6 Creditors**

	31 <sup>st</sup> December 2004 £'000	31 <sup>st</sup> December 2003 £'000
<b>Amounts due within one year:</b>		
Amounts owed to holding and fellow subsidiary companies	2,933	2,933

Amounts owed to holding and fellow subsidiary companies comprise £2,933,000  
Unsecured non-interest bearing loan notes.

**7 Share capital**

	31 <sup>st</sup> December 2004 £	31 <sup>st</sup> December 2003 £
200 Authorised, allotted, called up and fully paid ordinary shares of £1 each	200	200
15,000 of 6% Non-cumulative preference shares of £1 each fully paid	15,000	15,000

**8 Ultimate holding company**

The ultimate holding company is BAE SYSTEMS plc which is incorporated in Great Britain and registered in England and Wales.

Copies of the financial statements of BAE SYSTEMS plc are available to the public and may be obtained from the Secretary, BAE SYSTEMS plc, Stirling Square, 6 Carlton Gardens, London, SW1Y 5AD.