

IGE USA Group Limited

Directors' report and financial statements

31 December 1996

Registered Number: 3053570



IGE USA Group Limited

Directors' report and financial statements

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IGE USA Group Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

Principal activities

The company acts as a holding company for certain European subsidiaries of General Electric Company (USA).

The principal activities of the subsidiaries are described in note 9 to the financial statements.

Business review

On 24 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 based upon the consolidated net assets of GE Capital Corporation (Holdings) Limited at 31 December 1996 which amounted to £51,401,000. Based on this final consideration, the company has made a loss of £9,893,000 on disposal.

Changes in fixed assets

Analysis of changes in fixed assets is given in note 8 to the financial statements.

Dividend and transfer to reserves

An interim dividend of £11,180,000 was paid in December 1996. The directors do not recommend the payment of a final dividend. The directors propose to transfer the profit for the year after tax of £4,089,000 (1995: £nil) to reserves.

Directors and directors' interests

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

Mrs PA Green

G Morrow

GR Tappert (appointed 24 December 1996)

JM Crowther (alternate to GR Tappert, appointed 27 June 1997, resigned 12 July 1997)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or any other group company.

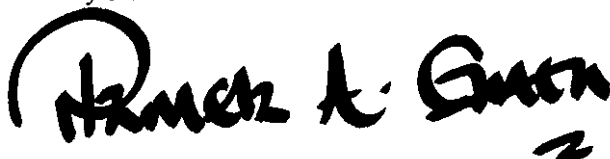
IGE USA Group Limited

Directors' report *(continued)*

Auditors

On 12 September 1997 KPMG resigned as the company's auditors and KPMG Audit Plc were appointed in their place on the same date. Pursuant to a shareholders' resolution, dated 11 July 1996, the company is not obliged to re-appoint auditors of the company annually and KPMG Audit Plc will continue in office.

By order of the board

A large, stylized handwritten signature in black ink, appearing to read 'Mrs PA Green'.

Mrs PA Green
Director

3 Shortlands
Hammersmith
London
W6 8BX

30 October 1997

IGE USA Group Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the auditor, KPMG Audit Plc,
to the members of IGE USA Group Limited

We have audited the financial statements on pages 5 to 11.

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 affairs of the company as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

31 October 1997

IGE USA Group Limited

Profit and loss account

for the year ended 31 December 1996

	Note	1996 £000	1995 £000
Administrative expenses		(53)	-
Operating loss		(53)	-
Loss on sale of investments	8	(9,893)	-
Income from other fixed asset investments	5	25,180	-
Other interest receivable and similar income	6	35	-
Profit on ordinary activities before and after taxation	2-4	15,269	-
Dividends paid and proposed	7	(11,180)	-
Retained profit for the financial year	12	4,089	-

The notes on pages 7 to 11 form part of these financial statements. Other than the profit for the year there have been no other recognised gains or losses. Accordingly a statement of total recognised gains and losses is not presented as part of these financial statements.

All results are derived from continuing operations. The profit on a historical cost basis is not different from the retained profit for the financial year shown above.

A reconciliation of movements in shareholders' funds is shown at note 12 to these financial statements.

IGE USA Group Limited

Balance sheet at 31 December 1996

	Note	1996 £000	1995 £000
Fixed assets			
Investments	8	846,180	907,474
Current assets			
Debtors	9	65,401	-
Cash at bank and in hand		35	-
		<u>65,436</u>	<u>-</u>
Creditors: amounts falling due within one year	10	<u>(53)</u>	<u>-</u>
Net current assets		<u>65,383</u>	<u>-</u>
Total assets less current liabilities		<u>911,563</u>	<u>907,474</u>
Capital and reserves			
Called up share capital	11	907,474	907,474
Profit and loss account	12	4,089	-
Equity shareholders' funds	12	<u>911,563</u>	<u>907,474</u>

The notes on pages 7 to 11 form part of these financial statements.

The financial statements on pages 5 to 11 were approved by the board of directors on 30 October 1997 and signed on its behalf by:



Mrs PA Green
Director

IGE USA Group Limited

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the 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 accounting rule.

(b) 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.

(b) 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.

(c) 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 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) Group accounts

The company is exempt under Section 228 of the Companies Act 1989 from the requirement to prepare and deliver group accounts.

These financial statements present information about IGE USA Group Limited as an individual undertaking and not about its group.

2. Profit on ordinary activities before taxation

	1996 £000	1995 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Remuneration of the auditor and its associates:		
Audit services	2	2
	<hr/>	<hr/>

IGE USA Group Limited

Notes

(continued)

3. Remuneration of directors

None of the directors of the company received any emoluments during the year (1995: £nil).

4. Staff numbers and costs

The average number of employees during the year was nil (1995: nil).

5. Income from other fixed asset investments

	1996 £000	1995 £000
Dividends received from subsidiary undertakings	25,180	-

6. Other interest receivable and similar income

	1996 £000	1995 £000
Bank interest	35	-

7. Dividends

	1996 £000	1995 £000
Dividend in specie	11,180	-

8. Investments

	Shares in subsidiary undertakings £000
At beginning of year	907,474
Disposals	(61,294)
At end of year	846,180

On 24 December 1996 the company transferred its entire holding in GE Capital Corporation (Holdings) Limited to another group company, GE Capital Investments, for provisional consideration of £50 million. Final consideration is based upon the consolidated net assets of GE Capital Corporation (Holdings) Limited at 31 December 1996 which amounted to £51,401,000 and consequently a further £1,401,000 is due from the purchaser. Based upon a total consideration of £51,401,000, the company made a loss of £9,893,000 on disposal.

IGE USA Group Limited

Notes

(continued)

8. Investments (continued)

The companies listed below are the main trading subsidiary undertakings of the company. A complete list of subsidiaries will be annexed to the next annual return to the Registrar of Companies.

	Percentage of class of shares held	Class of shares
<i>International General Electric (USA) Limited and subsidiaries</i> Holding company	100%	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
<i>Polymerland Limited *</i> Sale of thermoplastic resins, products formed therefrom and silicone based products	100%	Ordinary
<i>GE Lighting Limited *</i> Manufacturing and sale of light source products	100%	Ordinary
<i>GE Aircraft Engine Services Limited *</i> Overhaul and repair of aircraft engines and modules	100%	Ordinary
<i>GE Capital Corporation Limited *</i>	100%	Ordinary
<i>TIP Europe Limited *</i>	100%	Ordinary
<i>Smith Self Drive Group Limited *</i>	100%	Ordinary
<i>GE Capital Fleet Services 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 *</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>Shoelanco 912 Limited *</i>	87.37%	Ordinary
<i>NBC Europe Limited (formerly Super Channel Limited) *</i>	77.04%	Ordinary
<i>CNBC Europe Limited</i> Broadcasting	100%	Ordinary
<i>Corporate Computer Services Limited *</i> Provision of computer services	100%	Ordinary

All of the above are incorporated in England and Wales.

* All investments are indirect subsidiaries

IGE USA Group Limited

Notes

(continued)

9. Debtors

	1996 £000	1995 £000
Amounts owed by subsidiary undertakings	65,401	-

10. Creditors: amounts falling due within one year

	1996 £000	1995 £000
Amounts owed to subsidiary undertakings	53	-

11. Called up share capital

	1996		1995	
	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	350,000	350,000	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
	<u>1,525,000</u>	<u>1,525,000</u>	<u>1,525,000</u>	<u>1,525,000</u>
<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	66,883	66,883	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
	<u>907,474</u>	<u>907,474</u>	<u>907,474</u>	<u>907,474</u>

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.

IGE USA Group Limited

Notes

(continued)

11. Called up share capital (continued)

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' shares are entitled to 100 votes for each 'Z' share held. Prior to the disposal of GE Capital Corporation (Holdings) Limited on 24 December 1996, the company reclassified its 'Z' shares as 'Y' shares.

12. Shareholders' funds

Movements in shareholders' funds were as follows:

Company	Profit and loss account £000	Share capital £000	1996 Share- holders' funds £000	1995 Share- holders' funds £000
At beginning of year	-	907,474	907,474	-
Profit for the financial year	4,089	-	4,089	-
New share capital issued	-	-	-	907,474
At end of year	4,089	907,474	911,563	907,474

13. Ultimate holding company

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.

The smallest group in which the results of the company are consolidated is that headed by IGE USA Investments, a company registered in England and Wales. The consolidated accounts for this company are available to the public and may be obtained from 3 Shortlands, Hammersmith, London W6 8BX.