

# GE European Equipment Finance (Aircraft No. 2) Limited

Directors' report and financial statements

for the year ended 31 December 2014

Registered number: 02148651



# GE European Equipment Finance (Aircraft No. 2) Limited

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# GE European Equipment Finance (Aircraft No. 2) Limited

## Directors' report

The directors present their report and the financial statements for the year ended 31 December 2014.

### Principal activity

The principal activity of the company is the leasing of aircraft on operating lease and hire purchase agreements.

### Results and dividends

The loss for the year, after taxation, amounted to \$2,425,000 (2013: \$4,586,000).

The directors do not recommend the payment of a dividend (2013: \$nil).

### Directors

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

H A T Fitzpatrick (resigned 30 September 2014)  
D M Millard (resigned 30 September 2014)  
G D'Uva (appointed 30 September 2014)  
L Farrell (appointed 30 September 2014)  
S Unal (appointed 30 September 2014)

### Post balance sheet event

On 10 April 2015, the ultimate parent company, General Electric Company ("GE") announced its intention to reduce the size of its financial services business. As of the date of these financial statements, the board of the company had no formal or contractual commitment to dispose of its assets or business.

### Disclosure 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 relevant audit information and to establish that the company's auditors are aware of that information.

# GE European Equipment Finance (Aircraft No. 2) Limited

## Directors' report

### Auditors

Under section 487 of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditors 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

2<sup>nd</sup> July 2015

and signed on its behalf.



**G D'uva**  
Director

Meridian  
Trinity Square  
23/59 Staines Road  
Hounslow  
Middlesex  
TW3 3HF

# GE European Equipment Finance (Aircraft No. 2) Limited

## Directors' responsibilities statement for the year ended 31 December 2014

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 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 accounting 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 European Equipment Finance (Aircraft No. 2) Limited

## Independent auditors' report to the members of GE European Equipment Finance (Aircraft No. 2) Limited

We have audited the financial statements of GE European Equipment Finance (Aircraft No. 2) Limited for the year ended 31 December 2014, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 European Equipment Finance (Aircraft No. 2) Limited

## Independent auditors' report to the members of GE European Equipment Finance (Aircraft No. 2) 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.



Peter Lomax (senior statutory auditor)

for and on behalf of

**KPMG LLP**

Statutory Auditor  
Chartered Accountants

100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

Date:

23/7/15.

# GE European Equipment Finance (Aircraft No. 2) Limited

## Profit and loss account for the year ended 31 December 2014

	<b>Note</b>	<b>2014 \$000</b>	<b>2013 \$000</b>
<b>Turnover</b>	2	<b>4,143</b>	4,351
Cost of sales		<b>(3,135)</b>	(8,274)
		<hr/>	<hr/>
<b>Gross profit/(loss)</b>		<b>1,008</b>	(3,923)
Administrative expenses		<b>(1,442)</b>	(412)
Other operating (charges)/income		<b>(64)</b>	30
		<hr/>	<hr/>
<b>Operating loss</b>	3	<b>(498)</b>	(4,305)
Interest receivable and similar income	6	<b>58</b>	70
Interest payable and similar charges	7	<b>(1,985)</b>	(351)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(2,425)</b>	(4,586)
Tax on loss on ordinary activities	8	<b>-</b>	-
		<hr/>	<hr/>
<b>Loss for the financial year</b>	15	<b>(2,425)</b>	(4,586)
		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.



GE European Equipment Finance (Aircraft No. 2) Limited  
Registered number: 02148651

Balance sheet  
as at 31 December 2014

	Note	\$000	2014 \$000	\$000	2013 \$000
<b>Fixed assets</b>					
Tangible assets	9		37,028		39,488
Investments	10		92,083		92,083
			<u>129,111</u>		<u>131,571</u>
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	11	18,328		19,610	
Debtors: amounts falling due within one year	11	15,941		13,696	
		<u>34,269</u>		<u>33,306</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(99,240)</u>		<u>(98,312)</u>	
<b>Net current liabilities</b>			<u>(64,971)</u>		<u>(65,006)</u>
<b>Net assets</b>			<u>64,140</u>		<u>66,565</u>
<b>Capital and reserves</b>					
Called up share capital	14		-		-
Capital contribution reserve	15		92,083		92,083
Profit and loss account	15		(27,943)		(25,518)
<b>Shareholders' funds</b>	16		<u>64,140</u>		<u>66,565</u>

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



2<sup>nd</sup> July 2015

**G D'uva**  
Director

The notes on pages 8 to 15 form part of these financial statements.

# GE European Equipment Finance (Aircraft No. 2) 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.

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of \$64,971,000 (2013: \$65,006,000).

The directors have reviewed the financial position of the company, including the arrangements with group undertakings. The directors have considered the financial position of the company's immediate group and ultimate parent.

On the basis of their assessment of the company's financial position and of the enquiries made by the directors the company's directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the immediate group to continue as a going concern. Accordingly they expect that the company will be able to continue in operational existence for the foreseeable future and hence 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 comprises income on hire purchase receivables and amounts receivable on an accrual basis in respect of lease rentals from operating leases. The income recognition policies have been selected to best represent the substance of the relevant transactions.

All turnover arose in the United Kingdom.

#### 1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

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.

# GE European Equipment Finance (Aircraft No. 2) Limited

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.5 Taxation

Taxation for the year is based on the loss 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.

#### 1.6 Foreign currencies

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

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

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

#### 1.7 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.

#### 1.8 Operating leases

Where the company leases out equipment for less than its expected useful life or does not transfer substantially all the risks and rewards of ownership, the lease is accounted for as an operating lease. Rental income is taken to the profit and loss account on a straight line basis over the period of the lease. The cost of equipment is recorded as a fixed asset and depreciated on a straight line basis over the life of the lease to the estimated residual value.

#### 1.9 Hire purchase leases

Amounts receivable under hire purchase agreements are amortised over the period for which they are receivable on the actuarial before tax basis.

# GE European Equipment Finance (Aircraft No. 2) Limited

## Notes to the financial statements

### 2. Gross earnings under finance agreements

An analysis of turnover by class of business is as follows:

	2014 \$000	2013 \$000
Aggregate hire purchase rentals	2,528	2,528
Hire purchase capital repayments	(1,580)	(1,509)
Net hire purchase rentals	948	1,019
Operating lease turnover	3,195	3,332
Turnover	4,143	4,351
Operating lease depreciation and impairment	(2,460)	(7,299)
Other cost of sales	(675)	(975)
Gross Profit/(loss)	1,008	(3,923)

All income is derived in the UK.

### 3. Operating loss

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

	2014 \$000	2013 \$000
Depreciation of tangible fixed assets:		
-held under operating leases	2,460	7,299
Difference on foreign exchange	(22)	(137)

### 4. Auditors' remuneration

	2014 \$000	2013 \$000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	23	11

### 5. Staff costs

The company has no employees (2013: nil). The directors did not receive any remuneration (2013: \$nil).

# GE European Equipment Finance (Aircraft No. 2) Limited

## Notes to the financial statements

### 6. Interest receivable and similar income

	2014 \$000	2013 \$000
Interest receivable from group companies	58	70

### 7. Interest payable and similar charges

	2014 \$000	2013 \$000
On loans from group undertakings	1,985	351

### 8. Taxation

	2014 \$000	2013 \$000
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on loss for the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(665)	(1,697)
Movement on deferred tax not provided	814	929
Adjustment in respect of prior years	(195)	-
Effect of decreased tax rate on opening liability	46	768
<b>Total deferred tax</b>	-	-
<b>Tax on loss on ordinary activities</b>	-	-

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

The current tax assessed for the year is higher than (2013: higher than) the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 \$000	2013 \$000
Loss on ordinary activities before tax	(2,425)	(4,586)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(521)	(1,066)
<b>Effects of:</b>		
Depreciation in excess of capital allowances	665	1,697
Group relief for nil consideration	(144)	(857)
Expenses not deductible for tax purposes	-	226
<b>Current tax charge for the year (see note above)</b>	-	-

# GE European Equipment Finance (Aircraft No. 2) Limited

## Notes to the financial statements

### 8. Taxation (continued)

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

Deferred tax assets and liabilities on all timing differences have been calculated at 20%, 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 2015 (the overall average rate for which would otherwise be 20.25%). 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 UK corporation tax rate was reduced from 23% to 21% on 1 April 2014. It was announced that this rate would be reduced to 20% with effect from 1 April 2015. This rate was enacted at the balance sheet date. There are no other factors that may significantly affect future tax charges.

### 9. Tangible fixed assets

	<b>Assets leased under operating leases \$000</b>
<b>Cost</b>	
At 1 January 2014	54,270
Disposals	(5,703)
At 31 December 2014	<u>48,567</u>
<b>Depreciation</b>	
At 1 January 2014	14,782
Charge for the year	2,460
On disposals	(5,703)
At 31 December 2014	<u>11,539</u>
<b>Net book value</b>	
At 31 December 2014	<u><u>37,028</u></u>
At 31 December 2013	<u><u>39,488</u></u>

#### **Residual value exposure**

The value of un-guaranteed residual values included in the carrying value of the operating lease assets, which relate to aircraft, by the year in which the residual values will be recovered, are as follows:

	<b>2014 \$000</b>	<b>2013 \$000</b>
Between 2-5 years	31,897	-
More than 5 years	-	31,897
	<u><u>31,897</u></u>	<u><u>31,897</u></u>

# GE European Equipment Finance (Aircraft No. 2) Limited

## Notes to the financial statements

### 10. Fixed asset investments

	Investments in subsidiary companies \$000
<b>Cost or valuation</b>	
At 1 January 2014 and 31 December 2014	92,083
<b>Net book value</b>	
At 31 December 2014	92,083
At 31 December 2013	92,083

Details of the company's subsidiary undertaking are listed below, a company which is registered in England and Wales:

Name and nature of business	Class of shares held	Percentage of shares held
GE Capital Energy Funding Limited <i>Non trading</i>	Ordinary	100%

### 11. Debtors

	2014 \$000	2013 \$000
<b>Due after more than one year</b>		
Net investment in hire purchase contracts	18,328	19,610
<b>Due within one year</b>		
Trade debtors	299	239
Amounts owed by group undertakings	13,960	5,084
Other debtors	-	5,972
Net investment in hire purchase contracts	1,682	1,734
Amounts recoverable on long term contracts	-	667
	15,941	13,696

# GE European Equipment Finance (Aircraft No. 2) Limited

## Notes to the financial statements

### 11. Debtors (continued)

Net investment in hire purchase contracts

	Gross receivable \$000	Finance charges \$000	Net receivable \$000
Within one year	2,549	(867)	1,682
More than one year	20,198	(1,870)	18,328
	<u>22,747</u>	<u>(2,737)</u>	<u>20,010</u>

### 12. Creditors:

Amounts falling due within one year

	2014 \$000	2013 \$000
Bank loans and overdrafts	367	-
Payments received on account	-	667
Amounts owed to group undertakings	94,361	92,136
Other creditors	4,502	5,498
Accruals and deferred income	10	11
	<u>99,240</u>	<u>98,312</u>

Group borrowings incur interest at a monthly LIBOR rate plus 100bps and are repayable on demand.

### 13. Deferred taxation

The amounts provided and unprovided in respect of the deferred tax asset are set out below:

	2014 Provided \$000	2014 Unprovided \$000	2013 Provided \$000	2013 Unprovided \$000
Accelerated capital allowances	-	5,812	-	4,999
	<u>-</u>	<u>5,812</u>	<u>-</u>	<u>4,999</u>

The directors have decided not to recognise a deferred tax asset due to uncertainty over the future generation of taxable profits by the business.

### 14. Share capital

	2014 \$	2013 \$
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	<u>196</u>	<u>196</u>



# GE European Equipment Finance (Aircraft No. 2) Limited

## Notes to the financial statements

### 15. Reserves

	Capital contribution reserve \$000	Profit and loss account \$000
At 1 January 2014	92,083	(25,518)
Loss for the financial year	-	(2,425)
At 31 December 2014	<u>92,083</u>	<u>(27,943)</u>

### 16. Reconciliation of movement in shareholders' funds

	2014 \$000	2013 \$000
Opening shareholders' funds/(deficit)	66,565	(20,932)
Loss for the financial year	(2,425)	(4,586)
Capital contribution in the year	-	92,083
Closing shareholders' funds	<u>64,140</u>	<u>66,565</u>

### 17. Post balance sheet event

On 10 April 2015, the ultimate parent company, General Electric Company ("GE") announced its intention to reduce the size of its financial services business. As of the date of these financial statements, the board of the company had no formal or contractual commitment to dispose of its assets or business.

### 18. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is GE Capital Investments Funding Limited, a company registered in England and Wales.

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