

# **General Dynamics Limited**

Annual report and financial statements

Registered number - 00565542

31 December 2019



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## Strategic Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

### Principal activities

The principal activity of General Dynamics Limited (“GDL” or the “company”) is to act as a holding company and undertook no transactions in the current or prior year.

### Section 172(1) Statement

The Directors have considered the new reporting requirements as required by The Companies (Miscellaneous Reporting) Regulations 2018 which apply to companies meeting certain criteria for financial years starting on or after 1 January 2019 and considers that the company is within the scope of the criteria by virtue of it being the parent company of a large trading group.

The regulations require that the Directors report on specific matters, however, the Directors note that the company does not trade in its own right and does not hold any trading contracts with third parties nor has any employees. Consequently, the Directors are of the view that there are no relevant matters to be reported in connection with the engagement with customers, suppliers or employees.

The Directors carry out their duties in a way that they consider to be in good faith, would most likely promote the success of the company for the benefit of its members as a whole and with due regard to other stakeholder interests and in accordance with the Corporate Governance arrangements detailed by General Dynamics UK Limited.

### Business review and results

The company acts as a holding company.

Profit for the year was £nil (2018: £nil).

### Principal Risk & Uncertainties

GDL and certain of its subsidiaries are parties to structural inter-company balances. For a variety of business, treasury and tax reasons, the company desires to address these balances and clear them to the extent feasible. The plan(s) the company develops to address these balances may involve transactions that have an element of risk or uncertainty.

In addition, General Dynamics will continue to develop and execute its global capital deployment plan for its international group companies and, as such, GDL may be involved in future treasury transactions such as supporting European borrowings or cash redeployments that may contain risk or uncertainty in one or more areas.

### Future Developments & Strategies

GDL will remain a holding company for General Dynamics’ European businesses. GDL is likely to participate in transactions to resolve inter-company balances within its structure and also may support group company borrowings from affiliates or third parties. Additionally, GDL will participate in transactions to support General Dynamics’ investments in the company’s European operating businesses or participate in acquiring and capitalizing new European businesses.

### Brexit

On the 23 June 2016, the UK decided to leave the European Union. The EU has granted the UK extensions to Article 50, with the UK set to leave the EU on 31 December 2020.

The implications of Brexit for the Company have been discussed in the General Dynamics Tax Department. Developments continue to be monitored.

There remains a level of uncertainty around the trading conditions with the EU post Brexit, and as such the Company has looked at the potential tax (both direct and indirect) impact.

## Strategic Report (*continued*)

### *VAT and Other Indirect Taxes*

As GDL is a holding company and does not trade, active operations are limited to the holding of shares and cash thus limiting any indirect tax consequences. Brexit is however likely to have direct consequences for some of the subsidiaries, which have taken active counter-measures to prevent disruptions.

### *Direct Taxes*

Upon expiration of the transition period, from a direct tax perspective, the UK will no longer be directly covered by the EU directives including the Parent:Subsidiary Directive and Interest and Royalty Directive. Since both subsidiaries are incorporated in the UK, the direct tax risk has been assessed as low.

### **Business risk**

As a holding company which does not trade itself, business risks are limited. Potential risks arise in respect of reductions in the value of investments. The carrying value is reviewed annually and the impacts of COVID-19 have been considered. The value of subsidiaries is supported by net assets where there is either significant headroom or, for the non trading subsidiary, by the cash remaining in the company. There are no anticipated impacts from COVID-19 on GDL. To the extent that a subsidiary suffers a reduction in EBIT as a result of COVID-19, it may restrict the ability to pay a dividend but GDL is not reliant on dividend income to meet operational needs.

By order of the board



**J W Aiken**  
*Director*

21 Holborn Viaduct  
London  
EC1A 2DY

Date 21 December 2020

## Directors' report

### Directors and directors' interests

The directors who held office during the year and to the date of the approval of these financial statements were as follows:

JW Aiken  
GS Gallopoulos

### Supplier payment policy

The Company's policy is to agree payment terms with suppliers. Liabilities are settled in accordance with these agreed terms.

### 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Financial risk management

As the company does not trade and has no bank account it is not considered that there is foreign exchange rate risk, credit risk, liquidity or cash-flow risk. There are no financial instruments to report on.

### Employee policy

The company does not have employees but there are policies within the subsidiary entities who employ staff. These include a comprehensive employee communications program, commitment to promoting diversity and creating a fully inclusive working environment where every employee can fulfil their potential while encouraging participation and involvement in matters which affect their interests as employees.

### Political contributions

The Company made no political contributions during the year (2018: £nil).

### Dividends received and paid

The directors do not recommend payment of a dividend for the year ended 31 December 2019 (2018:£nil).

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



J W Aiken  
Director

21 Holborn Viaduct  
London  
EC1A 2DY

Date 21 December 2020

## **Statement of directors' responsibilities in respect of the Annual report and financial statements**

The directors are responsible for preparing the Strategic Report, 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

## **Independent auditor's report to the members of General Dynamics Limited**

### **Opinion**

We have audited the financial statements of General Dynamics Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of General Dynamics Limited**

*(continued)*

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Huw Brown (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
66 Queen Square  
Bristol  
BS1 4BE  
23 December 2020



**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Dividend received		-	-
Impairment of Investment		-	-
		<hr/>	<hr/>
<b>Operating profit</b>		-	-
		<hr/>	<hr/>
<b>Profit before taxation</b>		-	-
Tax charge on profit	4	-	-
		<hr/>	<hr/>
<b>Profit for the year</b>		-	-
		<hr/>	<hr/>

The results stated above are all derived from continuing operations.

GDL incurred no other comprehensive income in the year.


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

**Balance sheet**  
*at 31 December 2019*

	<i>Note</i>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
<b>Fixed assets</b>			
Investments	5	79,129	79,129
		<hr/>	<hr/>
<b>Net assets</b>		<b>79,129</b>	<b>79,129</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	6	52,392	52,392
Share premium account	7	29,487	29,487
Profit and loss account		(2,750)	(2,750)
		<hr/>	<hr/>
<b>Equity Shareholders' funds</b>		<b>79,129</b>	<b>79,129</b>
		<hr/>	<hr/>

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

These financial statements were approved by the board of directors on 21 December 2020 and were signed on its behalf by:

  
**J W Aiken**  
Director

## Statement of Changes in Equity

	<b>Called up Share Capital</b>	<b>Share premium</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January 2019	52,392	29,487	(2,750)	79,129
Result for the Year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>52,392</b>	<b>29,487</b>	<b>(2,750)</b>	<b>79,129</b>
	<hr/>	<hr/>	<hr/>	<hr/>

	<b>Called up Share Capital</b>	<b>Share premium</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January 2018	52,392	29,487	(2,750)	79,129
Result for the Year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2018</b>	<b>52,392</b>	<b>29,487</b>	<b>(2,750)</b>	<b>79,129</b>
	<hr/>	<hr/>	<hr/>	<hr/>

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

## Notes to the financial statements

*(forming part of the financial statements)*

### 1 Accounting policies

General Dynamics Limited is a company incorporated, registered and domiciled in England and Wales. The address of the registered office is given on page 1.

GDL is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about GDL as an individual undertaking and not about its group.

#### ***Basis of Preparation***

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, GDL applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

GDL's ultimate parent undertaking, General Dynamics Corporation includes GDL in its consolidated financial statements. The consolidated financial statements of General Dynamics Corporation are prepared in accordance with US Generally Accepted Accounting Practice and are available to the public and may be obtained from 11011 Sunset Hills Road, Reston, VA20190.

In these financial statements, GDL has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of General Dynamics Corporation include the equivalent disclosures, GDL has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

GDL proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 9.

## Notes (continued)

### 1 Accounting policies (continued)

#### Going Concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Company's only activity is to hold long-term investments in subsidiaries and it is funded by equity. The Company has no forecast costs or liabilities even in a severe but plausible downside. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### Investments

Investments in subsidiary undertakings are stated at cost less any provisions for impairment.

#### Dividends

Dividends to GDL's Shareholders are recognised as a liability and deducted from Shareholders' equity in the period in which the Shareholders' right to receive payment is established.

### 2 Profit on ordinary activities

Fees paid to GDL's auditor, KPMG LLP, and its associates for services other than the statutory audit of GDL are not disclosed in General Dynamics Limited's accounts since the consolidated accounts of GDL's ultimate parent, General Dynamics Corporation, are required to disclose other services on a consolidated basis.

Auditor's remuneration of £3,000 in respect of the audit of these financial statements for the year ended 31 December 2019 (2018: £2,000) is borne by General Dynamics UK Limited, a subsidiary.

### 3 Directors' remuneration

The Directors are all employees of other group companies and their staff costs are incurred by those other group companies and not recharged to GDL. The portion of their remuneration which relates to their roles as directors of this company is inconsequential to their overall remuneration and is considered to be £1000.

GDL had no employees in the year.

### 4 Taxation

	2019 £000	2018 £000
Current tax for the year	-	-

## Notes (continued)

### 5 Fixed Asset investments

Investment entity	Country of Incorporation	2019 £000	2018 £000
General Dynamics United Kingdom Limited	United Kingdom	38,749	38,749
Force Protection Europe Limited	United Kingdom	40,380	40,380
		<u>79,129</u>	<u>79,129</u>

GDL owns all the issued and outstanding shares of Force Protection Europe Limited, a company incorporated under the laws of England and Wales and engaged in design, manufacture and marketing of equipment in the defence industry.

GDL owns the whole of the issued ordinary share capital of General Dynamics United Kingdom Limited, a company incorporated in England and engaged in design, manufacture and marketing of equipment and software used in the defence industry.

The Registered address of both General Dynamics United Kingdom Limited and Force Protection Europe Limited is 21 Holborn Viaduct, London, EC1A 2DY.

### 6 Share capital

The share capital of GDL comprises ordinary shares.

	2019 Number of Shares	£000	2018 Number of Shares	£000
<i>Allotted, called-up and fully paid</i>				
Ordinary shares of £1 each	9,261,575	9,262	9,261,575	9,262
Ordinary shares of £1 each	43,130,200	43,130	43,130,200	43,130
		<u>52,392</u>		<u>52,392</u>

### 7 Reserves

	2019 £000	2018 £000
Share premium account	<u>29,487</u>	<u>29,487</u>

### 8 Ultimate parent company and parent undertaking of larger group of which the company is a member

GDL is a 100% owned subsidiary undertaking of General Dynamics Global Holdings Limited, a company incorporated in the United Kingdom. General Dynamics Corporation is the ultimate parent company incorporated in the USA.

The largest group in which the results of GDL are consolidated is that headed by General Dynamics Corporation, incorporated in the USA. The consolidated accounts of the group are available to the public and may be obtained from 11011 Sunset Hills Road, Reston, VA20190.

## **Notes** *(continued)*

### **9 Accounting Estimates and Judgements**

#### *Accounting estimates and judgements*

The preparation of the consolidated financial statements in conformity with FRS101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reported amounts and note disclosures reflect management's best estimate of the most probable set of economic conditions and planned course of actions. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements include:

#### *Investment Value/Impairment*

The key estimate and judgement exercised by the directors is the investment value in its subsidiaries, General Dynamics UK Limited and Force Protection Europe Limited. Consideration is given to the net asset position of the subsidiaries and their expected future profitability.

### **10 Post balance sheet events**

In June 2020, FPE ceased to trade and the remaining trade and assets were transferred to GDUK and therefore remain in the same immediate group with GDL.

There are no impacts expected from COVID-19 on GDL given that it has no employees and is a non-trading holding company.