

# GE UK Euro I Co

## Directors' report and financial statements

For the year ended 31 December 2011  
Registered number 07229037

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# GE UK Euro I Co

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# GE UK Euro I Co

## Directors' report

The directors present their report and the financial statements for the year ended 31 December 2011

### Principal activities and business review

The company obtains funds in Sterling (GBP) from affiliate companies and uses these funds in its capacity as a provider of finance in Euro (EUR) to subsidiary undertakings of General Electric Company, a company incorporated in the United States of America

### Results and dividends

The profit for the year, after taxation, amounted to €9,665,000 (2010 36 week period €5,576,000)

The directors do not recommend the payment of a dividend (2010 €nil)

### Directors

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

A N Richford

M T Jones (resigned 2 February 2012)

S Palmer (appointed 2 February 2012)

H Chacon (appointed 2 February 2012)

### Provision of information to auditors

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

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

### Auditors

Under section 487(2) of the Companies Act 2006, KPMG Audit Plc will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 20 June 2012 and signed on its behalf



S Palmer  
Director

Webber House  
26-28 Market Street  
Cheshire  
United Kingdom  
WA14 1PF

# GE UK Euro I Co

## Directors' responsibilities statement For the year ended 31 December 2011

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

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

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

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

# GE UK Euro I Co

## Independent auditors' report to the members of GE UK Euro I Co

We have audited the financial statements of GE UK Euro I Co for the year ended 31 December 2011, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

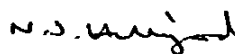
# GE UK Euro I Co

## Independent auditors' report to the members of GE UK Euro I Co

### Matters on which we are required to report by exception

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

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



NJ Hillyard (senior statutory auditor)

for and on behalf of

**KPMG Audit Plc**

Statutory Auditor

Chartered Accountants

1 The Embankment

Neville Street

Leeds

United Kingdom

LS1 4DW

Date 20 June 2012

## GE UK Euro I Co

### Profit and loss account For the year ended 31 December 2011

		<b>31 December 2011 €000</b>	<b>36 week period ended 31 December 2010 €000</b>
	<b>Note</b>		
<b>Interest receivable and similar income</b>	2	<b>40,550</b>	23,034
Interest payable and similar charges	3	<b>(27,394)</b>	(15,233)
		<hr/>	<hr/>
<b>Net interest income</b>		<b>13,156</b>	7,801
Administrative income/(expenses)		<b>46</b>	(57)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>13,202</b>	7,744
Tax on profit on ordinary activities	6	<b>(3,537)</b>	(2,168)
		<hr/>	<hr/>
<b>Profit for the year/period</b>	12	<b>9,665</b>	5,576
		<hr/>	<hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 7 to 20 form part of these financial statements

GE UK Euro I Co  
Registered number 07229037

Balance sheet  
As at 31 December 2011

	Note	€000	2011 €000	2010 €000
<b>Current assets</b>				
Financial assets at fair value through profit and loss	7	45,894		32,305
Debtors amounts falling due after more than one year	8	1,109,334		1,388,932
Debtors amounts falling due within one year	8	13,884		30,553
		<u>1,169,112</u>		<u>1,451,790</u>
<b>Creditors</b> amounts falling due within one year	9	<u>(603,284)</u>		<u>(7,832)</u>
<b>Net current assets</b>			<u>565,828</u>	<u>1,443,958</u>
<b>Total assets less current liabilities</b>			<u>565,828</u>	<u>1,443,958</u>
<b>Creditors</b> amounts falling due after more than one year	10		<u>(550,586)</u>	<u>(1,438,381)</u>
<b>Net assets</b>			<u>15,242</u>	<u>5,577</u>
<b>Capital and reserves</b>				
Called up share capital	11		1	1
Profit and loss account	12		<u>15,241</u>	<u>5,576</u>
<b>Shareholders' funds</b>	13		<u>15,242</u>	<u>5,577</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 June 2012

  
S Palmer  
Director

The notes on pages 7 to 20 form part of these financial statements



# GE UK Euro I Co

## Notes to the financial statements

### 1 Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, except derivative financial instruments which are stated at their fair value, and in accordance with applicable accounting standards

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

#### 1.2 Cash flow

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

#### 1.3 Taxation

Taxation for the year is based on the profit for the year

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

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

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

Deferred tax assets and liabilities are not discounted

#### 1.4 Intercompany interest

Intercompany interest is accrued at interest rates specified in loan agreements and paid under the terms of those loan agreements

#### 1.5 Functional currency

The functional currency of the company is the Euro. The company is expected to have a significant level of Euro assets and transactions. The financial statements are therefore presented in Euro

#### 1.6 Transactions with related parties

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

# GE UK Euro I Co

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.7 Financial instruments

##### (i) Classification

The category of financial assets and financial liabilities at fair value through profit or loss comprises

These include forward contracts included as financial derivative instruments on the balance sheet. All derivatives in a net receivable position (positive fair value) are reported as financial assets held-for-trading. All derivatives in a net payable position (negative fair value) are reported as financial liabilities held-for-trading.

Financial assets that are categorised as loans and receivables include cash at bank and deposits which are generally short term in nature. This category also includes accounts receivable.

Financial liabilities that are not at fair value through profit or loss include accounts payable.

##### (ii) Measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The company uses valuation models for determining the fair value of financial instruments like options and interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

##### (iii) Fair value measurement principles

The fair value of derivatives is estimated at the amount that the company would receive or pay to terminate the derivative contract at the balance sheet date taking into account current market conditions (FX rates, interest rates, appropriate yield curve). The company uses a valuation model in order to ascertain the fair values.

##### (iv) Impairment of assets not at fair value

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the profit and loss account as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the expected recoverable amount of a previously impaired asset increases, the earlier impairment loss is reversed through the profit and loss account.

## Notes to the financial statements

### 1 Accounting policies (continued)

#### 1.8 Financial instruments (continued)

##### (v) Recognition and derecognition

The company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets and liabilities is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets and financial liabilities are recorded.

The company derecognises financial assets when the contractual rights to the cash flows from the financial asset expire or it transfers the financial assets and the transfer qualifies for derecognition in accordance with FRS 26. The company uses the weighted average method to determine realised gains and losses on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

##### (vi) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

#### 1.9 Cash and bank

Cash and bank balances include highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the company in the management of their short-term commitments. Cash and bank balances are carried at amortised cost in the balance sheet.

#### 1.10 Loans and receivables

Loans and receivables including debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the company does not intend to sell immediately or in the near term.

Loans and receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the company chooses to carry the loans and receivables at fair value through profit or loss as described in the accounting policies.

#### 1.11 Loans and payables

Loans and payables including creditors are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market.

Loans and payables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the company chooses to carry the loans and payables at fair value through profit or loss as described in the accounting policies.

#### 1.12 Forward contracts

Forward contracts are recognized at fair value. Attributable costs are recognized in the profit and loss account when incurred. Subsequent to initial recognition, forward contracts are measured at fair value, and changes therein are accounted for in the profit and loss account.

# GE UK Euro I Co

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.13 Foreign currency transactions

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. 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.

The company operates in multiple currencies and funds its operations across currencies by entering into spot foreign exchange contracts. These transactions are hedged via forward exchange contracts. Income/expense on these transactions are recorded in the profit and loss account.

### 2 Interest receivable and similar income

	31 December 2011 €000	36 week period ended 31 December 2010 €000
On amounts owed by group undertakings	40,550	22,255
Net gains on financial assets & liabilities at fair value through the profit and loss	-	779
	<u>40,550</u>	<u>23,034</u>

### 3. Interest payable and similar charges

	31 December 2011 €000	36 week period ended 31 December 2010 €000
On amounts owed to group undertakings	24,570	15,233
Net losses on financial assets & liabilities at fair value through the profit and loss	2,824	-
	<u>27,394</u>	<u>15,233</u>

### 4 Auditors' remuneration

	31 December 2011 €000	36 week period ended 31 December 2010 €000
Fees payable to the company's auditor for the audit of the company's annual accounts	8	9

# GE UK Euro I Co

## Notes to the financial statements

### 5 Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2010 €nil)

### 6 Taxation

	31 December 2011 €000	36 week period ended 31 December 2010 €000
<b>Analysis of tax charge in the year/period</b>		
UK corporation tax charge on profit for the year/period	3,498	2,168
Adjustments in respect of prior periods	39	-
<b>Tax on profit on ordinary activities</b>	<b>3,537</b>	<b>2,168</b>

#### Factors affecting current tax charge for the year/period

The current tax assessed for the year/period is higher than (2010 the same as) the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	31 December 2011 €000	36 week period ended 31 December 2010 €000
Profit on ordinary activities before tax	13,202	7,744
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	3,498	2,168
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	39	-
<b>Current tax charge for the year/period (see note above)</b>	<b>3,537</b>	<b>2,168</b>

#### Factors that may affect future tax charges

The rate of UK corporation tax that was enacted at the balance sheet date was 25% which is applicable from 1 April 2012. Subsequently, the UK government has announced that the UK corporation tax rate will reduce from 26% to 24% on 1 April 2012. It is expected that the corporation tax rate will reduce to 22% over the following two years. There are no other factors that may significantly affect future tax charges.

There were no amounts of provided or unprovided deferred taxation as at 31 December 2011 or 31 December 2010.

# GE UK Euro I Co

## Notes to the financial statements

### 7. Financial assets at fair value through profit and loss

	2011 €000	2010 €000
<i>Held for trading</i>		
Derivative financial instruments	<u>45,894</u>	<u>32,305</u>

### 8 Debtors

	2011 €000	2010 €000
<i>Due after more than one year</i>		
Amounts owed by group undertakings	<u>1,109,334</u>	<u>1,388,932</u>
<i>Due within one year</i>		
Amounts owed by group undertakings	<u>13,884</u>	<u>30,553</u>

### 9 Creditors Amounts falling due within one year

	2011 €000	2010 €000
Amounts owed to group undertakings	601,550	6,603
Corporation tax	1,629	1,220
Other creditors	105	9
	<u>603,284</u>	<u>7,832</u>

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

	2011 €000	2010 €000
Amounts owed to group undertakings	<u>550,586</u>	<u>1,438,381</u>

# GE UK Euro I Co

## Notes to the financial statements

### 11. Share capital

	2011 €000	2010 €000
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

### 12 Reserves

	Profit and loss account €000
At 1 January 2011	5,576
Profit for the year	9,665
	<u>15,241</u>
At 31 December 2011	

### 13 Reconciliation of movement in shareholders' funds

	2011 €000	2010 €000
Opening shareholders' funds	5,577	-
Profit for the year/period	9,665	5,576
Shares issued during the year/period	-	1
	<u>15,242</u>	<u>5,577</u>
Closing shareholders' funds		

# GE UK Euro I Co

## Notes to the financial statements

### 14. Financial assets and liabilities

The following table details the categories of financial assets and liabilities held by the company at the reporting date

	2011 €000	2010 €000
<b>Assets</b>		
<i><b>Financial assets at fair value through the profit and loss</b></i>		
<i><b>Held for trading</b></i>		
Derivative financial instruments	45,894	32,305
<b>Total financial assets at fair value through profit and loss</b>	<b>45,894</b>	<b>32,305</b>
<i><b>Loans and receivables</b></i>		
Cash at bank	-	-
Amounts owed by group undertakings	1,123,218	1,419,485
Tax recoverable	-	-
<b>Total loans and receivables</b>	<b>1,123,218</b>	<b>1,419,485</b>
<b>Total assets</b>	<b>1,169,112</b>	<b>1,451,790</b>
<b>Liabilities</b>		
<i><b>Financial liabilities at fair value through the profit and loss</b></i>		
<i><b>Held for trading</b></i>		
Derivative financial liabilities	-	-
<b>Total financial liabilities at fair value through profit and loss</b>		
<i><b>Financial liabilities measured at amortised cost</b></i>		
Bank loans and overdraft	-	-
Amounts owed by group undertakings	1,152,136	1,444,984
Other creditors	1,734	1,229
<b>Total financial liabilities measured at amortised cost</b>	<b>1,153,870</b>	<b>1,446,213</b>
<b>Total liabilities excluding shareholders' funds</b>	<b>1,153,870</b>	<b>1,446,213</b>



# GE UK Euro I Co

## Notes to the financial statements

### 15 Financial instruments and associated risks

The company maintains positions in a variety of derivative and non-derivative financial instruments. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the company are discussed below.

#### A Market risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk. The company's market risk is managed on a daily basis by management in accordance with policies and procedures in place. Details of the nature and terms of derivative financial instruments outstanding at the balance sheet date are set out at the end of this note.

#### (i) Currency risk

The company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. The company enters into forward foreign exchange contracts for the purpose of hedging the currency exposure of any transactions in a currency other than the base currency of the company. Consequently, the company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of the company's assets or liabilities denominated in currencies other than the euro.

The company's currency risk is managed by the management in accordance with policies and procedures in place.

At the reporting date the following was the ratio of the non-EUR borrowing currencies:

Currency	2011	2010
GBP	100%	100%

The following table sets out the company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities at 31 December 2011.

All amounts stated in EUR '000 31 December 2011	Monetary assets	Monetary liabilities	Forwards FX contracts	Net exposure
GBP	-	(968,457)	965,650	(2,807)

The following table sets out the company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities at 31 December 2010.

All amounts stated in EUR '000 31 December 2010	Monetary assets	Monetary liabilities	Forwards FX contracts	Net exposure
GBP	-	(1,232,666)	1,232,700	34

Amounts in the above tables are based on the carrying value of monetary assets and liabilities and the underlying principal amount of forward currency contracts.

#### Currency sensitivity

The company transacts in many currencies with different exchange rates. The risk is managed by entering into forward foreign exchange contracts. Since the company hedges all transactions from a currency stand point any changes in exchange rates will have minimal or no impact on the profit or loss of the company. The exposure as a result of the exchange rate mismatches is substantially eliminated by forward foreign exchange contracts entered into by the company.

# GE UK Euro I Co

## Notes to the financial statements

### 15 Financial instruments and associated risks (continued)

#### (iii) Interest rate risk

Interest-bearing financial assets and interest-bearing financial liabilities mature or reprice in the short-term, no longer than twelve months. As a result, the company is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

The company's interest rate risk is managed by management in accordance with policies and procedures in place. The company's overall interest rate risks are monitored on a regular basis by the board of directors.

The following table details the company's exposure to interest rate risks at 31 December 2011. It includes the company's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities.

	Less than 1 month €000	1-3 months €000	Over 1 year €000	Non interest bearing €000	2011 €000
<b>Assets</b>					
<b>Held for trading</b>					
Derivative financial instruments	-	-	-	45,894	45,894
<b>Loans and receivables measured at amortised costs</b>					
Cash and cash equivalents	-	-	-	-	-
Amounts owed by group undertakings	13,640	1,109,578	-	-	1,123,218
Tax recoverable	-	-	-	-	-
<b>Total assets</b>	<b>13,640</b>	<b>1,109,578</b>	<b>-</b>	<b>45,894</b>	<b>1,169,112</b>
<b>Liabilities</b>					
<b>Held for trading</b>					
Derivative financial instruments	-	-	-	-	-
<b>Financial liabilities measured at amortised cost</b>					
Bank loans and overdraft	-	-	-	-	-
Amounts owed to group undertakings	(599,084)	(553,052)	-	-	(1,152,136)
Other creditors	-	-	-	(1,734)	(1,734)
<b>Total liabilities</b>	<b>(599,084)</b>	<b>(553,052)</b>	<b>-</b>	<b>(1,734)</b>	<b>(1,153,870)</b>
Opening equity	-	-	-	(5,577)	(5,577)
Profit for the year	-	-	-	(9,665)	(9,665)
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,242)</b>	<b>(15,242)</b>
<b>Total interest sensitivity gap</b>	<b>(585,444)</b>	<b>556,526</b>	<b>-</b>	<b>28,918</b>	<b>-</b>

# GE UK Euro I Co

## Notes to the financial statements

### 15. Financial instruments and associated risks (continued)

The following table details the company's exposure to interest rate risks at 31 December 2010. It includes the company's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities.

	Less than 1 month €000	1-3 months €000	Over 1 year €000	Non interest bearing €000	2010 €000
<b>Assets</b>					
<b><i>Held for trading</i></b>					
Derivative financial instruments	-	-	-	32,305	32,305
<b><i>Loans and receivables measured at amortised costs</i></b>					
Cash and cash equivalents	-	-	-	-	-
Amounts owed by group undertakings	21,981	1,397,504	-	-	1,419,485
Total assets	21,981	1,397,504	-	32,305	1,451,790
<b>Liabilities</b>					
<b><i>Held for trading</i></b>					
Derivative financial instruments	-	-	-	-	-
<b><i>Financial liabilities measured at amortised cost</i></b>					
Bank loans and overdraft	-	-	-	-	-
Amounts owed to group undertakings	(948)	(1,444,036)	-	-	(1,444,984)
Other creditors	-	-	-	(1,229)	(1,229)
Total liabilities	(948)	(1,444,036)	-	(1,229)	(1,446,213)
Equity	-	-	-	(5,577)	(5,577)
Total interest sensitivity gap	21,033	(46,532)	-	25,499	-

# GE UK Euro I Co

## Notes to the financial statements

### 15. Financial instruments and associated risks (continued)

#### **Interest rate sensitivity**

As both receivable and payable interest rates are on a floating basis, increases or decreases in interest base interest rates would not have a material impact on the net asset or profit/loss

#### **B. Credit risk**

Credit risk is the risk of financial loss to the company and group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's loans and advances to affiliates

The board of directors monitors performance of borrowers assessing recoverability of loans. There have not been any provisions or impairments and there have not been any write off of any balances

As all of the company's lending is to other GE group companies and affiliates, the company considers all loans as low credit risk. The group has provided €nil in collective and specific provisions during the period. There were no loans written off during the period.

#### **C. Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations from its financial liabilities

The company's principal objective is to ensure that there is sufficient funding available to meet operational needs, at an optimum cost. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The company has also signed various revolving credit agreements with other GECC affiliates that allow it to draw cash with minimal notice thus reducing any liquidity risk.

The liquidity position is monitored on a regular basis

#### **D. Specific instruments**

##### **(i) Financial derivative instruments**

The company may invest in financial derivative instruments, for portfolio management purposes, subject to the conditions and within the limits from time to time stipulated by management

##### **Forward contracts**

Forward contracts are commitments to purchase or sell a designated currency at a specified future date for a specified price and may be settled in cash or another financial asset. Forwards are individually traded over-the-counter contracts. Forward contracts result in credit exposure to the counterparty.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted amounts. Market risks arise due to the possible movement in foreign currency exchange rates, and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a forward trading account. As a result, a relatively small price movement in an underlying of forward contract may result in substantial losses to the company. Forward contracts are generally subject to liquidity risk.

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## Notes to the financial statements

### 15 Financial instruments and associated risks (continued)

Notional amounts are the underlying reference amounts to foreign currencies upon which the fair value of the forward contracts traded by the company are based. While notional amounts do not represent the current fair value and are not necessarily indicative of the future cash flows of the company's forward contracts, the underlying price changes in relation to the variables specified by the notional amounts affect the fair value of these derivative financial instruments.

The company engages in forward contracts in anticipation or to protect itself against fluctuations in foreign currency exchange rates. The company purchases a foreign currency forward to "lock in" the euro price of deposits denominated in or exposed to a currency other than the functional currency.

The following forward foreign exchange contracts were unsettled at 31 December 2011:

Currency sold	Currency amount sold	Currency bought	Currency amount bought	Settlement date	Fair value (€'000)
EUR	1,343,497,670	GBP	1,176,366,399	13/01/2012	55,758
GBP	210,716,650	EUR	240,777,571	13/01/2012	(9,864)

The following forward foreign exchange contracts were unsettled at 31 December 2010:

Currency sold	Currency amount sold	Currency bought	Currency amount bought	Settlement date	Fair value (€'000)
EUR	1,412,553,303	GBP	1,232,699,798	14/01/2011	32,305

The counterparty to these contracts is GE Financial Markets.

### 16 Fair value of financial instruments

Some of the company's financial instruments are carried at fair value on the balance sheet. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including cash and bank balances, debtors and creditors, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The carrying amounts of all the company's financial assets and financial liabilities at the balance sheet date approximated their fair values.

#### *Estimation of fair values*

The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in the significant accounting policies section.

At 31 December 2011, the carrying amounts of derivative financial assets and derivative financial liabilities for which fair values were determined directly, in full or in part, by reference to published price quotations amounted to €nil (2010: €nil) and €nil (2010: €nil), respectively. At 31 December 2011, the carrying amounts of derivative financial assets and derivative financial liabilities for which fair values were determined using valuation techniques amounted to € 55,758,649 (2010: €32,305,266) and € 9,864,261 (2010: €nil), respectively.

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## Notes to the financial statements

### 16 Fair value of financial instruments (continued)

#### *Foreign exchange rates used for determining fair value*

The company used the spot rates at the year end to determine the fair value of its forwards. At the balance sheet date the foreign exchange rates used were as follows

	2011	2010
GBP to Euros	1.189662	1.172204

The total amount of the change in fair value estimated using a valuation technique that was recognised in the profit and loss account amounted to a €2,824,033 net loss (2010: €779,203 net gain)

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, volatility, estimated cash flows etc) and therefore cannot be determined with precision.

### 17 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is GE Capital Corporation (Holdings), a company registered in England and Wales.

The smallest and largest group in which the results of the company are consolidated is that headed by the company's ultimate parent undertaking, General Electric Company, a company incorporated in the United States of America. The consolidated financial statements of this company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut 06828, USA or at [www.ge.com](http://www.ge.com).