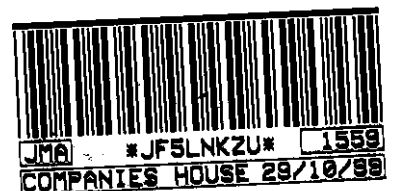


**GE Capital Information Technology
Solutions Limited**
(formerly P & P Limited)

Directors' report and financial statements
13 months ended 31 December 1998
Registered Number: 1196721



GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Directors' report and financial statements

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GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Directors' report

The directors present their report and audited financial statements for the 13 month period ended 31 December 1998.

Principal activity and business review

On 5 January 1998 the company was acquired by GE Capital Investments, a member of the General Electric Company group. Subsequently on 16 July 1998 the company was acquired firstly by Ameridata UK, then transferred to GE Capital Information Technology Solutions Holdings.

On 31 July 1998 the trade assets and liabilities of GE Capital Information Technology Solutions Holdings (formally GE Capital Information Technology Solutions (UK) Plc) were transferred to the company. On 1 August 1998 the operations of Systems International Corporation Limited were merged into the company.

On 31 July 1998 the company changed its name to GE Capital Information Technology Solutions Limited.

The company's business activity remains the supply of computer hardware, software, peripherals and related services.

Results and dividends

During the period ended 31 December 1998 the company made a loss before tax of £8,674,000 (1997: profit of £1,601,000).

The directors do not recommend the payment of a dividend (1997: *£nil*). The retained loss for the period of £8,800,000 was transferred from reserves (1997: retained profit of £1,157,000 transferred to reserves).

Year 2000

GE Capital Information Technology Solutions Limited's computer systems are developed and maintained by related group companies where Year 2000 projects are being directed by multifunctional teams and led by senior management. GE Capital Information Technology Solutions Limited pays for the delivery of these systems and does not expect that the consequences of any unsuccessful modification would have a material adverse effect on the company's financial position, results of operations or liquidity.

Directors and directors' interests

The directors who served during the period and after the period end were as follows:

DR Southworth	(resigned 5 January 1998)
JD Atkin	(resigned 5 January 1998)
JP Golding	(appointed 5 January 1998, resigned 1 March 1999)
M Brecht	(appointed 5 January 1998, resigned 30 September 1998)
M Ford	(appointed 5 January 1998, resigned 30 July 1998)
J Casson	(appointed 5 January 1998, resigned 27 February 1998)
K Jux	(appointed 30 September 1998)
H Funch	(appointed 1 March 1999)
M McGoun	(resigned 5 January 1998)
A Beaton	(appointed and resigned on 5 January 1998)
D Smyth	(appointed and resigned on 5 January 1998)

GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Directors' report *(continued)*

Directors and their interests *(continued)*

Since the company meets the definition of s736 (2)(3) of the Companies Act 1985 of a wholly owned 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

The company encourages the involvement of its employees in matters that concern them. Such involvement is illustrated by activities such as regular briefing notes which are distributed on a number of topics including half-year and full-year results, new appointments and acquisitions. Regular briefing sessions on a local management basis are also actively encouraged.

Auditors

On 24 June 1999 Coopers & Lybrand resigned and KPMG Audit Plc were appointed as auditors of the company.

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

On behalf of the board



Keith Jux
Director

First Floor
Aldwych House
71-91 Aldwych
London
WC2B 4HL

29th October 1999

GE Capital Information Technology Solutions Limited

(formerly P & P 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.

Report of the auditors, KPMG Audit Plc
to the members of GE Capital Information Technology
Solutions Limited (formerly P & P Limited)

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 the company's affairs as at 31 December 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

29/10

1999

GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Profit and loss account

for the 13 months ended 31 December 1998

		13 months ended 31 December 1998 £000	Year ended 30 November 1997 £000
	Note		
Turnover	2	169,190	9,423
Cost of sales		(133,787)	(6,374)
		<hr/>	<hr/>
Gross profit		35,403	3,049
Selling and distribution costs		(33,763)	(1,592)
Administrative expenses		(8,498)	144
		<hr/>	<hr/>
Operating (loss)/profit	3	(6,858)	1,601
Interest receivable and similar income	6	75	-
Interest payable and similar charges	7	(1,891)	-
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(8,674)	1,601
Tax on profit on ordinary activities	8	(126)	(444)
		<hr/>	<hr/>
Retained (loss)/profit for the period		(8,800)	1,157
Retained loss brought forward		(1,227)	(2,384)
		<hr/>	<hr/>
Retained loss carried forward	16	(10,027)	(1,227)
		<hr/> <hr/>	<hr/> <hr/>

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

The company had no recognised gains or losses other than those dealt with in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

The loss for the current and preceding financial periods calculated on an historical cost basis is not materially different to the loss disclosed above. Accordingly a note of historical cost profits and losses as required by paragraph 26 of FRS3 has not been presented.

GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Balance sheet

at 31 December 1998

	Note	31 December 1998		30 November 1997	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		2,317		232
Investments	10		-		-
Current assets					
Stock	11	2,332		4,701	
Debtors	12	54,002		30,104	
Cash at bank and in hand		3,991		53	
		<u>60,325</u>		<u>34,858</u>	
Creditors: amounts falling due within one year	13	<u>(42,528)</u>		<u>(35,507)</u>	
Net current assets/(liabilities)			17,797		(649)
Net assets			<u>20,114</u>		<u>(417)</u>
Creditors: amounts falling due after more than one year	14		<u>(13,787)</u>		<u>-</u>
Total assets less current liabilities			<u><u>6,327</u></u>		<u><u>(417)</u></u>
Capital and reserves					
Called up share capital	15		252		252
Share premium	16		16,102		558
Profit and loss account	16		<u>(10,027)</u>		<u>(1,227)</u>
Equity shareholders' funds	16		<u><u>6,327</u></u>		<u><u>(417)</u></u>

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

K Jux
Director

29th October 1999

GE Capital Information Technology Solutions Limited

(formerly P & P 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.

(a) Basis of preparation

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

(b) 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 ultimate parent company's financial statements which are available to the public.

(c) Transactions with related parties

The company, as a wholly owned subsidiary of General Electric Company, has taken advantage of the exemption contained in FRS8 "Related Party Disclosure" in preparing its accounts. 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 accounts of General Electric Company, in which the company is included, are available to the public.

(d) Depreciation

Depreciation is provided on a systematic basis so as to write off the tangible assets over their expected useful lives:

Computer equipment	3-5 years
Fixtures and fittings	8 years
Motor vehicles	4 years

(e) Leased assets

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

(f) Stock

Stock which comprises finished goods is stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for the costs of realisation.

Provision is made where necessary for obsolete, slow moving and defective stock.

GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Notes

(continued)

1. Accounting policies (continued)

(g) Taxation

The charge for taxation is based on the profit for the period 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 it is probable an actual liability will crystallise.

(h) Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in profit before taxation.

(i) Pensions

The company does not operate its own pension scheme. Payments to employees' personal pension schemes are charged to profit and loss in the year to which they relate.

(j) Requirement to prepare consolidated financial statements

The company is a wholly owned subsidiary of GE Capital Information Technology Solutions Holdings, a company incorporated and registered in England and Wales. Under the provisions of s228 of the Companies Act 1985 the company is exempt from the requirement to prepare consolidated accounts. These financial statements present information about the company as an individual undertaking and not about its group.

2. Turnover

Turnover represents the invoiced value of computer services and products sold to customers, excluding value added tax is as follows:

	13 months ended 31 December 1998 £000	Year ended 30 November 1997 £000
The analysis of geographical markets:		
United Kingdom	167,730	9,423
Rest of Europe	1,190	-
USA	267	-
Other	3	-
	<hr/>	<hr/>
	169,190	9,423
	<hr/>	<hr/>

The businesses of GE Capital Information Technology Solutions Holdings and Systems International Corporation Limited were transferred into the company on 31 July 1998 and 1 August 1998. Separate analysis of the contribution of the acquired businesses to the results for the period, as required by FRS 3 "Reporting financial performance" is not available due to the fact that these businesses were fully integrated with the existing businesses of the company within a single accounting system. Management estimate that the turnover and operating loss of the acquired businesses amounted to £49,244,000 and £1,664,000 respectively.

GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Notes

(continued)

3. Operating (loss)/profit

	13 months ended 31 December 1998 £000	Year ended 30 November 1997 £000
Operating (loss)/profit is stated after charging:		
Depreciation – owned tangible fixed assets	400	-
Auditors' remuneration - audit fees	34	5
Operating lease rentals:		
Plant and machinery	188	5
Other	-	128
	<hr/>	<hr/>

4. Directors' remuneration

	13 months ended 31 December 1998 £000	Year ended 30 November 1997 £000
Emoluments	69	-
Pension contributions	3	-
	<hr/>	<hr/>
Total	72	-
	<hr/>	<hr/>

There were no retirement benefits accruing to directors under defined benefit schemes at period end (1997: £nil).

5. Employee information

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

	13 months ended 31 December 1998	Year ended 30 November 1997
Selling and distribution	417	35
Administration	90	1
	<hr/>	<hr/>
	507	36
	<hr/>	<hr/>

GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Notes (continued)

5. Employee information (continued)

	13 months ended 31 December 1998 £000	Year ended 30 November 1997 £000
Employment costs of these persons were as follows:		
Wages and salaries	12,282	738
Social security costs	1,595	69
Pension contributions	165	11
	<hr/>	<hr/>
	14,042	818
	<hr/>	<hr/>

6. Interest receivable and similar income

	13 months ended 31 December 1998 £000	Year ended 30 November 1997 £000
Bank interest receivable	75	-
	<hr/>	<hr/>

7. Interest payable and similar charges

	13 months ended 31 December 1998 £000	Year ended 30 November 1997 £000
Amounts payable to group undertakings	1,793	-
Bank loans and overdrafts	90	-
Other interest	3	-
Foreign exchange losses	5	-
	<hr/>	<hr/>
	1,891	-
	<hr/>	<hr/>

8. Tax on profit on ordinary activities

	13 months ended 31 December 1998 £000	Year ended 30 November 1997 £000
UK corporation tax at 31% (1997: 31.67%) on the profit on ordinary activities during the period:		
Current year	-	444
Prior year	126	-
	<hr/>	<hr/>
	126	444
	<hr/>	<hr/>

There are no unprovided deferred tax liabilities.

GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Notes

(continued)

9. Tangible fixed assets

	Office equipment, plant, fixtures and fittings
<i>Cost</i>	
At 1 December 1997	694
Additions	925
Disposals	(404)
Transfers	3,667
	<hr/>
At 31 December 1998	4,882
	<hr/>
<i>Depreciation</i>	
At 1 December 1997	462
Charge for the year	400
Disposals	(368)
Transfers	2,071
	<hr/>
At 31 December 1998	2,565
	<hr/>
<i>Net book value</i>	
At 31 December 1998	2,317
	<hr/> <hr/>
At 30 November 1997	232
	<hr/> <hr/>

10. Investments in subsidiary undertakings

	31 December 1998 £	30 November 1997 £
Cost and net book value	100	100
	<hr/> <hr/>	<hr/> <hr/>

The company owns the entire issued share capital of P & P Corporate Systems Limited, a dormant company registered in England and Wales.

11. Stock

	31 December 1998 £000	30 November 1997 £000
Spare goods	2,332	4,701
	<hr/> <hr/>	<hr/> <hr/>

GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Notes

(continued)

12. Debtors

	31 December 1998 £000	30 November 1997 £000
Trade debtors	49,211	16,129
Amounts owed by group undertakings	1,802	12,642
Other debtors	462	78
Prepayments and accrued income	2,527	1,255
	<hr/>	<hr/>
	54,002	30,104
	<hr/>	<hr/>

13. Creditors: amounts falling due within one year

	31 December 1998 £000	30 November 1997 £000
Bank overdraft	364	10,432
Trade creditors	2,667	1,113
Amounts owed to group undertakings	26,180	14,931
Other creditors including tax and social security:		
Corporation tax	-	1,484
Other tax and social security	3,510	5,687
Other creditors	770	17
Accruals and deferred income	9,037	1,843
	<hr/>	<hr/>
	42,528	35,507
	<hr/>	<hr/>

14. Creditors: amounts falling due after more than one year

	31 December 1998 £000	30 November 1997 £000
Amounts owed to group undertakings	13,787	-
	<hr/>	<hr/>

15. Called up share capital

	31 December 1998 £	30 November 1997 £
Authorised:		
7,000,000 ordinary shares of 5p each	350,000	350,000
	<hr/>	<hr/>
Allotted, called up and fully paid:		
5,049,640 ordinary shares of 5p each	252,482	252,481
	<hr/>	<hr/>

On 15 July 1998, GE Capital Investments subscribed for 20 ordinary shares of 5p nominal value in the company at a premium of £15,543,999.

GE Capital Information Technology Solutions Limited

(formerly P & P Limited)

Notes

(continued)

16. Reconciliation of movements in shareholders' funds

	Called up share capital £000	Share premium £000	Profit and loss account £000	Shareholders' funds 31 December 1998 £000	Shareholders' funds 30 November 1997 £000
At beginning of period	252	558	(1,227)	(417)	(1,574)
Share issue	-	15,544	-	15,544	-
(Loss)/profit for the period	-	-	(8,800)	(8,800)	1,157
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	252	16,102	(10,027)	6,327	(417)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

17. Other financial commitments

(a) Lease commitments

The company has an annual commitment under operating leases as follows:

	Land and buildings		Other	
	1998 £000	1997 £000	1998 £000	1997 £000
Expiry within:				
1-2 years	47	46	280	89
2-5 years	100	-	533	608
Over 5 years	599	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	746	46	813	697
	<hr/>	<hr/>	<hr/>	<hr/>

(b) Capital commitments

There were no capital commitments at 31 December 1998 not provided for (1997: £nil).

18. Parent undertakings

The company's immediate parent undertaking is GE Capital Information Technology Solutions Holdings, a company registered in England and Wales.

The smallest group in which the results of the company are consolidated is that of IGE USA Investments, a company registered in England and Wales. The consolidated accounts for the company are available to the public and may be obtained from 3rd 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, General Electric Company a company incorporated in the United States of America. Its consolidated financial statements are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut 06431, USA.