

GE Capital Information Technology Solutions Holdings

(formerly GE Capital Information Technology Solutions (UK) Plc)

1696449

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-2
Statement of directors' responsibilities	3
Auditor's report	4
Profit and loss account	5
Balance sheet	6
Notes	7-13



GE Capital Information Technology Solutions Holdings (formerly GE Capital Information Technology Solutions (UK) Plc)

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 1998.

Principal activities and business review

GE Capital Information Technology Solutions (UK) Plc was a computer services company and its principal activities were marketing desktop and network computer equipment and systems, programming and providing of related training, maintenance and service.

On 15 July 1998 the company's immediate parent, Ameridata UK (formally Ameridata UK Limited), subscribed for one ordinary share of £1 nominal value at a premium of £9,199,833. The proceeds of the share issue were used to repay amounts owed to fellow subsidiary undertakings.

On 16 July 1998 the company increased its authorised share capital to 20,000,000 shares of £1 nominal value each. Subsequently, on the same day, Ameridata UK exchanged the entire issued share capital of GE Capital Information Technology Solutions Limited (formally P & P Limited) and P & P Micro Distributors Limited for 13,057,000 ordinary shares in the company at a premium of £13,057,000. In a further transaction, Carterhouse Group Plc exchanged the entire issued share capital of Systems International Corporation Limited for 2,394,831 ordinary shares in the company at a premium of £2,355,169.

On 31 July 1998 the company's business assets and liabilities were transferred into GE Capital Information Technology Solutions Limited and the company changed its name to GE Capital Information Technology Solutions Holdings Plc. On 3 August 1998 the company re-registered as a limited company and then re-registered as an unlimited company on 21 August 1998. Thereon, the company ceased trading and is now dormant.

Results and dividends

The company made a loss before tax for the year of £5,909,000 (1997: loss of £3,086,000).

The directors do not recommend the payment of a dividend (1997: *£nil*). The retained loss for the year of £5,909,000 (1997: retained loss of £3,086,000) was transferred from reserves.

Year 2000

GE Capital Information Technology Solutions Holdings 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 Holdings 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 held office during the year and after the year end were as follows:

M Brecht	(resigned 30 September 1998)
J Golding	(resigned 1 March 1999)
HD Koch	(resigned 3 August 1998)
J Casson	(resigned 27 February 1998)
A Leppard	(resigned 13 May 1998)
M Ford	(resigned 30 July 1998)
K Jux	(appointed 30 September 1998)
H Funch	(appointed 1 March 1999)

GE Capital Information Technology Solutions Holdings (formerly GE Capital Information Technology Solutions (UK) Plc)

Directors' report (*continued*)

Directors and directors' interests (*continued*)

Since the company meets the definition in 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.

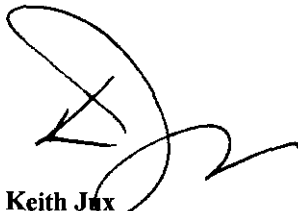
Employee involvement

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.

Auditors

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 as auditor of the company.

On behalf of the board



Keith Jux
Director

11/2/00

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

GE Capital Information Technology Solutions Holdings

(formerly GE Capital Information Technology Solutions (UK) Plc)

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 auditor, KPMG, to the members of
GE Capital Information Technology Solutions Holdings
(formerly GE Capital Information Technology Solutions (UK) Plc)

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.

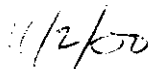
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditor



GE Capital Information Technology Solutions Holdings

(formerly GE Capital Information Technology Solutions (UK) Plc)

Profit and loss account

Year ended 31 December 1998

	Note	1998 £000	1997 £000
Turnover	2	55,084	50,246
Cost of sales		(45,295)	(37,555)
		<hr/>	<hr/>
Gross profit		9,789	12,691
Distribution costs		(3,521)	(5,129)
Administration expenses		(6,923)	(10,085)
Other operating (charges)/income		(120)	29
		<hr/>	<hr/>
Operating loss	3(a)	(775)	(2,494)
Exceptional income	3(b)	-	250
Interest receivable and similar income	6(a)	20	72
Amounts written off investments	9	(3,846)	-
Interest payable and similar charges	6(b)	(1,308)	(914)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(5,909)	(3,086)
Tax on profit on ordinary activities	7	-	-
		<hr/>	<hr/>
Retained loss for the year		(5,909)	(3,086)
Retained loss brought forward		(13,123)	(10,037)
		<hr/>	<hr/>
Retained loss carried forward	16	(19,032)	(13,123)
		<hr/>	<hr/>

All results were derived from discontinued activities.

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 year calculated on an unmodified 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 Holdings

(formerly GE Capital Information Technology Solutions (UK) Plc)

Balance sheet

at 31 December 1998

	Note	1998 £000	1997 £000
Fixed assets			
Tangible assets	8	-	1,059
Investments	9	27,018	-
Current assets			
Stocks	10	-	4,422
Debtors	11	811	17,282
Cash at bank and in hand		-	2,276
		<u>811</u>	<u>23,980</u>
Creditors: amounts falling due within one year	12	<u>(21)</u>	<u>(30,356)</u>
Net current assets/(liabilities)		<u>790</u>	<u>(6,376)</u>
Total assets less current liabilities		<u>27,808</u>	<u>(5,317)</u>
Creditors: amounts falling due after more than one year	13	<u>-</u>	<u>(1,029)</u>
Net assets/(liabilities)		<u>27,808</u>	<u>(6,346)</u>
Capital and reserves			
Called up share capital	15	15,965	514
Share premium account	16	30,645	6,033
Capital reserves	16	230	230
Profit and loss account	16	(19,032)	(13,123)
Equity shareholders' funds	16	<u>27,808</u>	<u>(6,346)</u>

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

1999


K Jux
Director

GE Capital Information Technology Solutions Holdings

(formerly GE Capital Information Technology Solutions (UK) Plc)

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 accounting

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 tangible fixed assets over their expected useful lives:

Leasehold property	-	over the lease term or its estimated useful life if less
Fittings and furniture	-	between 3 and 10 years
Plant and equipment	-	between 3 and 10 years
Motor vehicles	-	between 3 and 4 years

(e) Leased assets

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

(f) Stock

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for the cost of realisation. Provisions is made for obsolete, slow-moving or defective items where appropriate.

GE Capital Information Technology Solutions Holdings

(formerly GE Capital Information Technology Solutions (UK) Plc)

Notes

(continued)

1. Accounting policies (continued)

(g) *Deferred tax*

Deferred tax is provided on the liability method and represents tax deferred because of timing differences between profits as stated in the accounts and profits as calculated for tax purposes.

(h) *Deferred income*

A provision is made, on a time apportionment basis, for the future income from the unexpired part of all maintenance and support contracts.

(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) *Foreign currencies*

Transactions in foreign currencies are translated into sterling at average monthly rates. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Exchange gains or losses are charged to the profit and loss account.

(k) *Requirement to prepare consolidated financial statements*

The company is a majority owned subsidiary undertaking of Ameridata UK, 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.

The analysis of turnover by geographical areas is as follows:

	1998 £000	1997 £000
United Kingdom	55,084	49,065
Europe	-	1,181
	<hr/>	<hr/>
	55,084	50,246
	<hr/>	<hr/>

GE Capital Information Technology Solutions Holdings

(formerly GE Capital Information Technology Solutions (UK) Plc)

Notes

(continued)

3. Operating loss and exceptional income

a) Operating loss is stated after charging/(crediting):

	1998 £000	1997 £000
Auditors' remuneration - audit	22	24
- other services	-	6
Depreciation - owned tangible fixed assets	209	475
Profit on sale of tangible fixed assets	(6)	(279)
	<u> </u>	<u> </u>

b) Exceptional income

The exceptional income of £250,000 in 1997 was derived from the sale of the company's software business.

4. Employee information (including directors)

The company's costs of employment were as follows:

	1998 £000	1997 £000
Wages and salaries	5,517	8,209
Social security costs	613	836
	<u> </u>	<u> </u>
	6,130	9,045
	<u> </u>	<u> </u>

The average number of employees during the year was:	250	276
	<u> </u>	<u> </u>

All employees were engaged in the sales, technical and administration departments.

5. Directors' remuneration

	1998 £000	1997 £000
Remuneration	105	260
Compensation for loss of office	52	147
	<u> </u>	<u> </u>
	157	407
	<u> </u>	<u> </u>

Total emoluments, excluding pension contributions, of the highest paid director were £68,000 (1997: £185,073).

There were no retirement benefits accruing to directors under defined pension schemes at 31 December 1998 (1997: £nil).

GE Capital Information Technology Solutions Holdings

(formerly GE Capital Information Technology Solutions (UK) Plc)

Notes

(continued)

6. a) Interest receivable and similar income

	1998 £000	1997 £000
Bank interest receivable	20	72

b) Interest payable and similar charges

	1998 £000	1997 £000
Bank loans and overdrafts	19	23
Amounts payable to group undertakings	1,289	891
	1,308	914

7. Taxation

The company has estimated tax losses carried forward of £7.5 million (1997 £6.9m). Deferred tax has not been provided due to the availability of tax losses.

8. Tangible fixed assets

	Leasehold property £000	Plant, equipment and vehicles £000	Total £000
Cost			
At 1 January 1998	644	1,884	2,528
Transfers	(644)	(1,884)	(2,528)
At 31 December 1998	-	-	-
Depreciation			
At 1 January 1998	314	1,155	1,469
Charge for the year	36	173	209
Transfers	(350)	(1,328)	(1,678)
At 31 December 1998	-	-	-
Net book value			
At 31 December 1998	-	-	-
At 31 December 1997	330	729	1,059

GE Capital Information Technology Solutions Holdings

(formerly GE Capital Information Technology Solutions (UK) Plc)

Notes

(continued)

9. Investments

	£000
Subsidiary undertakings	
Additions in the year	30,864
Amounts written off during the year	(3,846)
	<hr/>
Net book value 31 December 1998	27,018
	<hr/>

On 16 July 1998 the company subscribed for the entire share capital of GE Capital Information Technology Solutions Limited (formally P & P Limited) and P & P Micro Distributors Limited for £26,114,000.

On the same date the company subscribed for the entire share capital of Systems International Corporation Limited for £4,750,000.

The company owns the following subsidiary undertakings, all of which are registered in England and Wales.

Subsidiary undertaking	Principal activities	Proportion of share capital held by the company	Class of share
GE Capital Information Technology Solutions Limited (formally P & P Limited)	Computer retail	100%	Ordinary
P & P Micro Distributors Limited	Computer retail	100%	Ordinary
Systems International Corporation Limited	Dormant	100% 100%	A ordinary B ordinary

10. Stock

	1998 £000	1997 £000
Finished goods and goods for resale	-	4,422
	<hr/>	<hr/>

11. Debtors

	1998 £000	1997 £000
Amounts falling due within one year:		
Trade debtors	-	15,040
Prepayments and accrued income	-	647
Corporation tax	-	99
Amounts owed by group undertakings	-	411
Other debtors	-	1,085
	<hr/>	<hr/>
	-	17,282
Amounts falling due after more than one year:		
Amounts owed by group undertakings	811	-
	<hr/>	<hr/>
	811	17,282
	<hr/>	<hr/>

GE Capital Information Technology Solutions Holdings

(formerly GE Capital Information Technology Solutions (UK) Plc)

Notes

(continued)

12. Creditors: amounts falling due within one year

	1998 £000	1997 £000
Amounts owed to group undertakings	21	17,444
Trade creditors	-	6,914
Other creditors including taxation and social security	-	1,205
Restructuring provisions	-	284
Accruals and deferred income	-	4,509
	<u>21</u>	<u>30,356</u>

Deferred income represents the provision for future income from the unexpired part of maintenance and support contracts.

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

	1998 £000	1997 £000
Restructuring provisions	-	1,029
	<u>-</u>	<u>1,029</u>

14. 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
Expiring within:				
1-2 years	-	-	-	108
2-5 years	-	57	-	169
Over 5 years	-	818	-	-
	<u>-</u>	<u>875</u>	<u>-</u>	<u>277</u>

b) Capital commitments

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

GE Capital Information Technology Solutions Holdings (formerly GE Capital Information Technology Solutions (UK) Plc)

Notes

(continued)

15. Called up share capital

	1998 £	1997 £
Authorised:		
20,000,000 ordinary shares of £1 each	20,000,000	1,000,000
Allotted, called up and fully paid:		
15,965,541 ordinary shares of £1 each	15,965,541	513,709

On 15 July 1998 Ameridata UK subscribed for one ordinary share of £1 nominal value in the company at a premium of £9,199,833.

On 16 July 1998 the company increased its authorised share capital from 1,000,000 to 20,000,000 ordinary shares of £1 nominal value each. Subsequently, on 16 July 1998 Ameridata UK subscribed for an additional 13,057,000 ordinary shares of £1 nominal value each in the company at a premium of £13,057,000.

In a further transaction, Carterhouse Group Plc subscribed for 2,394,831 ordinary shares of £1 nominal value each in the company at a premium of £2,355,169.

16. Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium account £000	Capital reserves £000	Profit and loss account £000	Share- holders' funds 1998 £000	Share- holders' funds 1997 £000
At beginning of year	514	6,033	230	(13,123)	(6,346)	(3,260)
Shares issued	15,451	24,612	-	-	40,063	-
Retained loss for the year	-	-	-	(5,909)	(5,909)	(3,086)
At end of year	15,965	30,645	230	(19,032)	27,808	(6,346)

17. Parent undertakings

The company's immediate parent undertaking is Ameridata UK, a company registered in England and Wales.

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 USA. Its consolidated accounts are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut 06431 USA.

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 of the company are available to the public and may be obtained from 3rd Floor, 1 Trevelyan Square, Boar Lane, Leeds, LS1 6HP.