

REGISTRATION NUMBER - 870199

NORTHROP GRUMMAN PROPERTIES LIMITED

Annual Report and Financial Statements 2017



NORTHROP GRUMMAN PROPERTIES LIMITED

Company Information

Directors

Steven Spiegel
Roger Wiltshire
Robert Gray

Company Secretaries

Susie Choung
Roger Wiltshire

Company Number

870199

Registered Office

2nd Floor, Clareville House
26-27 Oxendon Street
London SW1Y 4EL

Auditor

Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

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NORTHROP GRUMMAN PROPERTIES LIMITED

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Under the small companies exemption, the directors are exempt from preparing a strategic report.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

Northrop Grumman Properties Limited does not presently transact business. The directors expect the activity to remain consistent in the forthcoming year.

RESULTS

The loss for the year, after taxation, amounted to £1,000 (2016: loss of £24,000).

DIRECTORS

The directors of the Company during the year, unless stated otherwise, were as follows:

Steven Spiegel
Roger Wiltshire
Robert Gray (appointed 12 January 2017)
Gillian Westbrook (resigned 12 January 2017)

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

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

The directors expect the general level of activity to remain consistent with 2017 in the forthcoming year.

SUBSEQUENT EVENTS

The directors note no significant events since 31 December 2017.

PROVISION OF INFORMATION TO THE AUDITOR

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

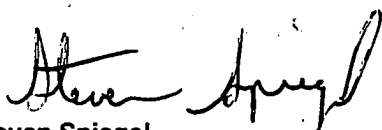
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is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

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 a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 29 June 2018

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Steven Spiegel', written in a cursive style.

Steven Spiegel

Director

Date: 29 June 2018

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;
- state whether applicable UK 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 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'S REPORT TO THE SHAREHOLDER'S OF NORTHROP GRUMMAN PROPERTIES LIMITED

Report on the audit of 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 2017 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 of Northrop Grumman Properties Limited (the 'Company') which comprise:

- the statement of earnings and comprehensive income;
- the statement of financial position; and
- the related notes 1 to 7.

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.

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. This description forms part of our auditor's report.

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.

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 take advantage of the small companies exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.



Julian Rae (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

29 June 2018

NORTHROP GRUMMAN PROPERTIES LIMITED

Statement of Earnings and Comprehensive Income

<i>£ in thousands</i>	NOTE	31 December	
		2017	2016
Other operating charges		£ (8)	£ (14)
Operating loss		(8)	(14)
Interest receivable from group undertaking		7	10
Loss before taxation		(1)	(4)
Tax expense	4	—	(20)
Loss for the financial year attributable to the equity shareholders of the Company		(1)	(24)
Profit and loss account at 1 January		(2,477)	(2,453)
Loss for the year		(1)	(24)
Profit and loss account at 31 December		£ (2,478)	£ (2,477)

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.

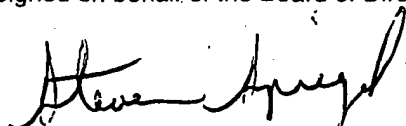
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Statement of Financial Position

<i>£ in thousands</i>	NOTE	31 December	
		2017	2016
Current assets			
Debtors	1	£ 2,358	£ 2,360
Creditors	5	(147)	(148)
Net current assets		2,211	2,212
Net assets		2,211	2,212
 Capital and reserves			
Called up share capital	6	1	1
Share premium account	6	4,138	4,138
Capital contribution	6	550	550
Profit and loss account	6	(2,478)	(2,477)
Shareholders' equity		£ 2,211	£ 2,212

The financial statements of Northrop Grumman Properties Limited, registered number 870199, were approved by the Board of Directors and authorised for issue on 29 June 2018.

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 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 which prepares consolidated accounts that are publicly available and may be obtained at 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 2017.

In carrying out this assessment the directors' findings are:

- The loss for the year after taxation amounted to £1,000;
- The Company has cash pooling resources of £2,329,000 at 31 December 2017;
- 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 £2,211,000 at 31 December 2017;
- 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 therefore adequate to cover existing and all likely future liabilities for a period of at least one year from the date of signing the statutory accounts.

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 in respect of all timing differences. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements 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.

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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.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

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 in the profit and loss account.

Related Party Transactions

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 the Northrop Grumman Corporation and its subsidiaries are not disclosed separately.

Financial Assets and Liabilities

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, and only 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.

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.

The year end balances with related parties are disclosed in the Statement of Financial Position. Debtors as of 31 December 2017 and 2016 is primarily comprised of amounts owed by group undertakings all of which fall due within one year. Creditors as of 31 December 2017 and 2016 include related party transactions which are further described in note 5. 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.

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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 2017 and 2016, the Company had no employees and the directors did not receive any remuneration from the Company as the services were incidental.

Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £7,950 (2016: £9,500).

4. TAX CREDIT/(CHARGE)

(a) Analysis of Credit/(Charge)

<i>£ in thousands</i>	31 December	
	2017	2016
Current tax:		
UK corporation tax on loss in the year	£ —	£ —
Adjustments in respect of prior periods	—	(20)
Total tax credit/(charge)	£ —	£ (20)

(b) Factors Affecting Tax Credit/(Charge)

The differences between the total tax shown above and the amount calculated by applying the standard UK corporation tax rate of 19.25% (2016: 20%) are explained below.

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<i>£ in thousands</i>	Year ended 31 December	
	2017	2016
Loss before taxation	£ (1)	£ (4)
Tax at standard rate	—	1
<i>Differences:</i>		
Change in unrecognised deferred tax asset	—	(1)
Adjustments in respect of prior periods	—	(20)
Total tax credit/(charge)	£ —	£ (20)

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 2017 is £35,443 (2016: £35,260).

(c) Factors That May Affect Future Tax Charges

In recent years the UK Government has steadily reduced the rate of UK corporation tax, reducing it to 20% effective 1 April 2016. This rate was reduced further to 19% effective 1 April 2017 following the enactment of the Finance (No 2) Act 2015 and to 17% effective 1 April 2020 following the enactment of the Finance Act 2016. These changes resulted in an effective tax rate of 19.25% for 2017 and are reflected in the calculation of tax at the financial position date. The closing deferred tax asset at 31 December 2017 and 2016 (which has not been recognised as stated above) has been calculated at 17% reflecting the tax rate at which it is expected to be reversed in future periods. The closing deferred tax asset at 31 December 2017 and 2016 (which has not been recognised as stated above) has been calculated at 17% reflecting the tax rate at which it is expected to be reversed in future periods.

5. CREDITORS

<i>£ in thousands</i>	31 December	
	2017	2016
Amounts owed to group undertakings	£ (139)	£ (139)
Accruals and deferred income	(8)	(9)
	£ (147)	£ (148)

All amounts fall due within one year. The terms and conditions of transactions with related parties are further described in note 1.

6. SHARE CAPITAL AND RESERVES

Share Capital

	31 December			
	2017		2016	
Allotted, called up and fully paid:	No.	£	No.	£
Ordinary shares (£1 each)	502	502	502	502

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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.

7. 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 Northrop Grumman Corporation, 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. In addition, the Securities and Exchange Commission (SEC) also maintains a website at www.sec.gov that contains reports, proxy statements and other information regarding SEC registrants, including Northrop Grumman Corporation.