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Registration number: 04053665

GE Capital Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2019



GE Capital Limited

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GE Capital Limited

Strategic Report

The directors present their strategic report for the year ended 31 December 2019.

Business review

The company made a profit after taxation for the year of £1,398,000 (2018: £1,204,000). The directors are satisfied with both the performance of the company in 2019 and its year-end balance sheet position. Looking ahead, the expectations are that the business will continue its regular activities in 2020.

On 1 July 2019, the company's immediate parent undertaking, GE Capital Investments, transferred its entire shareholding in the company (comprising 50,000 ordinary shares of £1 each) to GE Capital International Holdings Limited.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are risks arising from non-compliance with Financial Conduct Authority (FCA) regulations. The company continues to manage risks arising from non-compliance with relevant FCA regulations through its policies, procedures and controls, and the regular training of staff with respect to regulatory compliance. The company also has a compliance officer who, with the support of a compliance team employed by a related company (GE Capital US Holdings, Inc. / GE Energy Financial Services, Inc.), monitors regulatory compliance and makes reports to the directors.

The company's trade debtors are all with subsidiaries of the company's ultimate parent undertaking, General Electric Company, with minimal risk of default. Thus, the directors do not view the company's current exposure to credit risk as significant.

Financial key performance indicators

The company's key performance indicators are turnover and operating profit as recorded in the profit and loss account.

Approved by the Board on 3 June 2020 and signed on its behalf by:



M R Hanson
Director

GE Capital Limited

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity and business review

The company's principal activity is general corporate and project finance work. This may encompass the provision of advice on structuring and negotiating transactions and arranging the financing of transactions in accordance with its regulatory permissions prescribed by the FCA.

Results and dividends

The profit for the year, after taxation, amounted to £1,398,000 (2018: £1,204,000).

On 27 June 2019, the company paid an interim dividend of £18,000,000 to GE Capital Investments, its immediate parent undertaking at the time (2018: £nil).

The directors do not recommend payment of a final dividend (2018: £nil).

Directors of the company

The directors who held office during the year and up to the date of the directors' report were as follows:

M R Hanson

B P Ward (resigned 31 May 2019)

R Kurada

G Davies (appointed 12 March 2020)

V Gulati (appointed 12 March 2020)

Post balance sheet event

On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organisation, and most governments are taking restrictive measures to contain its further spread affecting free movement of people and goods. These events, which occurred subsequent to the balance sheet date, together are material without requiring any adjustments in these financial statements. While no material effects on the company's financial position, results of operations and cash flows have yet been identified at the date of these financial statements, management will continue monitoring and evaluating them during the 2020 financial year.

Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

GE Capital Limited

Directors' Report

Reappointment of auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 3 June 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'M R Hanson', written in a cursive style.

M R Hanson
Director

GE Capital Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Independent Auditor's Report to the Members of GE Capital Limited

Opinion

We have audited the financial statements of GE Capital Limited (the 'company') for the year ended 31 December 2019, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of GE Capital Limited

Other information

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of GE Capital Limited

The purpose of our audit work and to whom we owe our responsibilities

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 auditor's 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.



.....
Peter Lomax (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

66 Queen Square
Bristol
BS1 4BE

Date: 4/6/20.....

GE Capital Limited

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover	4	14,035	13,758
Administrative expenses		(12,735)	(12,692)
Operating profit	5	1,300	1,066
Interest receivable and similar income	9	98	144
Interest payable and similar expenses	10	-	(6)
Profit before tax		1,398	1,204
Tax on profit	11	-	-
Profit for the year		1,398	1,204
Other comprehensive income		--	--
Total comprehensive income for the year		1,398	1,204

The above results were derived from continuing operations.

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Registration number: 04053665

Balance Sheet as at 31 December 2019

		2019	As restated 2018
	Note	£ 000	£ 000
Fixed assets			
Tangible assets	12	58	133
Investments	13	24	24
		<u>82</u>	<u>157</u>
Current assets			
Debtors: amounts falling due within one year	14	9,004	28,214
Creditors: Amounts falling due within one year	15	<u>(3,630)</u>	<u>(6,456)</u>
Net current assets		<u>5,374</u>	<u>21,758</u>
Net assets		<u>5,456</u>	<u>21,915</u>
Capital and reserves			
Called up share capital	17	50	50
Other reserves		790	647
Profit and loss account		<u>4,616</u>	<u>21,218</u>
Shareholders' funds		<u>5,456</u>	<u>21,915</u>

Refer to note 2 for explanation of the prior period restatement.

Approved by the Board on 3 June 2020 and signed on its behalf by:



M R Hanson
Director

The notes on pages 11 to 26 form an integral part of these financial statements.

GE Capital Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2019 (as restated)	50	647	21,218	21,915
Comprehensive income for the year				
Profit for the year	-	-	1,398	1,398
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,398	1,398
Equity share based payment expense	-	215	-	215
Recharges made by GE company in respect of share options exercised during the year	-	(72)	-	(72)
Dividends paid	-	-	(18,000)	(18,000)
At 31 December 2019	50	790	4,616	5,456

	Called up share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2018 (as previously stated)	50	(2,086)	20,014	17,978
Prior period restatement (refer note 2)	-	2,449	-	2,449
At 1 January 2018 (as restated)	50	363	20,014	20,427
Comprehensive income for the year				
Profit for the year	-	-	1,204	1,204
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,204	1,204
Equity share based payment expense	-	297	-	297
Recharges made by GE company in respect of share options exercised during the year	-	(13)	-	(13)
At 31 December 2018 (as restated)	50	647	21,218	21,915

Refer to note 2 for explanation of the prior period restatement.

The notes on pages 11 to 26 form an integral part of these financial statements.

GE Capital Limited

Notes to the Financial Statements

1 General information

The company is a private company limited by share capital, registered in England, incorporated and domiciled in the United Kingdom.

The address of its registered office is:

3rd Floor 1 Ashley Road
Altrincham
Cheshire
WA14 2DT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The amendments to FRS 101 (2018/19 cycle) issued in July 2019 have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

Going concern

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of a reasonably possible downside scenario, the anticipated socio-economic impact of the COVID-19 pandemic and the company's ability to access the group's cash pool facility if required, the company will have sufficient funds to meet its liabilities as they fall due for that period. The directors are confident that the company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

GE Capital Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Exemption from preparing group accounts

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.

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 5 Necco Street, Boston, Massachusetts, 02210, USA or at www.ge.com.

Basis of measurement

The financial statements have been prepared on the historical cost basis except certain financial assets and financial liabilities which are stated at their fair value.

Changes in accounting policy

In the current year the company has adopted new accounting standards and amendments including IFRS 16: *Leases*. The company transitioned to IFRS 16 using the modified retrospective approach. The impact of the adoption of this new standard is included in note 21.

In the current year the company has adopted IFRIC 23: *Uncertainty over Income Tax Treatments*. The effect of the adoption is considered not to be material.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 52, 58 and the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

GE Capital Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Recognition

Recognition

The company earns revenue from the provision of services relating to financial advice on structuring and negotiating infrastructure investments and arranging for the finance of these transactions. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful life of each tangible fixed asset as follows:

Asset class	Estimated useful life
Furniture, fittings and equipment	10 years

Investments

Investment in group undertakings 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 fair value less costs of disposal and value in use. Where the recoverable amount of the investment is less than the carrying value an impairment loss is recognised in profit and loss account in the period.

GE Capital Limited

Notes to the Financial Statements

2 Accounting policies (continued)

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Financial instruments

Initial recognition

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade debtor without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debtor without a significant financing component is initially measured at the transaction price.

Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Classification and subsequent measurement

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing financial assets and liabilities and the contractual cash flow characteristics of the financial assets. Accordingly, all financial assets and liabilities are subsequently measured at amortised cost.

GE Capital Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVTOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Trade receivables and contract assets with significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income, and any adjustments to tax payable in respect of previous years. Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

GE Capital Limited

Notes to the Financial Statements

2 Accounting policies (continued)

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Foreign currency transactions and balances

The accounts are presented in sterling which is the company's functional and presentational currency.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Profit and Loss Account.

Leases (policy applicable from 1 January 2019)

As a lessee

Short term and low value leases

The company has made an accounting policy election not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease. Short term and low value lease payments are included in operating expenses in the profit and loss account.

Leases (policy applicable before 1 January 2019)

Rentals paid under operating leases are charged to the profit or loss (net of any incentives received from the lessor) on a straight line basis over the period of the lease.

GE Capital Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Pensions

The company is a member of a group pension plan providing benefits based on final pensionable pay. The group pension plan, GE Pension Plan, covers a number of United Kingdom subsidiary companies of General Electric Company. There is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to participating entities, so the net defined benefit cost is recognised fully in the separate financial statements of the group entity that is legally the principal employer for the plan, which is GEH Holdings. The company recognises a cost equal to their contribution payable for the period. The contribution payable by the participating employers in the GE Pension Plan are based on the latest schedule of contributions agreed between the Trustee of the GE Pension Plan and the principal employer.

The company also operates a defined contribution pension scheme which is a group personal pension plan with Legal & General. The amount charged to the profit and loss account represents the contributions payable to the scheme operated by Legal & General in respect of the accounting year.

Share based payments

Share options and restricted stock units over the shares of General Electric Company, the ultimate parent entity are granted to certain employees and executives of the company. The fair value of options and units granted is recognised as an employee expense with a corresponding increase in equity, the 'other reserve'.

The fair value is measured at grant date using the Black-Scholes option pricing model, and is recognised as an expense over the period the employees become unconditionally entitled to the options/units. The amount recognised as an expense is adjusted to reflect the actual number of options/units expected to vest. Any recharges by the ultimate parent entity are offset against the 'other reserve'.

In addition the company has established an employee share ownership scheme, under which employees are able to acquire a number of shares in the ultimate parent company, General Electric Company, with the company matching the employees' purchases. The company's costs of these purchases are charged to the profit and loss account as incurred.

Prior period restatement

During the year the Company identified that the recharge arrangement in respect of group share based payments that are accounted for by analogy to the requirements for cash-settled share based arrangements, the expected future recharge amounts not yet paid was incorrectly calculated. As a consequence the recharge liability had been overstated and the capital contribution from the parent understated. This has been restated by decreasing the 'Creditors: Amounts falling due within the year' from £6,091,000 to £3,642,000 and increasing the 'Other reserves' from £(1,802,000) to £647,000 as at 31 December 2018, and increasing 'Other reserves' from £(2,086,000) to £363,000 as at 1 January 2018. There is no impact on the profit and cash flows for the year then ended.

GE Capital Limited

Notes to the Financial Statements

3 Critical accounting judgements and key sources of estimation uncertainty

The directors consider there are no critical accounting estimates or judgements identified in preparation of the financial statements in compliance with FRS 101.

4 Turnover

A geographical analysis of turnover is as follows:

	2019 £ 000	2018 £ 000
USA	14,035	13,758

5 Operating profit

Operating profit is stated after charging/(crediting):

	Note	2019 £ 000	2018 £ 000
Depreciation expense	12	75	75
Difference on foreign exchange		(25)	21
Expense on short term leases (over one month)		1,198	-
Operating lease expense under IAS 17		-	619

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £ 000	2018 £ 000
Wages and salaries	8,655	9,092
Social security costs	1,252	846
Other pension costs	551	647
Share-based payment expenses	215	297
	10,673	10,882

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

GE Capital Limited

Notes to the Financial Statements

6 Staff costs (continued)

	2019 No.	2018 No.
Directors	3	4
Executives	28	32
Administrative staff	1	1
	<u>32</u>	<u>37</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Remuneration	663	619
Company pension contributions	5	50
	<u>668</u>	<u>669</u>

In respect of the highest paid director:

	2019 £ 000	2018 £ 000
Remuneration	<u>663</u>	<u>275</u>

8 Auditor's remuneration

	2019 £ 000	2018 £ 000
Audit of the financial statements	<u>25</u>	<u>25</u>
Fees payable to the company's auditors and its associates in respect of:		
Non-audit services	<u>15</u>	<u>12</u>

9 Interest receivable and similar income

	2019 £ 000	2018 £ 000
Interest receivable from group companies	<u>98</u>	<u>144</u>

GE Capital Limited

Notes to the Financial Statements

10 Interest payable and similar expenses

	2019 £ 000	2018 £ 000
On loans from group undertakings	-	6

11 Taxation

Tax charged/(credited) in the profit and loss account

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Origination and reversal of temporary differences	(15)	(15)
Effect of changes to tax rates	2	2
Movement on deferred tax not provided	13	13
Total deferred taxation	-	-
Tax expense in the statement of profit and loss account	-	-

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2018: lower than the standard rate of corporation tax in the UK) of 19% (2018: 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	1,398	1,204
Corporation tax at standard rate	266	229
Effect of decreased tax rate	2	2
Non-taxable income	-	(2)
Expenses not deductible for tax purposes	41	56
Group relief for £nil consideration	(322)	(298)
Movement in deferred tax not provided	13	13
Total tax charge/(credit)	-	-

GE Capital Limited

Notes to the Financial Statements

11 Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Subsequent to the balance sheet date it was announced that the rate of 19% would continue to apply with effect from 1 April 2020. This change was substantively enacted on 17 March 2020. This will increase the current tax charge accordingly.

Deferred tax assets and liabilities on all timing differences have been calculated at 17% as at 31 December 2019. The impact of this on the financial statements is not considered material.

The U.K. Tax authorities issued assessments to disallow interest deductions claimed by other group companies for years from 2004 to 2015. The proposed disallowance does not affect interest deductions claimed by GE Capital Limited but, if sustained, could impact losses surrendered against the taxable income of GE Capital Limited in prior years. We comply with all applicable tax laws and judicial doctrines of the United Kingdom. We are contesting the disallowance and believe the full benefit of the deductions will be sustained on their technical merits, but the outcome of pending litigation cannot be fully known until resolution of the matter. Given the uncertainty of how much may be ultimately disallowed and availability of other U.K group tax attributes, GE Capital Limited is unable to quantify the amount, if any, of the tax impact of this item.

There are no other factors that may significantly affect future tax charges.

Deferred tax

There are £58,000 of deductible temporary differences (2018: £46,000) for which no deferred tax asset is recognised in the balance sheet.

GE Capital Limited

Notes to the Financial Statements

12 Tangible assets

	Furniture, fittings and equipment £ 000
Cost	
At 1 January 2019	<u>309</u>
At 31 December 2019	<u>309</u>
Depreciation	
At 1 January 2019	176
Charge for the year	<u>75</u>
At 31 December 2019	<u>251</u>
Net book value	
At 31 December 2019	<u>58</u>
At 31 December 2018	<u>133</u>

13 Fixed asset investments

	Investments in subsidiary companies £ 000
Cost	
At 1 January 2019	<u>24</u>
At 31 December 2019	<u>24</u>
Net book value	
At 31 December 2019	<u>24</u>
At 31 December 2018	<u>24</u>

The directors of the company have undertaken a review of the company's investment in group undertakings as at 31 December 2019. There are no indications of impairment and the carrying value of the investment is correct.

GE Capital Limited

Notes to the Financial Statements

13 Fixed asset investments (continued)

Details of the company's subsidiary undertaking as at 31 December 2019 are as follows:

Name of subsidiary	Registered office	Class of shares held	Proportion of ownership interest
GE Capital (Germany) GmbH	Bleichstrasse 64-66, Frankfurt Am Main, Germany	Ordinary	100%

14 Debtors

	2019 £ 000	2018 £ 000
Amounts owed by group undertakings	8,048	26,252
Other debtors	956	1,962
	<u>9,004</u>	<u>28,214</u>

15 Creditors: Amounts falling due within one year

	2019 £ 000	As restated 2018 £ 000
Trade creditors	73	576
Accruals and deferred income	2,823	3,642
Other creditors	734	2,238
	<u>3,630</u>	<u>6,456</u>

GE Capital Limited

Notes to the Financial Statements

16 Share-based payments

Certain employees of the company are selected to participate in share options and restricted stock units of General Electric Company under the terms of the General Electric Company Long Term Incentive Plan. Share options expire 10 years from grant date and vest over service periods ranging from one to five years. The option price is usually set as the closing day share price on grant date. Restricted stock units give the participants the right to receive shares in General Electric Company for no consideration. Restricted stock units vest over various service periods beginning three years from grant date through grantee retirement. All grants of GE options under all plans must be approved by the Management Development and Compensation Committee of General Electric Company, which consist entirely of outside directors.

In connection with the spin-off of GE Transportation and pursuant to the anti-dilution provisions of the 2007 Long Term Incentive Plan, the Company made adjustments to exercise price and the number of shares to preserve the intrinsic value of the awards prior to the separation. The adjustments to the stock-based compensation awards did not result in additional compensation expense.

For further details on stock options and restricted stock units please refer to the GE annual report available at www.ge.com.

The weighted average share price at the date of exercise of share options exercised during the year was \$9.99 (2018: \$nil).

The options outstanding at the year end have an exercise price in the range of \$10.19 to \$28.47 and a weighted average contractual life of 5.61 years.

GE Capital Limited

Notes to the Financial Statements

17 Share capital

Allotted, called up and fully paid shares

	No. 000	2019 £ 000	No. 000	2018 £ 000
Ordinary shares of £1 each	50	50	50	50

18 Dividends

	2019 £ 000	2018 £ 000
Dividend paid of £360 (2018: £nil) per ordinary share	18,000	-

19 Pension commitments

The company is a member of a group pension plan providing benefits based on final pensionable pay. The group pension plan, GE Pension Plan, covers a number of United Kingdom subsidiary companies of General Electric Company. There is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to participating entities, so the net defined benefit cost is recognised fully in the separate financial statements of the group entity that is legally the principal employer for the plan, which is GEH Holdings. The company recognises a cost equal to their contribution payable for the period. The contribution payable by the participating employers in the GE Pension Plan are based on the latest schedule of contributions agreed between the Trustee of the GE Pension Plan and the principal employer.

The last full actuarial valuation was carried out as at 31 March 2018 by a qualified independent actuary. At this date there was a funding surplus of £190 million and a funding level of 103.0%.

The company also operates a defined contribution pension scheme which is a group personal pension plan with Legal & General. The amount charged to the profit and loss account represents the contributions payable to the scheme operated by Legal & General in respect of the accounting year.

The pension charge for the year was £551,000 (2018: £647,000), including £nil (2018: £nil) in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

GE Capital Limited

Notes to the Financial Statements

20 Ultimate parent undertaking and controlling party

The company's immediate parent is GE Capital International Holdings Limited, a company registered at 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT.

The smallest and largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company with principal executive offices at 5 Necco Street, Boston, Massachusetts, 02210, USA. The consolidated financial statements of this company are available to the public and may be obtained from the address of the principal executive offices or at www.ge.com.

21 Changes resulting from adoption of IFRS 16

The company transitioned to IFRS 16 for the 2019 financial year. As it was agreed with the lessor that the rental period would be altered to a 30 day period and the lease would continue on a month by month basis, no right of use asset or lease liability has been recognised. Instead, the lease is treated as a short term lease under IFRS 16.

	31 December
	2018
	£ 000
Operating lease commitments at 31 December 2018 (as originally stated)	(1,606)
Recognition exemption for short-term leases	<u>1,606</u>
Lease liabilities recognised at 1 January 2019	<u>-</u>

22 Post balance sheet event

On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organisation, and most governments are taking restrictive measures to contain its further spread affecting free movement of people and goods. These events, which occurred subsequent to the balance sheet date, together are material without requiring any adjustments in these financial statements. While no material effects on the company's financial position, results of operations and cash flows have yet been identified at the date of these financial statements, management will continue monitoring and evaluating them during the 2020 financial year.