

Registration number: 05414492

# GEH Holdings

## Annual Report and Financial Statements

for the Period from 1 January 2019 to 31 March 2020



# GEH Holdings

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# GEH Holdings

## Strategic Report

The directors present their strategic report for the period from 1 January 2019 to 31 March 2020.

### **Business review**

The results for the company show a profit before tax for the 15 month period ended 31 March 2020 of £107,760,000 compared with a loss before tax of £44,739,000 for the year ended 31 December 2018.

The company has net assets of £824,455,000 (31 December 2018: £247,859,000), including net payables of £170,512,000 (31 December 2018: £141,406,000) due to fellow GE group companies.

On 12 March 2020, the company changed its accounting reference date from 31 December 2019 to 31 March 2020. As a result, the current period results are for a 15 month period whereas the prior period comparatives are for a 12 month period.

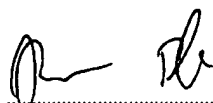
### **Principal risks and uncertainties**

The principal risks of the company are the carrying value of its investments and group receivables and the performance of the two pension plans for which the company is principal employer and guarantor. The performance of the underlying GE group companies is periodically reviewed in order to mitigate these risks and establish whether the participating employers in the GE Pension Plan and GE Capital Pension Scheme can pay their potential Section 75 debts.

### **Key performance indicators (KPI's)**

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

Approved by the Board on 23 November 2020 and signed on its behalf by:



A T P Budge  
Director

# GEH Holdings

## Directors' Report

The directors present their report and the financial statements for the period from 1 January 2019 to 31 March 2020.

### **Principal activity**

The principal activities of the company are the investment in and the holding of shares in companies in the healthcare sector, and being the principal employer and guarantor of the GE Pension Plan and GE Capital Pension Scheme.

### **Results and dividends**

The profit for the 15 month period ended 31 March 2020, after taxation, amounted to £107,622,000 (loss for the year ended 31 December 2018: £44,858,000).

The directors do not recommend the payment of a dividend (year ended 31 December 2018: £nil).

### **Directors of the company**

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

A S Bowman

S M Henderson

S D N Macmillan-Binns

K J Rowland

A T P Budge

A P Mathur

# GEH Holdings

## Directors' Report

### Post balance sheet event

The COVID-19 pandemic, resulting in workforce and travel restrictions, supply chain and production disruptions and reduced demand and spending across many sectors, paired with the collapse of oil prices have significantly impacted global economies. During the latter part of the first quarter of 2020, these factors began having an adverse impact on our investees indicating that some of our investments in related entities carried at cost may have been impaired eventually requiring us to estimate their recoverable amount at the next reporting date. While the effects of these events cannot be estimated at our report release date, we anticipate many of these impacts affecting our investments' recoverable amount will continue in the foreseeable future depending on the severity and duration of the pandemic. The Company considers the emergence and spread of COVID-19 to be a non-adjusting event. The defined benefit pension plans investment strategy takes a long term view and has resilience to withstand short term fluctuations. Given the inherent uncertainties, it is not practicable at this time to provide a quantitative estimate of the impact of the virus. Such effects and the required mitigating actions will continue to be monitored and evaluated by management during the 2020 financial year.

On 28 July 2020, the company's subsidiary undertaking, ACAM Overseas Holdings, reduced its fully paid up share capital from \$56,641,095 (comprising 80,915,850 ordinary shares of \$0.70 each) to \$0.70 (comprising 1 ordinary share of \$0.70) by cancelling and extinguishing 80,915,849 issued ordinary shares of \$0.70 each, giving rise to distributable reserves of \$56,641,094.

On the same day, ACAM Overseas Holdings, made a dividend distribution of £83,374,584.63 (\$108,133,501.28) to the company. This may trigger an impairment in the carrying value of the investment in ACAM Overseas Holdings in the books of the company in the next 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.

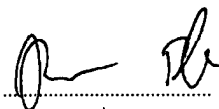
### Disclosure of information to the auditor

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.

### 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 23 November 2020 and signed on its behalf by:



A T P Budge  
Director

# GEH Holdings

## 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 GEH Holdings

## Opinion

We have audited the financial statements of GEH Holdings ("the company") for the period from 1 January 2019 to 31 March 2020, which comprise the Profit and Loss Account, Statement of 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 March 2020 and of its profit for the period 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 GEH Holdings

### **Strategic Report and Directors' Report**

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report 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 Strategic Report and the Directors' Report;
- in our opinion the information given in those reports 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](http://www.frc.org.uk/auditorsresponsibilities).



## Independent Auditor's Report to the Members of GEH Holdings

### **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.



Jennifer Perdoch (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

Date: 25/11/2020

# GEH Holdings

## Profit and Loss Account for the Period from 1 January 2019 to 31 March 2020

	Note	1 January 2019 to 31 March 2020 £ 000	Year ended 31 December 2018 £ 000
Administrative income/(expense)	4	116,990	(38,455)
Other operating income	5	<u>3,616</u>	<u>4,642</u>
<b>Operating profit/(loss)</b>		120,606	(33,813)
Loss on sale of fixed asset investments		-	(3,870)
Income from fixed asset investments		<u>78</u>	<u>5,078</u>
<b>Profit/(loss) before interest</b>		120,684	(32,605)
Interest receivable and similar income	6	24,172	17,543
Interest payable and similar expenses	7	<u>(37,096)</u>	<u>(29,677)</u>
<b>Profit/(loss) before tax</b>		107,760	(44,739)
Tax on profit/(loss)	11	<u>(138)</u>	<u>(119)</u>
<b>Profit/(loss) for the period</b>		<u><u>107,622</u></u>	<u><u>(44,858)</u></u>

The above results were derived from continuing operations.

# GEH Holdings

## Statement of Comprehensive Income for the Period from 1 January 2019 to 31 March 2020

		1 January 2019 to 31 March 2020 £ 000	Year ended 31 December 2018 £ 000
	Note		
Profit/(loss) for the period		107,622	(44,858)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of post employment benefit obligations	17	620,693	(62,600)
Deferred tax (liability)/asset on remeasurements of post employment benefit obligations	11	<u>(151,719)</u>	<u>14,875</u>
Total comprehensive income/(loss) for the period		<u>576,596</u>	<u>(92,583)</u>

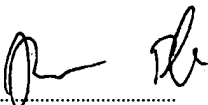
# GEH Holdings

Registration number: 05414492

Balance Sheet  
as at 31 March 2020

	Note	31 March 2020 £ 000	31 December 2018 £ 000
<b>Non current assets</b>			
Investments	12	66,866	66,866
Defined benefit pension asset	17	<u>1,146,393</u>	<u>388,800</u>
		<u>1,213,259</u>	<u>455,666</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	763,920	755,946
<b>Creditors:</b> amounts falling due within one year	14	<u>(935,009)</u>	<u>(897,795)</u>
<b>Net current liabilities</b>		<u>(171,089)</u>	<u>(141,849)</u>
<b>Total assets less current liabilities</b>		1,042,170	313,817
<b>Creditors:</b> amounts falling due after more than one year	15	-	(100)
Deferred tax liability	11	<u>(217,715)</u>	<u>(65,858)</u>
<b>Net assets</b>		<u>824,455</u>	<u>247,859</u>
<b>Capital and reserves</b>			
Called up share capital	16	1	1
Profit and loss account		<u>824,454</u>	<u>247,858</u>
<b>Shareholders' funds</b>		<u>824,455</u>	<u>247,859</u>

Approved by the Board on 23 November 2020 and signed on its behalf by:

  
.....  
A T P Budge  
Director

# GEH Holdings

## Statement of Changes in Equity for the Period from 1 January 2019 to 31 March 2020

	Called up share capital £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2019	1	247,858	247,859
<b>Comprehensive income for the period</b>			
Profit for the period	-	107,622	107,622
Other comprehensive income	-	468,974	468,974
Total comprehensive income for the period	-	576,596	576,596
At 31 March 2020	1	824,454	824,455

	Called up share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2018	1	537,126	(196,685)	340,442
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(44,858)	(44,858)
Other comprehensive loss	-	-	(47,725)	(47,725)
Total comprehensive loss for the year	-	-	(92,583)	(92,583)
Transfers between reserves	-	(537,126)	537,126	-
At 31 December 2018	1	-	247,858	247,859

# GEH Holdings

## Notes to the Financial Statements

### 1 General information

The company is a private unlimited company 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.

# GEH Holdings

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

### **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for pension assets held by the company which are carried at fair value.

### **Summary of disclosure exemptions**

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

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- 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;
- 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.

### **Foreign currency translation**

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.

### **Income from shares in group undertakings**

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

# GEH Holdings

## 2 Accounting policies (continued)

### **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.

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.

### **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.

### **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.



# GEH Holdings

## 2 Accounting policies (continued)

### Financial instruments (continued)

#### 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.

#### 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.

# GEH Holdings

## 2 Accounting policies (continued)

### Financial instruments (continued)

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.

### Pensions

The company is the principal employer for two defined benefit plans for certain General Electric employees and recognises (for the reasons set out in note 17) the net defined benefit cost in its own financial statements. A defined benefit plan is a pension plan that is not a defined contribution plan. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration.

The asset/(liability) recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cashflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past service costs are recognised immediately in the profit and loss.

# GEH Holdings

## **3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the year. Although these estimates are based on the directors' best knowledge of the amounts, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

### **Impairment of investments**

A principal activity of the company is to act as a holding company for underlying subsidiaries. As a result the main risk facing the company is the underlying trade of the investments not supporting the carrying value.

Investments are subject to impairment when there are indicators, such as, the net assets of the underlying company being less than the carrying value of the investments, adverse trade conditions in the underlying investments, cessation of trade in the underlying investments, significant losses in the year in the underlying investments and impairment of fixed assets in the underlying investments in the year.

Where the carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down the investments to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities. Impairment losses arising in respect of investments are not reversed once recognised.

### **Pension valuation**

The company is the principal employer and guarantor of the GE Pension Plan and GE Capital Pension Scheme. As a result a key risk factor of the company is the valuation of the two pension schemes. The valuation of the pension schemes was performed by a qualified independent actuary and subject to the relevant accounting principles. The schemes assets were held separately from the company's assets and the scheme liabilities were exposed to certain actuarial risks as well as the risks posed by the scheme members. Refer page 25 for more detail.

# GEH Holdings

## 4 Administrative (income)/ expenses

	1 January 2019 to 31 March 2020 £ 000	Year ended 31 December 2018 £ 000
Defined benefit pension scheme (income)/costs	(119,600)	37,900
Legal and professional fees	2,195	343
Other administrative expenses	415	212
	<u>(116,990)</u>	<u>38,455</u>

## 5 Other operating income

	1 January 2019 to 31 March 2020 £ 000	Year ended 31 December 2018 £ 000
Pension related income	<u>3,616</u>	<u>4,642</u>

The pension related income relates to the guarantee fees paid by the participating employers.

## 6 Interest receivable and similar income

	1 January 2019 to 31 March 2020 £ 000	Year ended 31 December 2018 £ 000
Interest receivable on net defined benefit asset	17,300	13,000
Interest receivable from group companies	6,872	4,543
	<u>24,172</u>	<u>17,543</u>

## 7 Interest payable and similar expenses

	1 January 2019 to 31 March 2020 £ 000	Year ended 31 December 2018 £ 000
Finance costs on shares classified as liabilities	<u>37,096</u>	<u>29,677</u>

## 8 Staff costs

The company had no employees during the period (Year ended 31 December 2018: nil).

# GEH Holdings

## 9 Directors' remuneration

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

All of the directors work for the wider GE group and do not specifically receive any remuneration in respect of the company. The appropriate proportion of their services on behalf of the company is considered to be not material.

## 10 Auditor's remuneration

Remuneration of £75,000 (2018: £56,000) paid to the auditor for their services to the company was borne by a fellow group undertaking.

## 11 Taxation

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

	1 January 2019 to 31 March 2020 £ 000	Year ended 31 December 2018 £ 000
<b>Current taxation</b>		
UK corporation tax	-	-
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	138	133
Arising from changes in tax rates and laws	-	(14)
Total deferred taxation	<u>138</u>	<u>119</u>
Tax expense in the profit and loss account	<u>138</u>	<u>119</u>

# GEH Holdings

## 11 Taxation (continued)

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

The differences are reconciled below:

	1 January 2019 to 31 March 2020 £ 000	Year ended 31 December 2018 £ 000
Profit/(loss) before tax	<u>107,760</u>	<u>(44,739)</u>
Corporation tax at standard rate	20,474	(8,500)
Effect of change in tax rate	(28)	(14)
Non-taxable income	(15)	(965)
Expenses not deductible for tax purposes	7,048	6,374
Group relief for £nil consideration	(1,331)	(1,507)
Tax on income related to the FRS17 defined benefit scheme	(26,010)	-
Other	<u>-</u>	<u>4,731</u>
Total tax charge	<u>138</u>	<u>119</u>

Factors that may affect future tax charges

Deferred tax assets and liabilities on all timing differences have been calculated at 19% as at 31 March 2020 (2018: 17%).

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

# GEH Holdings

## 11 Taxation (continued)

### Deferred tax

Deferred tax movement during the period:

	At 1 January 2019 £ 000	Recognised comprehensive in income £ 000	Recognised in other income £ 000	At 31 March 2020 £ 000
Other items	238	(138)	-	100
Pension benefit obligations	(66,096)	-	(151,719)	(217,815)
Net tax liabilities	<u>(65,858)</u>	<u>(138)</u>	<u>(151,719)</u>	<u>(217,715)</u>

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised comprehensive in income £ 000	Recognised in other income £ 000	At 31 December 2018 £ 000
Other items	357	(119)	-	238
Pension benefit obligations	(80,971)	-	14,875	(66,096)
Net tax assets/(liabilities)	<u>(80,614)</u>	<u>(119)</u>	<u>14,875</u>	<u>(65,858)</u>

# GEH Holdings

## 12 Fixed asset investments

	Investments in subsidiary companies £ 000
<b>Cost</b>	
At 1 January 2019	66,866
At 31 March 2020	66,866
<b>Net book value</b>	
At 31 March 2020	66,866
At 31 December 2018	66,866

The directors of the company have undertaken a review of the company's investment in group undertakings as at 31 March 2020. There are no indications of impairment.

Details of the company's subsidiary undertakings as at 31 March 2020 are as follows:

Name of subsidiary	Registered office	Class of shares held	Proportion of ownership interest
ACAM Overseas Holdings	Pollards Wood, Nightingales Lane, Chalfont St Giles, United Kingdom, HP8 4SP	Ordinary	100%
GE Healthcare Puerto Rico Corp.	383 Franklin D Roosevelt Avenue, El Mundo Office Building, San Juan, Puerto Rico, 00918	Common	100%

## 13 Debtors

	31 March 2020 £ 000	31 December 2018 £ 000
Amounts owed by group undertakings	763,920	755,941
Other debtors	-	5
	<u>763,920</u>	<u>755,946</u>



# GEH Holdings

## 14 Creditors: amounts falling due within one year

	31 March 2020	31 December 2018
	£ 000	£ 000
Trade creditors	575	412
Accruals and deferred income	-	36
Amounts owed to group undertakings	2	11
Social security and other taxes	2	-
Interest on share capital treated as debt	418,307	381,213
A preference shares	516,123	516,123
	<u>935,009</u>	<u>897,795</u>

## 15 Creditors: amounts falling due after more than one year

	31 March 2020	31 December 2018
	£ 000	£ 000
Accruals and deferred income	-	100
	<u>-</u>	<u>100</u>

## 16 Share capital

### Allotted, called up and fully paid shares

	31 March 2020		31 December 2018	
	No.	£	No.	£
Ordinary shares of £0.000001 each	707,549,964	708	707,549,964	708
Non voting ordinary shares of £0.000001 each	3	-	3	-
B preference shares of £0.000001 each	700,000,000	700	700,000,000	700
A preference shares of £1 each	516,123,488	516,123,488	516,123,488	516,123,488
	<u>1,923,673,455</u>	<u>516,124,896</u>	<u>1,923,673,455</u>	<u>516,124,896</u>
Share capital presented as equity		1,408		1,408
Share capital presented as a liability		<u>516,123,488</u>		<u>516,123,488</u>

# GEH Holdings

## 16 Share capital (continued)

### Ordinary shares

Holders of the ordinary shares are entitled to vote at any general meeting of the company.

### A preference shares

The A preference shares of £1 are non redeemable fixed cumulative shares that have the rights to a return of 5.75% per calendar year in priority to any other class of shares.

If, on any of the first five dividend payment dates, the company does not pay the dividend then due on the A preference shares, the holders of the A preference shares may requisition, and the company shall forthwith proceed to convene, a general meeting for the purpose of approving a reduction of premium allocable to the issue of B preference shares which is then standing to the credit of the share premium account of the company and a distribution from the reserve thereby created to the holders of the A preference shares in amounts not exceeding the arrears of the dividend.

If within twenty eight days of the first five dividend payment dates, the company has not paid the dividend then due on the A preference shares and the holders of the A preference shares have not received a distribution pursuant to the above then on or after the tenth dividend payment date in 2015, the holders of A preference shares may requisition, and the company shall forthwith proceed to convene, a general meeting for the purpose of approving (a) a reduction of capital on the A preference shares and (b) to the extent that any dividend of the A preference shares has not been paid, a reduction of A preference allocable premium then standing to the credit of the share premium account of the company in an amount equal to such arrears of dividend, and return of the amounts referred to in (a) and (b) to the holders of A preference shares.

A preference shareholder may vote at any general meeting and the number of votes that may be cast on a poll is the number that gives the class an aggregate seventy five per cent of the total votes available to all shares then in issue that carry the right to vote on a poll at such a general meeting.

The A preference shares are classified as financial liabilities due to the contractual obligations to pay a fixed return.

### B preference shares

The B preference shares of £0.000001 carry the same rights as and, *pari passu*, with the ordinary shares including without limitations as to dividends, except that they carry a preference over the ordinary shares on a winding up.

Holders of the B preference shares are entitled to vote at any general meeting of the company.

The B preference shares are classified as financial equity.

# GEH Holdings

## 17 Pension schemes

### Defined benefit pension schemes

The GE Pension Plan and the GE Capital Pension Scheme (the "GE Plans") are the primary corporate GE pension arrangements in the UK.

The GE Plans are final salary defined benefit pension schemes. The GE Plans have a large number of participating employers and are not sectionalised. As a result plan experience (e.g. asset returns and mortality) is shared between the various employers. This means that each employer is not solely responsible for the experience of its current and former employees (and the corresponding assets). There is no stated policy or contractual agreement for splitting the net defined benefit cost between each employer and as legally the company is the principal employer for both GE plans; it accounts for both plans on a defined benefit basis. Other participating employers account on a defined contribution basis.

	31 March 2020 £ 000	31 December 2018 £ 000
<b>Net pension asset (excluding deferred tax)</b>		
GE Pension Plan	872,493	207,000
GE Capital Pension Scheme	273,900	181,800
	<u>1,146,393</u>	<u>388,800</u>

The property valuations for the property holdings within the GEPP and GECPS scheme were carried out by Knight Frank and CBRE. In their reports to 31 March 2020 the valuers included a material uncertainty caveat surrounding the valuation of the portfolio due to COVID 19. The June 2020 valuations were obtained for all the property holdings in both the schemes and can be used to compare the valuations used in the accounts. DTZ portfolio, valued by Knight Frank (March 2020: £391,235,000; June 2020: £374,075,000); and Orchard Street Portfolio, valued by CBRE (March: £220,459,900; June: £212,080,000). Please refer the asset category disclosure for the schemes on Page 27 (GEPP) and Page 33 (GECPS) for further detail. For GEPP the real estate /property split on Page 27 reflects a combination of direct and indirect properties (including property funds, property debt etc.); while the property valuations carried out by Knight Frank and CBRE is related to the direct property holdings only (buildings, warehouses, etc.).

### GE Pension Plan

The scheme is governed by a Trustee board and the assets of the scheme are held separately from the company's assets. The scheme is a Registered Pension Plan with HMRC, subject to UK legislation with oversight from the Pensions Regulator. The governance of the scheme is the responsibility of the Trustees. In accordance with legislation, the Trustee consults with the company regarding the scheme's investment strategy and agrees an appropriate funding plan with the company. The trustee deed provides that a surplus can be returned to the principal employer by the Trustee on satisfying certain conditions which include that this is in the interests of members.

The scheme exposes the company's accounts to actuarial risks (such as longevity risk, inflation risk and interest risk) and investment risks (such as the risk of earning insufficient returns, market risk, currency risk and counterparty risk). The company is not exposed to any unusual, entity specific or scheme specific risks.

# GEH Holdings

## 17 Pension schemes (continued)

Contributions payable to the pension scheme at the end of the period are £Nil (2018: £Nil).

The contributions to the scheme for the next reporting period as estimated in May 2020 is £34,600,000. The contributions are payable by the participating employers and not the company.

Following a reorganisation of the GE Group, a bulk transfer of members took place from the GE Pension Plan to the Baker Hughes (UK) Pension Plan resulting in a transfer of assets/liabilities out of the GE Pension Plan amounting to £664.2m and £664.4m, respectively. This is reflected in "Divestitures" category in the pension assets and pension liabilities rollforward on Page 26 and Page 27.

The scheme was most recently valued on 31 March 2018 by a qualified independent actuary. At this date on a technical provision basis there was a funding surplus of £190 million and a funding level of 103%.

### **Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

The amounts recognised in the balance sheet are as follows:

	31 March 2020 £ 000	31 December 2018 £ 000
Fair value of scheme assets	6,471,593	6,354,200
Present value of scheme liabilities	(5,599,100)	(6,147,200)
Defined benefit pension scheme surplus	<u>872,493</u>	<u>207,000</u>

### **Scheme assets**

Changes in the fair value of scheme assets are as follows:

	31 March 2020 £ 000	31 December 2018 £ 000
Fair value at start of period	6,354,200	6,481,700
Interest income	193,700	155,300
Return on plan assets, excluding amounts included in interest income/(expense)	682,593	(209,200)
Employer contributions	186,200	125,500
Contributions by scheme participants	2,500	2,200
Benefits paid	(275,000)	(191,500)
Divestitures	(664,200)	-
Administrative expenses paid	(8,400)	(9,800)
Fair value at end of period	<u>6,471,593</u>	<u>6,354,200</u>

# GEH Holdings

## 17 Pension schemes (continued)

### Actual return on scheme assets

	31 March 2020 £ 000	31 December 2018 £ 000
Actual return on scheme assets	<u>876,293</u>	<u>(53,900)</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

The split of assets between investment categories is:

	31 March 2020	31 December 2018
Equity securities	19.5%	37.2%
Debt securities	53%	30.1%
Real estate / property	14%	12.9%
Cash and cash equivalents	4.5%	0.3%
Other	9%	19.6%

The fair value of plan assets split between those with a quoted market price in an active market and those which are unquoted are that equity securities and debt securities have a quoted market price and real estate/property, cash and cash equivalents and other assets are unquoted.

### Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	31 March 2020 £ 000	31 December 2018 £ 000
Present value at start of period	6,147,200	6,210,200
Current service cost	83,300	86,100
Past service cost	(25,400)	60,900
Actuarial gains and losses arising from changes in demographic assumptions	13,600	163,300
Actuarial gains and losses arising from changes in financial assumptions	173,800	(407,100)
Actuarial gains and losses arising from experience adjustments	(39,200)	75,700
Interest cost	182,700	147,400
Benefits paid	(275,000)	(191,500)
Contributions by scheme participants	2,500	2,200
Divestitures	<u>(664,400)</u>	<u>-</u>
Present value at end of period	<u>5,599,100</u>	<u>6,147,200</u>

# GEH Holdings

## 17 Pension schemes (continued)

### *Amounts recognised in the Profit and Loss Account*

	1 January 2019 to 31 March 2020 £ 000	Year ended 31 December 2018 £ 000
<b>Amounts recognised in operating profit</b>		
Current service cost	83,300	86,100
Past service cost	(25,400)	60,900
Employer contributions	(186,200)	(125,500)
Administrative expenses paid	8,400	9,800
Others	(200)	-
Recognised in arriving at operating profit	(120,100)	31,300
<b>Amounts recognised in finance income or costs</b>		
Net interest	(11,000)	(7,900)
Total recognised in the Profit and Loss Account	(131,100)	23,400

### *Amounts taken to the Statement of Comprehensive Income*

	1 January 2019 to 31 March 2020 £ 000	Year ended 31 December 2018 £ 000
Actuarial gains and losses arising from changes in demographic and financial assumptions	187,400	(243,800)
Actuarial gains and losses arising from experience adjustments	(39,200)	75,700
Return on plan assets, excluding amounts included in interest (income)/expense	(682,593)	209,200
Amounts recognised in the Statement of Comprehensive Income	(534,393)	41,100

# GEH Holdings

## 17 Pension schemes (continued)

### *Principal actuarial assumptions*

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	31 March 2020	31 December 2018
	%	%
Rate of increase in salaries	3.00	3.50
Rate of increase in pensions in payment	2.65	3.20
Rate of increase in deferred pensions	2.00	2.40
Discount rate applied to scheme liabilities	2.20	2.71
Inflation assumption	<u>2.75</u>	<u>3.50</u>

The rate of increase in pensions in payment is broadly based on the Consumer Price Index and the rate of increase in pensions for deferred pensioners is based on the Retail Prices Index.

The discount rate applied to scheme liabilities has been derived with reference to market yields at the end of the reporting period on high quality sterling-denominated corporate bonds, adjusted to be consistent with the estimated long term of the post-employment benefit obligations.

The mortality table in 2019 is the SAPS S2 All Pensioner with future improvements in line with CMI 2018 projections, with a 1.25% long-term rate with a base table multiplier of 85% for males and 94% for females. CMI 2018 is the default smoothing factor of 7 plus an additional 0.2% per annum. The mortality table in 2018 is the SAPS S2 All Pensioner with future improvements in line with CMI 2017 projections, with a 1.25% long-term rate with a base table multiplier of 100% for males and 100% for females.

The expected lifetime of a participant who is age 65 and the expected lifetime (from age 65) of a participant who will be age 65 in 20 years are shown in years below based on the above mortality tables.

	2019	2019	2018	2018
Age	Males	Females	Males	Females
65	23.2	24.4	23.0	24.2
65 in 20 years	24.6	25.9	24.4	25.7

The weighted average duration of the defined benefit obligation (DBO) at 31 December 2019 is 21.9 years (2018: 22 years).

# GEH Holdings

## 17 Pension schemes (continued)

The assumptions used are the best estimates chosen from a range of possible actuarial assumption which due to the timescale covered may not necessarily be borne out in practice. The sensitivity of the defined benefit obligation at 31 December 2019 to change in the principal assumptions is:

### Sensitivities

	Assumption	Sensitivity analysis	Effect on DBO
Discount rate	2.20%	0.5% decrease	640
RPI inflation	2.75%	0.1% increase	100
Long term longevity improvements	1.25%	0.25% increase	55

The above sensitivity analysis illustrates the approximate sensitivity of the DBO to variations of individual assumptions. If more than one assumption is varied, the effect may be greater than the sum of the changes from varying individual assumptions.

The sensitivities are based on management best estimate as a reasonably anticipated change. The sensitivities are calculated using the same methodology used to calculate the retirement benefit obligation, by considering the change in the retirement benefit for a given change in assumption. The net retirement benefit obligation is the difference between the retirement benefit obligation and the fair value of plan assets. Changes in the assumptions may occur at any time as changes in the fair value of plan assets. There has been no change in the calculation method since the prior year.

### Other disclosures

The maturity profile of the defined benefit obligation is:

	31 March 2020
	£ m
Expected benefit payments during fiscal year ending 31 March 2021	239.5
Expected benefit payments during fiscal year ending 31 March 2022	245.9
Expected benefit payments during fiscal year ending 31 March 2023	252.4
Expected benefit payments during fiscal year ending 31 March 2024	259.1
Expected benefit payments during fiscal year ending 31 March 2025	265.9
Expected benefit payments during fiscal year ending ending 31 March 2026 through 31 March 2030	1,439.1



# GEH Holdings

## 17 Pension schemes (continued)

### GE Capital Pension Scheme

The scheme is governed by a Trustee board and the assets of the scheme are held separately from the company's assets. The scheme is a Registered Pension Plan with HMRC, subject to UK legislation with oversight from the Pensions Regulator. The governance of the scheme is the responsibility of the Trustees. In accordance with legislation, the Trustee consults with the company regarding the scheme's investment strategy and agrees an appropriate funding plan with the company. The trustee deed provides that a surplus can be returned to the principal employer by the Trustee on satisfying certain conditions which include that this is in the interests of members.

The scheme exposes the company's accounts to actuarial risks (such as longevity risk, inflation risk and interest risk) and investment risks (such as the risk of earning insufficient returns, market risk, currency risk and counterparty risk). The company is not exposed to any unusual, entity specific or scheme specific risks.

Contributions payable to the pension scheme at the end of the period are £nil (2018: £nil). This is because the scheme is closed to future accrual of pension.

The contributions to the plan for the next reporting period is £nil. The contributions are payable by the participating employers and not the company.

The scheme was most recently valued on 31 March 2018 by a qualified independent actuary. At this date on a technical provision basis there was a funding surplus of £90.5 million and a funding level of 113.6%.

### ***Reconciliation of scheme assets and liabilities to assets and liabilities recognised***

The amounts recognised in the balance sheet are as follows:

	<b>31 March 2020</b>	<b>31 December</b>
	<b>£ 000</b>	<b>2018</b>
		<b>£ 000</b>
Fair value of scheme assets	824,800	718,500
Present value of scheme liabilities	<u>(550,900)</u>	<u>(536,700)</u>
Defined benefit pension scheme surplus	<u>273,900</u>	<u>181,800</u>

# GEH Holdings

## 17 Pension schemes (continued)

### **Scheme assets**

Changes in the fair value of scheme assets are as follows:

	31 March 2020	31 December 2018
	£ 000	£ 000
Fair value at start of period	718,500	755,300
Interest income	24,300	18,500
Return on plan assets, excluding amounts included in interest (expense)/income	105,200	(21,300)
Benefits paid	(22,700)	(32,700)
Administrative expenses paid	(500)	(1,300)
Fair value at end of period	<u>824,800</u>	<u>718,500</u>

### **Actual return on scheme assets**

	31 March 2020	31 December 2018
	£ 000	£ 000
Actual return on scheme assets	<u>129,500</u>	<u>(2,800)</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

The split of assets between investment categories is:

	2019	2018
Equity securities	3.0%	2.7%
Debt securities	87.6%	6.8%
Real estate / property	6.7%	8.5%
Cash and cash equivalents	2.9%	0.0%
Other	-0.2%	82.0%

The fair value of plan assets split between those with a quoted market price in an active market and those which are unquoted are that equity securities and debt securities have a quoted market price and real estate/property, cash and cash equivalents and other assets are unquoted.

# GEH Holdings

## 17 Pension schemes (continued)

### ***Scheme liabilities***

Changes in the present value of scheme liabilities are as follows:

	<b>31 March 2020 £ 000</b>	<b>31 December 2018 £ 000</b>
Present value at start of period	536,700	550,500
Past service cost	-	5,300
Actuarial gains and losses arising from changes in demographic assumptions	(1,400)	18,900
Actuarial gains and losses arising from changes in financial assumptions	18,600	(25,900)
Actuarial gains and losses arising from experience adjustments	1,700	7,200
Interest cost	18,000	13,400
Benefits paid	<u>(22,700)</u>	<u>(32,700)</u>
Present value at end of period	<u>550,900</u>	<u>536,700</u>

### ***Amounts recognised in the Profit and Loss Account***

	<b>31 March 2020 £ 000</b>	<b>31 December 2018 £ 000</b>
<b>Amounts recognised in operating profit</b>		
Past service cost – plan amendments	-	5,300
Administrative expenses paid	<u>500</u>	<u>1,300</u>
Recognised in arriving at operating profit	<u>500</u>	<u>6,600</u>
<b>Amounts recognised in finance income or costs</b>		
Net interest	<u>(6,300)</u>	<u>(5,100)</u>
Total recognised in the Profit and Loss Account	<u>(5,800)</u>	<u>1,500</u>

# GEH Holdings

## 17 Pension schemes (continued)

### Amounts taken to the Statement of Comprehensive Income

	31 March 2020 £ 000	31 December 2018 £ 000
Actuarial gains and losses arising from changes in demographic and financial assumptions	17,200	(7,000)
Actuarial gains and losses arising from experience adjustments	1,700	7,200
Return on plan assets, excluding amounts included in interest (income)/expense	(105,200)	21,300
Amounts recognised in the Statement of Comprehensive Income	<u>(86,300)</u>	<u>21,500</u>

### Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	31 March 2020 %	31 December 2018 %
Rate of increase in pensions in payment	3.20	3.20
Rate of increase in deferred pensions	2.40	2.40
Discount rate applied to scheme liabilities	2.75	2.75
Inflation assumption	<u>3.50</u>	<u>3.50</u>

The rate of increase in pensions in payment is broadly based on the Retail Prices Index and the rate of increase in pensions for deferred pensioners is based on the Consumer Price Index.

The discount rate applied to scheme liabilities has been derived with reference to market yields at the end of the reporting period on high quality sterling-denominated corporate bonds, adjusted to be consistent with the estimated long term of the post-employment benefit obligations.

The mortality table in 2019 is the SAPS S2 table (Light for males) with future improvements in line with CMI 2018 projections, with a 1.25% long-term rate with a base table multiplier of 92% for Males and 91% for Females. CMI 2018 is the default smoothing factor of 7 plus an additional 0.2% per annum. The mortality table in 2018 is the SAPS S2 table (Light for males) with future improvements in line with CMI 2017 projections, with a 1.25% long-term rate with a base table multiplier of 92% for Males and 91% for Females.

# GEH Holdings

## 17 Pension schemes (continued)

The expected lifetime of a participant who is age 65 and the expected lifetime (from age 65) of a participant who will be age 65 in 20 years are shown in years below based on the above mortality tables.

Age	2019	2019	2018	2018
	Males	Females	Males	Females
65	23.7	24.7	23.4	24.4
65 in 20 years	25	26.2	24.7	25.9

The weighted average duration of the defined benefit obligation at 31 December 2019 is 19 years (2018: 19 years).

The assumptions used are the best estimates chosen from a range of possible actuarial assumption which due to the timescale covered may not necessarily be borne out in practice. The sensitivity of the defined benefit obligation at 31 December 2019 to change in the principal assumptions is:

### Sensitivities

	Assumption	Sensitivity analysis	Effect on DBO
Discount rate	2.20%	0.25% decrease	25
RPI Inflation	2.75%	0.25% decrease	9
Long term mortality improvements (male/female)	1.25%	0.25% increase	14

The above sensitivity analysis illustrates the approximate sensitivity of the DBO to variations of individual assumptions. If more than one assumption is varied, the effect may be greater than the sum of the changes from varying individual assumptions.

The sensitivities are based on management best estimate as a reasonably anticipated change. The sensitivities are calculated using the same methodology used to calculate the retirement benefit obligation, by considering the change in the retirement benefit for a given change in assumption. The net retirement benefit obligation is the difference between the retirement benefit obligation and the fair value of plan assets. Changes in the assumptions may occur at any time as changes in the fair value of plan assets. There has been no change in the calculation method since the prior year.

# GEH Holdings

## 17 Pension schemes (continued)

### Other disclosures

The maturity profile of the defined benefit obligation is:

	31 March 2020
	£ m
Expected benefit payments during fiscal year ending 31 March 2021	11.15
Expected benefit payments during fiscal year ending 31 March 2022	11.44
Expected benefit payments during fiscal year ending 31 March 2023	11.74
Expected benefit payments during fiscal year ending 31 March 2024	12.05
Expected benefit payments during fiscal year ending 31 March 2025	12.37
Expected benefit payments during fiscal years ending 31 March 2026 through 31 December 2030	65.23

## 18 Ultimate parent undertaking and controlling party

The company's immediate parent is GE UK Group, a company registered at 3rd Floor, 1 Ashley Road, Altrincham, 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](http://www.ge.com).

## 19 Post balance sheet event

The COVID-19 pandemic, resulting in workforce and travel restrictions, supply chain and production disruptions and reduced demand and spending across many sectors, paired with the collapse of oil prices have significantly impacted global economies. During the latter part of the first quarter of 2020, these factors began having an adverse impact on our investees indicating that some of our investments in related entities carried at cost may have been impaired eventually requiring us to estimate their recoverable amount at the next reporting date. While the effects of these events cannot be estimated at our report release date, we anticipate many of these impacts affecting our investments' recoverable amount will continue in the foreseeable future depending on the severity and duration of the pandemic. The Company considers the emergence and spread of COVID-19 to be a non-adjusting event. The defined benefit pension plans investment strategy takes a long term view and has resilience to withstand short term fluctuations. Given the inherent uncertainties, it is not practicable at this time to provide a quantitative estimate of the impact of the virus. Such effects and the required mitigating actions will continue to be monitored and evaluated by management during the 2020 financial year.

# GEH Holdings

## **19 Post balance sheet event (continued)**

On 28 July 2020, the company's subsidiary undertaking, ACAM Overseas Holdings, reduced its fully paid up share capital from \$56,641,095 (comprising 80,915,850 ordinary shares of \$0.70 each) to \$0.70 (comprising 1 ordinary share of \$0.70) by cancelling and extinguishing 80,915,849 issued ordinary shares of \$0.70 each, giving rise to distributable reserves of \$56,641,094.

On the same day, ACAM Overseas Holdings, made a dividend distribution of £83,374,584.63 (\$108,133,501.28) to the company. This may trigger an impairment in the carrying value of the investment in ACAM Overseas Holdings in the books of the company in the next financial year.