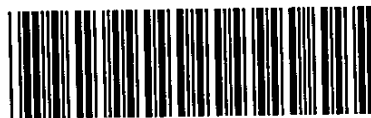


# GE Infrastructure UK Limited

## Directors' report and financial statements

for the year ended 31 December 2011  
Registered number 00607012

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# GE Infrastructure UK Limited

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# GE Infrastructure UK Limited

## Directors' report

The directors present their report and the financial statements for the year ended 31 December 2011

### Principal activities

The company has two principal activities. It provides computer technology, data management and related services through its London Data Centre to other GE businesses. The company also operates as an investment holding company for the infrastructure division of GE in the UK.

### Business review

In accordance with UK GAAP and in particular FRS 11 'Impairment of fixed assets and goodwill' the directors of the company decided to undertake a review of the company's investment in group undertakings as at 31 December 2011. This has resulted in a write down of £104,214,000, the investment having been valued at its current value in use by reference to its future discounted identifiable cash flows where relevant.

### Results and dividends

The loss for the year, after taxation, amounted to £101,844,000 (2010 profit £68,252,000).

The directors do not recommend the payment of a dividend (2010: £nil).

### Directors

The directors who served during the year and up to the date of the directors' report were:

Z J Citron  
S J Dwyer  
G M Wheeler  
A E Brennan

### Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.


# GE Infrastructure UK Limited

## Directors' report

### Auditors

Under section 487 of the Companies Act 2006, KPMG Audit Plc will be deemed to have been reappointed as auditor(s) 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 19 September 2012 and signed on its behalf

 S. J. DWYER

Director

Webber House  
26-28 Market Street  
Altrincham  
Cheshire  
WA14 1PF

# GE Infrastructure UK Limited

## Directors' responsibilities statement for the year ended 31 December 2011

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# GE Infrastructure UK Limited

## Independent auditors' report to the members of GE Infrastructure UK Limited

We have audited the financial statements of GE Infrastructure UK Limited for the year ended 31 December 2011, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

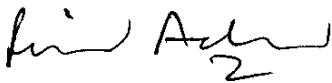
# GE Infrastructure UK Limited

## Independent auditors' report to the members of GE Infrastructure UK Limited

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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



Richard Ackland (senior statutory auditor)

for and on behalf of

**KPMG Audit Plc**

Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

United Kingdom

Date 19 September 2012

# GE Infrastructure UK Limited

## Profit and loss account for the year ended 31 December 2011

	Note	2011 £000	2010 £000
<b>Turnover</b>	2	<b>10,072</b>	10,566
Administrative expenses		<b>(6,393)</b>	(6,055)
Impairment of investments	3	<b>(104,214)</b>	-
<b>Operating (loss)/profit</b>	4	<b>(100,535)</b>	4,511
Income from other fixed asset investments		-	64,470
Interest receivable and similar income	8	<b>148</b>	36
Interest payable and similar charges	9	-	(422)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(100,387)</b>	68,595
Tax on (loss)/profit on ordinary activities	10	<b>(1,457)</b>	(343)
<b>(Loss)/profit for the financial year</b>	18	<b>(101,844)</b>	68,252

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account.

The notes on pages 8 to 18 form part of these financial statements



# GE Infrastructure UK Limited

Registered number: 00607012


## Balance sheet

as at 31 December 2011

	Note	£000	2011 £000	£000	2010 £000
<b>Fixed assets</b>					
Intangible assets	11		-		-
Tangible assets	12		1,926		2,197
Investments	13		1,830,624		1,934,838
			<u>1,832,550</u>		<u>1,937,035</u>
<b>Current assets</b>					
Debtors	14	49,489		45,592	
Creditors amounts falling due within one year	15	(4,416)		(3,160)	
<b>Net current assets</b>			<u>45,073</u>		<u>42,432</u>
<b>Net assets</b>			<u>1,877,623</u>		<u>1,979,467</u>
<b>Capital and reserves</b>					
Called up share capital	17		1,816,100		1,816,100
Profit and loss account	18		61,523		163,367
<b>Shareholders' funds</b>	19		<u>1,877,623</u>		<u>1,979,467</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

19 September 2012

 S. J. DWYER.

Director

The notes on pages 8 to 18 form part of these financial statements

# GE Infrastructure UK Limited

## Notes to the financial statements

### 1 Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the company's directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

#### 1.3 Turnover

Turnover represents amounts receivable from other group companies for the provision of computer technology data management and related services, net of any discounts, value added tax and other sales-related taxes.

#### 1.4 Investments

Investments in subsidiary undertakings, held as fixed asset investments, are stated at cost less provision for permanent diminutions in value where necessary.

At each balance sheet date the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If such indication exists, the recoverable amount of the investment is estimated based on its net asset value and value in use. Value in use is calculated using a discount rate in the range of 8-10% on the future identifiable cash flows. Where the recoverable amount of the investment is less than the carrying value an impairment loss is recognised as an expense.

#### 1.5 Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Patents purchased by the company are amortised to nil by equal annual installments over their useful economic lives of three years.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant, fixtures, tools and equipment - 3 to 15 years

# GE Infrastructure UK Limited

## Notes to the financial statements

### 1 Accounting policies (continued)

#### 17 *Operating leases*

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

#### 18 *Taxation*

Taxation for the year is based on the profit for the year

Full provision is made for deferred tax liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

#### 19 *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

# GE Infrastructure UK Limited

## Notes to the financial statements

### 1 Accounting policies (continued)

#### 1 10 Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) 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 a derivative that will be settled by the company 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

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds

#### 1 11 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 publicly available

#### 1 12 Income from shares in group undertakings

Investment income arising from dividends is recognised when dividends are appropriately authorised by subsidiary undertakings

### 2 Turnover

A geographical analysis of turnover is as follows

	2011 £000	2010 £000
United Kingdom	4,133	4,837
Rest of European Union	1,875	1,698
USA and rest of world	4,064	4,031
	<u>10,072</u>	<u>10,566</u>

# GE Infrastructure UK Limited

## Notes to the financial statements

### 3. Other operating income

	2011 £000	2010 £000
Other operating income	<u>(104,214)</u>	<u>-</u>

### 4 Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting)

	2011 £000	2010 £000
Depreciation of tangible fixed assets		
- owned by the company	1,640	1,646
Operating lease rentals		
- land and buildings	986	564
Difference on foreign exchange	-	(20)
	<u></u>	<u></u>

### 5 Directors' remuneration

No directors received any remuneration in respect of services to the company during the current or preceding financial year

### 6. Auditors' remuneration

Auditors' remuneration of £20,000 (2010 £20,000) was payable to the company's auditors during the year, of which £11,000 (2010 £11,000) was borne by the company and a further £9,000 (2010 £9,000) was borne by a fellow group undertaking

### 7. Staff numbers and costs

The company employed no staff during the current or preceding financial year. The company's personnel cost is recharged by other group companies and is included within administrative expenses

### 8. Interest receivable and similar income

	2011 £000	2010 £000
Interest receivable from group companies	<u>148</u>	<u>36</u>

# GE Infrastructure UK Limited

## Notes to the financial statements

### 9 Interest payable and similar charges

	2011 £000	2010 £000
On loans from group undertakings	-	422

### 10 Taxation

	2011 £000	2010 £000
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	1,457	1,616
Adjustments in respect of prior periods	-	(1,273)
<b>Total current tax</b>	<b>1,457</b>	<b>343</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(443)	(461)
Effect of decreased tax rate	204	90
Movement in deferred tax not provided	239	966
Adjustment in respect of prior years	-	(595)
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Tax on profit on ordinary activities</b>	<b>1,457</b>	<b>343</b>

#### Factors affecting current tax charge for the year

The current tax assessed for the year is higher than (2010 lower than) the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	2011 £000	2010 £000
(Loss)/profit on ordinary activities before tax	(100,387)	68,595
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	(26,596)	19,206
<b>Effects of:</b>		
Depreciation in excess of capital allowances	443	461
Expenses not deductible for tax purposes	27,610	-
Non taxable income	-	(18,051)
Adjustment to tax charge in respect of previous periods	-	(1,273)
<b>Current tax charge for the year (see note above)</b>	<b>1,457</b>	<b>343</b>

# GE Infrastructure UK Limited

## Notes to the financial statements

### 10 Taxation (continued)

#### *Factors that may affect future tax charges*

Deferred tax assets and liabilities on all timing differences have been calculated at 25%, being the rate of UK corporation tax that was enacted at the balance sheet date, including those expected to reverse in the year ended 31 December 2012 (the overall average rate for which would otherwise be 25.25%). The impact of this, and that of the below changes in the corporation tax rate, on the financial statements is not considered to be material.

The rate of UK corporation tax that was enacted at the balance sheet date was 25% which is applicable from 1 April 2012. Subsequently, the UK government has announced that the UK corporation tax rate will reduce from 26% to 24% on 1 April 2012. It is expected that the corporation tax rate will reduce to 22% over the following two years. There are no other factors that may significantly affect future tax charges.

### 11 Intangible fixed assets

	Patents £000
<b>Cost</b>	
At 1 January 2011 and 31 December 2011	67
<b>Amortisation</b>	
At 1 January 2011 and 31 December 2011	67
<b>Net book value</b>	
At 31 December 2011	-
At 31 December 2010	-

# GE Infrastructure UK Limited

## Notes to the financial statements

### 12 Tangible fixed assets

	Plant, fixtures, tools and equipment £000
<b>Cost</b>	
At 1 January 2011	8,382
Additions	1,402
Disposals	(334)
At 31 December 2011	9,450
<b>Depreciation</b>	
At 1 January 2011	6,185
Charge for the year	1,640
On disposals	(301)
At 31 December 2011	7,524
<b>Net book value</b>	
At 31 December 2011	1,926
At 31 December 2010	2,197

### 13 Investments

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2011 and 31 December 2011	1,934,838
<b>Impairment</b>	
At 1 January 2011	-
Charge for the year	104,214
At 31 December 2011	104,214
<b>Net book value</b>	
At 31 December 2011	1,830,624
At 31 December 2010	1,934,838



# GE Infrastructure UK Limited

## Notes to the financial statements

### 13 Investments (continued)

Details of the company's subsidiary undertakings, which are all wholly owned and registered in England and Wales are set out below

Name and nature of business	Class of shares held	Percentage of shares held
Vetco Group Limited <i>-Holding company</i>	Ordinary	100%
Beta Research & Development Limited <i>-Research into the development of battery technology, ceramic products and alternative energies</i>	Ordinary	100%
GE Infrastructure Aviation <i>-Holding company</i>	Ordinary	100%
Drilling and Wireline Solutions Limited <i>-Holding company</i>	Ordinary	100%
Hydril Pressure Control Business Limited <i>-Pressure control business</i>	Ordinary	100%

In accordance with UK GAAP and in particular FRS 11 'Impairment of fixed assets and goodwill' the directors of the company decided to undertake a review of the company's investment in group undertakings as at 31 December 2011. This has resulted in a write down of £104,214,000, the investment having been valued at its current value in use by reference to its future discounted identifiable cash flows where relevant.

### 14 Debtors

	2011 £000	2010 £000
Amounts owed by group undertakings	49,165	45,476
Other debtors	133	116
Prepayments and accrued income	191	-
	<b>49,489</b>	<b>45,592</b>

# GE Infrastructure UK Limited

## Notes to the financial statements

### 15. Creditors: Amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	574	710
Corporation tax	2,641	1,616
Other creditors	-	2
Accruals and deferred income	1,201	832
	<u>4,416</u>	<u>3,160</u>

### 16. Deferred taxation

The amounts unrecognised in respect of the deferred tax asset are as follows

	2011 £000	2010 £000
Accelerated capital allowances	<u>2,656</u>	<u>2,417</u>

There were no amounts of provided deferred taxation as at 31 December 2011 or 31 December 2010

### 17. Share capital

	2011 £000	2010 £000
<b>Authorised</b>		
1,900,000,000 ordinary shares of £1 each	1,900,000	1,900,000
10,000,000 redeemable preference shares of £1 each	10,000	10,000
	<u>1,910,000</u>	<u>1,910,000</u>
<b>Allotted, called up and fully paid</b>		
1,806,199,563 ordinary shares of £1 each	1,806,200	1,806,200
9,900,000 redeemable preference shares of £1 each	9,900	9,900
	<u>1,816,100</u>	<u>1,816,100</u>

# GE Infrastructure UK Limited

## Notes to the financial statements

### 16 Share capital (continued)

	2011 £000	2010 £000
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	1,816,100	1,816,100
	<u>1,816,100</u>	<u>1,816,100</u>

The redeemable preference shares have the same rights as the ordinary shares in all respects, save that any redeemable preference shares may be redeemed by the company at par at any time in such manner as the directors think fit, subject to the provisions of the Companies Act 2006

### 18 Reserves

	Profit and loss account £000
At 1 January 2011	163,367
Loss for the year	(101,844)
	<u>61,523</u>
At 31 December 2011	

### 19 Reconciliation of movement in shareholders' funds

	2011 £000	2010 £000
Opening shareholders' funds	1,979,467	1,911,215
(Loss)/profit for the year	(101,844)	68,252
	<u>1,877,623</u>	<u>1,979,467</u>
Closing shareholders' funds		

### 20 Operating lease commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011 £000	2010 £000
<b>Expiry date</b>		
Between 2 and 5 years	<u>1,700</u>	<u>1,000</u>

# GE Infrastructure UK Limited

## Notes to the financial statements

### **21 Ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is International General Electric (USA), a company registered in England and Wales

The smallest and largest group in which the results of the company are consolidated is that headed by the company's ultimate parent undertaking, General Electric Company, a company incorporated in the United States of America. The consolidated financial statements of this company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut 06828, USA or [www.ge.com](http://www.ge.com)