

# IGE USA Group

## Directors' report and financial statements

for the year ended 31 December 2013

Registered number: 03053570

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# IGE USA Group

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# IGE USA Group

## Directors' report

The directors present their report and the financial statements for the year ended 31 December 2013.

### Principal activity and business review

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

On 23 August 2013 the company received 988 shares of £1 each in the capital of GE ESE UK Limited in lieu of a payment on the return of capital from International General Electric (USA).

On the same day, the company paid an interim dividend to IGE USA Investments, the company's immediate parent undertaking, of £494. The payment of such dividend was satisfied by the transfer of 494 shares of £1 each in GE ESE UK Limited to IGE USA Investments.

On the same day the company transferred 494 shares of £1 each in GE ESE UK Limited to General Electric Capital Corporation for a cash consideration of £494..

On 28 November 2013 the company received an interest in General Electric Europe Holdings CV (Limited partnership) representing 0.0954% of the total interest, from its subsidiary International General Electric (USA), by way of a dividend in specie.

### Results and dividends

The profit for the year, after taxation, amounted to £300,210,000 (2012: loss £409,595,000).

During the year the company paid an interim dividend of £nil (2012: £373,400,000).

The directors do not recommend the payment of a final dividend (2012: £nil).

### Directors

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

G M Wheeler  
M Risinger  
I Holt (resigned 30 April 2013)  
Z J Citron  
S J Dwyer  
A E Brennan  
A S Bowman (appointed 22 October 2013)  
A T P Budge (appointed 22 October 2013)

### Post balance sheet events

On 10 July 2014, the company sold its interest in General Electric Holdings C.V. to another GE subsidiary for cash consideration of £29,082,763.

### Disclosure of information to auditors

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

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

# IGE USA Group

## Directors' report

### Auditors

KPMG Audit Plc resigned as auditors during the year and KPMG LLP were appointed to fill the vacancy arising.

Under section 487 of the Companies Act 2006, KPMG LLP 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 29 September 2014 and signed on its behalf.



**A T P Budge**  
Director

3rd Floor  
1 Ashley Road  
Altrincham  
Cheshire  
WA14 2DT

# IGE USA Group

## Strategic report for the year ended 31 December 2013

### ***Business review***

The results for the company show a pre tax profit of £300,210,000 (2012: pre tax loss £409,595,000) for the year.

The company has net assets of £764,469,000 (2012: net assets £464,259,000) as part of which £52,082,000 (2012: £52,179,000) is due to fellow GE group companies.

### ***Principal risks and uncertainties***

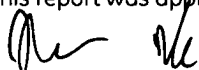
The principal risk of the company is the carrying value of its investments. The performance of the underlying subsidiary is periodically reviewed in order to mitigate this risk.

### ***Other key performance indicators***

The company has not identified any key performance indicators due to the nature of its operations as a holding company.

The directors are satisfied with both the performance for the year and balance sheet position at year-end.

This report was approved by the board on 29 September 2014 and signed on its behalf.



**ATP Budge**  
Director

# IGE USA Group

## Directors' responsibilities statement for the year ended 31 December 2013

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

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

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

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

# 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 2013, 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 strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit 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 strategic report and 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 LLP**

Statutory Auditor  
Chartered Accountants

15 Canada Square  
London  
E14 5GL  
United Kingdom

Date: 30 September 2014



# IGE USA Group

## Profit and loss account for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Administrative expenses		(107)	-
Reversal of impairment/(impairment) of investment	8	290,380	(704,335)
<b>Operating profit/(loss)</b>		<b>290,273</b>	<b>(704,335)</b>
Income from investments		10,341	294,943
Interest receivable and similar income	5	5	498
Interest payable and similar charges	6	(409)	(701)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>300,210</b>	<b>(409,595)</b>
Tax on profit/(loss) on ordinary activities	7	-	-
<b>Profit/(loss) for the financial year</b>	13	<b>300,210</b>	<b>(409,595)</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

The notes on pages 9 to 15 form part of these financial statements.

IGE USA Group  
Registered number: 03053570

Balance sheet  
as at 31 December 2013

	Note	£000	2013 £000	£000	2012 £000
<b>Fixed assets</b>					
Investments	8		816,623		516,457
<b>Current assets</b>					
Debtors	9	1,511		1,005	
<b>Creditors:</b> amounts falling due within one year	10	(72)		(19)	
<b>Net current assets</b>			1,439		986
<b>Total assets less current liabilities</b>			818,062		517,443
<b>Creditors:</b> amounts falling due after more than one year	11		(53,593)		(53,184)
<b>Net assets</b>			764,469		464,259
<b>Capital and reserves</b>					
Called up share capital	12		200,001		200,001
Other reserves	13		550,000		550,000
Profit and loss account	13		14,468		(285,742)
<b>Shareholders' funds</b>	14		764,469		464,259

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2014.



**A T P Budge**  
Director

The notes on pages 9 to 15 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 £24,000 (2012: £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. Staff costs

The company had no employees during the year (2012: nil).

### 4. Directors' remuneration

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

### 5. Interest receivable and similar income

	2013 £000	2012 £000
Interest receivable from group companies	<u>5</u>	<u>498</u>

### 6. Interest payable and similar charges

	2013 £000	2012 £000
On loans from group undertakings	<u>409</u>	<u>701</u>

### 7. Taxation

	2013 £000	As restated 2012 £000
UK corporation tax charge on profit/(loss) for the year	<u>-</u>	<u>-</u>

# IGE USA Group

## Notes to the financial statements

### 7. Taxation (continued)

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

The current tax assessed for the year is lower than (2012: higher than) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £000	2012 £000
Profit/(loss) on ordinary activities before tax	<u>300,210</u>	<u>(409,595)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	69,789	(100,340)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	172,543
Group relief	119	50
Non-taxable income	(69,908)	(72,253)
<b>Current tax charge for the year</b> (see note above)	<u>-</u>	<u>-</u>

No current tax charge arises on the profit for the year 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 24% to 23% on 1 April 2013. It was announced that this rate would be reduced to 21% with effect from 1 April 2014 with a further reduction to 20% with effect from 1 April 2015. Both of these rates were enacted at the balance sheet date. 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 2013 or 31 December 2012.

# IGE USA Group

## Notes to the financial statements

### 8. Fixed asset investments

	Shares in subsidiary undertakings £000	Investments in associates £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2013	1,701,186	-	1,701,186
Additions	1	9,787	9,788
Disposals	(2)	-	(2)
At 31 December 2013	1,701,185	9,787	1,710,972
<b>Impairment</b>			
At 1 January 2013	1,184,729	-	1,184,729
Charge for the year	5,202	-	5,202
Reversal of impairments	(295,582)	-	(295,582)
At 31 December 2013	894,349	-	894,349
<b>Net book value</b>			
At 31 December 2013	806,836	9,787	816,623
At 31 December 2012	516,457	-	516,457

On 23 August 2013 the company received 988 shares of £1 each in the capital of GE ESE UK Limited in lieu of the return of capital from International General Electric (USA).

On the same day the company transferred 494 shares of £1 each in GE ESE UK Limited to IGE USA Investments, the company's immediate parent undertaking in lieu of a dividend.

On the same day the company transferred 494 shares of £1 each in GE ESE UK Limited to General Electric Capital Corporation for a cash consideration of £494..

On 28 November 2013 the company received an interest in General Electric Europe Holdings CV (limited partnership) representing 0.0954% of the total interest, from its subsidiary International General Electric (USA), by way of a dividend in specie.

In accordance with UK GAAP and in particular FRS 11 'Impairment of fixed assets and goodwill' the directors of the company have undertaken a review of the company's investment in group undertakings as at 31 December 2013. This has resulted in a write-off of £5,205,000 and an impairment reversal of £295,582,000, the investment having been valued at its current value in use by reference to its future discounted identifiable cash flows where relevant.

Due to the sale of a subsidiary investment for an amount above its carrying value by one of the company's wholly owned subsidiaries, a cash gain has been realised enabling a previous impairment charge to be reversed.

Details of the company's subsidiaries and participating interest are listed below, all of which are incorporated in England and Wales apart from GE Energy Oilfield Technology, Inc which is incorporated in the United States of America and General Electric Europe Holdings CV which is registered in the Netherlands.

# IGE USA Group

## Notes to the financial statements

### 8. Fixed asset investments (continued)

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%
General Electric Europe Holdings CV (Limited partnership) <i>Financing</i>	Partnership interest	0.0597%

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

	2013 £000	2012 £000
Amounts owed by group undertakings	<u>1,511</u>	<u>1,005</u>

### 10. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Accruals and deferred income	<u>72</u>	<u>19</u>

### 11. Creditors:

#### Amounts falling due after more than one year

	2013 £000	2012 £000
Amounts owed to group undertakings	<u>53,593</u>	<u>53,184</u>



# IGE USA Group

## Notes to the financial statements

### 12. Share capital

	2013 £000	2012 £000
<b><i>Allotted, called up and fully paid</i></b>		
123,490,725 ordinary shares of £1 each	123,491	123,491
76,510,220 redeemable shares of £1 each	76,510	76,510
	<u>200,001</u>	<u>200,001</u>

### 13. Reserves

	Other reserves £000	Profit and loss account £000
At 1 January 2013	550,000	(285,742)
Profit for the financial year	-	300,210
	<u>550,000</u>	<u>14,468</u>
At 31 December 2013		

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

	2013 £000	2012 £000
Opening shareholders' funds	464,259	1,247,254
Profit/(loss) for the financial year	300,210	(409,595)
Dividends	-	(373,400)
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)
	<u>764,469</u>	<u>464,259</u>
Closing shareholders' funds		

### 15. Post balance sheet events

On 10 July 2014, the company sold its interest in General Electric Holdings C.V. to another GE subsidiary for cash consideration of £29,082,763.

### 16. 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](http://www.ge.com).