

**General Dynamics Global Holdings
Limited**

Annual report and financial statements

Registered number 8778567

31 December 2019



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Strategic report

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

Principal activities

The principal activity of General Dynamics Global Holdings Limited (“GDGH” or the “Company”) is to act as intermediate holding company for most of the European and Canadian businesses owned indirectly by General Dynamics Corporation (“General Dynamics”). In this function, the Company facilitates capital deployment among General Dynamics and the Company’s businesses.

Principal Risk & Uncertainties

GDGH and certain of its subsidiaries are parties to structural inter-company balances. For a variety of business and treasury reasons, the Company desires to address these balances and clear them to the extent feasible. The plan(s) the Company develops to address these balances may involve transactions that have an element of risk or uncertainty.

In addition, General Dynamics will continue to develop and execute its global capital deployment plan for its international group companies and, as such, GDGH may be involved in future treasury transactions such as supporting European and Canadian borrowings or cash redeployments that may contain risk or uncertainty in one or more areas.

Future Developments & Strategies

GDGH will remain a holding company for most of General Dynamics’ European and Canadian businesses. GDGH is likely to participate in transactions to resolve inter-company balances within its structure and may also support group company borrowings from affiliates or third parties. Additionally, GDGH will participate in transactions to support General Dynamics’ investments in the Company’s Canadian and European operating businesses, or participate in acquiring and capitalizing new Canadian or European businesses.

Business review, results and dividends

Loss after taxation for the year ended 31 December 2019 was USD 10.5m compared to a profit of USD 50.8m for the year ended 31 December 2018. This reduction in profit is caused by dividend receipts in 2018 of USD 61.5m from General Dynamics European Finance Ltd.

On January 28, 2019, Eagle Enterprise, Inc. (“Eagle”) contributed USD 285 million to GDGH in exchange for one common share. On the same date, GDGH contributed USD 285 million to General Dynamics Canadian Holdings, Inc. in exchange for 75,000 common shares.

On May 1, 2019, Eagle Enterprise, Inc. (“Eagle”) contributed USD 285 million to GDGH in exchange for one common share. On the same date, GDGH contributed USD 285 million to General Dynamics Canadian Holdings, Inc. in exchange for 75,000 common shares.

On October 23, 2019, Eagle Enterprise, Inc. (“Eagle”) contributed USD 200 million to GDGH in exchange for one common share. On the same date, GDGH contributed USD 200 million to General Dynamics Canadian Holdings, Inc. in exchange for 51,000 common shares.

On December 19, 2019, Eagle Enterprise, Inc. (“Eagle”) contributed USD 20 million to GDGH in exchange for one common share. On the same date, GDGH contributed USD 20 million to General Dynamics Canadian Holdings, Inc. in exchange for 5,100 common shares.

Dividends received and paid

The directors do not recommend payment of a dividend for the year ended 31 December 2019 (2018: Nil).

Impairment

During the year ended 31 December 2019, an impairment review of the investment entities took place resulting in no impairment for the year (2018: Nil).

Strategic Report (continued)

Brexit

On the 23 June 2016, the UK decided to leave the European Union. The EU has granted the UK extensions to Article 50, with the UK set to leave the EU on 31 December 2020.

There remains a level of uncertainty around the trading conditions with the E.U. post Brexit, and as such the Company has looked at the potential tax (both direct and indirect) impact in the circumstances.

VAT and Other Indirect Taxes

As GDGH is primarily a governance entity, active operations are limited to the holding of shares and cash as well as the provision of services thus limiting any indirect tax consequences. Brexit is however likely to have direct consequences for some of the Company's subsidiaries, which have taken active counter-measures to prevent disruptions.

Direct Taxes

Given the Company's shareholdings of group companies within the European Union, it is important to consider the direct tax consequences of the transactions across borders between the UK and the EU post Brexit. A review was undertaken of the Parent Subsidiary Directive, Interest & Royalties Directive and Merger Directive.

Upon expiration of the transition period, from a direct tax perspective, the UK will no longer be directly covered by the EU directives including the Parent:Subsidiary Directive and Interest and Royalty Directive. The implications are limited mainly due to the operation of existing UK tax law. EU-derived domestic legislation will continue to have effect in the UK on and after exit day due to legislation already having been transposed into UK domestic law. UK legislation is already compliant with the Parent-Subsidiary directive since the UK does not impose a withholding tax on dividends and offers an exemption from tax on foreign dividends received by parent companies. However, none of the remaining EU Member States will be bound by the Parent-Subsidiary directive in so far it relates to the UK. The treatment of interest, royalty and dividend payments from EU Member States will depend on the particular EU Member State's domestic law and income tax treaty position. The UK has an extensive network of tax treaties and the withholding tax on dividends, interest and royalty payments has been reduced to 0% in the majority of countries where investments are held. Consequently the direct tax risk has been assessed as low.

Business risk

As a holding company which does not trade itself, business risks are limited. Potential risks arise in respect of reductions in the value of investments. Impairment reviews of subsidiaries are undertaken annually considering both the net assets and / or discounted future cash flows. Where the valuation is below the recorded investment value, an impairment is recognised. As a non cash book entry, this does not effect the operations of the Company other than to reduce distributable reserves which may be required to support future dividend payments, however, as at 31 December 2019, the Company had distributable reserves of USD 1.1bn.

During the 2019 investment review, COVID-19 impacts were discussed which is a post balance sheet event and would not influence the underlying forecasts and assumptions made at the balance sheet date for the purposes of the investment valuation. Certain subsidiaries have seen reductions to their forecast revenue and profitability as a result of COVID-19. Reductions in profitability and cash may restrict the ability for GDGH to receive dividends but the Company is not reliant on dividend income to meet operational needs. Any recognition of impairments does not impact going concern since the assets are held as long term investments upon which the Company is not reliant on their income. A more detailed review of the impacts on the investment valuations as a result of COVID-19 will be considered as part of the 2020 impairment review but it is not expected that COVID-19 will have a material affect on GDGH.


K Hayduk
Director

Date

21 December 2020

21 Holborn Viaduct
London
EC1A 2DY

Directors' report

Directors and directors' interests

The directors who held office during the year and to the date of the approval of this report were as follows:

JW Aiken (resigned 21 July 2020)
GS Gallopoulos
SE Rowbotham
K Hayduk (appointed 21 July 2020)
S Davies (appointed 21 July 2020)

Political and charitable contributions

The Company made no political or charitable contributions during the year.

Supplier payment policy

The Company's policy is to agree payment terms with suppliers. Liabilities are settled in accordance with these agreed terms.

Provision of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

K Hayduk
Director

Date
21 December 2020

21 Holborn Viaduct
London
EC1A 2DY

Statement of directors' responsibilities in respect of the Strategic report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of General Dynamics Global Holdings Limited

Opinion

We have audited the financial statements of General Dynamics Global Holdings Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of General Dynamics Global Holdings Limited
(continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- a 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 a 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 these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Huw Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
23 December 2020

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2019

	<i>Notes</i>	2019	2018
		USD	USD
		000	000
Turnover		346	358
Income from shares in group undertakings		-	61,513
Administration expenses		(539)	(544)
		<hr/>	<hr/>
Operating (loss) / profit		(193)	61,327
Net finance income	<i>4</i>	396	585
		<hr/>	<hr/>
Profit before taxation	<i>5</i>	203	61,912
Tax charge on profit	<i>6</i>	(10,735)	(11,097)
		<hr/>	<hr/>
(Loss) / Profit for the year		(10,532)	50,815
		<hr/> <hr/>	<hr/> <hr/>

All results arose from continuing operations.

There were no recognised gains or losses for the period other than the retained loss for the period above.

The Company incurred no other comprehensive income in the year.

The notes on pages 10 to 20 form part of these financial statements.


Balance sheet
at 31 December 2019

	Note	2019		2018	
		USD 000	USD 000	USD 000	USD 000
Fixed assets					
Investments	7		6,368,689		5,578,688
Current assets					
Debtors	9	88,522		42,887	
Cash at bank and in hand		452		163	
		<u>88,974</u>		<u>43,050</u>	
Creditors: amounts falling due within one year	10	(55,787)		(10,059)	
Net current assets			<u>33,187</u>		<u>32,991</u>
Total assets less current liabilities			<u>6,401,876</u>		<u>5,611,679</u>
Creditors: greater than one year					-
Provisions for liabilities and charges	11		(66,981)		(56,252)
Total net asset			<u>6,334,895</u>		<u>5,555,427</u>
Capital and reserves					
Called up share capital	12		787		787
Share premium			4,426,266		3,636,266
Profit and loss account			1,143,806		1,154,338
Revaluation reserve			764,036		764,036
Equity shareholders' funds			<u>6,334,895</u>		<u>5,555,427</u>

The notes on pages 10 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on behalf by:

21/12/ 2020 and were signed on its


K Hayduk
Director
December 22, 2020

Statement of Changes in Equity

	Called up Share capital USD 000	Share premium USD 000	Revaluation reserve USD 000	Profit & Loss account USD 000	Total USD 000
At 1 January 2019	787	3,636,266	764,036	1,154,338	5,555,427
Loss for the year	-	-	-	(10,532)	(10,532)
Impairment of revalued investment	-	790,000	-	-	790,000
At 31 December 2019	787	4,426,266	764,036	1,143,806	6,334,895

	Called up Share capital USD 000	Share premium USD 000	Revaluation reserve USD 000	Profit & Loss account USD 000	Total USD 000
At 1 January 2018	787	3,636,266	764,036	1,103,523	5,504,612
Profit for the year	-	-	-	50,815	50,815
At 31 December 2018	787	3,636,266	764,036	1,154,338	5,555,427

Notes to the financial statements (forming part of the financial statements)

General information

The Company is incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 3. The nature of the Company's operations and principal activities are set out in the Strategic Report.

1 Accounting policies

General Dynamics Global Holdings Limited ("GDGH" or the "Company") is a company incorporated, registered and domiciled in the UK.

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, General Dynamics Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of General Dynamics Corporation are prepared in accordance with US GAAP Standards and are available to the public and may be obtained from 11011 Sunset Hills Road, Reston, VA 20190.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Functional currency

General Dynamics Global Holdings Limited holds investments in various holding and governance entities that were established in order to align with the functional currency of the operating companies they hold. The functional currency of General Dynamics Global Holdings Limited is the US Dollar, which is both the currency of its parent company and a major contracting currency for some contracts of its indirectly held operating daughter companies.

Going Concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

Notes (continued)

1 Going Concern (continued)

The Directors have prepared cash flow forecasts for the 12 month period to 31 December 2021 which indicate that, taking account of severe but plausible downsides and the anticipated impact of COVID-19 on its operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

In making this assessment the Directors have considered the fact that the Company's activities are principally as a holding company with long-term investments in subsidiaries funded by equity. The company has low levels of operating expenses and these are not impacted by COVID-19 meaning that they can be forecast reliably. The company also has short-term liabilities with subsidiaries and in assessing the Company's ability to meet these liabilities the Directors have considered the ability of the Company to access its cash balances which are held in the cash pool of another of its subsidiaries General Dynamics European Finance Limited ("GDEF"). The Directors have concluded based on the cash flow forecasts prepared by GDEF, and also based on the fact that GDEF's banking facilities are guaranteed by General Dynamics Corporation, the ultimate parent undertaking of both GDEF and the Company, that the Company will in all reasonably possible

scenarios be able to access the cash balances held in the cash pool and hence meet its forecast costs and liabilities throughout the forecast period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

New and amended standards

The accounting policies adopted are consistent with those of the previous financial year.

Fixed asset investments

Investments in subsidiaries are carried at cost less provision for impairment (if any). Investments are reviewed annually for indicators of impairment and losses recognised when the book value is greater than the recoverable amount (higher of fair value less costs of disposal and value in use). Value in use is calculated by discounting future cash flows expected from the continued use of the asset.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Foreign Currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences on translation are recognised in the profit and loss account.

Classification of financial instruments issued by the Company

Following the adoption of IFRS9, financial instruments issued by the Company are classified as equity only to the extent that they meet the following two conditions:

Notes (continued)

Classification of financial instruments issued by the Company (continued)

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

1 Classification of financial instruments issued by the Company (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors and creditors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

2 Remuneration of directors

The directors are all employees of other group companies and their staff costs are incurred by those other group companies and not recharged to GDGH. The portion of their remuneration which relates to their roles as directors of this company is inconsequential to their overall remuneration and is estimated to be £1000.

3 Staff numbers

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	2019 Number of employees	2018 Number of employees
Administration	4	4
	<hr/>	<hr/>
	4	4
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	2019 USD 000	2018 USD 000
Wages and salaries	323	378
Social security costs	31	41
	<hr/>	<hr/>
	354	419
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

4 Finance income and expense

	2019 USD 000	2019 USD 000	2018 USD 000	2018 USD 000
Interest receivable				
Intercompany interest income	910		660	
Interest income - other	5		9	
	<u>915</u>		<u>669</u>	
Interest payable and similar charges				
On bank loans and overdrafts	(2)		(2)	
Intercompany expenditure	(517)		(68)	
	<u>(519)</u>		<u>(70)</u>	
		<u>396</u>		<u>599</u>
Loss on foreign exchange		-		(14)
Net finance income		<u>396</u>		<u>585</u>

5 Profit before taxation

The loss before taxation is stated after charging:

	2019 USD 000	2018 USD 000
Audit of these Financial Statements	20	29
Tax Compliance	43	9

Notes (continued)

6 Taxation

	2019 USD 000	2018 USD 000
UK deferred tax	10,728	11,026
Current tax for the year	-	76
Provision adjustment from prior year	7	(5)
Profit and loss account	<u>10,735</u>	<u>11,097</u>
Reconciliation of effective tax rate	2019 USD 000	2018 USD 000
(Loss)/profit for year	(10,532)	50,815
Total tax expense	<u>10,735</u>	<u>11,097</u>
Profit excluding taxation	203	61,912
Tax using the UK corporate tax rate of 19% (2018: 19%)	(53)	11,763
Non-deductible expenses	53	1
Tax exempt revenues	-	(11,688)
Canadian withholding tax on dividends not yet distributed	10,728	11,026
Prior year adjustments	7	(5)
Total tax expense	<u>10,735</u>	<u>11,097</u>

Notes (continued)

7 Investments

Investment entity	Country of Incorporation	Proportion held	Class of share	Cost USD 000
General Dynamics Canadian Holdings Inc., 644 Main Street, Suite 400, Moncton, NB E1C 1E2, Canada	Canada	90%	1 Common Stock	4,134,000
General Dynamics Ltd., 21 Holborn Viaduct, London, EC1A 2DY	England	100%	Ordinary	359,794
General Dynamics European Land Systems - Austria GmbH, Bleibtreustrasse 2, 1110 Wien, Austria	Austria	100%	Ordinary	1,807
General Dynamics European Finance Ltd., 21 Holborn Viaduct, London, EC1A 2DY	England	100%	Ordinary	462,286
General Dynamics European Land Systems S.L., Calle Vía de los Poblados, 3, P.E. Cristalía, Edificio 7/8, 28003, Madrid, Spain	Spain	100%	Ordinary	1
ELCS – CZ s.r.o., Praha 1, Klimentská 1216/46, PSČ 110 02, Prague Czech Republic	Czech Republic	100%	Ordinary	1
General Dynamics Swiss Financial Management Ltd., 21 Holborn Viaduct, London, EC1A 2DY	England	100%	Ordinary	1,410,800
				6,368,689
				USD 000
Cost at 1 January 2019				5,578,688
Additions				790,000
Cost at 31 December 2019				6,368,689
				USD 000
Cost at 1 January 2018				5,520,070
Additions				58,618
Cost at 31 December 2018				5,578,688

Notes (continued)

8 Related party undertakings

The voting rights of the shares are the same as the percentage held unless indicated otherwise.

Company name and address	Accounting period	Country of Incorporation	GDGH Ownership %	Class of share
GD ELS Austria GmbH, Teinfalstrasse 8 1010 Vienna, Austria	31/12/2019	Austria	100	Ordinary/Common
GD ELS Holding GmbH, Bleibtreustrasse 2 A-1110 Wien, Austria	31/12/2019	Austria	100	Ordinary/Common
GD ELS Steyr GmbH, Bleibtreustrasse 2 A-1110 Wien, Austria	31/12/2019	Austria	100	Ordinary/Common
Jet Aviation Vienna GmbH, Hangar 7, 1300 Wien-Flughafen, Austria	31/12/2019	Austria	40	Ordinary/Common
Jet Aviation (Bermuda) Ltd, Suite 306, The Commerce Building, One Chancery Lane, Hamilton 12, Bermuda	31/12/2019	Bermuda	100	Ordinary/Common
Expro Finance Inc., 5 Montee Des Arsenaux, Repentigny QC J5Z 2P4, Canada	31/12/2019	Canada	90	Ordinary/Common
GD Canadian Finance Inc., 570 Queen Street Suite 600, Fredericton NB, E3B 6Z6	31/12/2019	Canada	90	Ordinary/Common
GD Canadian Holdings Inc., 644 Main Street, Suite 400, Moncton, NB E1C 1E2, Canada	31/12/2019	Canada	90	Ordinary/Common
GD Land Systems Canada Corporation, 1991 Oxford Street East Bldg., 15 London, Ontario, N5V 2Z7, Toronto, Canada	31/12/2019	Canada	90	Ordinary/Common
GDLS Canada Intl. Services Inc., 570 Queen Street Suite 600, Fredericton NB, E3B 6Z6	31/12/2019	Canada	45.9	Voting shares
GDLS Canada Services Inc. 570 Queen Street Suite 600, Fredericton NB, E3B 6Z6	31/12/2019	Canada	90	Ordinary/Common
GDLS Canadian Services Limited, 570 Queen Street Suite 600, Fredericton NB, E3B 6Z6	31/12/2019	Canada	90	Ordinary/Common
GD-OTS Canada Inc., 5 Montee Des Arsenaux, Repentigny QC J5Z 2P4, Canada	31/12/2019	Canada	90	12,000 ordinary shares and 58,768,171 preferred Class A shares
GD-OTS Canada Valleyfield, 55, rue Masson, Valleyfield (Quebec) Canada J6S 4V9	31/12/2019	Canada	90	Ordinary/Common
Beijing BAC Co. Ltd., Nan Fa Xin Zhang Xin Hua Ji Di #01-1, Beijing, CH	31/12/2019	China	43	Ordinary/Common
Jet Aviation (Hong Kong) Ltd, Room 1112-3, AFFC, 2 Chun Wan Road, Chek Lap Kok, Hong Kong	31/12/2019	China (Hong Kong)	100	Ordinary/Common
Jet Aviation Business Jets (Hong Kong) Ltd., 801, Citygate Outlets, 20 Tat Tung Rd, Lantau Island, Hong Kong	31/12/2019	China (Hong Kong)	100	Ordinary/Common
ELCS-CZ s.r.o. Praha 1, Klimentská 1216/46, PSČ 110 02, Prague Czech Republic	31/12/2019	Czech Republic	100	Ordinary/Common
GD ELS Czech s.r.o. Náchodská 469/137, Horní Počernice, 193 00 Praha 9, Czech Republic	31/12/2019	Czech Republic	100	Ordinary/Common
GD ELS Denmark ApS, c/o DELACOUR Advokatpartnerselskab, Langebrogade 4, DK-1411 Copenhagen K	31/12/2019	Denmark	100	Ordinary/Common
Jet Aviation France SAS, 23 Rue Du Roule, 75001 Paris, France	31/12/2019	France	100	Ordinary/Common
Jet Aviation Business Jets Deutschland GmbH, Hangar 3, Cologne- Bonn Airport, Cologne 51147 Germany	31/12/2019	Germany	48.9	Ordinary/Common
Jet Aviation Services GmbH, Flughafenstraße 60, 40474 Düsseldorf, Germany	31/12/2019	Germany	100	Ordinary/Common

Notes (continued)

8 Related party undertakings (continued)

Company name and address	Accounting period	Country of Incorporation	GDGH Ownership %	Class of share
Vertex Ant. GmbH, Baumstr 46-50,47198 Duisburg, Germany	31/12/2019	Germany	100	Ordinary/Common
FBD Fahrzeug und Bremsendienst GmbH, Pasenow 43, D-17348 Woldegk, Germany	31/12/2019	Germany	100	Ordinary/Common
GD ELS-Deutschland GmbH, Pariser Platz 4a, 1. OG 10117 Berlin, Germany	31/12/2019	Germany	100	Ordinary/Common
GD ELS-FWW GmbH, Oertzenhof, 2 D-17348 Woldegk, Germany	31/12/2019	Germany	100	Ordinary/Common
General Dynamics Mission Systems Italy SRL, Viale Egeo, 100-106, 00144 Roma, Italy	31/12/2019	Italy	100	Ordinary/Common
Jet Aviation Lebanon S.a.l, Assaf Center, Adnan El Hakim Street, JNAH, Beirut, LEBANON	31/12/2019	Lebanon	51	Ordinary/Common
Jet Aviation ME S.a.l, Ras Beirut, Adnan Hakim Street-Assa, Beirut, Lebanon	31/12/2019	Lebanon	51	Ordinary/Common
Jet Aviation (Malaysia) SDN, Level 22, Quill 7, No 0 Jalan Sentr Sentral 5, Kuala Lumpur, 50470 Malaysia	31/12/2019	Malaysia	100	Ordinary/Common
Jet Aviation Flight Services (Malta) Limited, Vision Exchange Building, Level 2, Territorials Street, Mriehel BKR 3000, Malta	31/12/2019	Malta	49	Ordinary/Common
Jet Aviation Netherlands BV, Amsterdam Airport, Evert van de Beekstraat 202, 1118 CP Schiphol, Netherlands	31/12/2019	Netherlands	100	Ordinary/Common
GD ELS Romania S.R.L., 96B Nordului Avenue, 1st Floor, Apt. 2, Office No. 1, District 1, Bucharest	31/12/2019	Romania	100	Ordinary/Common
OOO Jet Aviation Vnukovo, Airport Vnukovo, House3 Building 1 Office 229, 119027 Moscow, Russia	31/12/2019	Russia	100	Ordinary/Common
General Dynamics IS & T Arabia Company, Olaya Street, PO Box 30505, Riyadh 11361, Kingdom of Saudi Arabia	31/12/2019	Saudi Arabia	49	Ordinary/Common
Jet Aviation Saudi Arabia Co. Ltd Private Aviation Terminal, King Abdulaziz International Airport, Jeddah 21499	31/12/2019	Saudi Arabia	12	Ordinary/Common
Jet Aviation (Asia Pacific) Private Ltd., Seletar Airport, 1075 West Camp Road, Singapore 797800	31/12/2019	Singapore	100	Ordinary/Common
SATS Seletar Aviation Services Limited, Seletar Airport 21 Seletar Aerospace Road 1, Singapore 797405	31/12/2019	Singapore	24	Ordinary/Common
GD ELS SL, Calle Vía de los Poblados, 3, P.E. Cristalia, Edificio 7/8, 28003, Madrid, Spain	31/12/2019	Spain	100	Ordinary/Common
Jet Aviation Malaga SA, Aeropuerto de Malaga, Malaga, Spain	31/12/2019	Spain	100	Ordinary/Common
GD ELS Mowag GmbH, Unterseestrasse 65, 8280 Kreuzlingen, Switzerland	31/12/2019	Switzerland	100	Ordinary/Common
Jet Aviation AG Basel, Aeschengraben 6, 4051 Basel, Switzerland	31/12/2019	Switzerland	100	Ordinary/Common
Jet Aviation Business Jets AG, Aeschengraben 6, 4051 Basel, Switzerland	31/12/2019	Switzerland	100	Ordinary/Common
Jet Aviation Holding GmbH, Aeschengraben 6, 4051 Basel, Switzerland	31/12/2019	Switzerland	100	Ordinary/Common
Jet Aviation Management AG Obstgartenstrasse 27, CH-8302 Kloten, Switzerland	31/12/2019	Switzerland	100	Ordinary/Common
Flugplatz Dubendorf AG, Überlandstrasse 103, CH-8600 Dübendorf	31/12/2019	Switzerland	12	Ordinary/Common
General Dynamics Mission Systems International Middle East LLC, M4 Bin Hilal Building, Al Falah St., P.O. Box 7349, Abu Dhabi, UAE	31/12/2019	UAE	44.1	Ordinary/Common
Jet Aviation Business Jets FZ Co, Dubai Airport Free Zone, Suite No. 3E-109, Dubai, UAE	31/12/2019	UAE - Dubai	100	Ordinary/Common

Notes (continued)

8 Related party undertakings (continued)

Company name and address	Accounting period	Country of Incorporation	GDGH Ownership %	Class of share
Jet Aviation Dubai LLC, Behind Dubai Airport Free Zone Authority, Al Quds Street, Dubai, UAE	31/12/2019	UAE - Dubai	49	Ordinary/Common
General Dynamics Limited, 21 Holborn Viaduct, London, EC1A 2DY	31/12/2019	United Kingdom	100	Ordinary/Common
General Dynamics European Finance Limited, 21 Holborn Viaduct, London, EC1A 2DY	31/12/2019	United Kingdom	100	Ordinary/Common
Force Protection Europe Limited, 21 Holborn Viaduct, London, EC1A 2DY	31/12/2019	United Kingdom	100	Ordinary/Common
General Dynamics United Kingdom Limited, 21 Holborn Viaduct, London, EC1A 2DY	31/12/2019	United Kingdom	100	Ordinary/Common
General Dynamics Swiss Financial Management Limited, 21 Holborn Viaduct, London, EC1A 2DY	31/12/2019	United Kingdom	100	Ordinary/Common
Integrated Survivability Technologies Limited, 21 Holborn Viaduct, London, EC1A 2DY	31/12/2019	United Kingdom	50	Ordinary/Common
Steyr Spezial-fahrzeug AG de Venez., C.A., Avendia Pichincha, Sector San Romain, Caracas, 1060 VE	31/12/2019	Venezuela	100	Ordinary/Common
Steyr-Daimler-Puch SSF de Venez., C.A., Pichincha Avenue, La Noria Tower, Floor 4, Office 4 A. 1060, Miranda Caracas	31/12/2019	Venezuela	100	Ordinary/Common

Related party undertakings include both direct and indirect subsidiary companies owned by General Dynamics Global Holdings Limited.

9 Debtors due within one year

	2019 USD 000	2018 USD 000
Intercompany cash pool	78,063	33,793
Corporation tax	68	-
Amounts owed by Group Undertakings	10,391	9,094
	88,522	42,887

The intercompany cash pool debtor represents the cash held by General Dynamics European Finance Ltd on behalf of General Dynamics Global Holdings Ltd as a result of a sweeping of the Principal Accounts as part of the management of collective cash needs of the members of the cash pool. As such, this is considered payable on demand. Interest is calculated and received at Libor.

10 Creditors: amounts falling due within one year

	2019 USD 000	2018 USD 000
Corporation tax	-	54
Intercompany accounts payable	11,923	9,859
Accruals	44	34
Net VAT	17	14
Amount due to group undertakings	43,803	98
	55,787	10,059

Notes (continued)

11 Provisions for liabilities and charges

	2019 USD 000	2018 USD 000
The elements of deferred taxation are as follows:		
Other timing differences	66,981	56,252
Deferred tax liability	66,981	56,252

Note:

Arises on a potential withholding tax liability from unremitted dividends on General Dynamics Canadian Holdings Ltd.

12 Share capital

The share capital of the Company comprises ordinary shares of £1 each. During the year, 4 shares of £1 each were issued to the sole immediate shareholder.

	2019		2018	
	Number of shares	USD 000	Number of shares	USD 000
<i>Allotted, called up and fully paid</i>	487	787	483	787
	<u>487</u>	<u>787</u>	<u>483</u>	<u>787</u>

13 Ultimate parent company

Eagle Enterprise, Inc. is the sole immediate shareholder of the Company. General Dynamics Corporation remains the ultimate parent company, incorporated in the USA.

The largest and smallest group in which the results of the Company are consolidated is that headed by General Dynamics Corporation, incorporated in the USA. The consolidated accounts of the group are available to the public and may be obtained from 11011 Sunset Hills Road, Reston, VA 20190.

14 Accounting Estimates and Judgements

Accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with FRS101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reported amounts and note disclosures reflect management's best estimate of the most probable set of economic conditions and planned course of actions. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements include:

Investment Value/Impairment

The key estimate and judgement exercised by the directors is the investment value in its subsidiaries. Consideration is given to the net asset position of the subsidiaries based on their year end balance sheet together with discounted future cash flows. Cash flow forecasts are prepared by the individual companies locally and subject to detailed review and approval by senior management. A combination of net assets and discounted future cash flows are considered where the net assets were not fundamental in generating the cash flows themselves. Impairment risk is further considered through the use of sensitivity analysis to test the impact of changing estimates and judgements on the valuation and expected future profitability.

Notes *(continued)*

15 Post Balance Sheets Events

Through Business Continuity Planning, GDGH was ready to respond to the Coronavirus pandemic in March 2020. Employees who could work outside of the office were moved to homeworking with strict measures implemented for site visits. The ability for these roles to be performed outside of the office ensured that processes, deadlines and requirements continue to be met.

Certain investments may suffer reductions to their forecast revenue and profitability as a result of COVID-19. A more detailed review of the impacts on the investment valuations as a result of COVID-19 will be considered as part of the 2020 impairment review but it is not expected that COVID-19 will have a material impact on GDGH due to the often long term nature of contracts in progress within the investments held.