

# IGE USA Group Limited

Directors' report and financial statements

For the year ended 31 December 1999

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 1999.

### Principal activities

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

### Business Review

The company made a profit before taxation for the year of £296,750,000 (1998: £2,578,000).

On 26 February 1999 the company acquired from IGE USA Investments 44,800 Ordinary £1 Shares in International General Electric (USA) in a share for share exchange. Consideration was valued at £44,301,000.

On 24 June 1999 the company acquired from IGE USA Investments 100,000 Ordinary £1 Shares in International General Electric (USA) in a share for share exchange. Consideration was valued at £100,000.

### Year 2000

The company recognised the importance of the Year 2000 issue, completed a full assessment of its impact and committed resources to its resolution. To date, the company's results and operations have not been adversely affected either by internal Year 2000 compliance failures or the inability of any third parties to manage the issue. The directors recognise the need to continue to monitor the Year 2000 issue and are confident that the steps being undertaken will continue to avoid disruption.

### Dividend and transfer to reserves

Interim dividends of £139,000,000 and £159,000,000 were paid on 8 March 1999 and 1 April 1999 respectively (1998: *£nil*). The directors do not recommend the payment of a final dividend (1998: *£nil*). The directors propose to transfer the retained loss for the year of £2,384,000 from reserves (1998: *retained profit of £2,578,000 transferred 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	
GR Tappert	(resigned 21 April 1999)
JM Crowther	
M Risinger	(appointed 21 April 1999)
Mrs HA Wake	(alternate to Mrs PA Green, appointed 1 May 1999, resigned 16 May 1999)

Since the company meets the definition in s736 (2)(3) of the Companies Act 1985 of a wholly owned subsidiary of a body corporate incorporated outside Great Britain, the company has taken advantage of regulation 3(1)(a) of Statutory Instrument 1985/802 exempting the company from the requirement to disclose directors' share interests and options in group companies.

# IGE USA Group Limited

## Directors' report *(continued)*

### Auditors

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.

On behalf of the board



Mrs PA Green  
*Director*

27<sup>th</sup> October 2000

3rd Floor  
1 Trevelyan Square  
Boar Lane  
Leeds  
LS1 6HP

# 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 member of IGE USA Group Limited

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

***Respective responsibilities of directors and auditors***

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

***Basis of audit 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 1999 and of its loss 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

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

31 October 2000

# IGE USA Group Limited

## Profit and loss account

for the year ended 31 December 1999

	<i>Note</i>	<b>1999 £000</b>	<b>1998 £000</b>
Administrative expenses		(5)	(6)
<b>Operating loss</b>		<b>(5)</b>	<b>(6)</b>
Income from other fixed asset investments	5	293,000	-
Interest receivable and similar income	6	3,761	3,743
Interest payable and similar charges	7	(6)	-
<b>Profit on ordinary activities before taxation</b>	2	<b>296,750</b>	<b>3,737</b>
Tax on profit on ordinary activities	8	(1,134)	(1,159)
<b>Profit on ordinary activities after taxation</b>		<b>295,616</b>	<b>2,578</b>
Dividends paid and proposed		(298,000)	-
<b>Retained (loss)/profit for the financial year</b>	13	<b>(2,384)</b>	<b>2,578</b>

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

The movement in reserves is shown in note 13 to these financial statements.

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

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

# IGE USA Group Limited

## Balance sheet

at 31 December 1999

	Note	1999 £000	1998 £000
<b>Fixed assets</b>			
Investments	9	974,343	929,942
<b>Current assets</b>			
Debtors	10	69,023	71,798
<b>Creditors: amounts falling due within one year</b>	11	(1,663)	(2,054)
<b>Net current assets</b>		<u>67,360</u>	<u>69,744</u>
<b>Net assets</b>		<u><u>1,041,703</u></u>	<u><u>999,686</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	958,948	958,803
Share premium	13	76,689	32,433
Profit and loss account	13	6,066	8,450
<b>Shareholder's funds</b>			
Equity		642,387	600,370
Non-equity		399,316	399,316
	13	<u><u>1,041,703</u></u>	<u><u>999,686</u></u>

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

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

27th October

2000

*Mrs PA Green*

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 in the United Kingdom and under the historical cost convention.

#### *(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 probable that an actual liability will crystallise.

#### *(c) Investments*

Investments in subsidiary undertakings are stated at cost less provisions for permanent diminutions in value where necessary.

#### *(d) Cash flow statement*

Under Financial Reporting Standard 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement. Exemption is on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent company which are available to the public.

#### *(e) Transactions with related parties*

The company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in Financial Reporting Standard 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 available to the public.

#### *(f) Group financial statements*

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

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

	1999 £000	1998 £000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	3	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 (1998: £nil).

### 4. Staff numbers and costs

The company had no employees during the year (1998: nil).

### 5. Income from other fixed asset investments

	1999 £000	1998 £000
Dividends received from group undertakings	293,000	-

### 6. Interest receivable and similar income

	1999 £000	1998 £000
On amounts owed by group undertakings	3,761	3,743

### 7. Interest payable and similar charges

	1999 £000	1998 £000
On amounts owed to group undertakings	6	-

### 8. Taxation

	1999 £000	1998 £000
UK corporation tax at 30.25% (1998: 31%) on the profit for the year	1,134	1,159

### 9. Investments

	Shares in subsidiary undertakings £000
At beginning of year	929,942
Additions	44,401
At end of year	974,343

# IGE USA Group Limited

## Notes

(continued)

### 9. Investments (continued)

On 26 February 1999 the company acquired from IGE USA Investments 44,800 Ordinary £1 Shares in International General Electric (USA) in a share for share exchange. Consideration was valued at £44,301,000.

On 24 June 1999 the company acquired from IGE USA Investments 100,000 Ordinary £1 Shares in International General Electric (USA) in a share for share exchange. Consideration was valued at £100,000.

The company owns the following subsidiary undertaking, registered in England and Wales:-

Subsidiary undertaking	Principal activity	Proportion of share capital held by the company	Class of share
International General Electric (USA)	Holding company	100%	Ordinary
		100%	Ordinary Y
		100%	Redeemable

International General Electric (USA) holds investments in a number of group undertakings, details of which are disclosed in that company's financial statements.

### 10. Debtors

	1999 £000	1998 £000
Amounts owed by group undertakings	69,023	71,798

### 11. Creditors: amounts falling due within one year

	1999 £000	1998 £000
Amounts owed to group undertakings	894	893
Corporation tax	767	1,159
Accruals and deferred income	2	2
	1,663	2,054

# IGE USA Group Limited

## Notes

(continued)

### 12. Called up share capital

	1999		1998	
	Shares '000	£000	Shares '000	£000
<b>Authorised</b>				
Ordinary shares of £1 each	850,000	850,000	850,000	850,000
'Y' shares of £1 each	350,000	350,000	350,000	350,000
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
	<hr/>	<hr/>	<hr/>	<hr/>
	1,525,000	1,525,000	1,525,000	1,525,000
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	559,632	559,632	559,487	559,487
'Y' shares of £1 each	99,316	99,316	99,316	99,316
Redeemable shares of £1 each	300,000	300,000	300,000	300,000
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	958,948	958,948	958,803	958,803
	<hr/>	<hr/>	<hr/>	<hr/>

On 26 February 1999 the company issued 44,800 Ordinary Shares of £1 each at a premium of £987.86 to fund the acquisition of 44,800 Ordinary Shares in International General Electric (USA)

On 24 June 1999 the company issued 100,000 Ordinary Shares of £1 each at par to fund the acquisition of 100,000 Ordinary Shares in International General Electric (USA)

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

# IGE USA Group Limited

## Notes

(continued)

### 13. Shareholder's funds

Movements in shareholder's funds were as follows:

	Share capital £000	Share premium account £000	Profit and loss account £000	1999 Share- holder's funds £000	1998 Share- holder's funds £000
At beginning of year	958,803	32,433	8,450	999,686	994,242
Retained (loss)/profit for the financial year	-	-	(2,384)	(2,384)	2,578
New share capital issued	145	44,256	-	44,401	2,866
<b>At end of year</b>	<b>958,948</b>	<b>76,689</b>	<b>6,066</b>	<b>1,041,703</b>	<b>999,686</b>

Shareholder's funds are apportioned as follows:

	Equity £000	1999 Non- equity £000	Total £000	Equity £000	1998 Non- equity £000	Total £000
Ordinary shares of £1 each	642,387	-	642,387	600,370	-	600,370
'Y' shares of £1 each	-	99,316	99,316	-	99,316	99,316
Redeemable shares of £1 each	-	300,000	300,000	-	300,000	300,000
	<b>642,387</b>	<b>399,316</b>	<b>1,041,703</b>	<b>600,370</b>	<b>399,316</b>	<b>999,686</b>

### 14. Parent undertakings

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 this 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 its immediate parent undertaking, IGE USA Investments, a company registered in England and Wales. The consolidated financial statements for this company are available to the public and may be obtained from 3rd Floor, 1 Trevelyan Square, Boar Lane, Leeds LS1 6HP.