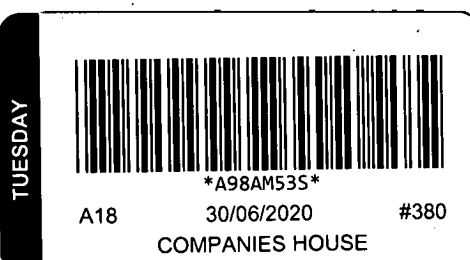


REGISTRATION NUMBER - 870199

# **NORTHROP GRUMMAN PROPERTIES LIMITED**

## **Annual Report and Financial Statements 2019**



# **NORTHROP GRUMMAN PROPERTIES LIMITED**

## **Company Information**

### **Directors**

Robert Gray  
Steven Spiegel  
Roger Wiltshire

### **Company Secretaries**

Susie Choung  
Roger Wiltshire

### **Company Number**

870199

### **Registered Office**

2<sup>nd</sup> Floor, Clareville House  
26-27 Oxendon Street  
London SW1Y 4EL

### **Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

# **NORTHROP GRUMMAN PROPERTIES LIMITED**

## **Contents**

Directors' Report	2
Directors' Responsibilities Statement	4
Independent Auditor's Report to the Shareholder of Northrop Grumman Properties Limited	5
Statement of Income and Retained Earnings	7
Statement of Financial Position	8
Notes to the Financial Statements	9

# **NORTHROP GRUMMAN PROPERTIES LIMITED**

## **DIRECTORS' REPORT**

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

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Exemption from preparing a strategic report has also been taken.

### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

Northrop Grumman Properties Limited is a non-trading company.

### **RESULTS**

The loss for the year, after taxation, amounted to £2,000 (2018: loss of £3,000).

### **DIRECTORS**

The directors of the Company during the year, and up to the date of signing were as follows:

Robert Gray  
Steven Spiegel  
Roger Wiltshire

### **DIRECTORS' INDEMNITIES**

The Company's ultimate parent, Northrop Grumman Corporation ('NGC'), has a corporate insurance program that provides insurance coverage for directors and officers of NGC and its wholly owned subsidiaries. This insurance program contains qualifying third party indemnity provisions for the benefit of the Company's directors in respect of proceedings brought by third parties. Such provisions remain in force as at the date of this report.

### **DIVIDENDS**

No dividends were paid or proposed in the year (2018: £nil).

### **GOING CONCERN**

The financial statements have been prepared on the going concern basis, as explained more fully in note 1 to the financial statements.

### **FUTURE DEVELOPMENTS**

In the forthcoming year, the directors expect the general level of activity to remain consistent with 2019.

### **SUBSEQUENT EVENTS**

Details of the significant events since the balance sheet date are contained in note 9 to the financial statements.

### **PROVISION OF INFORMATION TO THE AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information has been taken.

## **NORTHROP GRUMMAN PROPERTIES LIMITED**

### **DIRECTORS' REPORT (continued)**

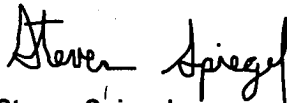
#### **PROVISION OF INFORMATION TO THE AUDITOR (continued)**

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 26 June 2020

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Steven Spiegel', is written over the printed name.

**Steven Spiegel**

Director

Date: 26 June 2020

## **NORTHROP GRUMMAN PROPERTIES LIMITED DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 accounting 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.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR REPORT TO THE SHAREHOLDER OF NORTHROP GRUMMAN PROPERTIES LIMITED

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of Northrop Grumman Properties Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the statement of financial position; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described 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 the UK, including the FRC's Ethical Standard, 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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- 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.

We have nothing to report in respect of these matters.

### 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 respect of these matters.

# **INDEPENDENT AUDITOR REPORT TO THE SHAREHOLDER OF NORTHROP GRUMMAN PROPERTIES LIMITED (continued)**

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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

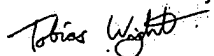
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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;
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

### **Use of our report**

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.



Tobias Wright FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
26 June 2020



# NORTHROP GRUMMAN PROPERTIES LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS

<i>£ in thousands</i>	NOTE	Year ended 31 December	
		2019	2018
Other operating charges		£ (18)	£ (16)
<b>Operating loss</b>		<u>(18)</u>	<u>(16)</u>
Interest receivable from group undertaking		16	13
<b>Loss before taxation</b>		<u>(2)</u>	<u>(3)</u>
Tax on loss	5	—	—
<b>Loss for the financial year</b>		<u>(2)</u>	<u>(3)</u>
Profit and loss account at 1 January		(2,481)	(2,478)
Loss for the year		(2)	(3)
<b>Profit and loss account at 31 December</b>		<u>£ (2,483)</u>	<u>£ (2,481)</u>

All activities derive from non-trading operations.

There are no items of other comprehensive income other than the loss for the current year and the loss for the previous year, as shown above. Accordingly, no Statement of Comprehensive Income is presented.

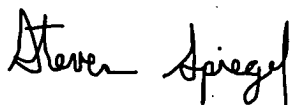
# NORTHROP GRUMMAN PROPERTIES LIMITED

## STATEMENT OF FINANCIAL POSITION

<i>£ in thousands</i>	NOTE	31 December	
		2019	2018
<b>Current assets</b>			
Debtors	4	£ 2,353	£ 2,355
Creditors: amounts falling due within one year	6	(147)	(147)
<b>Net current assets</b>		<u>2,206</u>	<u>2,208</u>
<b>Net assets</b>		<u>2,206</u>	<u>2,208</u>
 <b>Capital and reserves</b>			
Called up share capital	7	1	1
Share premium account	7	4,138	4,138
Capital contribution	7	550	550
Profit and loss account	7	(2,483)	(2,481)
<b>Shareholder's equity</b>		<u>£ 2,206</u>	<u>£ 2,208</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements of Northrop Grumman Properties Limited, registered number 870199, were approved by the Board of Directors and authorised for issue on 26 June 2020.

Signed on behalf of the Board of Directors:



**Steven Spiegel**  
Director

# **NORTHROP GRUMMAN PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **General Information and Basis of Accounting**

Northrop Grumman Properties Limited (the 'Company') is a private Company limited by shares incorporated in the United Kingdom ('UK') under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the Company Information page. The Company is a non-trading company. The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council. The Company has applied the amendments to FRS 102 issued by the FRC in December 2017.

The Company has taken advantage of the exemption available under S400 of the Companies Act 2006 not to prepare group accounts as it is a subsidiary of Northrop Grumman Corporation ('NGC') which prepares consolidated accounts that are publicly available and may be obtained at [www.northropgrumman.com](http://www.northropgrumman.com). The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### **Going Concern**

The directors of the Company have concluded that it is appropriate to use the going concern basis of accounting in preparing the Company's financial statements for the year ended 31 December 2019.

In carrying out this assessment the directors' findings are:

- The loss for the year after taxation amounted to £2,000;
- The Company has cash pooling resources of £2,324,000 at 31 December 2019;
- The Company's current liabilities at that date were £147,000, consisting of £139,000 intercompany payables and £8,000 other accruals;
- There were net current assets and net assets of £2,206,000 at 31 December 2019;
- The directors are not aware of any contingent liabilities of the Company which would result in a significant cash outflow; and
- The cash resources are adequate to cover existing and all likely future liabilities for a period of at least one year from the date of approval of the statutory accounts.

As part of this assessment we have considered the impact of COVID-19 and based on the nature of our business we do not believe it will have an overall material adverse effect on our financial position, results of operations and/or cash flows.

#### **Financial Instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

# **NORTHROP GRUMMAN PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Financial Instruments (continued)**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position if there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

The Company did not have any financial instruments measured at fair value through profit or loss in either the current year or the preceding year. All basic financial instruments were measured at amortised cost.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on timing differences that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### **Related Party Transactions**

The terms of the transactions with related parties are approved by the Company's management. These transactions are expected to be settled in the normal course of business and have no specific repayment terms. Amounts due from related parties and amounts due to related parties are included in debtors and creditors, respectively, in the Statement of Financial Position. The outstanding balance with the Northrop Grumman European Cash Pool is unsecured and subject to variable interest rates. All other related party balances are unsecured and not subject to interest.

The Company has taken advantage, as a 100% subsidiary, of the exemption under section 33 of FRS 102, related party disclosures, from disclosure of transactions and balances with group companies. Accordingly, transactions with NGC and its subsidiaries are not disclosed separately.

#### **Foreign Exchange**

Balances denominated in foreign currencies are translated either at the original rate applied to the transaction where there is no current intention to arrange settlement or at agreed group settlement rates where transactions are to be settled in the short term. Transactions denominated in foreign currencies are translated into pound sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at 31 December are translated at the rates ruling at that date. These translation differences are included within the profit and loss account.

# NORTHROP GRUMMAN PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, 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. There are no key sources of estimation uncertainty.

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.

#### Critical Judgements in Applying the Company's Accounting Policies

There are no critical judgements that the directors have made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

### 3. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITOR

During 2019 and 2018, the Company had no employees and the directors did not receive any emoluments in respect of their services to the Company.

#### Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £7,950 (2018: £7,950). No other services were provided by Deloitte LLP during the year.

### 4. DEBTORS

<i>£ in thousands</i>	31 December	
	2019	2018
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	£ 2,353	£ 2,355

Amounts owed by group undertakings are payable upon demand. The terms and conditions of transactions with related parties are further described in note 1.

### 5. TAX ON LOSS

The differences between the total tax on loss and the amount calculated by applying the standard UK corporation tax rate of 19% (2018: 19%) are explained below.

<i>£ in thousands</i>	Year ended 31 December	
	2019	2018
Loss before taxation	£ (2)	£ (3)
Tax at standard rate	—	1
<b>Differences:</b>		
Change in unrecognised deferred tax asset	—	(1)
<b>Total tax on loss</b>	<b>£ —</b>	<b>£ —</b>

# NORTHROP GRUMMAN PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. TAX ON LOSS (continued)

The Company has an unrecognised deferred tax asset in relation to historical trading losses. These have not been recognised in the financial statements due to uncertainty over future profitability of the business. The amount of the asset not recognised at 31 December 2019 is £36,250 (2018: £35,944).

Subsequent to year-end, the UK Government announced that the tax rate would remain at 19% and this legislation was enacted in March 2020. The closing unrecognised deferred tax asset at 31 December 2019 and 2018 has been calculated at 17%, which reflects the tax rate enacted at the time the deferred tax asset was established.

### 6. CREDITORS

<i>£ in thousands</i>	31 December	
	2019	2018
Amounts owed to group undertakings	£ 139	£ 139
Accrued expenses	8	8
	<u>£ 147</u>	<u>£ 147</u>

Amounts owed to group undertakings are payable upon demand. The terms and conditions of transactions with related parties are further described in note 1.

### 7. SHARE CAPITAL AND RESERVES

#### Share Capital

	31 December			
	2019		2018	
	No.	£	No.	£
<b>Allotted, called up and fully paid:</b>				
Ordinary shares (£1 each)	<u>502</u>	<u>502</u>	<u>502</u>	<u>502</u>

Each ordinary share carries one vote and ranks equally in all respects with each other ordinary share.

#### Reserves

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The capital contribution reserve represents the cumulative amount of permanent contributions to capital made by the parent undertaking.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# **NORTHROP GRUMMAN PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **8. ULTIMATE PARENT AND CONTROLLING PARTY**

The Company's immediate parent company and controlling party is TRW Aeronautical Holding, Inc., a company incorporated in the United States of America. The largest and smallest group in which the results of the company are consolidated is that headed by NGC, the ultimate parent undertaking and controlling party incorporated in Virginia in the United States of America (USA) and located at 2980 Fairview Park Drive, Falls Church, VA 22042, USA, which is also the entity's registered office. The consolidated accounts of this company may be viewed at the company website which is [www.northropgrumman.com](http://www.northropgrumman.com). In addition, the Securities and Exchange Commission (SEC) also maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements and other information regarding SEC registrants, including NGC.

### **9. SUBSEQUENT EVENTS**

#### ***Brexit***

On 31 January 2020 the United Kingdom left the European Union (EU). The UK will continue to follow all of the EU's rules and its trading relationship will remain the same during an eleven month transition period which will end on 31 December 2020. The Directors continue to consider and assess the potential impact of the United Kingdom's departure from the EU on the Company's business operations. Their assessment has also included the possible consequences of there being no formal trading agreement in place with the EU following the transition period. Currently they do not believe that Brexit will have a material impact on the Company, given that the majority of the Company's business is performed in the UK for UK customers. Nonetheless they anticipate that there could be instances of short-term business disruption for a number of reasons. These could include delays in the movement of goods into and from the UK, clarification of validity of licenses and certifications for an interim period, and currency volatility.

#### ***COVID***

Coronavirus disease 2019 ("COVID-19") was first reported in late 2019 and has since dramatically impacted the global health and economic environment, including millions of confirmed cases, business slowdowns or shutdowns, government challenges and market volatility. We continue to work with our stakeholders (including customers, employees, suppliers and local communities) to address responsibly this global pandemic. We continue to monitor the situation, to assess further possible implications to our business, supply chain and customers, and to take actions in an effort to mitigate adverse consequences.

We cannot at this time predict the overall impact of the COVID-19 pandemic however based on the nature of our business we do not believe it will have an overall material adverse effect on our financial position, results of operations and/or cash flows.