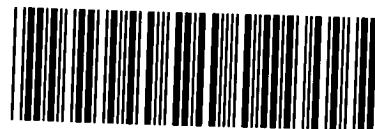


**General Dynamics European
Finance Limited**
Annual report and financial statements
Registered number 8814957
31 December 2018

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Strategic report

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company is to act as a governance instrument on behalf of General Dynamics Corporation.

Principal Risk & Uncertainties

General Dynamics European Finance Limited's principal purpose is to ensure appropriate governance in the EUR denominated General Dynamics Entities. To that aim, General Dynamics European Finance Limited acts as a holding company, and provides cash pooling and other financial services and support to General Dynamics' group companies. As such, it has inter-company agreements that affect the European cash pool and other treasury-related activities such as letters of credit for programs, etc. These intra-group agreements and activities are cross-border in many circumstances and, as such, may involve risk and uncertainty in one or more areas. General Dynamics European Finance Limited may also engage in borrowing on behalf of the companies that it supports, and these activities may have risk or uncertainty in one or more areas.

Future Developments & Strategies

General Dynamics European Finance Limited is a governance company that supports member companies of General Dynamics Corporation. It is likely that it will continue to do so and may add other finance-related activities, such as borrowings and other finance activities.

Business review, results and dividends

Loss after taxation for the year ended 31 December 2018 was 4.1m Euros compared to a loss of 104.5m Euros for the year ended 31 December 2017. The 2018 loss arose as a result of an impairment in the net assets of General Dynamics European Land Systems Holdings GmbH in respect of its subsidiary, Jet Aviation Holding GmbH. The 2017 loss was a result of an impairment review in the net assets of the investment entities of 105m Euros. This largely arose following an equity contribution to General Dynamics European Land Systems which was subsequently contributed to Jet Aviation Holding GmbH to settle an intercompany subordinated loan with General Dynamics Swiss Financial Management Ltd.

During the year, General Dynamics European Finance Ltd purchased a German resident shelf company and in June 2018 renamed the shelf company as General Dynamics European Land Systems – Deutschland GmbH.

September 2018 – General Dynamics European Finance Ltd subscribed for 10,000 ordinary shares of 1EUR in Jet Aviation Netherland BV (a newly incorporated company).

December 2018 – General Dynamics European Finance Ltd made a contribution in cash (Share Premium Contribution) of EUR 4 million to Jet Aviation Netherlands BV.

Dividends received and paid in the year

Dividends received

Date	Paid by	Currency of distribution	Gross distribution (000)	Euro 000
May 2018	GD European Land Systems Holdings GmbH	CHF	CHF 58,090	EURO 50,001
				<u>EURO 50,001</u>

Strategic Report *(continued)*

Dividends received and paid in the year *(continued)*

Dividends paid

Date	Paid to	Currency of distribution	Gross distribution (000)	Euro 000
April 2018	General Dynamics Global Holdings Ltd	USD	USD 626	EURO 509
May 2018	General Dynamics Global Holdings Ltd	CHF	CHF 58,090	EURO 50,001
June 2018	General Dynamics Global Holdings Ltd	USD	USD 336	EURO 287
August 2018	General Dynamics Global Holdings Ltd	USD	USD 677	EURO 586
September 2018	General Dynamics Global Holdings Ltd	USD	USD 240	EURO 208
December 2018	General Dynamics Global Holdings Ltd	USD	USD 1,016	EURO 892

EURO 52,483

The directors do not recommend payment of a final dividend for the year (2017: nil).

Impairment

During the year an impairment review took place realigning to the net asset of GD European Land Systems Holdings GmbH, Teinfaltstrasse 8, 1010 Vienn, Austria, resulting in an impairment of 54.2m Euros (2017 impairment: 86.4m Euros to the net assets of GD European Land Systems Holdings and 18.3m Euros to the net assets of Page Europa SRL).

Brexit note to the accounts

On the 23 June 2016, the UK decided to leave the European Union. The EU has granted the UK extensions to Article 50, the latest of which expires on 31 October 2019.

The implications of Brexit for the Company have been discussed in the General Dynamics Tax Department and communicated at the European Finance's board meetings. Developments continue to be monitored.

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 of a 'No-deal', as laid out hereafter;

VAT and Other Indirect Taxes

As General Dynamics European Finance Limited is primarily a governance instrument whose active operations are limited to the holding of shares and cash as well as the provision of services, the indirect tax consequences are limited. Brexit is however likely to have direct consequences to some of the Company's subsidiaries, which have taken active counter-measures to prevent disruptions in case of a No-deal Brexit.

Strategic Report *(continued)*

Brexit note to the accounts *(continued)*

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. The following directives have been reviewed;

Parent Subsidiary Directive

Interest and Royalties Directive

Merger Directive

Based on initial research, the direct tax risk related to Brexit was assessed as low due to the existence of Withholding tax clauses contained within a number of Double tax treaties in place between the UK and the relevant countries within the E.U.

By order of the board

DH Fogg

Director



31 October 2019

21 Holborn Viaduct
London
EC1A 2DY

Directors' report

Directors and directors' interests

The directors who held office during the period were as follows:

DH Fogg
GS Gallopoulos
SE Rowbotham

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



DH Fogg
Director

21 Holborn Viaduct
London
EC1A 2DY

31 October 2019

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 European Finance Limited

Opinion

We have audited the financial statements of General Dynamics European Finance Limited ("the Company") for the year ended 31 December 2018 which comprise the Income Statement, Balance Sheet, Statement of Other Comprehensive Income, 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 2018 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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, including the impact of Brexit, 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.

Independent auditor's report to the members of General Dynamics United Kingdom Limited (continued)

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.

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:

- 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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.

Independent auditor's report to the members of General Dynamics European Finance Limited (continued)

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

6 November 2019

Statement of Income and Other Comprehensive Income
for the year ended 31 December 2018

	<i>Notes</i>	2018	2017
		Euro 000	Euro 000
Turnover		80	-
Income from shares in group undertakings		50,001	-
Administration expenses		(1,111)	(988)
Impairment of Investment	7	(54,180)	(104,688)
Operating loss		(5,210)	(105,676)
Net finance income/(expenditure)	4	1,107	1,196
Loss before taxation	5	(4,103)	(104,480)
Tax charge	6	(9)	(40)
Loss for the year		(4,112)	(104,520)

All results arose from continuing operations.

The company incurred no other comprehensive income in the year.

The notes on pages 12 to 19 form part of these financial statements.

Balance sheet
 at 31 December 2018

	Note	2018		2017	
		Euro 000	Euro 000	Euro 000	Euro 000
Fixed assets					
Investments	7		330,290		380,435
Current assets					
Debtors	8	559,116		99,858	
Short term investments		-		102,105	
Cash at bank		65,517		152,500	
Other financial assets	10	751		6	
		<u>625,384</u>		<u>354,469</u>	
Current liabilities					
Creditors: amounts falling due within one year	9	(862,007)		(584,435)	
Other financial liabilities	10	(347)		(548)	
		<u>(862,354)</u>		<u>(584,983)</u>	
Net current liabilities			(236,970)		(230,514)
Net assets			93,320		149,921
Capital and reserves					
Called up share capital	11		17		17
Cashflow hedge reserves			-		6
Profit and loss account			93,303		149,898
			<u>93,320</u>		<u>149,921</u>
Equity shareholders' Funds			93,320		149,921

The notes on pages 12 to 19 form part of these financial statements.

These financial statements were approved by the board of directors on 31 October 2019 and were signed on its behalf by:



DH Fogg
 Director

Statement of Changes in Equity

	Share capital account	Capital contribution	Share premium	Cashflow Hedge reserves	Profit and loss account	Total
	Euro 000	Euro 000	Euro 000	Euro 000	Euro 000	Euro 000
At 1 January 2018	17	-	-	6	149,898	149,921
Cashflow hedge reserves	-	-	-	(6)	-	(6)
Dividend paid	-	-	-	-	(52,483)	(52,483)
Loss for the year	-	-	-	-	(4,112)	(4,112)
At 31 December 2018	17	-	-	-	93,303	93,320

	Share capital account	Capital contribution	Share premium	Cashflow Hedge reserves	Profit and loss account	Total
	Euro 000	Euro 000	Euro 000	Euro 000	Euro 000	Euro 000
At 1 January 2017	-	171,411	-	-	(177,001)	(5,590)
Capital contribution	171,411	(171,411)	-	-	-	-
Share issue	-	-	260,025	-	-	260,025
Share capital reduction	(171,394)	-	(260,025)	-	431,419	-
Cashflow hedge reserves	-	-	-	6	-	6
Loss for the year	-	-	-	-	(104,520)	(104,520)
At 31 December 2017	17	-	-	6	149,898	149,921

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

General information

The Company is incorporated in the United Kingdom 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

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

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 U.S. Generally Accepted Accounting Practice and are available to the public and may be obtained from 2941 Fairview Park Drive, Suite 100, Falls Church, VA 22042.

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 capital management;
- Disclosures in respect of the compensation of Key Management Personnel, and

As the consolidated financial statements of General Dynamics Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement.
- Disclosures in respect of transactions with wholly owned subsidiaries of General Dynamics Corporation.

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

Notes (continued)

1 Accounting policies (continued)

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

General Dynamics European Finance Limited has entered into a cash pooling arrangement (CPA) with certain General Dynamics cash pool member affiliates in Europe (CPMs) in order to facilitate the cash management services provided by General Dynamics European Finance Limited to these Entities. Embedded in the CPA are cross-guarantees issued by the CPMs to General Dynamics European Finance Limited under which the CPMs are jointly and severally liable and unconditionally, absolutely and irrevocably guarantee the payment of all obligations arising under the cash pool arrangements and exceeding EUR 2 million. In addition General Dynamics Corporate has issued a guarantee whereby it unconditionally, absolutely and irrevocably guarantees the payment of all obligations of General Dynamics European Finance Limited to JP Morgan arising under the credit facility agreements up to a maximum amount of EUR 200 million. These guarantees provide for lower credit and interest risks for General Dynamics European Finance Limited while foreign exchange risk is mitigated by hedging.

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

Functional currency

General Dynamics European Finance Limited holds investments in General Dynamics Euro entities in order to align these entities with their functional currency for cash pooling and investment purposes. As such, the functional currency of General Dynamics European Finance Limited is Euros.

Going Concern

Notwithstanding net current liabilities of €236,970,000 as at 31 December 2018, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's immediate company, General Dynamics Global Holdings Limited not seeking repayment of the amounts currently due to the group. General Dynamics Global Holdings Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Taxation

Tax on the profit or loss for the year comprises current tax and is recognised in the income statement.

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 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.

Notes (continued)

1 Accounting policies (continued)

Foreign Currencies

Transactions in foreign currencies are translated to the Company's functional currencies 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 arising on translation are recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Classification of financial instruments issued by the Company

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

- (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.

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.

Notes (continued)

1 Accounting policies (continued)

Investments in debt and equity securities

Ordinary shares are stated at cost less impairment. Financial instruments held for trading, or designated upon initial recognition or at the IFRS9 transition date if later are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other investments in debt and equity securities held by the Company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

Notes (continued)

2 Remuneration of directors

Directors received remuneration for their services to the company during the period of £1,000.

3 Staff numbers

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

	2018	2017
	Number of	Number of
	employees	employees
Administration	1	1
	<hr style="width: 50%; margin: auto;"/>	<hr style="width: 50%; margin: auto;"/>
	1	1
	<hr style="width: 50%; margin: auto;"/>	<hr style="width: 50%; margin: auto;"/>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	USD	USD
	000	000
Wages and salaries	77	76
Social security costs	7	7
	<hr style="width: 50%; margin: auto;"/>	<hr style="width: 50%; margin: auto;"/>
	84	83
	<hr style="width: 50%; margin: auto;"/>	<hr style="width: 50%; margin: auto;"/>

4 Finance income and expense

	2018	2018	2017	2017
	Euro	Euro	Euro	Euro
	000	000	000	000
Interest receivable				
Intercompany interest income	1,624		1,327	
Interest income - other	390		624	
	<hr style="width: 50%; margin: auto;"/>	2,014	<hr style="width: 50%; margin: auto;"/>	1,951
Interest payable and similar charges				
Intercompany interest expense	(1,429)		(771)	
On bank loans and overdrafts	(490)		(116)	
	<hr style="width: 50%; margin: auto;"/>	(1,919)	<hr style="width: 50%; margin: auto;"/>	(887)
		95		1,064
Gain/(loss) on foreign exchange		1,012		132
		<hr style="width: 50%; margin: auto;"/>		<hr style="width: 50%; margin: auto;"/>
Net finance income		1,107		1,196
		<hr style="width: 50%; margin: auto;"/>		<hr style="width: 50%; margin: auto;"/>

Notes (continued)

5 Loss before taxation

The loss before taxation is stated after charging:

	2018 Euro 000	2017 Euro 000
Auditor's remuneration		
Audit of these financial statements	23	13
Taxation compliance	3	6

6 Taxation

Analysis of credit in year

	2018 Euro 000	2017 Euro 000
<i>UK corporation tax</i>		
Current tax for the year	14	40
Provision Adjustment from prior year	(5)	-
	<hr/>	<hr/>
Total tax charge	9	40

	2018 Euro 000	2017 Euro 000
Reconciliation of effective tax rate		
Loss for year	(4,112)	(104,520)
Total tax charge	9	40
	<hr/>	<hr/>
Loss excluding taxation	(4,103)	(104,480)
Tax using the UK corporate tax rate of 19% (2017: 19.25%)	(780)	(20,112)
Non-deductible expenses	10,294	20,152
Income not taxable	(9,500)	-
Provision Adjustment from prior year	(5)	-
	<hr/>	<hr/>
Total tax charge	9	40

7 Investment entity

Investment entity	Country of Incorporation	Proportion held	Class of share	Cost EUR 000
GD European Land Systems Holdings GmbH, Teinfaltstrasse 8, 1010 Vienn, Austria	Austria	100	Ordinary	217,289
Vertex Antennentechnik GmbH, Baumstrasse 46-50, 47198 Duisburg, Germany	Germany	100	Ordinary	47,190
Page Europa SRL, Viale Egeo, 100-106, 00144 Roma, Italy	Italy	100	Ordinary	61,776
Jet Aviation Netherlands BV, Thermiekstraat 14, Building 006, GA Terminal, 1117 BC Schiphol, Netherlands	Netherlands	100	Ordinary	4,010
General Dynamics European Land Systems Deutschland GmbH, Edisonstrasse 61, Berlin, Germany	Germany	100	Ordinary	25
				<hr/>
				330,290

Notes (continued)

7 Investment entity (continued)

	2018
	Euro
	000
As at 1 st January 2018	380,435
Addition	25
Impairment	(54,180)
Share premium contribution to Jet Aviation Netherlands	4,010
	<hr/>
As at 31st December 2018	330,290
	<hr/> <hr/>

During the year an impairment review took place realigning to the net asset of GD European Land Systems Holdings GmbH, Teinfaltstrasse 8, 1010 Vienn, Austria , resulting in an impairment of 54.2m Euros.

	2017
	Euro
	000
As at 1st January 2017	225,099
Additions	127,241
Contributions from parent	132,783
Impairment	(104,688)
	<hr/>
As at 31st December 2017	380,435
	<hr/> <hr/>

8 Debtors: amounts falling due within one year

	2018	2017
	Euro	Euro
	000	000
Intercompany cash pool	206,945	97,129
Intercompany loan	349,799	-
Amounts due from group undertakings - receivables	2,372	2,729
	<hr/>	<hr/>
	559,116	99,858
	<hr/> <hr/>	<hr/> <hr/>

The intercompany loan with General Dynamics Corporation was repaid in full in February 2019 (interest 2.73%).

Creditors: amounts falling due within one year

	2018	2017
	Euro	Euro
	000	000
Intercompany cash pool	861,854	584,227
Amounts due to group undertakings - payables	95	93
Taxation	43	101
Accruals	15	14
	<hr/>	<hr/>
	862,007	584,435
	<hr/> <hr/>	<hr/> <hr/>

The intercompany cash pool debtors and creditors represent the balances held by the Company as a result of a sweeping of the Principal Accounts of the cash pool members as part of the management of collective cash needs of the Parties. As such, these balances are deemed repayable on demand. Interest on the cash pool is calculated at Libor for interest paid to cash pool members and Libor + 80bps for interest received from cash pool members.

Notes (continued)

9 Other financial assets and liabilities

	2018		2017	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Current				
Fair value of Cashflow hedges – foreign exchange contracts	751	347	6	548

The Company is exposed to market risk, primarily from foreign currency exchange rates. It may use derivative financial instruments to hedge some of these risks as described below. It does not use derivatives for trading or speculative purposes.

The Company enters into forward hedges to manage cash balances as part of the cash pool function and does not hedge against specific payables and receivables. These non-qualifying financial instruments are adjusted to market value each period end and changes in the value of the derivative financial instruments are recognised immediately in the Statement of Income and Other Comprehensive Income.

There are no qualifying cash flow hedges.

10 Share capital

The share capital of the company comprises ordinary shares of £0.0001 each.

	2018		2017	
	Number of shares	Euro	Number of shares	Euro
<i>Allotted, called up and fully paid</i>	146,647,228	17,144	146,647,228	17,144
	<u>146,647,228</u>	<u>17,144</u>	<u>146,647,228</u>	<u>17,144</u>

11 Ultimate parent company

The Company is a 100% owned subsidiary undertaking of General Dynamics Global Holdings Ltd, a company incorporated in the UK. General Dynamics Corporation is 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 2941 Fairview Park Drive, Suite 100, Falls Church, VA 22042 – 4513, USA

12 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, GD European Land Systems Holdings GmbH, Vertex Antennentechnik GmbH and Page Europa SRL. Consideration is given to the net asset position of the subsidiaries and their expected future profitability.