

REGISTRATION NUMBER - 03814152

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

Annual Report and Financial Statements
For the Year Ended 31 December 2022



NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

Company Information

Directors

Douglas McClure
Steven Spiegel
Roger Wiltshire

Company Secretary

Tiffany King
Roger Wiltshire

Company Number

03814152

Registered Office

2nd Floor, Clareville House
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Auditor

Deloitte LLP
Reading
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NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

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NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED STRATEGIC REPORT

The directors in preparing this strategic report have complied with S414C of the Companies Act of 2006. The directors present this strategic report and audited financial statements of Northrop Grumman Global Holdings Limited (the 'Company') for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

Northrop Grumman Global Holdings Limited was incorporated in 1999 for the purpose of serving as an intermediate holding company for the ultimate parent, Northrop Grumman Corporation ('NGC'). NGC is incorporated in the United States of America and uses its broad portfolio of capabilities and technologies to create and deliver innovative platforms, systems and solutions in space; manned and autonomous airborne systems, including strike; strategic deterrence systems; hypersonics; missile defense; weapons systems; cyber; command, control, communications and computers, intelligence, surveillance and reconnaissance (C4ISR); and logistics and modernization.

The Company provides services to an affiliated entity through cost plus fee intercompany arrangements. The Company also holds investments in group undertakings.

REVIEW OF BUSINESS

The Company's results for the financial year ended 31 December 2022 and financial position at that date are enclosed in page 10 and 11 of the financial statements.

As at 31 December 2022, the Company has a net pension asset of £2.3M (2021: net pension liability of £260k). The increase during the year was primarily due to employer contributions of £4.6M offset by losses on scheme assets.

SECTION 172(1) STATEMENT

Companies Act Section 172(1)

This Section 172(1) Statement summarises the actions taken by the directors to demonstrate how they:

- have had regard to the matters set out in section 172(1)(a) to (f) when acting to promote the success of the Company;
- have engaged with the Company's employees, contractors, suppliers, customers, partners and others during the financial year; and
- have had regard to employee interest, the need to foster the Company's business relationships with its key stakeholders, and the effect of that regard on the principal decisions taken by the Company during the financial year.

In accordance with Section 172(1) of the Companies Act 2006 "A director of a Company must act in the way, they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the Company."

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT (continued)

Factors which the directors have considered when discharging their duty under section 172(1) are set out below:

Having regard to the likely consequences of any decision in the long term

The Company's assets are comprised mainly of investments in subsidiaries and amounts owed by group undertakings. No acquisitions, disposals or impairment decisions were made during the year that would likely have long term consequences to the business.

Having regard to the interest of the Company's employees

We engage in a number of ways with employees including frequent 'all-hands' meetings and regular 1-2-1 contact between our staff and their direct managers. In addition, we undertake an annual engagement survey which is sent to all personnel who complete the survey anonymously. Finally, we make sure that our employees have multiple channels through which any concerns about the company can be raised quickly and safely including an anonymous ethics line.

Having regard to the need to foster the Company's business relationship with suppliers, customers and others.

Due to the nature of the Company's activities, we have no direct external customers or suppliers.

Having regard to the impact of the Company's operations on the community and environment

Due to the nature of the Company's activities, there is nothing to note regarding the impact of the Company's operations on the community and the environment.

Having regard to the desirability of the company maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the company.

The board of directors consider, both individually and together, that we have acted in the way that we consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the year.

As a board of directors, our intention is to behave responsibly and ethically at all times, very much in line with Northrop Grumman values, and to ensure that our management teams operate the business in a responsible manner and to the highest standards of business conduct and good governance. Fundamentally, doing what is right because it is the right thing to do is the foundation for the Company's business culture and this is reflected in the following values which are made available publicly and are shared throughout the global corporation:

- **We do the right thing:** we earn trust, act with ethics, integrity and transparency, treat everyone with respect, value diversity and foster safe and inclusive environments.
- **We do what we promise:** we own the delivery of results, focused on quality outcomes.
- **We commit to shared success:** we work together to focus on the mission and take accountability for the sustainable success of our people, customers, shareholders, suppliers and communities.
- **We pioneer:** with fierce curiosity, dedication, and innovation, we seek to solve the world's most challenging problems.

KEY PERFORMANCE INDICATOR

The key performance indicator within the business is profit before taxation. During 2022, the Company generated a profit of £7,474,000 (2021: profit of £4,625,000). The increase in profit during the year was primarily due to a gain on foreign exchange of £1,532,000 (2021: loss of £1,688,000).

PRINCIPAL RISKS AND UNCERTAINTIES

Cash flow risk

The Company's activities expose it to risks related to changes in foreign currency exchange rates and interest rates. The foreign currency risk is managed centrally by NGC through the use of currency or exchange contracts. No such contracts have been used in the current or prior period.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Liquidity risk

The Company is a member of the Northrop Grumman European Cash Pool and has access to sufficient funding to minimise any short or medium term liquidity risk. The use of financial instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial instruments to manage these risks. The Company does not use financial instruments for speculative purposes.

FUTURE DEVELOPMENTS

In the forthcoming year, the directors expect the general level of activity to remain consistent with 2022.

Approved by the Board on 25 August 2023.

On behalf of the Board



Steven Spiegel

Director

Date: 25 August 2023

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements of Northrop Grumman Global Holdings Limited for the year ended 31 December 2022.

DIRECTORS

The following persons were directors of the Company during the year and up to the date of this report:

Douglas McClure (appointed 27 June 2023)
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 declared in 2022 (2021: 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.

SUBSEQUENT EVENTS

Subsequent to year-end, terms have been entered into to sell one of the Company's indirect subsidiary undertakings, subject to the finalisation of legal matters. In connection with this transaction, the Company will reflect the subsidiary's pension scheme in its accounts in the next financial year. As of 31 December 2022, this is a non-adjusting event and has no impact on the balance sheet of the Company at the reporting date.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Company does not have any energy and carbon consumption to report. Exemptions have been taken in these financial statements in relation to SECR reporting.

OTHER INFORMATION

A review of business and details of the Company's future developments and financial risk management objectives and policies can be found in the strategic report.

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 GLOBAL HOLDINGS 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 25 August 2023.

On behalf of the Board



Steven Spiegel

Director

Date: 25 August 2023

NORTHROP GRUMMAN GLOBAL HOLDINGS 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. The directors 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 GLOBAL HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Northrop Grumman Global Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit 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 comprehensive income;
- the statement of financial position;
- the statement of changes in shareholder's equity; and
- the related notes 1 to 15.

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHROP GRUMMAN GLOBAL HOLDINGS 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included General Data Protection Regulation (GDPR), anti-bribery and corruption legislation, defence contracting regulation and employment laws.

We discussed among the audit engagement team including relevant internal specialists such as valuations, pensions, IT and impairment specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Recoverability of investments recognized at cost: A scoping exercise was carried out identifying those investments which showed indicators of impairments. In response we obtained management's discounted cash flow forecasts supporting the valuation of the investments. Further we held discussions with the local finance team and challenged the assumptions and the basis used within the cash flow forecasts. In addition, we accessed the design and implementation of key controls put in place by management over the impairment process. We have also assessed the historical forecasting accuracy of the cash flow forecasts and involved our valuation specialists to develop an independent estimate of the discount rates used by benchmarking against other entities in the same industry.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or 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.

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.



Nicki Pickering, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
25 August 2023

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

<i>£ in thousands</i>	Note	Year Ended 31 December	
		2022	2021
Turnover	3	£ 4,859	£ 4,326
Staff costs	5	(2,694)	(2,657)
Foreign exchange gain/(loss)		1,532	(1,688)
Other income, net	3	2,084	2,597
Operating profit		5,781	2,578
Net interest income	4	1,693	2,047
Profit before taxation		7,474	4,625
Tax on profit	6	(724)	188
Profit for the year		6,750	4,813
Actuarial (loss)/gain on pension scheme	13	(2,108)	18,586
Related movement in deferred tax liability	6	472	—
Other comprehensive (loss)/income for the year		(1,636)	18,586
Total comprehensive income		£ 5,114	£ 23,399

All activities derive from continuing operations.

The accompanying notes form an integral part of these financial statements

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

<i>£ in thousands</i>	Note	31 December	
		2022	2021
Fixed assets			
Investments	12	£ 167,882	£ 167,882
Deferred tax asset	6	4,100	4,067
Loan to group undertaking	8	33,587	34,055
		205,569	206,004
Current assets			
Debtors	7	15,042	20,729
Current liabilities			
Creditors: amounts falling due within one year	9	(17,835)	(17,084)
Net current (liabilities)/assets		(2,793)	3,645
Net assets		202,776	209,649
Creditors: amounts falling due after one year	9	(40,734)	(50,288)
Provision for liabilities	10	(648)	(565)
Net assets excluding pension asset/(liability)		161,394	158,796
Net pension asset/(liability)	13	2,256	(260)
Net assets including pension asset/(liability)		£ 163,650	£ 158,536
Capital and reserves			
Share capital	11	£ 73	£ 73
Capital contribution reserve	11	506	506
Profit and loss account	11	163,071	157,957
Shareholder's equity		£ 163,650	£ 158,536

The financial statements of Northrop Grumman Global Holdings Limited, registered number 03814152, were approved by the Board of Directors and authorised for issue on 25 August 2023.



Steven Spiegel
Director

The accompanying notes form an integral part of these financial statements

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

<i>£ in thousands</i>	Share capital	Capital contribution reserve	Profit and loss account	Total shareholder's equity
At 31 December 2020	£ 73	£ 506	£ 134,558	£ 135,137
Profit for the year	—	—	4,813	4,813
Other comprehensive income for the year	—	—	18,586	18,586
Total comprehensive income for the year	—	—	23,399	23,399
At 31 December 2021	<u>73</u>	<u>506</u>	<u>157,957</u>	<u>158,536</u>
Profit for the year	—	—	6,750	6,750
Other comprehensive loss for the year	—	—	(1,636)	(1,636)
Total comprehensive income for the year	—	—	5,114	5,114
At 31 December 2022 (note 11)	<u>£ 73</u>	<u>£ 506</u>	<u>£ 163,071</u>	<u>£ 163,650</u>

The accompanying notes form an integral part of these financial statements

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information and Basis of Accounting

Northrop Grumman Global Holdings Limited (the 'Company') is a private holding company limited by shares. The Company is 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 financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council. The functional currency of the Company is pounds sterling as that is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the exemption available under S401 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. 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 2022.

In carrying out this assessment the directors' findings are:

- At 31 December 2022, the Company has total shareholder's equity of £163,650,000;
- The Company has a net current liability position of £3 million and net asset position of £164 million.
- A letter of financial support has been received from the ultimate parent entity, NGC, confirming that they will provide financial support to the Company as required, to enable the Company to pay its debts as and when they become due and payable; and
- The profit for the year amounted to £6,750,000; and
- The directors are not aware of any contingent liabilities of the Company which would result in a significant cash outflow.

The Company is financed through an intercompany loan facility of £75 million with £40 million and £50 million drawn down at 31 December 2022 and 2021, respectively. The loan matures in November 2027, with no amounts due for repayment before this date.

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 GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets classified at fair value through profit or loss are initially measured at fair value (which is normally the transaction price excluding transaction costs). 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. All other financial assets and liabilities are initially measured at transaction price (including transaction costs).

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

Debt instruments which meet certain conditions are subsequently measured at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost less impairment.

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.

Financial assets are derecognised only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company retains some of the significant risks and rewards of ownership but has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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.

Investments

Investments in subsidiaries and joint ventures are measured at cost less impairment. Investments are assessed for indicators of impairment at each reporting date. If any such indication exists, the recoverable amount is estimated to determine the extent of the impairment loss (if any). In determining the recoverable amount, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money. If the recoverable amount is estimated to be less than the carrying amount of an investment, the carrying amount is reduced to its recoverable amount and an impairment loss is recognised immediately.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Provision for Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for Liabilities (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at 31 December, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

Unrealised 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, 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.

Turnover

Turnover is derived from intercompany arrangements with an affiliated entity. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable, net of value-added tax. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date.

Related Party Transactions

The terms of related party transactions are approved by the Company's management and are expected to be settled in the normal course of business. Amounts due from/due to related parties are included in debtors and creditors, respectively, in the Statement of Financial Position and are further discussed in note 7 and 9.

The Company has taken advantage, as a wholly owned 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.

Dividend Income

Dividends are subject to approval by the Company's directors. Dividend income is recognised when an irrevocable right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Income

Interest income is recognised in the profit and loss account using the effective interest rate method and is recorded in the period in which it is earned.

Other Income

Other income is recognised in the profit and loss account when earned.

Retirement Benefits

Defined Contribution Scheme

Retirement benefits are provided through a defined contribution scheme, the Northrop Grumman UK Stakeholder Plan. The amount charged to the Statement of Comprehensive Income in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the Statement of Financial Position.

Defined Benefit Scheme

Retirement benefits are also provided through the Northrop Grumman UK Pension Scheme ('the Scheme'), a defined benefit scheme, which was closed to new members on 1 June 2005 and closed to existing members on 30 September 2014. The Scheme is funded by contributions from the group companies and its members. These contributions are included in other income in the Statement of Comprehensive Income. The Company makes contributions to the Scheme as determined by the Trustee after obtaining agreement from the Company, and after obtaining the advice of the scheme actuary at each formal triennial actuarial valuation. The amounts charged to operating profit are the costs arising from employee services rendered during the period, the cost of plan introductions, benefit changes, interest, settlements and curtailments. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income. The Scheme is discussed further in note 13.

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 transaction date. 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.

Finance Costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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. These estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical Judgements in Applying the Company's Accounting Policies

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. If the revision affects both current and future periods, revisions are recognised in the period of the revision and future periods.

There are no critical judgements, apart from those involving estimations (which are discussed below).

Key Source of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

Impairment of Investments

Determining whether intangible assets are impaired requires an estimation of their value in use to the Company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value. The calculation uses actual contracts in place and anticipated contract extensions based on financial sales and margins covering a five-year period, and an average discount rate of 8.00% per annum (2021: 6.75% per annum). Cash flows beyond that five-year period have been extrapolated for estimated future inflation using published terminal growth rates averaging 2.30% per annum (2021: 1.13%).

Management has performed a sensitivity analysis of key assumptions that can impact future cash flows. At 31 December 2022, holding all other assumptions constant, the following would not reduce the recoverable amount of our investments below their carrying value:

- an increase of 100 basis points to the average discount rate assumption; or
- a decrease of 25 basis points to the average terminal growth rate assumption; or
- a 10% decrease in the cash flow projections

Pension Commitments

The Company's pension scheme assets, obligations and related expenses are dependent upon the investment performance of scheme assets and various assumptions, including discount rates, mortality and the estimated long-term rates of return on scheme assets. Investment performance and changes in assumptions associated with our pension scheme could have a material adverse effect on our financial position, results of operations and/or cash flows.

3. TURNOVER AND OTHER INCOME

Turnover

During 2022 and 2021, the Company's turnover was derived from the rendering of services to an affiliated entity in the United States of America.

Other income, net

<i>£ in thousands</i>	Year Ended 31 December	
	2022	2021
Employer pension scheme contributions	£ 4,588	£ 4,374
Administrative expenses	(2,504)	(1,777)
	<u>£ 2,084</u>	<u>£ 2,597</u>

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. NET INTEREST INCOME

<i>£ in thousands</i>	Year Ended 31 December	
	2022	2021
Interest income from pension scheme	£ 2,815	£ 1,805
Interest income from group undertakings	3,024	2,975
Interest expense on pension scheme	(2,779)	(2,054)
Interest expense on borrowings from group undertaking	(1,028)	(679)
Interest expense on group undertakings	(339)	—
	£ 1,693	£ 2,047

5. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITOR

During 2022, the Company had 13 indirect employees (2021: 14 indirect employees).

Directors' remuneration and transactions

<i>£ in thousands</i>	Year Ended 31 December	
	2022	2021
Emoluments	£ 327	£ 324
Amounts receivable (other than shares and share options) under long term incentive scheme	125	124
Company contributions to pension scheme	13	13
	£ 465	£ 461

During 2022 and 2021, one director received emoluments from the Company in respect to their services. No directors received shares for qualifying services or exercised share options in 2022 or 2021. The remaining director was remunerated by another Northrop Grumman company.

Staff costs

<i>£ in thousands</i>	Year Ended 31 December	
	2022	2021
Wages and salaries	£ 2,186	£ 2,192
Social security costs	297	276
Pension costs	211	189
	£ 2,694	£ 2,657

Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £37,727 (2021: £34,100). No other services were provided by Deloitte LLP during the year.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX ON PROFIT

(a) Analysis of Tax

<i>£ in thousands</i>	Year Ended 31 December	
	2022	2021
Current tax:		
UK corporation tax on profit	£ —	£ —
Withholding tax	(287)	(312)
Deferred tax:		
Origination and reversal of timing differences	(437)	(627)
Effect of tax rate	—	1,127
Total current tax	<u>£ (724)</u>	<u>£ 188</u>

(b) Factors Affecting Tax

The differences between the total current tax and the amount calculated by applying the standard UK corporation tax rate of 19% (2021: 19%) are explained below.

<i>£ in thousands</i>	Year Ended 31 December	
	2022	2021
Profit before taxation	£ 7,474	£ 4,625
Tax at standard rate	(1,420)	(879)
Differences:		
Expenses not deductible for tax purposes	(22)	(806)
Income not taxed and other permanent differences	1,417	1,259
Withholding tax on interest and dividends received	(287)	(312)
Other timing differences	(478)	(4,315)
Deferred tax relating to other comprehensive income	(472)	—
Remeasurement of deferred tax for changes in tax rates	8	4,088
Deferred tax not recognised	530	1,153
Total tax on profit	<u>£ (724)</u>	<u>£ 188</u>

The Company has carryover losses at 31 December 2022 of £67.3 million (2021: £67.8 million). These losses have been recognised as a deferred tax asset to the extent that the generation of future profits in the foreseeable future will be sufficient to utilise the losses. The amount of the asset recognised at 31 December 2022 is £4.6 million (2021: £4.1 million).

The Company has recognised a net deferred tax liability in relation to short timing differences (pension asset and incentive provision). The amount of the net deferred tax liability recognised at 31 December 2022 is £0.5 million (2021: £nil).

Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled. As of 31 December 2022, the net deferred tax asset balance was £4.1 million (2021: £4.1 million).

(c) Factors That May Affect Future Tax

In March 2021, the UK government announced an increase in the corporation tax rate from 19% to 25% with certain exemptions and phase in provisions with effect from 1 April 2023.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DEBTORS

	31 December	
<i>£ in thousands</i>	2022	2021
Amounts falling due within one year:		
Amounts owed by group undertakings	£ 15,020	£ 20,511
Other current assets	22	218
	£ 15,042	£ 20,729

Amounts owed by group undertakings includes the following:

- An unsecured, AUD\$50M variable rate loan facility to one of its subsidiaries. The facility matures on 5 October 2024 and is payable on demand. The outstanding balance was £11,314,000 at 31 December 2022 (2021: £18,722,000).
- Accrued interest of £2.1 million at 31 December 2022 related to the Company's AUD \$60M loan facility described in note 8 (2021: £nil).
- Other amounts owed by group undertakings which are unsecured, payable on demand and not subject to interest.

8. LOAN TO GROUP UNDERTAKING

The Company has extended a fixed rate, 7% loan facility of AUD\$60 million to one of its subsidiaries. The unsecured loan facility matures on 31 January 2024. The outstanding balance on this loan facility was £33,587,000 as at 31 December 2022 (2021: £34,055,000, including accrued interest of £2.1 million).

9. CREDITORS

	31 December	
<i>£ in thousands</i>	2022	2021
Amounts falling due within one year:		
Amounts owed to group undertakings	£ 16,606	£ 16,172
Accrued expenses	1,229	912
	£ 17,835	£ 17,084
Amounts falling due after one year:		
Borrowings from group undertakings	£ 40,295	£ 50,176
Accrued expenses	439	112
	£ 40,734	£ 50,288

Included in amounts owed to group undertaking is an outstanding balance with the Northrop Grumman European Cash Pool of £16,043,000 as of 31 December 2022 (2021: £16,022,000). The balance is unsecured, has no specific repayment terms and is subject to variable interest rates. All other amounts owed to group undertakings are unsecured, payable upon demand and not subject to interest.

In October 2020, the Company entered into a £75 million loan facility with a related party. In November 2022, the loan agreement was amended to extend the maturity date from October 2025 to November 2027. The facility is unsecured and accrues interest at the SONIA compounded rate per annum plus 46.44 bps and a margin of 1.10 percent. The outstanding balance on this loan facility is classified as non-current in the table above.

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROVISION FOR LIABILITIES

<i>£ in thousands</i>	Uncertain tax position
At 31 December 2021	£ 565
Effects of foreign exchange	83
At 31 December 2022	£ 648

Uncertain tax position

A foreign jurisdiction has made a tax assessment related to certain dividends paid to the Company in tax years 2008 through 2012 by one of its subsidiaries. The position of the foreign tax authority has been that the subsidiary had insufficient substance to not withhold taxes on those dividends. The Company has entered into a reimbursement agreement with its subsidiary whereby the Company is obligated to reimburse the subsidiary for payments made to the tax authority related to these tax assessments.

In 2018, a tax amnesty program was enacted by the foreign tax authority which waived penalties and interest related to certain tax assessments. In 2019, under this program, the subsidiary applied for amnesty for tax years 2009, 2010 and 2012 which was accepted by the tax authority and the tax assessments related to these tax years were closed upon a payment of £2,026,000.

An amnesty application for tax years 2008 and 2011 was not submitted and these tax years remain under assessment. In 2017, the foreign tax authority issued a decision requiring the subsidiary to pay assessed tax of approximately £977,000 on the 2008 dividends which the subsidiary paid under protest, subject to appeal or final settlement of the withholding tax litigation. In 2019, the foreign tax authority issued a decision requiring the subsidiary to pay interest and other expenses of approximately £464,000 related to the 2011 tax year which the subsidiary paid under protest, subject to appeal or final settlement of the withholding tax litigation. At 31 December 2022, the Company recognized a provision of approximately £2,089,000 related to 2008 and 2011 to which payments under protest of £1,441,000 have been applied.

The Company believes that it has adequately provided for all of its tax exposure based upon management's best estimates. In future years the Company's accrued positions could be greater or less than recognized.

11. SHARE CAPITAL AND RESERVES

Share Capital

<i>£ in thousands</i>	31 December	
	2022	2021
Called-up, allotted and fully paid:		
7,339,444 shares of £0.01 each	£ 73	£ 73

Each ordinary share carries one vote and an equal right to participate in a distribution (including a distribution of capital) and are not redeemable.

Reserves

Capital contribution reserve represents capital invested in the Company from which a capital reduction cannot be made.

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

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INVESTMENTS

<i>£ in thousands</i>	Cost	Provision for impairment	Net book value
At 31 December 2021	£ 229,882	£ (62,000)	£ 167,882
At 31 December 2022	£ 229,882	£ (62,000)	£ 167,882

At 31 December 2022, the Company assessed its investments for impairment. Based on that assessment, the Company determined that the carrying value of its investments did not exceed the recoverable amount. No impairment loss was recognised in 2022 or 2021.

Details of subsidiary undertakings, including joint ventures, are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	REGISTERED ADDRESS	HOLDING	DIRECTLY OWNED	INDIRECTLY OWNED
Northrop Grumman Australia Pty Ltd	Australia	Unit 3 Eastedge Business Park 2 Faulding Street Symonston, Australia, 2609	Ordinary shares	100%	
Solystic S.A.S.	France	152-160, avenue Aristide-Briand, CS 80013, Bagneux Cedex, France, 92227	Share capital	100%	
Northrop Grumman Deutschland GmbH	Germany	Loerracher Strasse 18, 79115 Freiburg i. Breisgau, Germany	Euro shares	100%	
Northrop Grumman Holding GmbH	Germany	Loerracher Str. 18, 79115 Freiburg, Germany	Share capital	100%	
Northrop Grumman Italia S.p.A.	Italy	Via Pontina km 27.800, Pomezia (Rome), Italy	Ordinary shares	100%	
NGC UK Limited	United Kingdom	2nd Floor Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL, United Kingdom	Ordinary shares	100%	
Richmond TAUk Limited	United Kingdom	2nd Floor Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL, United Kingdom	Ordinary shares	100%	

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INVESTMENTS (continued)

NAME OF COMPANY	COUNTRY OF INCORPORATION	REGISTERED ADDRESS	HOLDING	DIRECTLY OWNED	INDIRECTLY OWNED
Northrop Grumman Integrated Defence Services Pty Limited	Australia	Level 9 145 Sinnathamby Boulevard Springfield, Central Queensland, Australia	Ordinary shares		100%
Northrop Grumman M5 Network Security Pty Limited	Australia	Unit 3 Eastedge Business Park, 2 Faulding Street Symonston, Australia, 2609	Ordinary shares		100%
Northrop Grumman Canada (2004) Inc.	Canada	1000 Windmill Road, Unit 1, Dartmouth, Nova Scotia, B3B 1L7, Canada	Common shares		100%
Northrop Grumman L.E.F. GmbH	Germany	Rudolf-Diesel-Str. 3 79367 Weisweil, Germany	Share capital		100%
Northrop Grumman LITEF GmbH	Germany	Loerracher Strasse 18, Freiburg i. 79115 Breisgau, Germany	Share capital		100%
Eurohawk GmbH	Germany	Claude-Dornier-Strasse, 88090 Immenstaad, Germany,	Share capital		50%
Northrop Grumman Sperry Marine B.V.	Netherlands	Haringbuisweg 33, 3133 KP Vlaardingen, Netherlands	Share capital		100%
Northrop Grumman UK Limited	United Kingdom	2nd Floor Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL, United Kingdom	Ordinary shares		100%
Park Air Systems Limited	United Kingdom	Northfields, Market Deeping, Peterborough, Cams, PE6 8UE, United Kingdom	Ordinary shares		100%
Sealand Support Services Limited	United Kingdom	MoD Sealand, Welsh Road, Sealand, Deeside Flintshire, CH5 2LS	Ordinary shares and C Preference shares		33% Ordinary and 100% Preference

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. PENSION COMMITMENTS

The Scheme's funds are administered by the Trustee and are independent from the Company's finances. A valuation report dated 17 March 2023 was prepared by a qualified independent actuary which includes the following disclosures:

The movement in the fair value of the assets:

<i>£ in thousands</i>	Year Ended 31 December	
	2022	2021
At the beginning of the year	£ 157,329	£ 151,451
Interest income	2,815	1,805
Return on scheme assets excluding interest income	(57,755)	6,197
Employer contributions	4,588	4,374
Benefits paid	(6,471)	(6,498)
At the end of the year	<u>£ 100,506</u>	<u>£ 157,329</u>

The movement in defined benefit obligation:

<i>£ in thousands</i>	Year Ended 31 December	
	2022	2021
At the beginning of the year	£ 157,589	£ 174,422
Interest expense	2,779	2,054
Actuarial gains	(55,647)	(12,389)
Benefits paid	(6,471)	(6,498)
At the end of the year	<u>£ 98,250</u>	<u>£ 157,589</u>

A reconciliation of financial position:

<i>£ in thousands</i>	31 December	
	2022	2021
Value of Scheme assets	£ 100,506	£ 157,329
Value of defined benefit obligation	(98,250)	(157,589)
Funded status - net defined benefit asset/(net defined benefit liability)	<u>£ 2,256</u>	<u>£ (260)</u>

An analysis of actuarial (loss)/gain recognised in other comprehensive income:

<i>£ in thousands</i>	Year Ended 31 December	
	2022	2021
Return on Scheme assets excluding interest income	£ (57,755)	£ 6,197
Experience (gains)/losses on defined benefit obligations	(5,016)	4,589
Actuarial gains arising from change in assumptions	60,663	7,800
Total	<u>£ (2,108)</u>	<u>£ 18,586</u>

Information on the composition and fair value of assets of the Scheme:

<i>£ in thousands</i>	31 December	
	2022	2021
Alternative	£ 12,501	£ 14,411
Cash and cash equivalents (incl net current assets)	1,393	8,283
Conventional gilts	38,935	41,925
Corporate bonds	10,997	14,681
Equities	21,323	57,177
Derivatives	(10,296)	(2,863)
Index linked gilts	20,342	18,670
Property	5,311	5,045
	<u>£ 100,506</u>	<u>£ 157,329</u>

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. PENSION COMMITMENTS (continued)

The actuarial return on Scheme assets for the year ended 31 December 2022 was £-54,940,000 (2021: £8,002,000).

Actuarial assumptions selected for the purpose of reporting under FRS102 are as follows:

	31 December	
	2022	2021
Discount rate	4.80 % p.a.	1.80 % p.a.
RPI inflation	3.00 % p.a.	3.30 % p.a.
CPI inflation	2.60 % p.a.	2.90 % p.a.
Pension increases		
RPI min 0%, max 5%	2.90% p.a.	3.20% p.a.
CPI min 0%, max 3%	2.40% p.a.	2.30% p.a.
Post-retirement mortality (base table)	94% S3PMA for males	93% S3PMA for males
	103% S3PFA for females	99% S3PFA for females
Post-retirement mortality (improvements)	CMI 2021 projection with 1.25% long-term trend rate from 2013	CMI 2020 projection with 1.25% long-term trend rate from 2013

The assumed life expectation on retirement age 65 are as follows:

<i>In years</i>	31 December	
	2022	2021
Retiring today	22.3 for males	22.7 for males
	24.1 for females	24.6 for females
Retiring in 20 years	23.6 for males	24 for males
	25.5 for females	26 for females

NORTHROP GRUMMAN GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. ULTIMATE PARENT AND CONTROLLING PARTY

The Company's immediate parent company is Northrop Grumman International Holdings, B.V. 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 Delaware in the United States of America (USA) and located at 2980 Fairview Park Drive, Falls Church, Virginia 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 NGC.

15. SUBSEQUENT EVENTS

Subsequent to year-end, terms have been entered into to sell one of the Company's indirect subsidiary undertakings, subject to the finalisation of legal matters. In connection with this transaction, the Company will reflect the subsidiary's pension scheme in its accounts in the next financial year. As of 31 December 2022, this is a non-adjusting event and has no impact on the balance sheet of the Company at the reporting date.