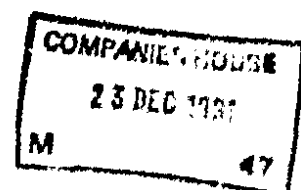


GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1991



GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report and the audited Financial Statements for the year ended 31 March 1991.

Principal activities and business review

The principal activity of the Company during the year has been to provide, under subcontracts, telecommunications supplies and technical services in Asia including the Middle East. The outbreak of war with Iraq caused the frustration of two major contracts.

Results

The profit and loss account for the year shows a profit on ordinary activities before taxation of £24,000.

Dividends

A final dividend of £13,000 will be proposed at the forthcoming Annual General Meeting.

Directors

The Directors holding office during the year are listed below:

Mr C B Hilton (appointed 1 September 1990, resigned 31 May 1991)
Mr R K Robertson
Mr P J Sherliker

Mr M W J Parton was appointed a Director of the Company on 2 April 1991.

Directors' interests

According to the Company's Register of Directors' Interests, no director of the Company, nor any member of his family, as defined by the Companies Act 1985, had any interest in the shares of the Company.

No Director who was not also a Director of the Company's parent or holding companies held, on 31 March 1991, any interest in, or was granted or exercised, during the year, any right to subscribe for shares in or debentures of The General Electric Company, p.l.c. ("GEC") or its subsidiary companies, except as shown below:

	<u>At 31 March 1991</u> (beneficial)		<u>At 1 April 1990</u> (beneficial)	
	GEC Ordinary 5p shares	GEC Managers' 1984 Share Option Scheme	GEC Ordinary 5p shares	GEC Managers' 1984 Share Option Scheme
R K Robertson	7,500	28,000	12,780	20,000

Mr R K Robertson was granted an option over a further 8,000 GEC Ordinary shares of 5p each during the year.

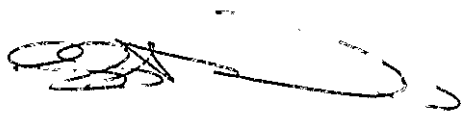
GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

REPORT OF THE DIRECTORS (continued)

Auditors

A resolution to re-appoint Coopers & Lybrand Deloitte as the Company's auditors will be proposed at the Annual General Meeting.

By order of the Board.

A handwritten signature in dark ink, appearing to be 'G G Daniel', written in a cursive style.

G G Daniel
SECRETARY

12 September 1991

AUDITORS' REPORT TO THE MEMBERS OF

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

We have audited the Financial Statements on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company at 31 March 1991 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The Financial Statements do not include the statement of source and application of funds required by Statement of Standard Accounting Practice No 10.

Coopers & Lybrand Deloitte

COOPERS & LYBRAND DELOITTE
Chartered Accountants
Birmingham

12 Sep 1991

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1991

	Note	1991 £000	1990 £000
TURNOVER	1	204	3,261
Change in stocks of finished goods and work in progress		<u>288</u> 492	<u>(11)</u> 3,250
Direct materials		(321)	(2,437)
Staff costs	2	(165)	(213)
Depreciation		(96)	-
Auditors' remuneration		(1)	(1)
Other external and operating charges		<u>115</u>	<u>(510)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		24	89
Taxation on profit on ordinary activities	3	<u>(11)</u>	<u>(14)</u>
PROFIT FOR THE FINANCIAL YEAR		13	75
Dividends		<u>(13)</u>	<u>(74)</u>
RETAINED PROFIT FOR THE YEAR	10	<u>-</u>	<u>1</u>

GEC TELECOMMUNICATIONS (OVERSEAS SERVICE) LIMITED

BALANCE SHEET AS AT 31 MARCH 1991

	Note	1991 £000	1990 £000
FIXED ASSETS			
Tangible assets	4	<u>151</u>	<u>—</u>
CURRENT ASSETS			
Stocks - finished goods		288	—
Debtors	5	520	952
Cash at bank and in hand		<u>17</u>	<u>49</u>
		825	1,001
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	6	<u>(673)</u>	<u>(849)</u>
NET CURRENT ASSETS		152	152
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>303</u>	<u>152</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Other provisions	8	<u>(151)</u>	<u>—</u>
NET ASSETS		<u>152</u>	<u>152</u>
CAPITAL AND RESERVES			
Called-up share capital	9	100	100
Profit and loss account	10	<u>52</u>	<u>52</u>
		<u>152</u>	<u>152</u>

The Financial Statements were approved by the board of directors on 12 September 1991 and were signed on its behalf by:



R K Robertson
DIRECTOR

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

PRINCIPAL ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) BASIS OF ACCOUNTING

The Financial Statements have been prepared under the historical cost convention.

(b) TURNOVER

Turnover comprises the sales value of goods and services supplied to outside customers and, in the case of long term contracts, the value of work done appropriate to the stage of completion of those contracts.

(c) FIXED ASSETS

Tangible fixed assets are stated at cost. Depreciation is provided on a straight line basis over the estimated useful lives as follows:-

Plant and equipment - over periods ranging from 2 to 10 years.

(d) STOCKS AND CONTRACTS IN PROGRESS

Stocks of materials and finished goods are valued at the lower of cost, inclusive of appropriate overheads, and estimated net realisable value.

Work in progress valuations are based on the cost of material, labour and appropriate overheads and do not exceed net realisable value. Provisions are made for any losses incurred or expected to be incurred on incomplete contracts.

Profits on long term contracts are taken only when the outcome of the contract can be assessed with reasonable certainty; this usually occurs when contracts are completed or part deliveries are made to customers under contract terms.

Progress payments received and receivable on contracts at 31 March 1991 are deducted in arriving at the net value of contract work-in-progress. Progress payments in excess of costs and customers' advances on contracts are included in current liabilities as advance payments from customers.

(e) DEFERRED TAXATION

Deferred taxation is provided on the liability method for all timing differences which are expected to reverse in the foreseeable future.

Deferred taxation assets are only carried forward where considered to be recoverable. They are included in debtors.

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

PRINCIPAL ACCOUNTING POLICIES (continued)

(f) FOREIGN CURRENCY

Assets and liabilities denominated in foreign currency are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising are taken to the profit and loss account.

(g) PENSION

Eligible employees are members of one of The General Electric Company, p.l.c. or The Plessey Company Limited pension schemes. Based on recommendations by independent actuaries, the rate of employee and company contributions are intended, in respect of each year, to provide sufficient funds to meet future benefits relating to that year's service. Contributions, the Company's share of which are charged against profits for the year, are held in trustee-administered funds independent of the Company's finances.

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	1991 £000	1990 £000
1. ANALYSIS OF TURNOVER BY MAIN MARKETS		
United Kingdom	103	446
Asia	<u>101</u>	<u>2,815</u>
	<u>204</u>	<u>3,261</u>
2. DIRECTORS AND EMPLOYEES		
Employees		
The average weekly number of persons employed by the Company was:	Number	Number
Overseas	<u>8</u>	<u>8</u>
Staff costs for the above persons were:	£000	£000
Wages and salaries	152	199
Social security costs	<u>13</u>	<u>14</u>
	<u>165</u>	<u>213</u>
Directors		
There was no remuneration paid to the directors.		
3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES	£000	£000
United Kingdom		
Corporation tax at 34% (1990 35%)	71	31
Deferred taxation	(61)	-
Under / (over) provision of previous year	<u>1</u>	<u>(17)</u>
	<u>11</u>	<u>14</u>

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. TANGIBLE FIXED ASSETS

	Fixtures, fittings, tools and equipment £000
COST	
At 1 April 1990	-
Transfers	185
Additions at cost	<u>84</u>
At 31 March 1991	<u>269</u>
DEPRECIATION	
At 1 April 1990	-
Transfers	22
Charge for the year	<u>96</u>
At 31 March 1991	<u>118</u>
NET BOOK VALUES	
At 31 March 1991	<u>151</u>
At 31 March 1990	<u>-</u>

1991 1990
£000 £000

5. DEBTORS

Amounts falling due within one year

Trade debtors	-	136
Amounts owed by group companies	115	238
Amounts owed by related companies	104	527
Deferred taxation	61	-
Prepayments and accrued income	<u>240</u>	<u>51</u>
	<u>520</u>	<u>952</u>

6. CREDITORS

£000 £000

Amounts falling due within one year

Advance payments from customers	344	404
Proposed dividends	13	74
Corporation tax	74	30
Accruals and deferred income	<u>242</u>	<u>341</u>
	<u>673</u>	<u>849</u>

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DEFERRED TAXATION

Deferred taxation provided in the Financial Statements and the total potential asset, are as follows:

	1991 £000	1990 £000
Tax effect of timing differences due to:		
Excess of depreciation over tax allowances	11	-
Other	<u>50</u>	<u>-</u>
	<u>61</u>	<u>-</u>

The movements on the provision for deferred taxation are as follows:

	£000
At 1 April 1990	-
Transfer to profit & loss account	<u>61</u>
At 31 March 1991	<u>61</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Other</u> £000
At 1 April 1990	-
Charged to profit & loss account	<u>151</u>
At 31 March 1991	<u>151</u>

9. SHARE CAPITAL

	1991 £000	1990 £000
Authorised, allotted, called-up and fully paid		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. PROFIT AND LOSS ACCOUNT

	£000
At 1 April 1990	52
Retained profit for the year	<u>-</u>
At 31 March 1991	<u>52</u>

GEC TELECOMMUNICATIONS (OVERSEAS SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. PENSIONS

The company is a subsidiary of The General Electric Company, p.l.c. (GEC) and 87% (1990 87%) of its pension plan employees are members of the principal pension plan of the GEC Group 'The GEC Plan'. This scheme is funded and is of the 'defined benefit' type; particulars of its most recent actuarial valuation will be disclosed in the report and accounts of GEC for the year to 31 March 1991.

The pensions cost charge of the company in respect of employees who are members of The GEC Plan consists of employers' contributions payable which are similar across the Group as a whole as a percentage of pensionable earnings. Based on advice from a qualified actuary, there was no company contribution to The GEC Plan in the year (1990 £NIL) and none is expected prior to the next actuarial valuation.

12. STATEMENT OF SOURCE AND APPLICATION OF FUNDS

The Company's funds are controlled on a group basis through its holding company and no useful purpose would be served by presenting a statement dealing with the Company separately.

13. ULTIMATE HOLDING COMPANY

The ultimate holding company is The General Electric Company, p.l.c., a company incorporated in England and Wales.