

# GE Capital Equipment Services Limited

Directors' report and financial statements

For the year ended 31 December 2001

Registered Number: 571174



# GE Capital Equipment Services Limited

## Directors' report and financial statements

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# GE Capital Equipment Services Limited

## Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2001.

### Principal activities and review of business

The company's principal activities are the provision of total fleet management to the mining and civil engineering sectors, and the sale and servicing of contractors plant.

### Results and dividends

The company made a loss before tax during the year of £10,100,000 (2000: £2,708,000).

The directors do not recommend the payment of a dividend (2000: £nil).

### Directors and directors' interests

The directors who held office during the year and after the year end were as follows:

KJ Bongarten	(resigned 18 January 2001)
TF Fanelli	(resigned 18 January 2001)
C Jacobs	(resigned 18 January 2001)
D Edwards	(appointed 8 January 2001)
PD Doddrell	(appointed 8 January 2001)
R Atkinson	(appointed 8 January 2001)

Since the company meets the definition in s736 (2)(3) of the Companies Act 1985 of a wholly owed subsidiary of a body corporate incorporated outside Great Britain, the company has taken advantage of regulation 3(1)(a) of Statutory Instrument 1985/802 exempting the company from the requirement to disclose directors' share interests and options in group companies.

### Employment of disabled persons

The company's policy is to give full and fair consideration to applications for employment made by disabled persons and to recruit solely on the basis of the applicant's ability to perform in the appropriate role. When an employee becomes disabled during their employment, the company will make every effort to continue such employment by arranging for appropriate training or redeployment to a more suitable position.

### Employee involvement

Within the bounds of commercial confidentiality, management distributes information to all levels of staff about matters which affect the company's progress and are of interest to them as employees.

# GE Capital Equipment Services Limited

## Directors' report *(continued)*

### Auditors

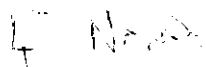
In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



**PD Doddrell**  
*Director*

1<sup>st</sup> Floor  
Dominions House  
Lime Kiln Close  
Stoke, Gifford  
Bristol  
BS34 8SR



2002

# GE Capital Equipment Services Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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 report of the auditor, KPMG Audit Plc,  
to the members of GE Capital Equipment Services Limited

We have audited the financial statements on pages 5 to 17.

***Respective responsibilities of directors and auditor***

The directors are responsible for preparing the director's report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

***Basis of audit opinion***

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

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

***Opinion***

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

100 Temple Street  
Bristol  
BS1 6AG

*13 Nov 2002*

# GE Capital Equipment Services Limited

## Profit and loss account

for the year ended 31 December 2001

	Note	2001 £000	2000 £000
<b>Turnover</b>	2	40,164	36,868
Cost of sales		(32,036)	(28,919)
<b>Gross profit</b>		8,128	7,949
Selling and distribution expenses		(532)	(673)
Administrative expenses		(11,003)	(9,459)
Other operating (charges) / income		(2,392)	1,265
<b>Loss on ordinary activities before interest</b>	5	(5,799)	(918)
Interest payable and similar charges	6	(4,301)	(1,790)
<b>Loss on ordinary activities before taxation</b>		(10,100)	(2,708)
Tax on loss on ordinary activities	7	(597)	(1,217)
<b>Retained loss for the year</b>	17	(10,697)	(3,925)

The notes on pages 7 to 17 form part of these financial statements.

The movement in reserves is shown in note 17 to these financial statements.

The results in the above profit and loss account relate entirely to continuing operations.

The company has no recognised gains or losses in the current or preceding year, other than those dealt with in the profit and loss account.

# GE Capital Equipment Services Limited

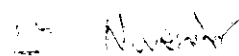
## Balance sheet at 31 December 2001

	Note	2001 £000	2000 £000
<b>Fixed assets</b>			
Tangible assets			
- owned	8	76,584	58,440
- leased	8	234	10,636
Investments	9	4,724	4,724
		<u>81,542</u>	<u>73,800</u>
<b>Current assets</b>			
Stocks	10	705	1,239
Debtors	11	19,471	14,832
Cash at bank and in hand		299	-
		<u>20,475</u>	<u>16,071</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(119,573)</u>	<u>(96,293)</u>
<b>Net current liabilities</b>		<u>(99,098)</u>	<u>(80,222)</u>
<b>Total assets less current liabilities</b>		<u>(17,556)</u>	<u>(6,422)</u>
<b>Creditors: amounts falling after more than one year</b>	13	(606)	(1,640)
<b>Provisions for liabilities and charges</b>	15	(4,967)	(4,370)
<b>Net liabilities</b>		<u>(23,129)</u>	<u>(12,432)</u>
<b>Capital and reserves</b>			
Share capital	16	1	1
Profit and loss account	17	(23,130)	(12,433)
<b>Equity shareholders' deficit</b>	17	<u>(23,129)</u>	<u>(12,432)</u>

The notes on pages 7 to 17 form part of these financial statements.

The financial statements were approved by the board of directors on and signed on its behalf by:

  
**PD Doddrell**  
Director



2002



# GE Capital Equipment Services Limited

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

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

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain freehold and leasehold land and buildings.

#### **(a) Turnover**

Turnover represents amounts derived from the hire and sale of civil engineering and contractors' plant, within the UK and Republic of Ireland, net of trade discounts and value added tax.

#### **(b) Depreciation**

Depreciation is provided on a systematic basis so as to write-off the relevant assets over their remaining useful economic lives.

Freehold buildings	2%
Operating fleet	10% - 25%
Motor vehicles	20% - 25%
Furniture and equipment	12% - 20%

Leasehold properties are amortised over the term of the lease.

#### **(c) Leasing and hire purchase commitments**

Assets acquired under finance leases and hire purchase contracts which transfer substantially all the risks and rewards of ownership to the company are capitalised as tangible fixed assets and depreciated over their estimated useful lives or the term of the lease, whichever is shorter. Future obligations under finance leases, net of finance charges are included in creditors. The finance element of rental payments is charged to the profit and loss account over the period of the lease so as to produce a constant rate of charge on the outstanding balance of the net obligation.

Operating lease payments are charged to the profit and loss account in the period to which they relate.

#### **(d) Investments**

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

#### **(e) Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is arrived at as follows:

Raw materials and goods for resale	-	purchase cost on a first in, first out basis
Work in progress and finished goods	-	materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

# GE Capital Equipment Services Limited

## Notes

*(continued)*

### 1. Accounting policies *(continued)*

#### *(f) Pension and other post-retirement benefits*

The company participates in a group funded defined benefit pension scheme providing benefits for employees based on final pensionable pay. Pension costs are charged against profits on a systematic basis with any surplus or deficits arising being allocated over the current employees' remaining service lives with the group.

#### *(g) Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *(h) Foreign currency*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Gains and losses on translation are included in the profit and loss account.

#### *(i) Cash flow statement*

Under FRS1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement. Exemption is on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent company which are available to the public.

#### *(j) Transactions with related parties*

The company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in FRS 8, "Related Party Disclosures", in preparing its financial statements. This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated financial statements of General Electric Company in which the company is included are available to the public and can be obtained from the address given in note 21.

#### *(k) Group financial statements*

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements.

These financial statements present information about GE Capital Equipment Services Limited as an individual undertaking and not about its group.

# GE Capital Equipment Services Limited

## Notes

(continued)

### 2. Analysis of turnover

	2001 £000	2000 £000
By geographical market:		
United Kingdom	39,983	36,823
Europe	181	45
	<hr/>	<hr/>
	40,164	36,868
	<hr/>	<hr/>

### 3. Staff numbers and costs

The average number of employees (including directors) during the year was as follows:

	2001 Number	2000 Number
Management	47	45
Plant operatives	252	241
Administration	113	117
	<hr/>	<hr/>
	412	403
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2001 £000	2000 £000
Wages and salaries	9,646	9,517
Social security costs	842	892
Other pension costs	199	177
	<hr/>	<hr/>
	10,687	10,586
	<hr/>	<hr/>

### 4. Directors remuneration

	2001 £000	2000 £000
Emoluments	319	222
	<hr/>	<hr/>

The emoluments of the highest paid director were £165,763 ( 2000 : £164,805 )

# GE Capital Equipment Services Limited

## Notes

(continued)

### 5. Loss on ordinary activities before interest

Loss on ordinary activities before interest is stated after charging/(crediting):

	2001 £000	2000 £000
Operating lease income	(40,164)	(36,310)
Depreciation - owned assets	15,560	7,411
- leased assets	140	3,968
Operating lease rentals - plant and machinery	133	748
Operating lease rentals - land and buildings	861	-
Auditors' remuneration - audit	30	35
- other services	-	6
Loss/(profit) on sale of operating leased assets	2,392	(1,265)

### 6. Interest payable

	2001 £000	2000 £000
Bank loans and overdrafts	62	82
Finance leases and hire purchase contracts	210	484
On amounts owed to group undertakings	4,028	1,224
Other interest	1	-
	4,301	1,790

### 7. Taxation

	2001 £000	2000 £000
UK corporation tax at 30% (2000: 30%) on the loss on ordinary activities:		
- adjustment relating to prior year	-	-
Deferred taxation:		
- current year	(148)	1,255
- adjustment relating to prior year	745	(38)
Charge for the year	597	1,217

# GE Capital Equipment Services Limited

## Notes (continued)

### 8. Tangible fixed assets

Summary	Land and buildings £000	Operating fleet £000	Motor vehicles £000	Furniture and equipment £000	Total £000
<b>Cost or valuation</b>					
At beginning of year	3,695	88,475	1,621	2,425	96,216
Additions	1,564	41,048	-	282	42,894
Disposals	-	(35,076)	(797)	(7)	(35,880)
Transfers	30	7	-	(37)	-
<b>At end of year</b>	<b>5,289</b>	<b>94,454</b>	<b>824</b>	<b>2,663</b>	<b>103,230</b>
<b>Depreciation</b>					
At beginning of year	350	24,160	1,387	1,243	27,140
Charge for the year	231	14,880	154	435	15,700
Disposals	-	(15,669)	(752)	(7)	(16,428)
Transfers	17	-	-	(17)	-
<b>At end of year</b>	<b>598</b>	<b>23,371</b>	<b>789</b>	<b>1,654</b>	<b>26,412</b>
<b>Net book value</b>					
Owned assets	4,691	70,849	35	1,009	76,584
Leased assets	-	234	-	-	234
<b>At end of year</b>	<b>4,691</b>	<b>71,083</b>	<b>35</b>	<b>1,009</b>	<b>76,818</b>
Owned assets	3,345	53,679	234	1,182	58,440
Leased assets	-	10,636	-	-	10,636
<b>At beginning of year</b>	<b>3,345</b>	<b>64,315</b>	<b>234</b>	<b>1,182</b>	<b>69,076</b>
			<b>2001 £000</b>		<b>2000 £000</b>
<b>Analysis of land and buildings</b>					
<b>Net book value</b>					
Freehold land			1,021		1,021
Freehold buildings			1,536		1,450
Short leasehold			2,134		874
			<b>4,691</b>		<b>3,345</b>

# GE Capital Equipment Services Limited

## Notes

(continued)

### 8. Tangible fixed assets (continued)

	2001 £000	2000 £000
<b>Analysis of land and buildings</b>		
Revalued at 1 June 1994	1,530	1,530
At cost	3,161	1,815
	<hr/>	<hr/>
	4,691	3,345
	<hr/>	<hr/>

Freehold land and buildings were revalued on 1 June 1994 and the historical cost was £1,715,000. Gross amount of depreciable assets in land and buildings was £1,198,000.

### 9. Fixed asset investments

#### Shares in subsidiary undertakings

	£000
<b>Cost</b>	
At beginning and end of year	13,580
	<hr/>
<b>Provision for diminution in value</b>	
At beginning and end of year	8,856
	<hr/>
<b>Net book value</b>	
At beginning and end of year	4,724
	<hr/>

The company has the following principal subsidiaries all of which are registered in England and Wales:

Subsidiary undertaking	Principal activities	Proportion of issued share capital held by the company	Class of shares
Dudley Vale (Piling Plant Hire) Limited	Non-trading	100%	Ordinary
Chepstow Plant Hire Limited	Non-trading	100%	Ordinary
Chepstow Tool Hire Limited	Non-trading	100%	Ordinary
Meadham Plant Co Limited	Non-trading	100%	Ordinary
Metaquip Holdings Limited	Non-trading	100%	Ordinary and preference

# GE Capital Equipment Services Limited

## Notes (continued)

### 10. Stocks

	2001 £000	2000 £000
Finished goods and goods for resale	705	1,239

### 11. Debtors

	2001 £000	2000 £000
Trade debtors	14,638	13,011
Amounts owed by group undertakings	3,909	803
Prepayments and accrued income	924	1,018
	<b>19,471</b>	<b>14,832</b>

### 12. Creditors: amounts falling due within one year

	2001 £000	2000 £000
Bank loans and overdrafts	35	130
Obligations under finance leases (note 14)	24	3,527
Trade creditors	1,643	4,210
Amounts owed to group undertakings	111,946	85,344
Other taxes and social security costs	1,219	300
Other creditors, accruals and deferred income	4,706	2,782
	<b>119,573</b>	<b>96,293</b>

# GE Capital Equipment Services Limited

## Notes (continued)

### 13. Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Bank loans and overdrafts	606	643
Obligations under finance leases (note 14)	-	997
	<hr/>	<hr/>
	606	1,640
	<hr/>	<hr/>

Bank loans and overdrafts are secured by way of fixed and floating charges over the company's assets. The finance lease is secured by the groups' assets. Bank loan is charged at a fixed rate of 9.495% per annum and is repayable in instalments until 2012.

	2001 £000	2000 £000
Bank loan is repayable in:		
1 year	37	34
1-2 years	43	39
2-5 years	154	141
more than 5 years	409	463
	<hr/>	<hr/>
	643	677
	<hr/>	<hr/>

### 14. Obligations under finance leases

	2001 £000	2000 £000
The net obligation under finance leases is repayable within:		
1 year	24	3,527
2-5 years	-	997
	<hr/>	<hr/>
	24	4,524
	<hr/>	<hr/>

## Notes



# GE Capital Equipment Services Limited

(continued)

## 15. Provisions for liabilities and charges

	2001 £000	2000 £000
Deferred taxation	4,967	4,370
	<hr/>	<hr/>
	2001 £000	2000 £000
<i>Deferred tax</i>		
At beginning of year	4,370	3,153
Provided during the year	745	1,217
Utilised during the year	(148)	-
	<hr/>	<hr/>
<b>At end of year</b>	<b>4,967</b>	<b>4,370</b>
	<hr/>	<hr/>

The amounts provided and unprovided in respect of deferred taxation are set out below:

	2001		2000	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Accelerated capital allowances	5,765	-	6,595	-
Short term timing differences	(205)	-	(40)	-
Tax losses available	-	-	(1,592)	-
ACT recoverable	(593)	-	(593)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,967	-	4,370	-
	<hr/>	<hr/>	<hr/>	<hr/>

## 16. Called up share capital

	2001 £000	2000 £'000
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1	1
	<hr/>	<hr/>
<i>Allotted and fully paid:</i>		
1,000 ordinary shares of £1 each	1	1
	<hr/>	<hr/>

Notes

# GE Capital Equipment Services Limited

(continued)

## 17. Reconciliation of movement in shareholders' deficit

	Called up share capital £000	Profit and loss account £000	Shareholders' deficit 2001 £000	Shareholders' deficit 2000 £000
At beginning of year	1	(12,433)	(12,432)	(8,507)
Retained loss for the year	-	(10,697)	(10,697)	(3,925)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1	(23,130)	(23,129)	(12,432)
	<hr/>	<hr/>	<hr/>	<hr/>

## 18. Operating lease commitments

Annual commitments under non-cancelable operating leases at 31 December 2001 were as follows:

	2001		2000	
	Land and buildings £000	Other £000	Land and Buildings £000	Other £000
<i>Expiring within:</i>				
1 year	68	3	75	73
2-5 years	-	188	16	88
Over 5 years	596	-	542	-
	<hr/>	<hr/>	<hr/>	<hr/>
	664	191	633	161
	<hr/>	<hr/>	<hr/>	<hr/>

The majority of the company's leases of land and buildings are subject to rent reviews at periods of between 3 and 5 years.

## 19. Capital commitments

There were no capital commitments at 31 December 2001 (2000: £nil).

## Notes

# GE Capital Equipment Services Limited

*(continued)*

## 20. Pension costs

Employer contributions during the year were £199,057 (2000: £177,000).

Up to 5 April 2001 the company operated a defined benefit pension scheme called the Venture Plant Pension Scheme. The assets of the scheme were held separately from those of the company. The last actuarial valuation was carried out as at 5 April 2000 by a qualified actuary using the Minimum Funding Requirement basis. Under the terms of the scheme the company paid the necessary balance of the cost of providing the members' benefits after allowing for members' contributions.

On 5 April 2001 the assets and liabilities of the scheme were transferred to the GE Capital Pension Scheme and the Venture Plant Pension scheme was wound up.

In respect of the GE Capital Pension Scheme, more than one employer contributes to the scheme. GE Capital Equipment Services Limited contributions are affected by a surplus or deficit in the scheme but the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. As prescribed in FRS 17, this scheme can be treated as a multi-employer defined benefit scheme and shown as a defined contribution scheme with additional disclosures regarding the surplus or deficit of the scheme and future action to be undertaken, detailed as available.

The most recent actuarial valuation of the scheme at April 2000 showed that the market value of the assets was £92.12m and that the value of these assets represented 98% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The assumptions that have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 6.0% per annum, the salary increases would average 4.5% per annum and that present and future pensions earned for service to the date of valuation would increase at the rate of 2.5% per annum. As a result of the April 2000 valuation, employer contributions from 2001 in respect of the majority of the members have increased to 14.0% and for senior employees to 31.1%. On the Statutory Minimum Funding Requirement basis, the funding level of the scheme was between 105% and 110%.

## 21. Parent undertakings

The company's immediate parent undertaking and immediate controlling entity is Barcom Limited, a company registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by IGE USA Investments, a company registered in England and Wales. The consolidated financial statements for this company can be obtained from 3<sup>rd</sup> Floor, 1 Trevelyan Square, Boar Lane, Leeds LS1 6HP.

The largest group in which the results of the company are consolidated is that headed by the company's ultimate parent undertaking and ultimate controlling entity, General Electric Company, a company incorporated in the United States of America. The consolidated financial statements for this company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut 06431, USA or at [www.ge.com](http://www.ge.com).