

IGE USA Group Limited
(formerly Trushelfco (No. 2084) Limited)

Directors' report and financial statements
31 December 1995
Registered Number: 3053570



IGE USA Group Limited
(formerly Trushelfco (No. 2084) Limited)

Directors' report and financial statements

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IGE USA Group Limited

(formerly Trushelfco (No. 2084) Limited)

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 1995. As noted in the business review below, the company was involved in a group reconstruction during the year and, in accordance with Financial Reporting Standard No 6 (Acquisitions and Mergers), has accounted for this reconstruction as a merger. Consequently, although the company was not incorporated until 5 May 1995 and the reconstruction did not take place until 29 December 1995, the financial statements of the combined entities have been drawn up for the whole of the financial period in which the merger took place, that being the year ended 31 December 1995.

Principal activities

The company was incorporated on 5 May 1995 as Trushelfco (No. 2084) Limited and these are the company's first statutory accounts. On 28 December 1995 it changed its name to IGE USA Group Limited.

The principal activity of the company is that of a holding company. The principal activities of the subsidiaries are set out in note 13 to these financial statements.

Business review

By an ordinary resolution passed on 29 December 1995 the authorised share capital of the company was increased from 100 ordinary shares of £1 each to:

	Number of shares	£
Ordinary shares of £1 each	850,000,000	850,000,000
'Y' shares of £1 each	50,000,000	50,000,000
Preference shares of £1 each	25,000,000	25,000,000
Redeemable shares of £1 each	300,000,000	300,000,000
'Z' shares of £1 each	300,000,000	300,000,000
	<hr/>	<hr/>
	1,525,000,000	1,525,000,000
	<hr/>	<hr/>

On 29 December 1995 the company entered into a share exchange agreement whereby it acquired the whole of the issued share capital of both International General Electric (USA) Limited and GE Capital Corporation (Holdings) Limited from IGE (USA) Holdings Limited. As consideration the company issued the following share capital at par:

	In respect of the acquisition of:	
	International General Electric (USA) Limited	GE Capital Corporation (Holdings) Limited
	£	£
Ordinary shares of £1 each	540,591,000	-
'Y' shares of £1 each	5,589,000	-
Redeemable shares of £1 each	300,000,000	-
'Z' shares of £1 each	-	61,294,000

IGE USA Group Limited

(formerly Trushelfco (No. 2084) Limited)

Directors' report *(continued)*

Business review *(continued)*

The share exchange agreement of 29 December 1995 provided that:

- (i) if it should appear (by reference to the accounts of GE Capital Corporation (Holdings) Limited for the year ended 31 December 1995) that the equity shareholders' funds of that company at 31 December 1995 on a consolidated basis exceeded £61,294,000, further "Z" shares in the capital of the company having an aggregate nominal value equal to the amount of such excess should be issued;
- (ii) if it should appear (by reference to the accounts of International General Electric (USA) Limited for the year ended 31 December 1995) that the equity shareholders' funds of that company (before minority interests) on a consolidated basis exceeded £846,180,000, further ordinary and "Y" shares in the capital of the company having an aggregate nominal value equal to the amount of such excess should be issued.

Since the consolidated equity shareholders' funds of GE Capital Corporation (Holdings) Limited and International General Electric (USA) Limited at 31 December 1995 did not exceed £61,294,000 and £846,180,000 respectively, no further shares were issued.

The group reorganisation has been accounted for as a merger in accordance with FRS 6 (Acquisitions and Mergers). Consequently the results of the International General Electric (USA) Limited and GE Capital Corporation (Holdings) Limited subgroups have been consolidated within IGE USA Group Limited as if the merger had taken place on 1 January 1995. Comparatives for the prior year are stated as if the reorganisation had been in place for the whole of 1994.

In March 1995 the company's subsidiary, GE Capital Corporation (Holdings) Limited, acquired the whole of the issued share capital of Pallas Group Limited from SG Warburg Group Asset Management Holdings Limited.

In August 1995 the company's indirect subsidiary TIP Europe Limited acquired 100% of the issued share capital of Grand Transport Systems Plc for consideration of £6.4 million. On 31 December 1995 TIP Europe Limited disposed of its interest in TIP Overseas Holdings BV to another General Electric group company.

In April 1996 the company's indirect subsidiary, GE Capital Corporation Limited, acquired the entire issued share capital of Smith Self Drive Group Limited.

During December 1996 the company transferred its entire holding of shares in GE Capital Corporation (Holdings) Limited to another group company, GE Capital Investments, for a provisional consideration of £50 million. Final consideration is to be based upon the consolidated net assets of GE Capital Corporation (Holdings) Limited at 31 December 1996.

On 24 December 1996 the company reclassified all the 'Z' shares as 'Y' shares. On 27 December 1996 the entire issued share capital of the company was transferred to IGE USA Investments.

The group has traded satisfactorily during the year and is expected to continue doing so. A detailed analysis of turnover and profit before interest by class of business is set out in note 2 to the financial statements.

Changes in fixed assets

Analysis of changes in fixed assets is given in notes 11, 12 and 13 to the financial statements.

In the opinion of the directors, the market value of freehold land and buildings is not materially different from its book value.

Dividends and transfer to reserves

The profit of the company for its first accounting period was £nil and accordingly the directors do not recommend the payment of a dividend. Details of group dividends paid are shown in note 10. No transfer to reserves has been made.

IGE USA Group Limited (formerly Trushelfco (No. 2084) Limited)

Directors' report *(continued)*

Directors and directors' interests

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

RA Reeve	(appointed 5 May 1995, resigned 28 December 1995)
Miss DCJ Rowe	(appointed 5 May 1995, resigned 28 December 1995)
MV Cardale	(appointed 28 December 1995, resigned 29 December 1995)
DT Frank	(appointed 28 December 1995, resigned 29 December 1995)
Mrs PA Green	(appointed 29 December 1995)
G Morrow	(appointed 29 December 1995)
GR Tappert	(appointed 24 December 1996)

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 the exemption to disclose directors' share interests and options in group companies.

Employees

The group pays close attention to the health and safety of employees, having particular regard to the provisions of the Health and Safety at Work Act 1974.

The group gives sympathetic consideration to applications for employment vacancies from disabled persons. Successful applicants are given appropriate assistance and training and have the same career prospects as other employees. Should employees become disabled during their employment, every assistance will be given to enable them to continue their career.

The group recognises the benefits of keeping employees informed as to the current business performance. Whilst methods of passing information vary from business to business, examples of communication with employees are staff newspapers and review meetings.

Auditors

On 24 December 1996 KPMG were appointed as the company's first auditors. On 11 July 1996 the company passed elective resolutions to dispense with the holding of annual general meetings and its obligation to appoint auditors annually.

KPMG have indicated to the directors that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly they have indicated their intention to resign and the directors intend to appoint KPMG Audit Plc as auditors of the company.

By order of the board



Mrs PA Green
Director

4th Floor
3 Shortlands
Hammersmith
London
W6 8BX

22 August 1997

IGE USA Group Limited

(formerly Trushelfco (No. 2084) 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 the group 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 group 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 group and to prevent and detect fraud and other irregularities.

Report of the auditors, KPMG
to the members of IGE USA Group Limited
(formerly Trushelfco (No. 2084) Limited)

We have audited the financial statements on pages 6 to 32.

Respective responsibilities of directors and auditors

As described on page 4 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 group's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1995 and of the loss for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

5 September 1997

IGE USA Group Limited
(formerly Trushelfco (No. 2084) Limited)

Consolidated profit and loss account
for the year ended 31 December 1995

	Note	1995	1994
		£000	[See note 1(b)] £000
Turnover			
Continuing operations		1,091,057	980,435
Acquisitions		116,598	-
		<hr/>	<hr/>
Cost of sales	2 3	1,207,655 (858,003)	980,435 (704,447)
		<hr/>	<hr/>
Gross profit		349,652	275,988
Distribution expenses	3	(30,014)	(32,070)
Administrative expenses	3	(240,158)	(192,496)
Share of results of associated undertakings	3	9,314	17,599
Other operating income	3	27,944	18,584
		<hr/>	<hr/>
Operating profit			
Continuing operations		99,827	87,605
Acquisitions		16,911	-
		<hr/>	<hr/>
(Loss)/profit on sale of investments	28	116,738 (47,995)	87,605 7,161
		<hr/>	<hr/>
Profit on ordinary activities before interest	2	68,743	94,766
Interest receivable and similar income	7	13,343	7,985
Interest payable and similar charges	8	(60,625)	(22,436)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	21,461	80,315
Tax on profit on ordinary activities	9	(52,992)	(46,069)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation		(31,531)	34,246
Minority interests		3,088	7,994
		<hr/>	<hr/>
(Loss)/profit for the financial year		(28,443)	42,240
Dividends paid	10	(29,500)	(5,250)
		<hr/>	<hr/>
Retained (loss)/profit for the financial year	20	(57,943)	36,990
		<hr/>	<hr/>

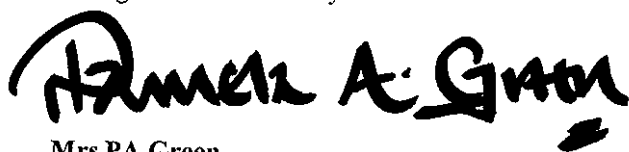
A statement of total recognised gains and losses is given on page 9. The loss for the year on a historical cost basis is not significantly different to that shown above.

IGE USA Group Limited
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Consolidated balance sheet
at 31 December 1995

	Note	1995 £000	1994 [See note 1(b)] £000
Fixed assets			
Intangible assets	11	191,424	168,638
Tangible assets	12	464,916	575,557
Investments	13	234,280	242,757
		<hr/>	<hr/>
		890,620	986,952
Current assets			
Stocks	14	102,833	86,000
Debtors [including debtors due after more than one year: 1995: £783,908,000 (1994: £665,491,000)]	15	1,632,163	1,213,457
Cash at bank and in hand		102,492	153,849
		<hr/>	<hr/>
		1,837,488	1,453,306
Creditors: amounts falling due within one year	16	(1,807,309)	(1,342,050)
		<hr/>	<hr/>
Net current assets		30,179	111,256
		<hr/>	<hr/>
Total assets less current liabilities		920,799	1,098,208
Creditors: amounts falling due after more than one year	17	(18,527)	(73,624)
Provisions for liabilities and charges	18	(59,444)	(40,104)
		<hr/>	<hr/>
Net assets	2	842,828	984,480
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	19	907,474	907,474
Profit and loss account	20	(70,830)	(635)
		<hr/>	<hr/>
Equity shareholders' funds	20	836,644	906,839
Minority interest			
Equity interest		4,289	17,726
Non-equity interest		1,895	59,915
		<hr/>	<hr/>
		842,828	984,480
		<hr/>	<hr/>

The financial statements on pages 6 to 32 were approved by the board of directors on **22 August** 1997 and signed on its behalf by:




Mrs PA Green
Director

IGE USA Group Limited
(formerly Trushelfco (No. 2084) Limited)

Balance sheet
at 31 December 1995

	Note	1995 £000
Fixed assets		
Investments	13	907,474
Net assets		<u>907,474</u>
Capital and reserves		
Called up share capital	19	907,474
Profit and loss account	20	-
Equity shareholders' funds	20	<u>907,474</u>

The financial statements on pages 6 to 32 were approved by the board of directors on **22 August** 1997 and signed on its behalf by:



Mrs PA Green
Director

IGE USA Group Limited
(formerly Trushelfco (No. 2084) Limited)

Consolidated statement of total recognised gains and losses
for the year ended 31 December 1995

	<i>Note</i>	1995	1994
		£000	[See note 1(b)] £000
(Loss)/profit for the financial year		(28,443)	42,240
Exchange adjustment	20	(798)	4,984
		<hr/>	<hr/>
Total recognised (losses)/gains for the financial year		(29,241)	47,224
		<hr/>	<hr/>

IGE USA Group Limited

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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 group's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of certain fixed asset investments.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings made up to 31 December 1995.

Following a group reorganisation during the year where the company acquired the whole of the issued share capital of both International General Electric (USA) Limited and GE Capital Corporation (Holdings) Limited, the financial statements have been prepared on the basis that a merger took place (in accordance with FRS 6 (Acquisitions and Mergers)). Consequently, the results of the International General Electric (USA) Limited and GE Capital Corporation (Holdings) Limited subgroups have been consolidated within IGE USA Group Limited as if the merger had taken place on 1 January 1995. Comparatives have been stated as if the reorganisation had been in place for the whole of 1994.

The results of subsidiary undertakings are included in the financial statements under acquisition accounting principles from the date control passes.

(c) Associated undertakings

Undertakings other than subsidiary undertakings, in which the group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence, are treated as associated undertakings.

The group's share of profits of associated undertakings is included in the consolidated profit and loss account, and the group's share of their net assets is included in the consolidated balance sheet, based on the latest available financial statements for these undertakings.

(d) Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold buildings	-	40 years
Leasehold land and buildings	-	life of lease to maximum of 10 years
Plant and machinery	-	3 to 15 years
Fixtures, fittings, tools and equipment	-	3 to 10 years

No depreciation is provided on freehold land.

IGE USA Group Limited

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Notes

(continued)

1. Accounting policies (continued)

(e) Foreign currencies

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

On consolidation the closing balance sheets and the profit or losses for the year of overseas subsidiaries are translated at period end rates. Exchange differences arising on restatement of opening balances are dealt with through reserves.

(f) Intangible fixed assets

Goodwill relating to a business purchased from outside General Electric Company and subsidiaries is capitalised and amortised over its estimated useful economic life as follows:

Picker International Limited	-	6 years
General Domestic Appliances Limited	-	20 years
GE Lighting Limited	-	20 years
Engine Maintenance and Management Services Wales Limited	-	40 years
TIP Europe Limited	-	15 years
Sabre group of companies	-	6 years
Pallas group of companies	-	15 years

Goodwill arising on the purchase of businesses from General Electric Company and subsidiaries is written off directly against reserves. The directors have chosen to eliminate goodwill arising on the acquisition of GE Capital Corporation Limited against the merger relief reserve in full in the year of acquisition.

The different treatment of goodwill arising on acquisition from third parties and on acquisition from other group companies may not comply with the Companies Act 1985 which requires that accounting policies shall be applied consistently within the same accounts and from one financial year to the next. The directors consider that to generate an intangible asset purely from an intercompany transaction would fail to give a true and fair view for the group as a whole, and therefore goodwill arising on group transactions is written off directly to reserves.

All other intangible fixed assets are amortised over five years.

(g) Leases

Where the company is the lessee:

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rents are charged to the profit and loss account on a straight line basis over the life of the lease.

IGE USA Group Limited

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Notes

(continued)

1. Accounting policies *(continued)*

(g) Leases (continued)

Where the company is the lessor:

The net investment in finance leases is shown under current assets as amounts receivable less unearned finance charges. Unearned finance charges are credited to the profit and loss account over the lease term in proportion to the net cash investment in the lease.

Assets acquired for leasing under operating leases are shown as fixed assets and are depreciated on a straight line basis over the life of the lease to their estimated residual value. Rental income is credited to the profit and loss account on an accruals basis.

(h) Pension costs

The group operates three pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the group. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group.

(i) Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

(j) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of attributable overheads.

(k) Taxation

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

(l) Company profit and loss account

The directors have taken advantage of Section 230 of the Companies Act 1985 which grants exemption from the requirement to prepare a separate profit and loss account for the company in addition to the consolidated profit and loss account. The company's profit after tax and for the year was £nil which has been included in the consolidated result for the year.

(m) Turnover

Turnover represents the amounts derived from the provision of goods and services to customers during the year, net of VAT where applicable.

(n) Cash flow statement

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

IGE USA Group Limited
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Notes
(continued)

2. Analysis of turnover, profit on ordinary activities before interest and taxation and net assets by segment

	1995			1994		
	Turnover	Profit before	Net assets	Turnover	Profit before	Net assets
	£000	interest	£000	£000	interest	£000
		£000			£000	
<i>By activity:</i>						
Medical systems	61,064	5,507	47,692	80,013	1,279	41,284
Silicones/plastics	135,044	9,340	19,576	104,885	3,212	13,287
Computer services	10,238	78	9,784	39,664	3,717	11,089
Light source products	212,861	(1,701)	69,283	193,315	3,027	57,053
Engine overhaul and repair	201,979	17,704	237,764	209,928	15,868	290,927
Broadcasting	10,650	(24,266)	11,842	8,585	(18,390)	(5,484)
Leasing and financing	579,458	62,892	312,356	344,045	72,531	345,991
Intersegmental sales	(3,639)	-	-	-	-	-
Group	-	(10,125)	(76,332)	-	5,981	1,517
Interests in associated undertakings	-	9,314	210,863	-	7,541	228,816
	<u>1,207,655</u>	<u>68,743</u>	<u>842,828</u>	<u>980,435</u>	<u>94,766</u>	<u>984,480</u>
<i>By geographical market:</i>						
UK	949,572			750,663		
Rest of world	258,083			229,772		
	<u>1,207,655</u>			<u>980,435</u>		

No further analysis of turnover, profit before interest or net assets by geographical area has been disclosed as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the group.

3. Cost of sales and operating costs

	1995			1994
	Continuing	Acquisitions	Total	Total
	£000	£000	£000	£000
Cost of sales	781,091	76,912	858,003	704,447
Net operating costs:				
Distribution expenses	30,014	-	30,014	32,070
Administration expenses	209,671	30,487	240,158	192,496
Other operating income	(20,232)	(7,712)	(27,944)	(18,584)
	<u>219,453</u>	<u>22,775</u>	<u>242,228</u>	<u>205,982</u>
Share of results of associated undertakings	9,314	-	9,314	17,599

IGE USA Group Limited
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Notes

(continued)

4. Profit on ordinary activities before taxation

	1995 £000	1994 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Auditors' remuneration:		
Audit	430	448
Non-audit	217	480
Depreciation and other amounts written off:		
Tangible fixed assets	128,010	94,736
Intangible fixed assets	18,580	11,380
On associated undertaking	6,925	6,925
Other investments	1	2
Operating lease rentals:		
Plant and machinery	7,656	16,555
Other	10,012	2,003
Foreign currency exchange loss	111	549
Surplus on sale of tangible fixed assets	(5,401)	(2,739)
Finance charges on leased assets	4	-
Aggregate rentals receivable in relation to:		
Operating leases	(200,865)	(133,408)
Finance leases	(71,218)	(41,699)

5. Remuneration of directors

The remuneration of directors in respect of services performed on behalf of the company did not exceed £60,000 in total.

6. Staff numbers and costs

The average number of employees during the year was 4,823 (1994: 4,517).

The aggregate payroll costs of these persons were as follows:

	1995 £000	1994 £000
Wages and salaries	130,695	105,926
Social security costs	8,962	11,308
Other pension costs (see note 26)	2,280	3,547
	<u>141,937</u>	<u>120,781</u>

IGE USA Group Limited
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Notes
(continued)

7. Interest receivable and similar income

	1995 £000	1994 £000
On loans to group undertakings	-	2,618
Other	13,343	5,367
	<hr/> 13,343	<hr/> 7,985

8. Interest payable and similar charges

	1995 £000	1994 £000
On bank loans, overdrafts and other loans wholly repayable within five years	6,456	2,196
On loans from group undertakings	51,088	13,708
On all other loans	3,077	6,532
On finance leases	4	-
	<hr/> 60,625	<hr/> 22,436

9. Taxation

	1995 £000	1994 £000
UK corporation tax at 33% (1994: 33%) on the profit for the year on ordinary activities	30,821	25,156
Overseas taxation	2,645	3,727
Deferred taxation	13,887	7,814
Tax attributable to share of profits of associated undertakings	6,849	5,853
Adjustments in respect of previous years	(1,210)	3,519
	<hr/> 52,992	<hr/> 46,069

The charge for UK corporation tax is substantially more than 33% of profit before taxation principally because write down of investments and loss on disposal of investments are not tax allowable losses.

10. Dividends

	1995 £000	1994 £000
Ordinary shares:		
Interim	29,500	5,250
	<hr/>	<hr/>

Dividends declared during 1995 represent £29,500,000 paid by International General Electric (USA) Limited to its then parent International General Electric (USA) Holdings Limited.

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Notes
(continued)

11. Intangible fixed assets

	Concessions, patents, licences, trade marks, and similar rights and assets £000	Goodwill £000	Total £000
<i>Cost</i>			
At beginning of year	10,300	195,208	205,508
Additions	-	43,694	43,694
Disposals	-	(2,686)	(2,686)
	<hr/>	<hr/>	<hr/>
At end of year	10,300	236,216	246,516
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At beginning of year	6,287	30,583	36,870
Charged in year	2,030	16,550	18,580
Disposals	-	(358)	(358)
	<hr/>	<hr/>	<hr/>
At end of year	8,317	46,775	55,092
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 1995	1,983	189,441	191,424
	<hr/>	<hr/>	<hr/>
At 31 December 1994	4,013	164,625	168,638
	<hr/>	<hr/>	<hr/>

IGE USA Group Limited
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Notes
(continued)

12. Tangible fixed assets

	Land and buildings £000	Plant and vehicles £000	Total £000
<i>Cost</i>			
At beginning of year	59,822	582,358	642,180
Currency translation adjustment	243	28,980	29,223
Additions	6,864	293,297	300,161
Disposals	(1,785)	(58,977)	(60,762)
New subsidiaries	542	18,779	19,321
Subsidiaries disposed of	(5,187)	(406,754)	(411,941)
At end of year	60,499	457,683	518,182
<i>Depreciation and diminution in value</i>			
At beginning of year	12,216	54,407	66,623
Currency translation adjustment	132	7,055	7,187
Charge for year	3,144	124,866	128,010
On disposals	(1,090)	(30,776)	(31,866)
Subsidiaries disposed of	(1,573)	(115,115)	(116,688)
At end of year	12,829	40,437	53,266
<i>Net book value</i>			
At 31 December 1995	47,670	417,246	464,916
At 31 December 1994	47,606	527,951	575,557

IGE USA Group Limited

(formerly Trushelfco (No. 2084) Limited)

Notes

(continued)

12. Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	1995 £000	1994 £000
Freehold	42,871	39,984
Short leasehold	4,209	5,282
Long leasehold	590	2,340
	<hr/>	<hr/>
	47,670	47,606
	<hr/>	<hr/>

Freehold land and buildings includes land with a value of £1,530,000 on which no depreciation is charged (1994: £1,530,000).

The net book value of tangible fixed assets includes an amount of £16,950,000 (1994: £18,769,000) in respect of plant and machinery held under finance leases. Depreciation charged on these assets was £1,934,000 in the year (1994: £1,714,000).

The net book value of assets held for use in operating leases was £329,597,000 (1994: £444,535,000), and the depreciation charged on these in the year was £109,071,000 (1994: £77,835,000).

13. Investments

Company	Investment in subsidiary undertakings £000
At beginning of period	-
Additions during period	907,474
	<hr/>
At end of period	907,474
	<hr/>

Additions during the period represent the acquisition of 100% of the issued share capital of International General Electric (USA) Limited and GE Capital Corporation (Holdings) Limited for £846,180,000 and £61,294,000 respectively.

IGE USA Group Limited
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Notes
(continued)

13. Investments (continued)

Group	Shares in fellow subsidiary undertakings £000	Investment in associated undertakings £000	Other investments £000	Total £000
<i>Cost</i>				
At beginning of year	410	270,319	14,472	285,201
Additions	-	80	924	1,004
Acquired with acquisition	-	-	62	62
Disposals	(399)	-	-	(399)
Share of retained losses	-	(3,807)	-	(3,807)
Exchange	-	-	1,589	1,589
At end of year	11	266,592	17,047	283,650
<i>Provisions</i>				
At beginning of year	-	41,277	1,167	42,444
Amortisation of premium	-	6,925	-	6,925
Arising during year	-	-	1	1
At end of year	-	48,202	1,168	49,370
<i>Net book value</i>				
At 31 December 1995	11	218,390	15,879	234,280
At 31 December 1994	410	229,042	13,305	242,757
<i>Group - interest in associated undertakings</i>			1995 £000	1994 £000
Group's share of net assets of associated undertakings			69,670	68,988
Group's share of goodwill in the financial statements of the associated undertakings			58,418	62,827
Premium paid on acquisition after amortisation of goodwill			90,302	97,227
Interest in associated undertakings			218,390	229,042

IGE USA Group Limited

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Notes

(continued)

13. Investments (continued)

The companies listed below are those which principally affected the profits and assets of the group, the results of which have been consolidated in these accounts.

	Percentage of class of shares held	Class of shares
<i>International General Electric (USA) Limited and subsidiaries</i> Holding company	100%	Ordinary
<i>GE Aircraft Engine Services Limited</i> Overhaul and repair of aircraft engines and modules	99.1% [‡]	Ordinary
<i>GE Capital Corporation Limited</i>	100% [‡]	Ordinary
<i>TIP Europe Limited</i>	100% [‡]	Ordinary
<i>GE Capital Fleet Services Limited</i>	100% [‡]	Ordinary
<i>GE Capital Corporation (Leasing II) Limited</i>	100% [‡]	Ordinary
<i>GE Capital Corporation (Leasing III) Limited</i>	100% [‡]	Ordinary
<i>GE Capital Europe Limited</i>	100% [‡]	Ordinary
<i>GE Capital Services (EEF) Limited</i>	100% [‡]	Ordinary
<i>DECfinance Limited</i>	100% [‡]	Ordinary
<i>GE Capital Limited (formerly Global Project and Structured Finance Limited)</i> Trailer and modular accommodation rental, motor vehicle leasing and car fleet management, leasing and financing, provision of accounting and management services, and corporate finance services	100% [‡]	Ordinary
<i>GE Lighting Limited</i> Manufacturing and sale of light source products	100% [‡]	Ordinary
<i>GE Lighting SpA</i> Manufacturing and sale of light source products	98.9% [‡]	Ordinary
<i>I.G.E. Medical Systems Limited</i> Sale and servicing of medical systems and supply of spare parts	97.5% [‡]	Ordinary
<i>GE Plastics Limited</i>	100% [‡]	'A' ordinary Ordinary
<i>Polymerland Limited</i> Sale of thermoplastic resins, products formed therefrom and silicone based products	100% [‡]	
<i>Shoelanco 912 Limited</i>	86.4% [‡]	Ordinary
<i>NBC Europe Limited (formerly Super Channel Limited)</i> Broadcasting	74.3% [‡]	Ordinary
<i>Corporate Computer Services Limited</i> Provision of computer services	100% [‡]	Ordinary
<i>General Domestic Appliances Limited</i> Manufacture and sale of consumer appliances	50% [‡]	Ordinary
<i>GE Capital Corporation (Holdings) Limited and subsidiaries</i> Holding company	100%	Ordinary
<i>GE Capital Corporation (Properties) Limited</i> Limited partner in property trading partnerships	100% [‡]	Ordinary
<i>GE Capital Corporation (Funding) Limited</i> Provision of loans and other finance to fund commercial and other property	100% [‡]	Ordinary

IGE USA Group Limited

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Notes

(continued)

13. Investments (continued)

	Percentage of class of shares held	Class of shares
<i>GE Capital Services (EEF) Limited</i>	100% [*]	Ordinary
<i>GE Capital Corporation (Leasing) Limited</i>	100% [*]	Ordinary
<i>GE Capital Corporation (Leasing IV) Limited</i>	100% [*]	Ordinary
<i>GE Capital Corporation Finance Limited</i>	100% [*]	Ordinary
Leasing of plant and equipment		
<i>Sabre Management Holdings Limited</i>	100% [*]	Ordinary
Holding company		
<i>Sabre Capital Limited</i>	100% [*]	Ordinary
Investment and trading in lease and hire purchase receivables		
<i>Sabre Equipment Limited</i>	100% [*]	Ordinary
Trading in office equipment		
<i>Sabre Management Limited</i>	100% [*]	Ordinary
Management and collection of lease and hire purchase receivables		
<i>Sabre Lease Management Plc</i>	100% [*]	Ordinary
Investing in lease receivables		
<i>GE Capital Services (UK) Limited</i>	100% [*]	Ordinary
Business equipment finance leasing		
<i>GE Capital (HC) Limited</i>	100% [*]	Ordinary
Management and collection of lease and hire purchase receivables		
<i>Pallas Services Limited</i>	100% [*]	Ordinary
Equipment leasing and instalment credit		
<i>Pallas Industrial Finance Limited</i>	100% [*]	Ordinary
Industrial and vehicle finance		
<i>Erskine Rentals Limited</i>	100% [*]	Ordinary
<i>ADS oa Rentals Limited</i>	100% [*]	Ordinary
<i>Maxpax Rentals Limited</i>	100% [*]	Ordinary
<i>Minolta Rentals Limited</i>	100% [*]	Ordinary
<i>Danka Rentals Limited</i>	100% [*]	Ordinary
<i>Pallas Leasing (Number 2) Limited</i>	100% [*]	Ordinary
<i>Pallas Leasing (Number 3) Limited</i>	100% [*]	Ordinary
<i>Pallas Leasing (Number 4) Limited</i>	100% [*]	Ordinary
<i>TCR (Number 1) Limited</i>	100% [*]	Ordinary
<i>TCR (Number 2) Limited</i>	100% [*]	Ordinary
<i>TCR (Number 3) Limited</i>	100% [*]	Ordinary
<i>TCR (Number 4) Limited</i>	100% [*]	Ordinary
Equipment leasing and instalment credit		

All of the above are incorporated in Great Britain except GE Lighting SpA which is incorporated in Italy.

^{*} Held indirectly

IGE USA Group Limited

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Notes

(continued)

13. Investments (continued)

The group's associated undertakings are:

Name	Nature of business	Percentage of ordinary shares held
General Domestic Appliances Limited, incorporated in Great Britain	Manufacture and sale of consumer appliances	50%
Tungsram Machine Goods, incorporated in Hungary	Manufacture of lighting products	30%
NBC Supersports (Television) Limited, incorporated in Great Britain	Broadcasting	50%

In addition, the company's subsidiary undertaking, GE Capital Corporation (Properties) Limited, is a limited partner in the property development partnerships listed below. In the Greenridge and Blueridge Partnerships, entered into in 1995, the company is entitled to 50% of profits. In the Halogic Limited partnership the company is entitled to 45% of profits. In the O&H Limited partnership the company has a stepped profit participation ranging from 40% to 60% based on cumulative profits.

The addresses and principal places of business of the partnerships are as follows:

Halogic Limited Partnership 11-14 Grafton London W1X 3LA	O&H Limited Partnership 50 Brook Green London W6 7BJ	Greenridge Partnership 63A South Audley Street London W1Y 5FB	Blueridge Partnership 63A South Audley Street London W1Y 5FB
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The results of General Domestic Appliances Limited included in these accounts are based on the unaudited management accounts for the year ended 31 December 1995.

Other investments

Other investments include £15,627,000 (1994: £13,297,184) representing the group's share of a fund established to finance unquoted investments in European companies, and £10,000 (1994: £3,000) of investments listed on the London Stock Exchange.

IGE USA Group Limited
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Notes
(continued)

14. Stocks

	1995	Group 1994
	£000	£000
Raw materials and consumables and work in progress	58,796	52,737
Finished goods and goods for resale	44,037	33,263
	<hr/>	<hr/>
	102,833	86,000
	<hr/>	<hr/>

15. Debtors

	1995	Group 1994
	£000	£000
Trade debtors	169,831	166,381
Net investments in finance leases	452,501	199,341
Net investment in hire purchase contracts	91,900	6,899
Amount owed by parent and fellow subsidiary undertakings	204,347	173,415
Amounts receivable on mortgage facilities	656,598	598,321
Other debtors	34,799	33,850
Taxation recoverable	14,595	21,666
Prepayments and accrued income	7,592	13,584
	<hr/>	<hr/>
	1,632,163	1,213,457
	<hr/>	<hr/>

Included above are the following debtors due after more than one year:

	1995	Group 1994
	£000	£000
Trade debtors	2,704	5,432
Net investment in finance leases	316,830	136,074
Net investment in hire purchase contracts	55,107	2,078
Other debtors	760	1,462
Amounts receivable on mortgage facilities	408,507	520,445
	<hr/>	<hr/>
	783,908	665,491
	<hr/>	<hr/>

IGE USA Group Limited
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Notes
(continued)

16. Creditors: amounts falling due within one year

	1995 £000	Group 1994 £000
Obligations under finance leases and hire purchase contracts (see note 23)	57	9,718
Loan notes	-	21,758
Bank loans and overdrafts	111,543	16,111
Payments received on account	25,191	18,583
Trade creditors	74,974	60,177
Amounts owed to parent and fellow subsidiary undertakings	1,461,105	996,196
Other creditors including taxation and social security:		
Mainstream corporation tax	31,061	28,114
Other taxes and social security	8,133	3,558
Other creditors	26,597	60,832
Accruals and deferred income	68,648	127,003
	<hr/> 1,807,309	<hr/> 1,342,050

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

	1995 £000	Group 1994 £000
Loan notes	7,928	23,755
Obligations under finance leases and hire purchase contracts (see note 23)	154	38,420
Payments received on account	8,245	7,325
Other creditors	-	4,124
Accruals and deferred income	2,200	-
	<hr/> 18,527	<hr/> 73,624

IGE USA Group Limited

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Notes

(continued)

18. Provisions for liabilities and charges

All amounts relate to the group.

	Employers' severance indemnity and other provisions £000	Provisions made on the acquisition of GE Lighting Limited £000	Taxation including deferred taxation £000	Warranty and installation provisions £000	Total £000
At beginning of year	11,114	6,409	21,600	981	40,104
Utilised during year	(228)	-	-	(2,530)	(2,758)
Adjustment in respect of acquisition and disposal of subsidiaries	-	-	11,312	-	11,312
Charge for the year in the profit and loss account	939	-	13,887	2,566	17,392
Released in year	-	(6,409)	-	-	(6,409)
Adjustment in respect of prior years	-	-	(197)	-	(197)
At end of year	11,825	-	46,602	1,017	59,444

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1995		1994	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and amortisation	49,852	1,645	30,697	-
Other timing differences	(3,250)	(7,394)	(4,884)	-
Tax losses	-	-	(4,213)	-
	46,602	(5,749)	21,600	-

Warranty and installation provisions

One of the company's subsidiary undertakings, I.G.E. Medical Systems Limited, sells and services medical services and supplies spare parts for medical equipment.

Provision is made for costs expected to be incurred after the year end under warranties given on equipment sold before the year end. Most warranties are given for a maximum of one year after the date of installation. Provision is also made for installation costs on equipment sold before the year end but which will be installed after the year end. These costs will normally be incurred within a few months of sale. In addition, some costs may be incurred where modification to equipment which has already been sold is carried out free of charge but outside the terms of any warranty.

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Notes

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19. Called up share capital

	1995		1994 Proforma	
	Shares '000	£000	Shares '000	£000
<i>Authorised</i>				
Ordinary shares of £1 each	850,000	850,000	850,000	850,000
'Y' shares of £1 each	50,000	50,000	50,000	50,000
Preference shares of £1 each	25,000	25,000	25,000	25,000
Redeemable shares of £1 each	300,000	300,000	300,000	300,000
'Z' shares of £1 each	300,000	300,000	300,000	300,000
	<hr/>	<hr/>	<hr/>	<hr/>
	1,525,000	1,525,000	1,525,000	1,525,000
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	540,591	540,591	540,591	540,591
'Y' shares of £1 each	5,589	5,589	5,589	5,589
Redeemable shares of £1 each	300,000	300,000	300,000	300,000
'Z' shares of £1 each	61,294	61,294	61,294	61,294
	<hr/>	<hr/>	<hr/>	<hr/>
	907,474	907,474	907,474	907,474
	<hr/>	<hr/>	<hr/>	<hr/>

Share capital of £907,474,000 was issued on 29 December 1995 by the company as consideration for the acquisition of 100% of the issued share capital of both International General Electric (USA) Limited and GE Capital Corporation (Holdings) Limited. Merger accounting requirements dictate that the 1994 comparatives are stated as if the shares had been in issue at 31 December 1994.

The redeemable shares rank *pari passu* with the other issued shares in the company save that any redeemable share may be redeemed at par at any time.

The 'Y' shares entitle holders to receive in priority to other members a dividend equal to the maximum amount which could have been paid by way of dividend by one of the company's indirect subsidiary undertakings, GE Capital Corporation Limited. Other than as aforesaid, holders of 'Y' shares have no further rights to participation in the profits of the company.

On a winding up, holders of 'Y' shares are entitled to receive in priority to other members an amount equal to the net after tax sale proceeds of the share capital or net assets of GE Capital Corporation Limited. Other than as aforesaid, holders of 'Y' shares shall have no further rights to participate in the assets of the company on a winding up or other return of capital.

Holders of 'Y' share are entitled to 100 votes for each 'Y' share held.

The 'Z' shares entitle holders to receive in priority to other members a dividend equal to the maximum amount which could have been paid by way of dividend by one of the company's subsidiary undertakings, GE Capital Corporation (Holdings) Limited. Other than as aforesaid, holders of 'Z' shares have no further rights to participation in the profits of the company.

On a winding up, holders of 'Z' shares are entitled to receive in priority to other members an amount equal to the net after tax sale proceeds of the share capital or net assets of GE Capital Corporation (Holdings) Limited. Other than as aforesaid, holders of 'Z' shares shall have no further rights to participate in the assets of the company on a winding up or other return of capital.

Holders of 'Z' share are entitled to 100 votes for each 'Z' share held.

On 24 December 1996 the 'Z' shares were reclassified as 'Y' shares.

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Notes

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20. Shareholders' funds

Movements in shareholders' funds were as follows:

Group	Profit and loss account £000	1995		1994	
		Share capital £000	Share- holders' funds £000	Share- holders' funds £000	
At beginning of year	(635)	907,474	906,839	813,275	
Exchange differences on consolidation	(798)	-	(798)	4,984	
(Loss)/profit for the financial year	(57,943)	-	(57,943)	36,990	
Other movements	(11,454)	-	(11,454)	51,590	
At end of year	(70,830)	907,474	836,644	906,839	

The 1994 comparatives are pro-forma only.

Other movements in 1995 represent the minority interest's share of a share subscription in NBC Europe Limited.

The cumulative amount of goodwill resulting from acquisitions in the current and prior years, net of goodwill attributable to subsidiaries disposed of is £61,770,000 (1994: £61,770,000).

Company	1995		1994	
	Profit and loss account £000	Share capital £000	Profit and loss account £000	Share capital £000
At beginning of period	-	-	-	-
Result for the financial period	-	-	-	-
New share capital issued	-	907,474	-	907,474
	-	907,474	-	907,474

21. Commitments

Capital commitments for the group at the end of the financial year for which no provision has been made:

	1995 £000	1994 £000
Contracted	13,393	21,991
Authorised but not contracted	198	18

There were no such commitments in the company (1994: £nil).

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Notes

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22. Operating leases

The group is committed to make the following annual future payments under operating leases:

	1995			1994		
	Land and buildings £000	Other £000	Total £000	Land and buildings £000	Other £000	Total £000
Lease expires:						
In less than one year	416	1,903	2,319	372	1,557	1,929
In two to five years	1,041	4,910	5,951	476	3,064	3,540
Over five years	3,839	3,505	7,344	3,918	5,049	8,967
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,296	10,318	15,614	4,766	9,670	14,436
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

There were no such commitments in the company (1994: £nil).

23. Finance leases

The group is committed to making the following future payments under finance leases:

	1995 £000	1994 £000
Within one year	57	9,718
Within two to five years	154	38,420
	<hr/>	<hr/>
	211	48,138
Less: Future finance charges	-	-
	<hr/>	<hr/>
	211	48,138
	<hr/>	<hr/>

There were no such commitments in the company ((1994: £nil).

24. Contingent liabilities

At 31 December 1995, the group had contingent liabilities to Barclays Bank plc in the amount of £487,000 (1994: £34,000). These comprised performance bonds drawn in favour of customers which are exercisable if and when a group company fails to deliver by an agreed date equipment for which the customer has already paid. No provision has been made in the group accounts for these amounts.

GE Capital Fleet Services Limited has entered into a cross guarantee agreement with Barclays Bank plc covering the overdrafts of sixteen fellow subsidiaries.

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25. Post balance sheet events

In April 1996 GE Capital Corporation Limited, an indirectly held subsidiary of the company, acquired 100% of the issued share capital of Smith Self Drive Group Limited.

On 24 December 1996 the company sold its entire holding of the issued share capital of GE Capital Corporation (Holdings) Limited to GE Capital Investments, another General Electric Company subsidiary undertaking. The consideration is to be equal to the consolidated net asset value of GE Capital Corporation (Holdings) Limited at 31 December 1996, adjusted to reflect any movement in net assets between 31 December 1996 and the completion date. A payment on account of £50 million was made on 24 December 1996.

Immediately prior to the disposal of GE Capital Corporation (Holdings) Limited referred to above, the company converted all the authorised and issued 'Z' shares (300,000,000 authorised, 61,294,000 issued) into 'Y' shares. From 24 December 1996, therefore, the company had 600,000,000 authorised 'Y' shares and 361,294,000 issued 'Y' shares and no authorised or issued 'Z' shares.

On 27 December 1996 the entire issued share capital of the company was transferred to IGE USA Investments.

26. Pensions

The group operates a number of contributory defined benefit schemes, namely the GE Pension Plan, the GE Aircraft Engine UK Pension Plan and the GE Lighting Pension Scheme.

GE Pension Plan

The group operates a contributory defined benefit scheme (the GE Pension Plan) covering the majority of its permanent employees. The scheme funds are administered by trustees and are independent of the group's finances. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified independent actuary on the basis of triennial valuations using the projected unit method.

In the case of employees of those companies acquired by the group in the year pension contributions have generally been made to the vendors' pension schemes. Details of these schemes are disclosed in the accounts of the relevant subsidiaries.

The most recent valuation of the scheme was as at 5 April 1995. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return of investments, and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 8.5% per annum, salary increases would be 6% per annum and that present and future pensions would increase at the rate of 3.5% per annum.

The actuarial valuation showed that the market value of the scheme's assets amounted to approximately £57.3m. The actuarial valuation of the assets was sufficient to meet the liabilities of the plan if it had been discontinued. The actuary recommended that participating employers should continue their contribution holiday until 31 December 1996; thereafter employers' contributions will be at a rate of 7.9%.

Under the Trust Deed establishing the Scheme, the trustees of the scheme have a claim on the assets of the group if the scheme has insufficient assets available to meet all benefits payable by the scheme.

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Notes (continued)

26. Pensions (continued)

GE Aircraft Engine UK Pension Plan

This scheme is a funded, defined benefit scheme whose assets are held in separate trustee administered funds.

The scheme was valued at 5 April 1994 by independent actuaries using two different bases:

- a conservative set of assumptions for funding purposes; and
- a "best estimate" set of assumptions for accounting purposes (as required by SSAP24).

In addition the valuation for funding purposes was carried out using the attained age method while the valuation for accounting purposes was carried out using the projected unit method which is expected to provide a more accurate estimate of the pension cost to GE Aircraft Engine Services Limited.

The actuarial valuation revealed that the market value of the scheme's assets was £38,927,000. This represented an excess of assets over liabilities of £2,000,000 or 105.4% funding using the SSAP24 basis and an excess of liabilities over assets of £700,000 or 98.2% funding using the funding basis. GE Aircraft Engine Services Limited does not believe it necessary to immediately make good the deficit on a funding basis since the discontinuance position of the scheme is satisfactory.

The principal actuarial assumptions used in the valuations were:

	Funding basis	SSAP24 basis
Long term price inflation	5½%	5½%
Investment returns	10%	10%
Pay increase	7¾%	7%
Dividend growth	5½%	5½%

The impact of using the SSAP24 "best estimate" set of assumptions was to reduce the ongoing pension cost by £551,000 and to create a past service surplus of £2,000,000 which is being amortised over the estimated remaining working lives of the employees. The total impact of these was to reduce the pension cost for the year by £951,000, which is included in other debtors. The total pension cost to GE Aircraft Engine Services Limited in the year was £937,000 (1994: £1,588,000).

GE Lighting Pension Scheme

GE Lighting Limited established the Lighting Scheme on 1 January 1994 for all the employees who were members of the THORN EMI Pension Fund as at 31 December 1993. Membership of this scheme is now closed. The scheme is a defined benefit scheme and the assets are held in trustee administered funds separate from the finances of the company.

The pension cost in respect of the Lighting Scheme is assessed in accordance with the advice of independent actuaries, Bacon & Woodrow, based on the results of an actuarial valuation carried out as at 1 January 1994.

The valuation method used for calculating the pension cost was the attained age method and the principal assumptions adopted, relative to price inflation, are set out below:

	Annual rate of increase relative to price inflation
Investment return	+ 4.5%
Pay increases	+2.25%
Pension increases	- 1.0%
Dividend growth	0%

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Notes

(continued)

26. Pensions (continued)

GE Lighting Pension Scheme (continued)

The Lighting Scheme received transfer values during 1994 from the THORN Fund amounting to £27.2m and the actuarial value of these assets at 1 January 1994 represented approximately 126% of the value of the accrued benefits as at 1 January 1994 allowing for future pay increases. For the purposes of calculating the pension costs to the company in respect of the Lighting Scheme, the actuarial surplus as at 1 January 1994, after allowing for benefit changes subsequently implemented, has been amortised over a year representing the average remaining service lives of employees in the Lighting Scheme.

An amount of £7,863,000 (1994: £6,924,000) is included in the provisions for liabilities and charges which represents the difference between the amounts recognised in the profit and loss account and the amounts paid into the fund. The pension cost to GE Lighting Limited of the scheme for the year was £939,000 (1994: £792,000).

Pension costs of US staff, who are members of the principal US pension scheme, seconded to the company in the United Kingdom are charged in accordance with the provisions of US Statement of Financial Accounting Standards ("SFAS") No 87. This US pension scheme is also a funded defined benefit scheme. SFAS No 87 requires use of the projected unit credit cost method to determine the projected benefit obligation and plan cost.

27. Purchases of subsidiary undertakings and assets of businesses

The following companies were accounted for under the acquisition accounting method in the year.

During the year the group acquired the whole of the issued share capital of Pallas Group Limited and Grand Transport Systems Plc. In aggregate, the fair value of the acquisitions were as follows:

Fair value of assets acquired

	1995 Total £000	1994 Total £000
Tangible fixed assets	19,321	3,911
Investments	62	14,184
Stock	94	1,565
Debtors	363,341	673,579
Cash	1,655	29,709
Creditors	(169,735)	(575,559)
Bank overdrafts	(192,766)	(12,147)
Provisions	(13,452)	(6,043)
Bank loans/loan notes	-	(70,521)
	<hr/>	<hr/>
	8,250	58,678
Goodwill	43,694	(47)
	<hr/>	<hr/>
Purchase consideration in cash	52,214	58,631
	<hr/>	<hr/>

IGE USA Group Limited

(formerly Trushelfco (No. 2084) Limited)

Notes

(continued)

28. Disposal of subsidiaries

	1995 Total £000	1994 Total £000
Fixed assets	295,253	3,868
Working capital and provisions	(225,569)	(11,141)
Net assets disposed	69,684	(7,273)
Minority interest disposed	(24,017)	-
Unamortised goodwill	2,328	13,754
Goodwill previously written off	-	213
(Loss)/profit on disposal	(47,995)	7,161
Sale consideration	-	13,855

The disposal in 1995 represents the transfer of the group's interest in TIP Overseas Holdings BV to another General Electric group company.

29. Parent undertaking and ultimate holding company

Until 27 December 1996 the company's immediate parent undertaking was IGE USA Holdings Limited. Following a group restructuring on that date, 100% of the issued share capital of the company was transferred to IGE USA Investments, 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 holding company General Electric Company, a company incorporated in the United States of America. The consolidated accounts of General Electric Company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut 06431.