

REGISTRATION NUMBER - 870199

Northrop Grumman Properties Limited

Annual Report and Financial Statements 2011



Northrop Grumman Properties Limited

Company information

Directors

Steven Spiegel
Tiffany McConnell
Michael Dunn

Secretary

Paul Woodman
Jannette Hasan

Company number

870199

Registered Office

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

Registered Auditors

Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ

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Northrop Grumman Properties Limited

Report of the Directors

The directors present their report and accounts for the year ended 31 December 2011

Principal activities and review of business

The company is a property holding company, and will remain in this capacity for the foreseeable future. The company has a lease on an industrial property and has subleased it to a third party.

On an ongoing basis the company is expected to earn a margin on the rental agreement.

Results and dividends

The loss for the year after taxation amounted to £59,000 (December 2010: £20,000 - profit).

Directors

The Directors of the company during the year and to the date of signing, except as noted, were as follows:

Gary McKenzie (resigned 14 April 2011)
Kathleen Salmas (resigned 12 August 2011)
Mark Rabinowitz (resigned 12 August 2011)
Howard Reichman (appointed 15 July 2011, resigned 15 June 2012)
Steven Spiegel (appointed 1 September 2011)
Tiffany McConnell (appointed 1 September 2011)
Michael Dunn (appointed 15 June 2012)

Going concern

The Directors of Northrop Grumman Properties Limited have concluded that it is appropriate to use the going concern basis of accounting in preparing the company's financial statements for the period ended 31 December 2011.

In carrying out this assessment the Directors' findings are:

- The company has cash pooling resources of £3,465,000 at 31 December 2011.
- The company's current liabilities at that date were £1,430,000, including £877,000 in respect of group relief payable to other Northrop companies in the UK.
- There were net current assets and net assets of £2,447,000 at 31 December 2011.
- The company's trading is structured such that it is expected to approximately break-even each year. The results would be endangered, however, if the sub-tenant of the company's leased property was unable to pay its rent as it falls due. However, the company's cash pooling resources represent in excess of three years' trading expenses.
- The Directors are not aware of any contingent liabilities of the company which would result in a significant cash outflow.
- 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.

Report of the Directors (continued)

Provision of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Preparation of the report of the directors

The Report of the Directors has been prepared in accordance with the special provisions in section 415A of the Companies Act in respect of small companies.

On behalf of the Board



Director - STEVEN SPIEGEL

23/10/2012

Northrop Grumman Properties Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Report of the Directors 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 (UK Accounting Standards and applicable law) 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,
- 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 MEMBERS OF NORTHROP GRUMMAN PROPERTIES LIMITED

We have audited the financial statements of Northrop Grumman Properties Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.


Nigel Meredith (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
Date 29 October 2012

Northrop Grumman Properties Limited
Profit and Loss Account

For the year ended 31 December 2011

		2011	2010
	NOTES	£000	£000
Turnover	2	863	860
Other operating charges	3,4	(964)	(850)
Operating (Loss) / Profit		(101)	10
Interest Receivable	5	21	18
(Loss) / Profit on ordinary activities before taxation		(80)	28
Tax on (Loss) / Profit for the year	6	21	(8)
Retained (Loss) / Profit for the year	10	(59)	20

There are no recognised gains and losses other than the loss for the current year and the profit for the previous year, as shown above

Northrop Grumman Properties Limited

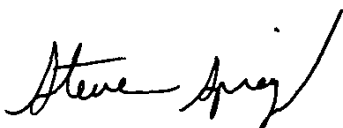
Company Number 870199

Balance Sheet

At 31 December 2011

		2011	2010
	NOTES	£000	£000
Current assets:			
Debtors	7	3,683	3,713
Cash at bank		215	-
Total current assets		3,898	3,713
Trade and other creditors	8	(1,430)	(1,186)
Net current assets		2,468	2,527
Net assets		2,468	2,527
Capital and reserves:			
Called up share capital	9,10	1	1
Share premium account	10	4,138	4,138
Capital Contribution	10	550	550
Profit and loss account - (deficit)	10	(2,221)	(2,162)
Shareholders' funds	10	2,468	2,527

Approved by the Board of Directors and signed on its behalf by



Director

- STEVEN SPIEGEL

23/10/12

Notes to the Financial Statements

1. Accounting policies

1.1 Accounting convention

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

1.2 Related party transactions

As the company is a wholly owned subsidiary of Northrop Grumman Corporation it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with other wholly owned subsidiary undertakings that form part of the Northrop Grumman group

1.3 Cash flow statement

Under FRS 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

1.4 Deferred taxation

Provision is made for deferred tax in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.5 Rentals receivable

Credit is taken for rent earned in the year on an accruals basis over the lease term

1.6 Leasing commitments

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term

2. Turnover

Turnover, which is stated net of value added tax, represents rent receivable. All turnover arises in the UK.

3. Operating (loss) / profit

This is stated after charging the following operating lease charges in addition to other operating charges.

	2011 £000	2010 £000
Operating lease charges – land and buildings	847	847

4 Information regarding directors, employees and auditors

The company had no employees during the year (December 2010 - nil). The directors did not receive any remuneration from the company as the services were incidental (December 2010 - nil). The auditor received no remuneration from the company in the year (December 2010 - nil). Directors' remuneration and auditor's fees were paid by other group undertakings.

5 Interest Receivable

	2011 £000	2010 £000
Group interest	21	17
Other	-	1
Charge for the year	21	18

6 Tax on (loss) / profit on ordinary activities

	2011 £000	2010 £000
Group relief payable		
Current year	(21)	8
Under – provision in respect of prior years	-	-
Credit / Charge in the year	(21)	8

Tax reconciliation	2011 £000	2010 £000
(Loss)/Profit on ordinary activities before taxation	(80)	28
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	(21)	8
Under – provision in respect of prior years	-	-
Credit / Charge for the year	(21)	8

6 Tax on (loss) / profit on ordinary activities - continued

Factors that may affect future tax charges

On 22 June 2010 the UK Chancellor of the Exchequer announced a number of corporate tax reforms effective from 1 April 2011. This included the reduction in the mainstream rate of UK corporation tax from 28% to 24% over a period of 4 years, beginning 1 April 2011 and a proposed reduction in the main and special rate of capital allowances to 18% and 8% respectively for accounting periods ending after April 2012. The reduction in the rate of corporation tax to 27% was substantially enacted on 21 July 2010.

Subsequently, on 23 March 2011 the UK chancellor made an announcement to further reduce the rate of corporation tax to 26% from April 2011, to fall by 2% points in 2012, and ultimately to 22% by April 2014. The rate change to 26% was substantively enacted on 29 March 2011, and the reduction to 25% was substantively enacted on 19 July 2011 and, in accordance with accounting standards, has been reflected in the Company's financial statements. Based on a review of the impact of the reduction in future tax rates, we do not consider that a material impact arises that would require additional detail to be provided.

7 Debtors

	2011 £000	2010 £000
Prepayments and accrued income	197	197
Amount owed by group undertakings	3,465	3,516
Group relief receivable	21	-
	3,683	3,713

8 Trade and other creditors

	2011 £000	2010 £000
Amount owed to group undertakings	138	109
Group relief payable	877	879
Accruals and deferred income	200	198
Loan notes	215	-
	1,430	1,186

9 Called-up share capital

	2011		2010	
Authorised	No.	£	No.	£
Ordinary shares (£1 each)	450	450	450	450
7% redeemable participating preference shares (£1 each)	150	150	150	150
At 31 December 2011/31 December 2010		600		600
Allotted, called up and fully paid	No.	£	No.	£
Ordinary shares (£1 each)	352	352	352	352
7% redeemable participating preference shares (£1 each)	150	150	150	150
At 31 December 2011/31 December 2010		502		502

The preference shares are redeemable at any time at the company's option at par on one month's notice by the company. The holders of preference shares rank in priority to the ordinary

9 Called-up share capital - continued

shareholders in the event of a winding-up to the extent of amounts paid-up plus any arrears of dividends. Preference shareholders may only vote in general meeting if the company is being wound-up or if it is proposed that their rights be waived. The shareholders of the 7% redeemable participating preference shares have irrecoverably waived their rights to receive any future dividends to be declared and to any accumulated past dividends.

10 Reconciliation of shareholders' funds and movement on reserves

	SHARE CAPITAL	SHARE PREMIUM ACCOUNT	CAPITAL CONTRIBUTION	PROFIT AND LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000	£'000
At 31 December 2009	1	4,138	550	(2,182)	2,507
Retained profit	-	-	-	20	20
At 31 December 2010	1	4,138	550	(2,162)	2,527
Retained loss	-	-	-	(59)	(59)
At 31 December 2011	1	4,138	550	(2,221)	(2,468)

11 Commitments

The company is committed to the following rental payments each year in respect of operating leases

	Land and buildings	
	2011	2010
	£'000	£'000
Leases which expire		
After more than five years	847	847

12 Ultimate parent company

The only group in which the company is consolidated is that headed by Northrop Grumman Corporation, the ultimate parent undertaking and controlling party incorporated in Virginia in the USA and located at 2980 Fairview Park Drive, Falls Church, VA, United States of America (USA). 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.