

GE Medical Holdings (Canada)

Directors' report and financial statements

For the year ended 31 December 2004

Registered Number: 4343405



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COMPANIES HOUSE 26/01/2006

GE Medical Holdings (Canada)

Directors' report and financial statements

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GE Medical Holdings (Canada)

Directors' report

The directors present their report and the audited financial statements of the company and its subsidiaries ('the group') for the year ended 31 December 2004.

Principal activities

The company acts as a holding company of companies engaged in:

- (i) the sale of medical diagnostic imaging equipment, offering a multi-modality product range, to customers located in the UK and Ireland;
- (ii) the related servicing and maintenance of the UK equipment installed base; and
- (iii) the manufacture and sale of high-field MRI magnet systems.

Results and dividend

The group made a profit before tax for the year ended 31 December 2004 of £18,418,000 (2003: *loss before tax of £7,376,000*).

The directors do not recommend the payment of a final dividend (2003: *£nil*).

Business review

On 13 June 2004, the group sold its Clinical Services business to Ital TBS Telematic and Biomedical Services SpA ("TBS") in exchange for 68,802 shares in TBS valued at £703,000 and cash of £858,000. On the same day the company subscribed for a further 138,991 shares in TBS for consideration of £1,422,000. TBS provides integrated services of clinical engineering, medical IT and telemedicine to the healthcare market.

A group undertaking, Sonotron Limited, was dissolved on 11 March 2004.

Research and development

The group continues to support research and development in the UK with the major university departments of medicine, the College of Radiologists and British Institute of Radiology.

Directors and directors' interests

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

Z J Citron	(appointed 7 May 2004)
R G Clark	(appointed 7 May 2004)
D Daubaras	
P A Green	(resigned 28 October 2005)
W H Morris	(appointed 4 May 2004)
M Risinger	

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.

GE Medical Holdings (Canada)

Directors' report *(continued)*

Charitable and political donations

The group did not make any charitable or political donations during the year (2003: £nil).

Employees

People are key to the success of the business and the group. The group recognises the benefits of keeping employees informed as to current business performance. Employee forums have been created to facilitate communication across the business. Topics discussed include the financial results of the business and performance in the area of Environmental Health and Safety. In addition the company has a Performance Management System in place across the business.

The group conforms to current employment laws on the employment of disabled persons.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



RG Clark
Director

20 December

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

2005

GE Medical Holdings (Canada)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements of each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that year. The directors are responsible for preparing the directors' report and the accounts in accordance with applicable United Kingdom law and accounting standards. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and to prevent and detect fraud and other irregularities.

Report of the independent auditors, KPMG Audit Plc, to the members of GE Medical Holdings (Canada)

We have audited the financial statements on pages 5 to 19.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 and paragraph 6 of the Regulations. 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 such 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.

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 1985. 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 group 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed. Audit of the financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

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.

Opinions

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2004 and of the profit of the group 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

30 December 2005

8 Salisbury Square
London
EC4Y 8BB

GE Medical Holdings (Canada)

Consolidated profit and loss account

for the year ended 31 December 2004

	Note	Year ended 31 December 2004 £000	Year ended 31 December 2003 £000
Group turnover	1(f), 3	139,570	131,544
Cost of sales		(85,126)	(94,461)
Gross profit		54,444	37,083
Distribution costs		(7,190)	(7,158)
Administrative expenses		(29,706)	(36,140)
Group operating profit/(loss)	5	17,548	(6,215)
Exceptional profit		1,609	-
Interest receivable and similar income	6	2,227	1,774
Interest payable and similar charges	7	(2,966)	(2,935)
Profit/(loss) on ordinary activities before taxation		18,418	(7,376)
Tax on profit/(loss) on ordinary activities	8	(5,558)	(2,735)
Profit/(loss) on ordinary activities after taxation		12,860	(10,111)
Equity minority interests		-	1,015
Retained profit/(loss) for the year	19	12,860	(9,096)

The notes on pages 8 to 19 form part of these financial statements.

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

Neither the group nor the company has any recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented for either the group or the company.

GE Medical Holdings (Canada)

Consolidated balance sheet

at 31 December 2004

	Note	2004 £000	£000	2003 £000	£000
Fixed assets					
Intangible assets	10		89,766		94,969
Tangible assets	11		2,221		2,746
Investments	12		2,125		-
			<hr/>		<hr/>
			94,112		97,715
Current assets					
Stocks	13	11,003		15,230	
Debtors	14	91,434		63,423	
Cash in hand and in bank		-		717	
		<hr/>		<hr/>	
		102,437		79,370	
Creditors: amounts falling due within one year	15	(39,402)		(40,762)	
		<hr/>		<hr/>	
Net current assets			63,035		38,608
			<hr/>		<hr/>
Total assets less current liabilities			157,147		136,323
Creditors: amounts falling due after more than one year	16	(8,500)		-	
Provisions for liabilities and charges	17	(5,018)		(5,554)	
		<hr/>		<hr/>	
Net assets			143,629		130,769
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	18	141,773		141,773	
Profit and loss account	19	1,856		(11,004)	
		<hr/>		<hr/>	
Equity shareholders' funds	19		143,629		130,769
			<hr/>		<hr/>

The notes on pages 8 to 19 form part of these financial statements.

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

W. H. Clark 2005

RG Clark

RG Clark
Director

GE Medical Holdings (Canada)

Company balance sheet at 31 December 2004

	Note	2004 £000	2003 £000
Fixed assets			
Investments	12	141,773	141,773
		<hr/>	<hr/>
Net assets		141,773	141,773
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	18	141,773	141,773
		<hr/>	<hr/>
Equity shareholders' funds	19	141,773	141,773
		<hr/>	<hr/>

The notes on pages 8 to 19 form part of these financial statements.

These financial statements were approved by the board of directors on 20 December 2005 and were signed on its behalf by:



RG Clark
Director

GE Medical Holdings (Canada)

Notes

1. Accounting policies

Revision to the financial statements

The principal accounting policies adopted by the company and the group are as follows:

(a) Basis of preparation

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

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2004. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies act 1985 the company is exempt from the requirement to present its own profit and loss account.

(c) Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Goodwill is amortised to nil by equal annual installments over its estimated useful life of 20 years.

(d) Tangible fixed assets and depreciation

Plant, machinery and equipment are being depreciated using an accelerated method, which is based principally on a sum of the digits formula. This method is designed to write off the relevant assets over their useful lives, which at the time of purchase, varies from four years to sixteen years.

Short term leasehold property and improvements are being amortised over the life of the appropriate lease.

(e) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

(f) Turnover

Turnover represents the amounts derived from providing goods and services to customers during the year, excluding value added tax.

(g) Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

GE Medical Holdings (Canada)

Notes

(continued)

1. Accounting policies *(continued)*

(h) Pension costs

The group participates in a group funded defined benefit pension scheme which provides benefits for employees based on final pensionable pay.

Pension costs are charged against profits on a systematic basis. Any surplus or deficits arising are allocated over the current employees' remaining service lives with the group.

(i) Research and development expenditure

Expenditure on research and development is written off against profits in the year it is incurred.

(j) Stocks

Stocks are stated at the lower of cost and net realisable value.

(k) Taxation

The charge for taxation is based on the profit for the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised to the extent that the directors consider those assets to be recoverable.

(l) Cash flow statements

Under FRS 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 and can be obtained from the address mentioned in note 22.

(m) 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 since ultimately all voting rights are held within the group whose ultimate parent undertaking is General Electric Company and the consolidated financial statements of General Electric Company, in which the company is included, are available to the public and can be obtained from the address given in note 22.

(n) Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any permanent diminution in value.

2. Remuneration of directors

The directors did not receive any remuneration from the company or its subsidiary undertakings during the year (2003: £nil). There are no retirement benefits accruing to any director, which are borne by the company or its subsidiary undertakings (2003: £nil).

GE Medical Holdings (Canada)

Notes (continued)

3. Analysis of group turnover

	Year ended 31 December 2004 £000	Year ended 31 December 2003 £000
By geographical market		
UK	122,777	109,620
Rest of Europe	5,793	11,796
USA	9,554	10,065
Rest of the World	1,446	63
	<hr/>	<hr/>
	139,570	131,544
	<hr/>	<hr/>

4. Staff costs

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

	Year ended 31 December 2004 Number of employees	Year ended 31 December 2003 Number of employees
Production	40	44
Administrative	59	54
Sales and marketing	113	111
Service	246	284
	<hr/>	<hr/>
	458	493
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2004 £000	Year ended 31 December 2003 £000
Wages and salaries	18,919	19,615
Social security costs	1,944	2,048
Other pension costs	1,436	1,492
	<hr/>	<hr/>
	22,299	23,155
	<hr/>	<hr/>
Redundancy costs (paid during the year)	83	397
	<hr/>	<hr/>

GE Medical Holdings (Canada)

Notes

(continued)

5. Group operating profit/(loss)

Group operating profit/(loss) is stated after charging/(crediting) the following:

	Year ended 31 December 2004	Year ended 31 December 2003
	£000	£000
Auditors' remuneration:		
Audit services (<i>Company: £4,000 for the year; 2003: £2,000</i>)	88	150
Fees for other services	3	15
Depreciation	611	668
Amortisation of goodwill	5,203	4,545
Amortisation of pension deficit	(260)	(260)
Operating lease rentals:		
Land and buildings	254	263
Others	954	1,771
Exchange losses/(gains)	180	(194)

6. Interest receivable and similar income

	Year ended 31 December 2004	Year ended 31 December 2003
	£000	£000
On amounts owed by group undertakings	2,227	1,774

7. Interest payable and similar charges

	Year ended 31 December 2004	Year ended 31 December 2003
	£000	£000
On amounts owed to group undertakings	5	61
Other interest payable	2,961	2,874
	2,966	2,935

GE Medical Holdings (Canada)

Notes

(continued)

8. Tax on profit/(loss) on ordinary activities

a) Analysis of charge in the year at 30%

	Year ended 31 December 2004 £000	Year ended 31 December 2003 £000
UK corporation tax at 30%	5,601	-
Adjustment in respect of prior years	(46)	2,573
	<hr/>	<hr/>
Total current tax	5,555	2,573
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	3	162
	<hr/>	<hr/>
Total deferred tax	3	162
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	5,558	2,735
	<hr/>	<hr/>

b) Factors affecting current tax charge in year

	Year ended 31 December 2004 £000	Year ended 31 December 2003 £000
Profit/(loss) on ordinary activities before tax	18,418	(7,376)
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities at UK standard rate of 30%	5,525	(2,213)
	<hr/>	<hr/>
Effects of:		
Depreciation in excess of capital allowances	38	10
Short term timing differences	(42)	(171)
Expenses not deductible for tax purposes	485	1,419
Adjustment to subsidiaries' tax charge in respect of previous periods	(46)	2,573
Non taxable income	(314)	-
Group relief not paid for	104	955
Capital gain on sale of clinical services business covered by medical loss	(195)	-
	<hr/>	<hr/>
Total current tax charge for the year	5,555	2,573
	<hr/>	<hr/>

GE Medical Holdings (Canada)

Notes (continued)

9. Profits of the holding company

The directors have taken advantage of the exemption available under section 230(4) of the Companies Act 1985 and have not presented a profit and loss account for the company. In the year ended 31 December 2004 the company made a profit for the year of £nil (2003: £nil).

10. Intangible assets

	Goodwill £000
Group	
<i>Cost</i>	
At beginning of year and end of the year	104,059
	<hr/>
<i>Amortisation</i>	
At beginning of year	9,090
Charge in the year	5,203
	<hr/>
At end of the year	14,293
	<hr/>
<i>Net book value</i>	
At 31 December 2004	89,766
	<hr/>
At 31 December 2003	94,969
	<hr/>

GE Medical Holdings (Canada)

Notes (continued)

11. Tangible assets

Group	Short leasehold land and buildings £000	Plant and equipment £000	Total £000
<i>Cost</i>			
At beginning of the year	2,438	6,450	8,888
Additions	-	188	188
Disposals	-	(476)	(476)
	<hr/>	<hr/>	<hr/>
At end of year	2,438	6,162	8,600
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of the year	1,271	4,871	6,142
Charge for year	113	498	611
Disposals	-	(374)	(374)
	<hr/>	<hr/>	<hr/>
At end of year	1,384	4,995	6,379
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2004	1,054	1,167	2,221
	<hr/>	<hr/>	<hr/>
At 31 December 2003	1,167	1,579	2,746
	<hr/>	<hr/>	<hr/>

12. Fixed asset investments

	2004 £000	2003 £000
<i>Company</i>		
<i>Cost and net book value</i>		
At beginning of year	141,773	122,323
Additions during the year	-	19,450
	<hr/>	<hr/>
At end of year	141,773	141,773
	<hr/>	<hr/>

GE Medical Holdings (Canada)

Notes

(continued)

12. Fixed asset investments (continued)

Subsidiary undertakings

The company owns 100% of GE Medical Systems Limited, a company registered in England and Wales, whose principal activity is the sale and servicing of medical diagnostic equipment. GE Medical Systems Limited has interests in the following subsidiary undertakings, which have all been consolidated within these financial statements:

Company name	Principal activity	Proportion of share capital held	Class of share
GE Medical Systems Oxford Limited	Manufacture and sale of high-field MRI magnet systems	100%	Ordinary
Medical Device Services Limited	Dormant	100%	Ordinary
IGE Healthcare Services Limited	Dormant holding company	100%	Ordinary
International Medical Systems (UK) Limited*	Dormant	100%	Ordinary

* Indirectly held by GE Medical Systems Limited

	2004 £000	2003 £000
Group		
<i>Investments in associate undertakings</i>		
At beginning of year	-	-
Additions during the year	2,125	-
	<hr/>	<hr/>
At end of year	2,125	-
	<hr/>	<hr/>

On 13 June 2004, the group sold its Clinical Services business to Ital TBS Telematic and Biomedical Services SpA ("TBS") in exchange for 68,802 shares in TBS valued at £703,000 and cash of £858,000. On the same day the company subscribed for a further 138,991 shares in TBS for consideration of £1,422,000. TBS provides integrated services of clinical engineering, medical IT and telemedicine to the healthcare market.

13. Stocks

	2004		2003	
	Group £000	Company £000	Group £000	Company £000
Finished goods and goods for resale	7,774	-	10,611	-
Raw materials and consumables	3,229	-	4,619	-
	<hr/>	<hr/>	<hr/>	<hr/>
	11,003	-	15,230	-
	<hr/>	<hr/>	<hr/>	<hr/>

GE Medical Holdings (Canada)

Notes

(continued)

14. Debtors

	2004		2003	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	2,346	-	2,581	-
Amounts owed by group undertakings	85,956	-	58,760	-
Corporation tax recoverable	-	-	-	-
Other debtors	888	-	913	-
Prepayments and accrued income	2,244	-	1,169	-
	<u>91,434</u>	<u>-</u>	<u>63,423</u>	<u>-</u>

15. Creditors: amounts falling due within one year

	2004		2003	
	Group £000	Company £000	Group £000	Company £000
Bank loan and overdraft	4	-	650	-
Trade creditors	3,844	-	6,858	-
Amounts owed to group undertakings	1,102	-	11,572	-
Corporation tax	8,938	-	2,334	-
Other taxation and social security	4,112	-	3,044	-
Accruals and deferred income	15,475	-	13,341	-
Payments on account	5,927	-	541	-
Other creditors	-	-	2,422	-
	<u>39,402</u>	<u>-</u>	<u>40,762</u>	<u>-</u>

16. Creditors: amounts falling due after one year

	2004		2003	
	Group £000	Company £000	Group £000	Company £000
Amounts owed to group undertakings	<u>8,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

GE Medical Holdings (Canada)

Notes (continued)

17. Provisions for liabilities and charges

Group	Pension Deficit	Warranty, installation and field maintenance provision	Other	Total
	£000	£000	£000	£000
At beginning of year	2,568	1,548	1,409	5,525
(Amortisation)/charge for the year	(260)	(273)	(10)	(543)
At end of year	2,308	1,275	1,399	4,982
Deferred tax (see below)				36
				5,018
			2004	2003
			£000	£000
Deferred tax				
At beginning of year			29	(133)
Transfer			5	-
Charge for the year			3	162
			36	29

The amounts provided and unprovided in respect of deferred taxation (liabilities)/assets are set out below:

Group	Provided	2004 Unprovided	2003 Provided	2003 Unprovided
	£000	£000	£000	£000
Accelerated capital allowances	(128)	-	(162)	-
Short term timing differences	92	-	133	-
	(36)	-	(29)	-
Company	Provided	2004 Unprovided	2003 Provided	2003 Unprovided
	£000	£000	£000	£000
	-	-	-	-

GE Medical Holdings (Canada)

Notes

(continued)

18. Called up share capital

	2004 £000	2003 £000
<i>Authorised</i>		
200,000,000 ordinary shares of £1 each	200,000	200,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid:</i>		
141,772,873 ordinary shares of £1 each	141,773	141,773
	<u> </u>	<u> </u>

19. Reconciliation of movements in equity shareholders' funds

Group

Movements in equity shareholders' funds were as follows:

	Called up share capital £000	Profit and loss account £000	2004 Share- holders' funds £000	2003 Share- holders' funds £000
At beginning of the year	141,773	(11,004)	130,769	120,415
New share capital issued (net of issue costs)	-	-	-	19,450
Retained profit/(loss) for the year	-	12,860	12,860	(9,096)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of the year	141,773	1,856	143,629	130,769
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Company

Movements in equity shareholders' funds were as follows:

	Called up share capital £000	Profit and loss account £000	2004 Share- holders' funds £000	2003 Share- holders' funds £000
At beginning of year	141,773	-	141,773	122,323
New share capital issued (net of issue costs)	-	-	-	19,450
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of the year	141,773	-	141,773	141,773
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

GE Medical Holdings (Canada)

Notes

(continued)

20. Commitments

Annual commitments under non-cancelable operating leases were as follows:

Group	Land and buildings 2004 £000	Others 2004 £000	Total 2004 £000	Total 2003 £000
Operating leases which expire:				
Within one year	-	-	-	357
In the second to fifth year inclusive	14	8	22	523
Over five years	2,691	-	2,691	1,085
	<u>2,705</u>	<u>8</u>	<u>2,713</u>	<u>1,965</u>

21. Pension schemes

The group operates a contributory defined benefit pension scheme providing benefits based on final pensionable pay to its employees. The scheme is part of a wider group scheme, the GE Pension Plan ("the scheme"), covering a number of United Kingdom subsidiary companies of General Electric Company.

Contributions to the scheme are based on pension costs across the wider group calculated so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified independent actuary on the basis of triennial valuations using the projected unit method and amounted to £1,436,000 for the group during the year ended 31 December 2004 (2003: £1,492,000). The company is unable to identify its share of the assets and liabilities of the scheme, and on adoption of FRS 17 'Retirement Benefits' the company will account for the scheme as a defined contribution scheme.

The scheme funds are administered by trustees and are independent of the group's finances. The most recent valuation of the scheme was as at 5 April 2003. The assumptions that have the most significant effect on the result of the valuation are those relating to the rate of return of investments, and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 6.75% per annum pre retirement, 5.25% per annum post retirement, salary increases would be 4.5% per annum and that present and future pensions would increase at the rate of 2.5% per annum.

The actuarial valuation showed that the market value of the scheme's assets amounted to approximately £175.6 million. The actuarial valuation of the assets was sufficient to meet 68% of accrued liabilities of the plan. The pension cost for employers is 9.2% of pensionable salaries, with a further 4.0% of pensionable salaries required to clear the deficit over the next 12 years, the additional contributions commencing in 2005.

Under the Trust Deed establishing the scheme, the trustees of the scheme have a claim on the assets of the group if the scheme has insufficient assets available to meet all benefits payable by the scheme.

22. Parent undertaking

The immediate parent undertaking is GE Multilin. The ultimate parent undertaking is General Electric Company.

The smallest and the largest group in which the results of the company are consolidated is that headed by General Electric Company. The consolidated financial statements for this company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut, 06431, USA or at www.ge.com.