

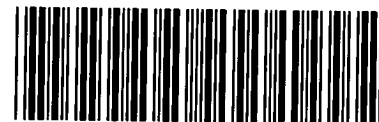
Registration number: 08462333

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Annual Report and Financial Statements

for the Year Ended 31 December 2018

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GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

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GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity and business review

The principal activity of the company is the provision of mechanical engineering services for the marine and industrial power market.

As a part of General Electric Company restructuring plan, on 1 June 2017 the trade and the assets of the wind division were sold to GE Renewable UK (Holdings) Ltd (formerly Alstom Renewable UK (Holdings) Limited) for a consideration of £1.

On 26 January 2018, the company's name changed from Alstom Renewable UK Limited to GE Oil & Gas Marine & Industrial UK Ltd.

Results and dividends

The loss for the year, after taxation, amounted to £2,014,000 (2017 profit: £9,923,000). The Profit and Loss Account on page 7 provides details of the results analysed between continued and discontinued operations.

The directors do not recommend the payment of dividend (2017: £nil).

Principal risks and uncertainties

At the time of signing the Directors report, no agreement had been reached as to the terms of UK exit from the EU. There are still several possible outcomes for Brexit, including a "no deal" scenario. This has a potential to change the risk profile of the Company. GE regularly reviews the levels of associated risks and plans for appropriate mitigations. The main identified risks would broadly fall into the following categories:

Employees and Headcount - GE management looked at risks associated with possible adverse impact on EU nationals in the UK, restrictions on free movement of people and workforce availability, as well as a possible need to employ more personnel to deal with additional administration for importing/exporting goods and HR/immigration issues. The level of risk in this category is considered relatively low and measures are being put in place where considered necessary.

Supply chain impact - GE management considered possible impacts of currently unknown import and export arrangements in a scenario of a "no deal" Brexit, along with a possible increase in custom clearance workload, as well as possible increases in tariffs and duties. The management also considered a possible need for increased inventory levels, as well as for regular dialogs with its customers and suppliers. Following detailed risk assessment, GE management are putting measures in place, where necessary, to mitigate or minimise the risks.

GE management acknowledges, however, that there may be other risks associated with Brexit, which either cannot be quantified or foreseen at the time of signing the Directors report. Any new risks will be addressed and reviewed as they arise in order to minimize any avoidable disruptions to GE operations.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Directors' Report

Directors of the company

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

J P Welch (resigned 28 March 2018)

A J Woodhouse (resigned 29 March 2018)

F D W Middleton (resigned 21 December 2018)

J A Wright

A P Dowle (appointed 21 December 2018)

Post balance sheet event

On 1 May 2019, the company's immediate parent undertaking, Vetco Gray Holding, transferred its entire shareholding in the company (comprising 1 ordinary share of £1) to Alstom UK Holdings Ltd.

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.

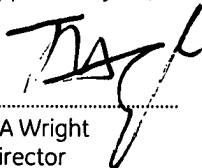
Disclosure of information to the auditor

Each director has taken the 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 auditors

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

Approved by the Board on 23 September 2019 and signed on its behalf by:


.....
J A Wright
Director

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Opinion

We have audited the financial statements of GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited) ("the company") for the year ended 31 December 2018, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Independent Auditor's Report to the Members of GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

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, including the impact of Brexit, 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.

Directors' Report

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

Our responsibility is to read 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 Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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.

Independent Auditor's Report to the Members of GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Directors' responsibilities

As explained more fully in their statement set out on page 3, 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.

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.



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

One, Snowhill
Snowhill Queensway
Birmingham
B4 6GH

Date: 27-9-19.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2018

	Note	Continuing operations 2018 £ 000	Discontinued operations 2018 £ 000	Total 2018 £ 000	Continuing operations 2017 £ 000	Discontinued operations 2017 £ 000	Total 2017 £ 000
Turnover	4	5,124	-	5,124	12,366	(963)	11,403
Cost of sales		(5,739)	-	(5,739)	(10,345)	(1,202)	(11,547)
Gross (loss)/profit		(615)	-	(615)	2,021	(2,165)	(144)
Administrative expenses		(1,288)	-	(1,288)	(962)	(114)	(1,076)
Other operating income		-	-	-	316	-	316
Operating (loss)/profit	5	(1,903)	-	(1,903)	1,375	(2,279)	(904)
Profit on disposal of business	6	-	-	-	-	10,893	10,893
Interest payable and similar charges		(111)	-	(111)	(66)	-	(66)
(Loss)/profit before tax		(2,014)	-	(2,014)	1,309	8,614	9,923
Tax on loss	11	-	-	-	-	-	-
(Loss)/profit for the year		(2,014)	-	(2,014)	1,309	8,614	9,923

The notes on pages 10 to 26 form an integral part of these financial statements.

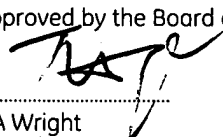
GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Registration number: 08462333

Balance Sheet
as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Current assets			
Stocks	12	1,218	965
Debtors: amounts falling due within one year	13	<u>18,234</u>	<u>11,519</u>
		19,452	12,484
Creditors: Amounts falling due within one year	14	<u>(21,597)</u>	<u>(12,867)</u>
Net current liabilities		<u>(2,145)</u>	<u>(383)</u>
Total assets less current liabilities		(2,145)	(383)
Provisions for liabilities	15	<u>(434)</u>	<u>(182)</u>
Net liabilities		<u>(2,579)</u>	<u>(565)</u>
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account		<u>(2,579)</u>	<u>(565)</u>
Shareholders' deficit		<u>(2,579)</u>	<u>(565)</u>

Approved by the Board on 23 September 2019 and signed on its behalf by:


J A Wright
Director

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	-	(565)	(565)
Comprehensive loss for the year			
Loss for the year	-	(2,014)	(2,014)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(2,014)	(2,014)
At 31 December 2018	-	(2,579)	(2,579)

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	-	(10,488)	(10,488)
Comprehensive income for the year			
Profit for the year	-	9,923	9,923
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	9,923	9,923
At 31 December 2017	-	(565)	(565)

The notes on pages 10 to 26 form an integral part of these financial statements.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

1 General information

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

The address of its registered office is:
3rd Floor, 1 Ashley Road
Altrincham
Cheshire
United Kingdom
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, issued in March 2018, have been applied except for the triennial review 2017 amendments issued in December 2017 as these are applicable with effect from 1 January 2019 and have not been early adopted.

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).

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 41 Farnsworth Street, Boston, MA 02210, USA or at www.ge.com.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

2 Accounting policies (continued)

Changes in accounting policy

In the current year the company has adopted new accounting standards IFRS 9: *Financial Instruments* and IFRS 15: *Revenue from Contracts with Customers*. An explanation of the impact of the adoption of these new standards is included in note 21.

Summary of disclosure exemptions

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

- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- 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.

Revenue recognition

Recognition

The company earns revenue from both the sale of equipment and the sale of mechanical engineering services for the marine and industrial power market. Revenue from the sale of equipment is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. Services revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers..

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

2 Accounting policies (continued)

Revenue recognition (continued)

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Performance obligations

For those contracts accounted for using a point in time basis, the main performance obligations to customers are satisfied when the supply of services have transferred to the customer and the customer has control of these.

One of the contracts is accounted for on an over time basis. The equipment in this contract is highly customised and so when it arrives with the customer, the point of non-fungibility occurs during the manufacturing process. The revenue for the contract has been allocated based on costs incurred to date, in proportion to total projected costs for the contract.

Contract modifications

The company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

1. Prospectively as an additional separate contract;
2. Prospectively as a termination of the existing contract and creation of a new contract;
3. As part of the original contract using a cumulative catch up; or
4. As a combination of b) and c).

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

2 Accounting policies (continued)

Revenue recognition (continued)

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

Warranties

Warranties are offered on sale of products, these are either (state type of warranty e.g. for a period of 12 to 30 months, to cover certain situations / parts, extended warranties). These are accounted for in line with the company's accounting policy on provisions. To the extent that a warranty provides a service beyond ensuring that the good or service complies with agreed upon specifications, this is accounted for as a performance obligation and consideration is allocated to this obligation and recognised as it is satisfied. Where the customer has the option to purchase the warranty separately, this is accounted for as a separate performance obligation.

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, contract assets are recognised. Contract assets are included in the balance sheet and represent the right to consideration for products delivered.

Contract receivables (advances) are recognised in the balance sheet when the company's right to consideration becomes unconditional. This is deemed to be when the consideration has been contractually agreed and the good or service has been transferred.

Contract assets & receivables (advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the balance sheet when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

2 Accounting policies (continued)

Revenue recognition (continued)

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Going concern

Notwithstanding net current liabilities of £2,145,969 as at 31 December 2018 and a loss for the year then ended of £2,013,470, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have considered the cash flow requirements for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through intercompany cashpool facilities to meet its liabilities as they fall due for that period.

Those requirements are dependent on the continued availability of group cash pool facilities and GE Brazil Holding Limited providing additional financial support during that period. GE Brazil Holding Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

2 Accounting policies (continued)

Discontinued operations

A discontinued operation is a component of the company's business that represents a separate major line of business or geographical area of operations that has been disposed of. The company disposed of the wind division during 2017. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation has been discontinued from the start of the comparative period.

Foreign currency transactions and balances

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

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

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.

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.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. An appropriate share of overheads based on normal operating capacity.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

2 Accounting policies (continued)

Provision for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Rentals paid under operating leases are charged to the statement of comprehensive income (net of any incentives received from the lessor) on a straight-line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting 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.

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.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

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 and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for 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.

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.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

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.

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:

Revenue recognition on long-term contracts

Revenue recognition on long-term product and contract service agreements requires estimates of profits over the multiple-year terms of such agreements, considering factors such as the frequency and extent of future monitoring, maintenance and overhaul events; the amount of personnel, spare parts and other resources required to perform the services; and future billing rate, cost changes and customers' utilization of assets. We routinely review estimates under product services agreements and regularly revise them to adjust for changes in outlook.

We also regularly assess customer credit risk inherent in the carrying amounts of receivables and contract costs and estimated earnings, including the risk that contractual penalties may not be sufficient to offset our accumulated investment in the event of customer termination. We gain insight into future utilization and cost trends, as well as credit risk, through our knowledge of the installed base of equipment and the close interaction with our customers that comes with supplying critical services and parts over extended periods. Revisions may affect a product services agreement's total estimated profitability resulting in an adjustment of earnings.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

4 Turnover

A geographical analysis of turnover is as follows:

	2018 £ 000	2017 £ 000
United Kingdom	4,536	10,766
Rest of European Union	588	637
	<u>5,124</u>	<u>11,403</u>

All turnover relates to the provision of services.

Contract assets and liabilities

	2018 £ 000	2017 £ 000
Contract assets	767	529
Contract liabilities	<u>(11,135)</u>	<u>(1,532)</u>

Revenue recognised in the year from:

	2018 £ 000	2017 £ 000
Amounts included in contract liability at the beginning of the year	1,532	6,930
Performance obligations satisfied or partially satisfied in previous years	<u>-</u>	<u>-</u>

There were no assets recognised from costs to obtain or fulfil a contract with customer in the year.

5 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2018 £ 000	2017 £ 000
Research and development cost recoveries	-	(1,245)
Difference on foreign exchange	116	(31)
Operating lease expense	<u>3</u>	<u>69</u>

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

6 Profit on disposal of business

	2018 £ 000	2017 £ 000
Profit on sale of wind division	-	10,893

The wind division was sold to GE Renewable UK (Holdings) Ltd (formerly Alstom Renewable UK (Holdings) Limited) on 1 June 2017.

7 Interest payable and similar expenses

	2018 £ 000	2017 £ 000
On loans from group undertakings	111	66

8 Staff costs

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

	2018 £ 000	2017 £ 000
Wages and salaries	1,898	3,013
Social security costs	247	305
Other pension costs	153	246
	<u>2,298</u>	<u>3,564</u>

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

	2018 No.	2017 No.
Manufacturing and engineering	30	46
Management and administration	4	3
Sales & marketing	1	1
	<u>35</u>	<u>50</u>

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Remuneration	68	69
Defined benefit pension costs	10	9
	<u>78</u>	<u>78</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Accruing benefits under defined contribution pension scheme	<u>1</u>	<u>1</u>

Not all of the directors are remunerated through the company, these directors did not provide material qualifying services to the company. The remuneration for these directors is borne by other group entities.

10 Auditor's remuneration

	2018 £ 000	2017 £ 000
Audit of the financial statements	<u>15</u>	<u>22</u>

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

11 Taxation

Tax charged/(credited) in the Profit and Loss Account

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Origination and reversal of temporary differences	(22)	422
Effect of changes to tax rates	2	(49)
Adjustment in respect of prior year	302	500
Movement on deferred tax not provided	(282)	(873)
Total deferred taxation	-	-
Tax expense in the Profit and Loss Account	-	-

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (2017: lower than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
(Loss)/profit before tax	(2,014)	9,923
Corporation tax at standard rate	(383)	1,910
Adjustment to tax charge in respect of prior year	302	500
Effect of change in tax rate	(4)	423
Expenses not deductible for tax purposes	8	-
Group relief for £nil consideration	357	186
Movement in deferred tax not provided	(282)	(873)
Increase/(decrease) in current tax from unrecognised temporary difference from a prior period	2	(49)
Other non-taxable income	-	(2,097)
Total tax charge	-	-

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

11 Taxation (continued)

Factors that may affect future tax charges

The UK corporation tax rate was reduced from 20% to 19% on 1 April 2017. A further reduction to 17% (effective 1 April 2020) was substantively enacted at the balance sheet date. This will reduce any current tax charges accordingly.

Deferred tax assets and liabilities on all timing differences have been calculated at 17%, including those expected to reverse in the years ending 31 December 2018 to 31 December 2020 (the overall average rate ranging from 19% to 17.5%). The impact of this on the financial statements is not considered material.

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

Deferred tax

There are £Nil of deductible temporary differences (2017: £Nil), £749,477 of unused tax losses (2017: £1,031,359) for which no deferred tax asset is recognised in the balance sheet.

12 Stocks

	2018 £ 000	2017 £ 000
Work in progress	1,218	965

Changes in work in progress recognised as cost of sales in the year amounted to £850,043 (2017: £3,104,000). The write down of stocks to net realisable value amounted to £122,820 (2017: £154,280).

13 Debtors

	2018 £ 000	2017 £ 000
Trade debtors	4,185	831
Amounts owed by group undertakings	11,748	9,251
Contract assets	767	529
Prepayments	-	47
Other debtors	1,534	861
	<u>18,234</u>	<u>11,519</u>

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Notes to the Financial Statements

14 Creditors: Amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	1,604	408
Accruals and deferred income	258	440
Amounts owed to group undertakings	7,342	9,698
Social security and other taxes	163	721
Contract liabilities	11,135	1,532
Other payables	1,095	68
	<u>21,597</u>	<u>12,867</u>

Amounts owed to group undertakings are repayable on demand and are unsecured. Interest accrues on non-trading balances at a variable rate based on the 3 months LIBOR rate.

15 Provisions for liabilities

	Warranties £ 000	Other provisions £ 000	Total £ 000
At 1 January 2018	103	79	182
Additions during the year	<u>173</u>	<u>79</u>	<u>252</u>
At 31 December 2018	<u>276</u>	<u>158</u>	<u>434</u>

a) Warranty - this provision is established to recognise known and expected claims against delivered products or services within the contractual guarantee periods for such sales. The expenditure is expected to be mainly incurred over the next 12 to 30 months, in line with the contractual warranty periods.

b) Other provisions - these provisions relate to risks on contracts including anticipated risks relating to non-performance in respect of contractual terms for delivery and performance.

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Notes to the Financial Statements

16 Share capital

Allotted, called up and fully paid shares

	No.	2018 £	No.	2017 £
Ordinary share of £1	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

17 Operating lease commitments

The total future value of minimum lease payments is as follows:

	31 December 2018 £ 000	31 December 2017 £ 000
Within one year	2	15
In two to five years	-	13
	<u>2</u>	<u>28</u>

18 Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

The pension charge for the year was £153,000 (2017: £246,000), including £153,000 (2017: £nil) in respect of the defined contribution scheme. The pension contribution liability at the beginning of the year amounted to £24,000. This was fully settled in the year leaving no outstanding contributions at the end of the financial year.

19 Post balance sheet event

On 1 May 2019, the company's immediate parent undertaking, Vetco Gray Holding, transferred its entire shareholding in the company (comprising 1 ordinary share of £1) to Alstom UK Holdings Ltd.

GE Oil & Gas Marine & Industrial UK Ltd. (formerly Alstom Renewable UK Limited)

Notes to the Financial Statements

20 Ultimate parent undertaking and controlling party

The company's immediate parent at the year-end was Vetco Gray Holding, a company registered at The Ark, 201 Talgarth Road, London, W6 8BJ, United Kingdom. On 1 May 2019, the shares in the company were transferred to Alstom UK Holdings Ltd who become the new immediate parent company, registered at St Leonards Building, Harry Kerr Drive, Stafford, ST16 1WT, United Kingdom.

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 registered at 41 Farnsworth Street, Boston, Massachusetts, 02210, USA. The consolidated financial statements of this company are available to the public and may be obtained from the registered address or at www.ge.com.

21 Changes resulting from adoption of IFRS 9 and IFRS 15

The company adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* with effect from 1 January 2018. No transition adjustments were required on adoption of IFRS 9 or IFRS 15 and the transition to IFRS 9 and IFRS 15 had no material impact on the financial statements of the company.