
REGISTRATION NUMBER - 870199

Northrop Grumman Properties Limited

Annual Report and Financial Statements 2007

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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 2007

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 subsequently the company has subleased it to a third party.

The loss for the year principally results from the costs incurred related to the remediation of one of the company's freehold properties.

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

Change of Company Name

On 26 February 2007 the company changed its name from Lucas Aerospace Limited to Northrop Grumman Properties Limited.

Results and dividends

The loss for the year after taxation amounted to £75,000 (December 2006 loss - £122,000).

Directors

The Directors of the company during the year were as follows:

Gary McKenzie	
Kathleen Salmas	
Mark Rabinowitz	(Appointed 1 August 2007)
James Sanford	(Resigned 1 August 2007)

Disclosure of information to the auditors

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.

Events since the balance sheet date

Subsequent to the year end date the company has sold both of its freehold properties for gross proceeds of approximately £3 million, resulting in a profit after selling cost of approximately £2.4 million.

Auditors

A resolution to re-appoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

On behalf of the Board



GW McKenzie
Director

Northrop Grumman Properties Limited

Statement of Directors' Responsibilities

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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 company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP
Ernst & Young LLP
Registered auditor
Birmingham
Date *20 October 2008*

Northrop Grumman Properties Limited **Profit and Loss Account**

For the year ended 31 December 2007

		2007	2006
	NOTES	£000	£000
Turnover	2	784	474
Other operating charges	3,4	(879)	(603)
Operating (loss)		(95)	(129)
Bank Interest Receivable		20	7
Loss on ordinary activities before and after taxation	5,10	(75)	(122)

There is no difference between the current year loss and the historic cost loss

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

Northrop Grumman Properties Limited

Balance Sheet

At 31 December 2007

	NOTES	2007 £000	2006 £000
Fixed assets:			
Tangible Assets	6	450	450
Current assets			
Debtors	7	413	229
Cash		-	260
		413	489
Current liabilities:			
Trade and other creditors	8	(94)	(95)
Net current assets		319	394
Net assets		769	844
Capital and reserves:			
Called up share capital	9,10	1	1
Share premium account	10	4,138	4,138
Capital Contribution	10	550	550
Revaluation reserve	10	200	200
Profit and loss account - (deficit)	10	(4,120)	(4,045)
Shareholders' funds	10	769	844

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


 GW McKenzie
 Director

Northrop Grumman Properties Limited

Notes to the Financial Statements

At 31 December 2007

1 Accounting policies

Accounting convention

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

Tangible fixed assets

Under the transitional provisions of FRS15 - Tangible Fixed Assets, fixed assets are included at their 1999 valuations. From 2000 it has been the company's policy not to revalue fixed assets

Following the adoption of FRS 15 in the year 2000, depreciation is provided to write-off the cost or valuation of all other fixed assets over their useful lives to their estimated residual values and is calculated by the straight-line method at the following rates

Land	nil
Buildings	2%-10% per annum

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Related party transactions

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

Cash flow

Under Financial Reporting Standard 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

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,
- 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

Northrop Grumman Properties Limited

Notes to the Financial Statements

At 31 December 2007

1 Accounting policies (continued)

Rentals receivable

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

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

This is stated after charging

	2007	2006
	£000	£000
Operating lease charges – land and buildings	784	474

4 Information regarding directors, employees and auditors

The company had no employees during the year (December 2006 - nil) The directors did not receive any emoluments from the company (December 2006 - nil) The auditors received no remuneration from the company in the year (December 2006 - nil) Directors' remuneration and auditors' fees were paid by other group undertakings

5 Taxation on profit on ordinary activities

There is no tax charge or credit (December 2006 nil) arising on ordinary activities during the year

Tax reconciliation	2007	2006
	£000	£000
Loss on ordinary activities before taxation	(75)	(122)
Normal tax credit at UK corporation tax rate 30%	(22)	(37)
Non – deductible expenditure	22	37
	-	-

The company has an unrecognized deferred tax asset of £7,000 (2006 – £7,000) in respect of losses carried forward

Northrop Grumman Properties Limited

Notes to the Financial Statements

At 31 December 2007

6 Tangible fixed assets

FREEHOLD
LAND AND
BUILDINGS
£000

Cost or valuation	
At 1 January 2007 and 31 December 2007	618
Depreciation	
At 1 January 2007 and 31 December 2007	168
Net book values - 1 January 2007 and 31 December 2007	450

The net book value of £450,000 at 31 December 2007 consists of land (December 2006 - £450,000) The company's buildings, having a cost of £ 168,000 have been fully depreciated

The figures for fixed assets after eliminating the effect of revaluations were as follows

	2007	2006
	£000	£000
Original cost	418	418
Depreciation	(168)	(168)
	250	250

7 Debtors

	2007	2006
	£000	£000
Accrued income	15	17
Prepayments	180	178
Other debtors	103	34
Amount owed by group undertakings	115	-
	413	229

8 Trade and other creditors

	2007	2006
	£000	£000
Amount owed to group undertakings	94	94
Accruals	-	1
	94	95

9 Share capital

	2007		2006	
	No	£	No	£
Authorised				
Ordinary shares (£1 each)	450	450	450	450
7% redeemable participating preference shares (£1 each)	150	150	150	150
At 31 December 2007		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 2007		502		502

Northrop Grumman Properties Limited

Notes to the Financial Statements

At 31 December 2007

9 Share capital (continued)

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 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	REVALUATION RESERVE	PROFIT AND LOSS ACCOUNT	TOTAL
	£000	£000	£000	£000	£000	£000
At 31 December 2005	1	4,138	-	200	(3,923)	416
Capital Contribution	-	-	550	-	-	550
Retained loss	-	-	-	-	(122)	(122)
At 31 December 2006	1	4,138	550	200	(4,045)	844
Retained loss	-	-	-	-	(75)	(75)
At 31 December 2007	1	4,138	550	200	(4,120)	769

11 Commitments

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

	Land and buildings	
	2008	2007
	£'000	£'000
Lease which expire		
After more than five years	784	781

12 Events since the balance sheet date

Subsequent to the year end date the company has sold both of its freehold properties for gross proceeds of approximately £3 million, resulting in a profit after selling cost of approximately £2.4 million.

13 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 California in the USA and located at 1840 Century Park East, Los Angeles, CA 90067, USA. The consolidated accounts of this company may be viewed at the company website which is www.northropgrumman.com. In addition, the Securities Exchange Commission also maintains a web site at www.sec.gov that contains reports, proxy statements and other information regarding SEC registrants, including Northrop Grumman.