

IGE USA Group

Directors' report and financial statements

for the year ended 31 December 2012

Registered number 03053570

MONDAY



A2I085W1

A40

30/09/2013

#203

COMPANIES HOUSE

IGE USA Group

Contents

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 14

IGE USA Group

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activities

The principal activity of the company is that of a holding company

Business review

On 11 December 2012, the issued share capital of the company was reduced from £788,131,945 to £200,000,945 by cancelling and extinguishing 364,641,220 ordinary shares of £1 each and 223,489,780 redeemable shares of £1 each, giving rise to a distributable reserve of £588,131,000

On the same day the the company reduced the amount standing to the credit of the share premium account from £139,351,000 to £nil, giving rise to a distributable reserve of £139,351,000

Results and dividends

The loss for the year, after taxation, amounted to £409,595,000 (2011 profit £612,000)

The directors paid interim dividends totalling £373,400,000 (2011 192,339,923) on 27 November 2012, 4 December 2012 and 11 December 2012

The directors do not recommend the payment of a final dividend (2011 £nil)

Directors

The directors who served during the year and upto the date of directors' report were

G M Wheeler
M Risinger
R Agarwal (resigned 22 February 2012)
I Holt (appointed 22 February 2012 & resigned 30 April 2013)
Z J Citron
S J Dwyer
A E Brennan

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

IGE USA Group

Directors' report

Auditors

Under section 487 of the Companies Act 2006, KPMG Audit Plc will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 27 September 2013 and signed on its behalf


Director **ANN BRENNAN**

Webber House
26-28 Market Street
Altrincham
Cheshire
WA14 1PF

IGE USA Group

Directors' responsibilities statement for the year ended 31 December 2012

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

IGE USA Group

Independent auditors' report to the members of IGE USA Group

We have audited the financial statements of IGE USA Group for the year ended 31 December 2012, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

IGE USA Group

Independent auditors' report to the members of IGE USA Group

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Richard Ackland (senior statutory auditor)

for and on behalf of
KPMG Audit Plc

Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
United Kingdom

Date *27 September 2013*

IGE USA Group

Profit and loss account for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Administrative expenses		-	(19)
Impairment of investment		(704,335)	-
Operating loss		(704,335)	(19)
Income from investments		294,943	-
Interest receivable and similar income	5	498	676
Interest payable and similar charges	6	(701)	(683)
Loss on ordinary activities before taxation		(409,595)	(26)
Tax on loss on ordinary activities	7	-	638
(Loss)/profit for the financial year	13	(409,595)	612

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 14 form part of these financial statements

IGE USA Group
Registered number 03053570

Balance sheet
as at 31 December 2012

	Note	£000	2012 £000	£000	2011 £000
Fixed assets					
Investments	8		516,457		1,220,792
Current assets					
Debtors		1,005		95,472	
Creditors amounts falling due within one year	10	(19)		(16,390)	
Net current assets			986		79,082
Total assets less current liabilities			517,443		1,299,874
Creditors , amounts falling due after more than one year	11		(53,184)		(52,620)
Net assets			464,259		1,247,254
Capital and reserves					
Called up share capital	12		200,001		788,132
Share premium account	13		-		139,351
Other reserves	13		550,000		550,000
Profit and loss account	13		(285,742)		(230,229)
Shareholders' funds	14		464,259		1,247,254

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2013



Director **ANN BRENNAN**

The notes on pages 8 to 14 form part of these financial statements

IGE USA Group

Notes to the financial statements

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the company's directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Investments

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

At each balance sheet date the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If such indication exists, the recoverable amount of the investment is estimated based on its net asset value and value in use. Value in use is calculated using a discount rate in the range of 8-10% on the future identifiable cash flows. Where the recoverable amount of the investment is less than the carrying value an impairment loss is recognised as an expense.

1.4 Taxation

Taxation for the year is based on the profit/(loss) for the year.

Full provision is made for deferred tax liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

IGE USA Group

Notes to the financial statements

1 Accounting policies (continued)

1.5 *Transactions with related parties*

The company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in FRS 8, "Related Party Disclosures", in preparing its financial statements. This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated financial statements of General Electric Company, in which the company is included, are publicly available.

1.6 *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements as required by FRS 21.

1.7 *Classification of financial instruments issued by the company*

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- 1) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- 2) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

1.8 *Income from shares in group undertakings*

Investment income arising from dividends is recognised when dividends are appropriately authorised by subsidiary undertakings.

2 Auditors' remuneration

Remuneration of £8,000 (2011: £8,000) paid to the auditors for their services to the company was borne by a fellow group undertaking.

IGE USA Group

Notes to the financial statements

3 Directors' remuneration

No directors received any remuneration in respect of services to the company during the current or preceding financial year

4 Staff costs

The company had no employees during the year (2011: £nil)

5 Interest receivable and similar income

	2012 £000	2011 £000
Interest receivable from group companies	<u>498</u>	<u>676</u>

6 Interest payable and similar charges

	2012 £000	2011 £000
On loans from group undertakings	<u>701</u>	<u>683</u>

7 Taxation

	2012 £000	2011 £000
Adjustments in respect of prior periods	-	(638)
<i>Tax on profit/(loss) on ordinary activities</i>	<u>-</u>	<u>(638)</u>

IGE USA Group

Notes to the financial statements

7 Taxation (continued)

Factors affecting current tax charge/(credit) for the year

The current tax assessed for the year is lower than (2011 lower than) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below:

	2012 £000	2011 £000
Profit/(loss) on ordinary activities before tax	(409,595)	(26)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	72,203	(7)
Effects of		
Group relief	50	7
Adjustments to tax charge in respect of prior periods	-	(638)
Non-taxable income	(72,253)	-
Current tax charge/(credit) for the year (see note above)	-	(638)

No current tax credit arises on the tax loss for the period because the company is surrendering group relief to other group companies for £nil consideration.

Factors that may affect future tax charges

The UK corporation tax rate was reduced from 26% to 24% on 1 April 2012. It was announced that this rate would be further reduced to 23% with effect from 1 April 2013. This is the rate which was enacted at the balance sheet date. It is expected that the corporation tax rate will reduce to 20% by 2015. There are no other factors that may significantly affect future tax charges.

There were no amounts of provided or unprovided deferred taxation as at 31 December 2012 or 31 December 2011.

IGE USA Group

Notes to the financial statements

8 Fixed asset investments

	Shares in subsidiary undertakings £000
Cost or valuation	
At 1 January 2012 and 31 December 2012	1,701,186
Impairment	
At 1 January 2012	480,394
Charge for the year	704,335
At 31 December 2012	1,184,729
Net book value	
At 31 December 2012	516,457
At 31 December 2011	1,220,792

Details of the company's subsidiaries are listed below. All subsidiary undertakings are incorporated in England and Wales apart from GE Energy Oilfield Technology, Inc which is incorporated in the United States of America.

Name and nature of business	Class of shares held	Percentage of shares held
International General Electric (USA) <i>Holding company</i>	Ordinary	100%
Vetco International Limited <i>Holding company</i>	Ordinary	100%
GE Energy Oilfield Technology, Inc <i>MWD and related equipment</i>	Ordinary	100%

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

9 Debtors

	2012 £000	2011 £000
Amounts owed by group undertakings	1,005	95,472

IGE USA Group

Notes to the financial statements

10 Creditors Amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to group undertakings	-	16,371
Accruals and deferred income	19	19
	<u>19</u>	<u>16,390</u>

11 Creditors Amounts falling due after more than one year

	2012 £000	2011 £000
Amounts owed to group undertakings	<u>53,184</u>	<u>52,621</u>

12 Share capital

	2012 £000	2011 £000
<i>Allotted, called up and fully paid</i>		
123,490,725 (2011 388,816,032) ordinary shares of £1 each	123,491	388,816
99,315,913 'Y' shares of £1 each	-	99,316
76,510,220 (2011 300,000,000) redeemable shares of £1 each	76,510	300,000
	<u>200,001</u>	<u>788,132</u>

On 27 November 2012, the "Y" shares of £1 each were redesignated as ordinary £1 shares each

On 11 December 2012, the issued share capital of the company was reduced from £788,131,945 to £200,000,945 by cancelling and extinguishing 364,641,220 ordinary shares of £1 each and 223,489,780 redeemable shares of £1 each, giving rise to a distributable reserve of £588,131,000

13 Reserves

	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 January 2012	139,351	550,000	(230,229)
Loss for the year	-	-	(409,595)
Dividends	-	-	(373,400)
Distributable reserves created on cancellation of shares	-	-	588,131
Transfer from share premium account to retained earnings	(139,351)	-	139,351
	<u>-</u>	<u>550,000</u>	<u>(285,742)</u>
At 31 December 2012	-	550,000	(285,742)

IGE USA Group

Notes to the financial statements

14 Reconciliation of movement in shareholders' funds

	2012 £000	2011 £000
Opening shareholders' funds	1,247,254	1,438,982
(Loss)/profit for the year	(409,595)	612
Dividends	(373,400)	(192,340)
Shares cancelled during the year	(588,131)	-
Distributable reserves created on reduction of share premium	139,351	-
Distributable reserves created on cancellation of shares	588,131	-
Reduction of share premium during the year	(139,351)	-
Closing shareholders' funds	464,259	1,247,254

15 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is IGE USA Investments, a company registered in England and Wales

The smallest and 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 06828 or at www.ge.com