Registered number: 08462333

GE Oil & Gas Marine & Industrial UK Ltd.

Annual report and financial statements
for the year ended 31 December 2022

GE Oil & Gas Marine & Industrial UK Ltd.

Company information

Directors	A P Dowle D Bell R Odendaal I Rutherford
Registered number	08462333
Registered office	3rd Floor, 1 Ashley Road Altrincham Cheshire United Kingdom WA14 2DT
Independent auditor	Deloitte LLP Statutory Auditor & Chartered Accountants Bristol

GE Oil & Gas Marine & Industrial UK Ltd.

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GE Oil & Gas Marine & Industrial UK Ltd.

Strategic report
for the year ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Fair review of the business

The results for the company show a pre-tax profit of £8,576,000 (2021 as restated: loss of £835,000). The key factor driving this change in performance was a comparatively less significant decrease in revenue by £3,410,000, compared with cost of sales, which decreased by £11,243,000. Additionally, the company received exceptional income of £1,246,000 during the year. Further details can be found in note 5. Overall, the reduction in activity was the result of the completion of one of the company's most significant contracts during the year; whilst the sizeable increase in gross and operating profit was the result of amendments to other significant contracts.

Net liabilities decreased by £8,619,000 to £10,380,000 (2021 as restated: £18,999,000). The key reasons for this movement were a strengthening in the net intercompany position, which saw a reduction in amounts owed to group undertakings by £3,390,000 and an increase in amounts owed by group undertakings of £4,013,000; an overall increase of £623,000, which was largely the result of a significant cash settlement from a customer. Furthermore, completion of the aforementioned contract resulted in changes to the ageing of the company's major contracts, resulting in accrued costs and contract liabilities of £3,891,000 & £1,446,000 respectively being due after one year, which resulted in a noticeable improvement in the company's current liability position. In addition, the completion of one of the company's major contracts resulted in reductions in a number of balances; namely prepayments and work in progress, which reduced by £3,538,000 and £7,000 respectively.

Following a review of revenues and costs on long term contracts, it was identified that a misstatement of revenues and costs related to a number of specific contracts had occurred. As such, the prior year profit and loss account has been restated, see notes 2.18 and 21 for further details.

During the year, GE signed a Share and Assets Purchase Agreement to fully divest GE Oil & Gas Marine & Industrial UK Ltd to Électricité de France ("EDF") which is currently ongoing and is expected to conclude in the final quarter of 2023. At the date of signing these financial statements, regulatory approval has been received by the buyer.

On 20 December 2022, as part of the agreement to divest GE Oil & Gas Marine & Industrial Limited to EDF, the company negotiated amendments to existing contracts with the customer which resulted in a total increase in the contract revenues of £29.1m. In accordance with IFRS 15, additional revenue of £14.04m was recognised in 2022, with the remaining revenue of £15.06m being recognised over the remaining period of the contract.

On 22 December 2022, an additional agreement was signed with the same customer releasing the company from a late delivery clause on one of its contracts. This allowed a release of £1,287,000 in the corresponding provision during the year.

Principal risks and uncertainties

The principal risk of the company is the delivery of the long-term contracts which are accounted for over time. The risks relating to these contracts are the costs incurred and contract profitability which are reviewed on a quarterly basis by the directors to ensure that the costs expected to be incurred over the life of the contract do not become onerous.

The management of the business and the execution of the company's strategy are subject to several risks. The principal risks and uncertainties are:

General economic risk:

The company is subject to general economic risk including: (i) changes in the economic outlook; (ii) government changes and/or changes in industrial, fiscal or regulatory policies; and (iii) changes in interest rates, exchange rates or rates of inflation. Short-term evolution of the company's markets is also driven by financing constraints.

GE Oil & Gas Marine & Industrial UK Ltd.

Strategic report (continued)
for the year ended 31 December 2022

Principal risks and uncertainties (continued)

Regulatory risk:

The company is subject to extensive legal and regulatory controls and failure by the company to comply with these could have material adverse effects. The directors therefore work with internal and external advisors to ensure awareness and reporting of, and full compliance with, all such requirements and obligations as required.

Political risk:

The company is considered a critical supplier to a government body, and is therefore subject to political pressure at corporate level to perform to project requirements and to maintain strategic capability into the future. The customer has announced the construction of the next generation of submarines and has engaged with the company to begin initial design work supporting this programme.

Contract execution:

The company's business includes major long-term contracts. The revenue, cash flow and profitability of a long-term project can vary significantly with the progress of the project and depend on a variety of factors, which may not always be within the company's control. Because of this variability, the profitability of certain contracts may significantly impact income and cash flows in any given period.

The company has established strict risk control procedures which are applied from tendering to contract execution and the reported results take into account the expected outcomes from this risk assessment process.

Key performance indicators (KPIs)

The directors consider that the most appropriate indicators of the company's key financial performance during the year were as follows:

	2022	**As Restated 2021**	**Definition, method of calculation**
Changes in sales (%)	(16%)	96%	Year on year sales (reduction)/growth expressed as a percentage
Gross margin (%)	44%	1%	Gross margin is the ratio of gross profit to sales expressed as a percentage

For a more detailed review of the company's performance during the year, please see the fair review of business above.

Future developments

The directors are not expecting a change in the principal activity of the company in the foreseeable future.

On 9 November 2021, General Electric Company (GE) announced that it would form three global listed companies that are intended to be run independently and focus on the aerospace, healthcare, and energy segments. GE Digital, Renewables and Power businesses are planned to be combined into one business and spun off from GE in early 2024. Following these transactions, GE is expected to be an aviation-focused company shaping the future of flight while retaining certain other assets and liabilities including its runoff insurance operations. On 3 January 2023 the spin-off of the healthcare entities was completed. All healthcare entities ownership has changed and their ultimate parent company and controlling party is GE HealthCare Technologies Inc. For further details, see note 2.3.

The ongoing sale of the business to EDF is expected to conclude in the final quarter of 2023 subject to regulatory approval by UK and other regulators. At the date of signing these financial statements, regulatory approval has been received by the buyer.

Upon the completion of the sale of the business to EDF, the company will no longer have access to the GE cash pool; however, the directors consider the impact on the company to be minimal due to the items discussing in the Going concern disclosure in the Directors' report.

At the date of signing these financial statements there has been no impact from these transactions on this entity.

Approved by the Board of directors and signed on its behalf on 1 November 2023 by:

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Ralph odendaal
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R Odendaal
Director

Directors' report
for the year ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £8,575,000 (2021 as restated: loss of £915,000).

The directors do not recommend the payment of a dividend (2021: £nil).

Directors of the company

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

A P Dowle
D Bell
R Odendaal
I Rutherford (appointed 28 October 2022)

Future developments

Details of future developments are disclosed in the strategic report on page 2.

Research expenditure

The directors regard investment in research and development as integral to the continuing success of the business, and continue to invest in new technology incubation and new product introduction, focused on supporting our customers navigate the disruptive transitions impacting the global energy sector. During the year the company spent £125,000 on research activities (2021: £186,000). The company takes part in development projects for GE and received credits of £351,000 from General Electric (Switzerland) GmbH.

Branches outside the United Kingdom

The company has no branches outside of the UK, as defined in section 1046(3) of the Companies Act 2006.

Directors' report (continued)
for the year ended 31 December 2022

Going concern

Notwithstanding net liabilities of £10,380,000 as at 31 December 2022 (2021 as restated: £18,999,000) and a profit for the year then ended of £8,575,000 (2021 as restated: loss of £915,000), the financial statements are prepared on a going concern basis which the directors feel is appropriate.

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements, also considering events reasonably foreseeable beyond this horizon, which indicates that taking account of the inflationary impacts on the UK economy, higher interest rates, increased energy costs, labour market shortages and in light of 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.

Given the planned sale of the company to EDF in the last quarter of 2023, the company can only rely on the cash pool funding to the point at which it is sold. At the point of the proposed sale the cash pool balances will be closed out and the funds transferred into the company bank accounts. This along, with the capital injection which will occur before the sale, will provide sufficient liquidity to finance working capital requirements. The directors have considered the forecasts that have been prepared for the 12 months to 31 October 2024 which clearly demonstrate that the company has no liquidity issues and the directors are confident that the business will be properly managed. Therefore, the directors have considered the impact that the sale of the company will have on their going concern assessment and they are confident the company will have sufficient funds to continue in operational existence for at least 12 months from the date of signing these accounts, based on the following:

- Cashflow forecasts to 31 October 2024 which show that the company will have positive cash balances in 2023 and 2024;
- New revenue forecasts up to 31 October 2024 which provide evidence of sustainability of the business in terms of revenue and positive margin;
- In November 2022, an agreement with a major customer for additional revenues for existing contracts was signed;
- The company will receive an equity contribution in 2023 to ensure the entity has positive equity before the planned sale to EDF Energy; and
- EDF are to acquire the business in total during the last quarter of 2023. The business valuation indicates a going concern business. EDF are acquiring the whole business including the employees. They are acquiring the business to generate positive cashflows and profit. There is no indication that they would wind up the company.

The directors consider the impact on the company not having access to the cash pool facility will be more than offset by the points outlined above.

The ongoing sale of the business to EDF is expected to conclude in the final quarter of 2023 subject to regulatory approval by UK and other regulators. At the date of signing these financial statements, regulatory approval has been received by the buyer.

As a result, the directors deem it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

GE Oil & Gas Marine & Industrial UK Ltd.

Directors' report (continued)
for the year ended 31 December 2022

Financial risk management objectives and policies

Interest rate risk

The company is exposed to interest rate risk arising out of amounts owed to group undertakings. The exposure to interest rate risks have not been hedged as there is no net interest rate risk at a group level on intra-group borrowings.

Foreign currency risk

The company monitors and manages the foreign currency risk in relation to its operations in line with the group's policy and with the help of the global treasury team.

Liquidity risk

The company has the ability to access the group's cash pool facility as and when required which helps in managing liquidity risk. Following the proposed sale of the business to EDF in the last quarter of 2023, the business will no longer have access to the group's cash pool facility; however, the directors are confident that the cash flow forecasts up to 31 October 2024 indicate that the company has no liquidity issues.

Credit risk

The company is not exposed to significant credit risk other than on amounts owed by group undertakings on which it places reliance on the group's overall financial position. The company is not exposed to significant credit risk from third parties as the company's largest contract is with a major customer and therefore the risk of non-payment is considered low. Credit risk relating to amounts owed by group undertakings is considered low due to reliance on the group's overall financial position.

Post balance sheet event

At the date these financial statements were signed, the sale of the business to EDF is currently ongoing and is expected to conclude in the final quarter of 2023. At the date of signing these financial statements, regulatory approval has been received by the buyer.

On 27 October 2023 the company allotted one ordinary share of £1 for a cash consideration of £11,000,000 to its parent company General Electric UK Holdings Limited. The company has credited £1 to share capital and £10,999,999 to share premium.

Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year in respect of this entity 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. One or more directors of the immediate parent undertaking and subsidiaries of this entity have benefited from the same qualifying indemnity provisions.

Disclosure of information to 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' report (continued)
for the year ended 31 December 2022

Auditor

The auditor, Deloitte LLP have expressed their willingness to continue in office as auditor and have been reappointed at the AGM of the ultimate parent company and by this Board of directors under section 487(2) of the Companies Act 2006 and will continue in office.

Approved by the Board of directors and signed on its behalf on 1 November 2023 by:

DocuSigned by:
Ralph odendaal
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R Odendaal
Director

Statement of directors' responsibilities for the year ended 31 December 2022

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), 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; and
- 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 to 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 Oil & Gas Marine & Industrial UK Ltd.

Independent auditor's report to the members of GE Oil & Gas Marine & Industrial UK Ltd.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GE Oil & Gas Marine & Industrial UK Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account and Other Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of accounting policies in note 2; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

GE Oil & Gas Marine & Industrial UK Ltd.

Independent auditor's report to the members of GE Oil & Gas Marine & Industrial UK Ltd. (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor`s responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of GE Oil & Gas Marine & Industrial UK Ltd. (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

The appropriateness of overtime revenue recognition on long term contracts has been identified as an area with the potential for fraud through manipulation. We obtained an understanding of the relevant controls to mitigate the risk. We further addressed this risk by assessing the revenue recognition for a sample of contracts, obtaining the appropriate audit evidence for amounts recognised and determining whether management's estimated cost to complete is appropriate. In response to the identified risk we performed the following procedures:

- Obtained an understanding of the relevant controls in place in relation to management's judgement; and
- Evaluated a sample of transactions to determine whether revenue has been recognised in the correct period based on the status of products at each year end including an inspection of invoices, contract terms, takeover certificates and manufacturing reports. This included a challenge of whether control has passed in line with the requirements of IFRS 15 *Revenue from Contracts with Customers*.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of GE Oil & Gas Marine & Industrial UK Ltd. (continued)

Report on other legal regulatory requirements

Opinions of other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

Use of our report

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.

Joanna Martin

Joanna Martin (Senior statutory auditor)
for and on behalf of Deloitte LLP, Statutory Auditor
United Kingdom
Bristol

Date: 1 November 2023

Profit and loss account and other comprehensive income for the year ended 31 December 2022

	Note	2022 £000	As restated 2021 £000
Turnover	4	**18,392**	21,802
Cost of sales		**(10,259)**	(21,502)
Gross profit		**8,133**	300
Administrative expenses		**(684)**	(1,215)
Other operating (expense)/income		**(3)**	107
Exceptional operating income	5	**1,246**	-
Operating profit/(loss)	6	**8,692**	(808)
Interest receivable and similar income	7	**-**	2
Interest payable and similar expenses	8	**(116)**	(29)
Profit/(loss) before tax		**8,576**	(835)
Tax on profit/(loss)	12	**(1)**	(80)
Profit/(loss) for the year		**8,575**	(915)
Other comprehensive income		**-**	-
Total comprehensive income/(expense) for the year		**8,575**	(915)

The above results were derived from continuing operations.

Refer to notes 2.18 and 21 for an explanation of the prior period restatement.

The notes on pages 16 to 40 form an integral part of these financial statements.

GE Oil & Gas Marine & Industrial UK Ltd.

Registered number: 08462333

Balance sheet
as at 31 December 2022

	Note	2022 £000	As restated 2021 £000
Fixed assets			
Tangible assets	13	**14**	29
Right of use assets	14	**19**	38
		33	67
Current assets			
Stocks	15	**209**	216
Debtors: amounts falling due within one year	16	**12,374**	12,761
		12,583	12,977
Creditors: amounts falling due within one year	17	**(17,016)**	(31,296)
Net current liabilities		**(4,433)**	(18,319)
Total assets less current liabilities		**(4,400)**	(18,252)
Creditors: amounts falling due after more than one year	18	**(5,353)**	(35)
Provision for liabilities	19	**(627)**	(712)
Net liabilities		**(10,380)**	(18,999)
Capital and reserves			
Called up share capital	20	**-**	-
Share based payments reserve	23	**73**	29
Profit and loss account		**(10,453)**	(19,028)
Shareholders' deficit		**(10,380)**	(18,999)

Refer to notes 2.18 and 21 for an explanation of the prior period restatement.

Approved by the Board of directors and signed on its behalf on 1 November 2023 by:

DocuSigned by:

Ralph odendaal

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R Odendaal
Director

The notes on pages 16 to 40 form an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2022

	Called up share capital	Share based payments reserve	Profit and loss account	Total shareholders' deficit
	£000	£000	£000	£000
At 1 January 2022 (as previously stated)	-	29	(19,036)	(19,007)
Prior year adjustment (note 21)	-	-	8	8
At 1 January 2022 (as restated)	-	29	(19,028)	(18,999)
Comprehensive income for the year				
Profit for the year	-	-	8,575	8,575
Total comprehensive income for the year	-	-	8,575	8,575
Equity settled share based payment expense (note 23)	-	44	-	44
At 31 December 2022	-	73	(10,453)	(10,380)

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital	Share based payments reserve	Profit and loss account	Total shareholders' deficit
	£000	£000	£000	£000
At 1 January 2021	-	35	(18,113)	(18,078)
Comprehensive loss for the year				
Loss for the year (as restated)	-	-	(915)	(915)
Total comprehensive expense for the year	-	-	(915)	(915)
Equity settled share based payment credit (note 23)	-	(6)	-	(6)
At 31 December 2021 (as restated)	-	29	(19,028)	(18,999)

Refer to notes 2.18 and 21 for an explanation of the prior period restatement.

The notes on pages 16 to 40 form an integral part of these financial statements.

1. General information

The company is a private company limited by share capital, incorporated in the United Kingdom, under the Company Act 2006 and registered in England and Wales.

The address of its registered office is:
3rd Floor, 1 Ashley Road
Altrincham
Cheshire
WA14 2DT
United Kingdom

The nature of the company's operations and its principal activities are set out in the directors' report on page 3.

2. Accounting policies

2.1 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.

2.2 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("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).

2.3 Going concern

Notwithstanding net liabilities of £10,380,000 as at 31 December 2022 (2021 as restated: £18,999,000) and a profit for the year then ended of £8,575,000 (2021 as restated: loss of £915,000), the financial statements are prepared on a going concern basis which the directors feel is appropriate.

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements, also considering events reasonably foreseeable beyond this horizon, which indicates that taking account of the inflationary impacts on the UK economy, higher interest rates, increased energy costs, labour market shortages and in light of 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.

2. Accounting policies (continued)

2.3 Going concern (continued)

Given the planned sale of the company to EDF in the last quarter of 2023, the company can only rely on the cash pool funding to the point at which it is sold. At the point of the proposed sale the cash pool balances will be closed out and the funds transferred into the company bank accounts. This along, with the capital injection which will occur before the sale, will provide sufficient liquidity to finance working capital requirements. The directors have considered the forecasts that have been prepared for the 12 months to 31 October 2024 which clearly demonstrate that the company has no liquidity issues and the directors are confident that the business will be properly managed. Therefore, the directors have considered the impact that the sale of the company will have on their going concern assessment and they are confident the company will have sufficient funds to continue in operational existence for at least 12 months from the date of signing these accounts, based on the following:

- Cashflow forecasts to 31 October 2024 which show that the company will have positive cash balances in 2023 and 2024;
- New revenue forecasts up to 31 October 2024 which provide evidence of sustainability of the business in terms of revenue and positive margin;
- In November 2022, an agreement with a major customer for additional revenues for existing contracts was signed;
- The company will receive an equity contribution in 2023 to ensure the entity has positive equity before the planned sale to EDF Energy; and
- EDF are to acquire the business in total during the last quarter of 2023. The business valuation indicates a going concern business. EDF are acquiring the whole business including the employees. They are acquiring the business to generate positive cashflows and profit. There is no indication that they would wind up the company.

The directors consider the impact on the company not having access to the cash pool facility will be more than offset by the points outlined above.

The ongoing sale of the business to EDF is expected to conclude in the final quarter of 2023 subject to regulatory approval by UK and other regulators. At the date of signing these financial statements, regulatory approval has been received by the buyer.

As a result, the directors deem it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Accounting policies (continued)

2.4 Basis of measurement

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

Summary of disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114,115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 52, 58 and the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraphs 10(d), 10(f), 16, 38 A, 38B, 38 C, 38 D, 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.

2.5 Functional currency

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

2.6 Foreign currency transactions and balances

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.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the financial statements for the year ended 31 December 2022

2. Accounting policies (continued)

2.7 Turnover

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.

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.

Two contracts are accounted for on an over time basis. The revenue for the contracts has been allocated based on costs incurred to date, in proportion to total projected costs for the contracts.

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 accumulative catch up; or
4. As a combination of 2) and 3).

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.

2. Accounting policies (continued)

2.7 Turnover (continued)

Warranties

Warranties are offered on sale of products, these are either for a period of 12 to 30 months, to cover certain contracts. 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.

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.

2. Accounting policies (continued)

2.8 Interest receivable and payable

Interest income and expense are recognised in profit or loss using the effective interest rate ("EIR") method. The EIR is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the company estimates future cash flows considering all contractual terms of the financial instrument but not, in the case of financial assets, future credit losses.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Interest income and expense presented in the profit and loss account and other comprehensive income include interest on financial assets and financial liabilities at amortised cost on an effective interest rate basis.

2.9 Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. During the year the company spent £125,000 on research activities (2021: £186,000). The company takes part in development projects for GE and received credits of £351,000 from General Electric (Switzerland) GmbH.

2.10 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 provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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.

2. Accounting policies (continued)

2.11 Tangible fixed assets

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

Depreciation

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

Depreciation is provided on the following basis:

Plant and machinery	- Between 4 - 20 years
Motor vehicles	- 4 years

2.12 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. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2.13 Leases

As a lessee

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right of use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term discounted using the company's incremental borrowing rate. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right of use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the company has made an accounting policy election to account for both components as a single lease component.

Notes to the financial statements for the year ended 31 December 2022

2. Accounting policies (continued)

2.13 Leases (continued)

Subsequent measurement

After the commencement date, the company measures the lease liability by:

(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are presented separately as non-operating/included in finance cost in the profit and loss account and other comprehensive income, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for tangible fixed assets. Adjustments are made to the carrying value of the right of use asset where lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Short term and low value leases

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

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

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

2.14 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.

2. Accounting policies (continued)

2.14 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.

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.

2. Accounting policies (continued)

2.15 Pensions

The company was a member of a defined benefit group pension plan providing benefits based on final pensionable pay. The group pension plan, GEAPS Pension Scheme, covers a number of United Kingdom subsidiary companies of General Electric Company. There is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to participating entities, so the net defined benefit cost is recognised fully in the separate financial statements of the group entity that is legally the principal employer for the plan, which is General Electric Energy UK Limited. The company recognises a cost on a defined contribution basis equal to their contribution payable for the period. The contribution payable by the participating employers in the GEAPS Pension Scheme are based on the latest schedule of contributions agreed between the Trustee of the GEAPS Pension Scheme and the principal employer. The defined benefit plan has been closed to new entrants for a number of years. From 1 January 2022, the plan was closed to future accrual. From that date any future pension contributions have been into the company's defined contribution scheme.

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.

2.16 Share based payments

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

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

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

The total cost for the year is disclosed in note 9 Staff costs.

2.17 Provisions

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.

2. Accounting policies (continued)

2.18 Prior period restatement

During the year management determined that relevant mark-up rates had not been applied to specific long term intercompany supply contracts. After applying those rates to the applicable contracts, management concluded that the previously reported costs associated with those long-term contracts for 2021 were deemed to be materially incorrect, with a knock on impact on the stage of completion of associated revenue contracts. Consequently, it was determined that the 2021 amounts had been understated.

Further to this, management performed a review of the outstanding liabilities recognised on those supply contracts and subsequently concluded that those balances, alongside others, did not meet the criteria for recognition as contract liabilities under IFRS 15. The associated costs identified on those contracts should be recognised as accrued costs and amounts owed to group undertakings for external and intra-group contracts respectively.

As a result, a prior period adjustment was recognised as at 31 December 2021. The adjustment has the effect of increasing revenue for 2021 by £504,000 and increasing cost of sales for 2021 by £496,000, which results in an increase in the gross and net profit for 2021 of £8,000. It also resulted in a reduction of amounts previously recognised as contract liabilities by £13,957,000 and an increase in accruals of £8,494,000 and amounts owed to group undertakings of £5,455,000.

Please see the tables of note 21 of these financial statements which provide a more detailed quantitative disclosure in accordance with the requirements of IAS 8 paragraph 49.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

In applying the company's accounting policies, the directors consider that there are no critical accounting judgements identified in preparation of the financial statements in compliance with FRS101.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Revenue recognition on long-term contracts (note 4)

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' utilisation of assets. We routinely review estimates under product services agreements and regularly revise them to adjust for changes in outlook.

Estimation of the components that comprise the total cost of manufacture is complex and subject to many variables, some of which are difficult to control. One key variable is the factory overhead cost attributable to required production hours. We have carried out a sensitivity analysis which indicates that a 5% movement in this overhead rate could result in an increase or decrease in forecasted project costs of approximately £480,000.

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 utilisation 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.

We have been able to measure, and recognise, cost relating to subcontractors deliverables under the contract. This measurement is based on the subcontractors' progress completion towards the deliverables under the contract. As we obtain control of the subcontractor's work progressively, and pass that control to the customer, revenue and costs are recognised in proportion to total contract costs.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the financial statements for the year ended 31 December 2022

4. Turnover

A geographical analysis of turnover is as follows:

	2022 £000	As restated 2021 £000
United Kingdom	**17,778**	21,122
Rest of Europe	**260**	339
USA	**214**	16
Rest of the world	**140**	325
	18,392	21,802

All revenue relates to sales from contracts with customers.

Contract assets and liabilities

Contract assets arise where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Contract receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when we still have an obligation to deliver goods or services for that consideration.

	Note	2022 £000	As restated 2021 £000
Contract assets	16	**2,418**	1,101
Contract liabilities	17, 18	**(1,902)**	(4,538)

Revenue recognised in the year from:

	2022 £000	2021 £000
Amounts included in contract liability at the beginning of the year	**4,538**	13,647

Refer to notes 2.18 and 21 for an explanation of the prior period restatement.

5. Exceptional operating income

	2022 **£000**	2021 £000
Exceptional income	**1,246**	-

CIGNA Health Scheme refund

In finalising the 2021 financial statements a receivable was created to account for a refund of costs connected with the uninsured medical cover scheme that GE provides for all UK entities.

A surplus had arisen in the Scheme and it was agreed that this should be returned to the participating entities that had been charged by GE Capital Europe Limited for the employees covered in the scheme at a fixed charge per head. COVID19 and other factors had seen significant falls in the level of claims being made.

At 31 December 2021, GE Oil & Gas Marine & Industrial UK Ltd. accounted for a receivable of £24,269, which was offset against payroll costs. The refund from GE Capital Europe Limited was received in Q2 2022.

Also in 2022, GE Oil & Gas Marine & Industrial UK Ltd. received a further £1.2m refund from GE Capital Europe Limited in respect of refunds due to former group subsidiaries. GE Oil & Gas Marine & Industrial UK Ltd. received this refund as the company was the only remaining entity of the former group with the current GE UK group. Therefore there will be no current or future obligation for the company to pass on the refund to another group entity.

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	Note	**2022** **£000**	2021 £000
Depreciation expense - owned assets	13	**15**	14
Depreciation expense - right of use assets	14	**17**	23
Difference on foreign exchange		**6**	46
Research costs	2.9	**125**	186
Research refunds	2.9	**(351)**	-

7. Interest receivable and similar income

	2022 **£000**	2021 £000
Interest receivable from group undertakings	**-**	2

8. Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable to group undertakings	**115**	6
Interest on lease liabilities	**1**	23
	116	29

9. Staff costs

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

	Note	2022 £000	2021 £000
Wages and salaries		**1,436**	1,305
Social security costs		**172**	162
Pension costs, defined contribution scheme	22	**112**	92
Pension costs, defined benefit scheme	22	**-**	34
Share-based payment expense/(income)	23	**44**	(6)
		1,764	1,587

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

	2022 No.	2021 No.
Manufacturing and engineering	**13**	15
Management and administration	**1**	1
	14	16

10. Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £000	2021 £000
Remuneration	**419**	262
Pension costs, defined contribution scheme	**36**	13
Pension costs, defined benefit scheme	**-**	34
	455	309

10. Directors' remuneration (continued)

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

	2022 No.	2021 No.
Accruing benefits under defined benefit pension scheme	-	2
Accruing benefits under defined contribution pension scheme	4	1
	4	3

	2022 £000	2021 £000
In respect of the highest paid director		
Remuneration	206	113
Pension costs, defined contribution scheme	14	-
Pension costs, defined benefit scheme	-	29
	220	142

11. Auditor's remuneration

	2022 £000	2021 £000
Audit of the financial statements	45	45

In addition to the audit fee charged to the profit and loss account, noted above, remuneration of £nil paid to Deloitte LLP as auditor (2021: £16,000) for their audit services to the company was borne by a fellow group undertaking. The total audit fees for the audit of the financial statements for the year ended 31 December 2022 paid to Deloitte LLP is £45,000 (2021: £61,000).

No fees were paid to Deloitte LLP in the current or previous years for non-audit related assurance services.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the financial statements for the year ended 31 December 2022

12. Taxation

Tax charged in the profit and loss account.

	2022 £000	As restated 2021 £000
Foreign tax		
Current tax	**1**	80
Total current tax	**1**	80
Tax expense in the profit and loss account	**1**	80

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK 19% (2021: 19%). The differences are reconciled below:

	2022 £000	As restated 2021 £000
Profit/(loss) before tax	**8,576**	(835)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	**1,629**	(159)
Effects of:		
Non-taxable income	**(3)**	(14)
Expenses not deductible for tax purposes	**32**	12
Movement in deferred tax not provided	**-**	161
Group relief	**(1,660)**	-
Overseas tax differences	**1**	80
Other	**2**	-
Total tax charge for the year	**1**	80

12. Taxation (continued)

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. Deferred tax assets and liabilities on all timing differences have been calculated at 25%, including those expected to reverse in the years ending 31 December 2021 to 31 December 2023. The impact of this on the financial statements is not considered material.

There were no amounts of provided or unprovided deferred taxation as at 31 December 2022 or 31 December 2021.

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

Deferred tax

There is £3,541,350 (2021 as restated: £3,541,350) of unrecognised deferred tax asset on tax losses for which no deferred tax asset is recognised in the balance sheet.

Refer to notes 2.18 and 21 for an explanation of the prior period restatement.

13. Tangible assets

	Plant and machinery £000
Cost	
At 1 January 2022 and 31 December 2022	**47**
Depreciation	
At 1 January 2022	**18**
Charge for the year	**15**
At 31 December 2022	**33**
Net book value	
At 31 December 2022	**14**
At 31 December 2021	29

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the financial statements for the year ended 31 December 2022

14. Right of use assets

	Motor vehicles £000
Cost	
At 1 January 2022	**76**
Disposals	**(18)**
At 31 December 2022	**58**
Depreciation	
At 1 January 2022	**38**
Charge for the year	**17**
Disposals	**(16)**
At 31 December 2022	**39**
Net book value	
At 31 December 2022	**19**
At 31 December 2021	38

15. Stocks

	2022 £000	2021 £000
Work in progress	**209**	216

Changes in work in progress recognised as cost of sales in the year amounted to £6,706,000 (2021: £8,163,000). The write down of stocks to net realisable value amounted to £nil (2021: £nil). The reversal of write-downs amounted to £nil (2021: £nil).

16. Debtors: amounts falling due within one year

	2022 **£000**	2021 £000
Trade debtors	**910**	1,446
Amounts owed by group undertakings	**4,590**	577
Contract assets	**2,418**	1,101
Prepayments	**4,428**	7,966
Other debtors	**28**	1,671
	12,374	12,761

Amounts owed by group undertakings are unsecured and payable on demand. Interest is received on cash pool balance at variable rates of interest linked to SONIA market rates. No interest is payable on intercompany trading balances

17. Creditors: amounts falling due within one year

	2022 **£000**	As restated 2021 £000
Trade creditors	**793**	1,294
Accruals	**2,063**	10,249
Amounts owed to group undertakings	**11,803**	15,193
Social security and other taxes	**1,899**	-
Lease liabilities	**2**	3
Contract liabilities	**456**	4,538
Other creditors	**-**	19
	17,016	31,296

Amounts owed to group undertakings are unsecured and repayable on demand. Interest is paid on intercompany cash pool balances at variables rates of interest linked to SONIA rates.

No interest is payable on intercompany trading balances.

Refer to notes 2.18 and 21 for an explanation of the prior period restatement.

18. Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Accruals	**3,891**	-
Contract liabilities	**1,446**	-
Lease liabilities	**16**	35
	5,353	35

Included within lease liabilities are amounts repayable later than one year and not later than five years: £16,000 (2021: £35,000) and later than five years: £nil (2021: £nil).

The total cash outflow for leases amounted to £18,000 (2021: £23,000).

19. Provisions for liabilities

	Warranties £000
At 1 January 2022	**712**
Charge in the year	**62**
Released	**(147)**
At 31 December 2022	**627**

Warranties - these provisions are 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.

20. Called up share capital

	2022 £000	2021 £000
Authorised, allotted, called up and fully paid shares		
1 (2021: 1) Ordinary share of £1	**-**	-

21. Changes resulting from prior period restatement

The impact of this restatement on the profit and loss account, balance sheet and statement of changes in equity can be seen below:

	As previously reported 2021 £000	Adjustments 2021 £000	As restated 2021 £000
Turnover	21,298	504	21,802
Cost of sales	(21,006)	(496)	(21,502)
Gross profit	292	8	300
Administrative expense	(1,215)	-	(1,215)
Other operating income	107	-	107
Operating loss	(816)	8	(808)
Interest receivable and similar income	2	-	2
Interest payable and similar expenses	(29)	-	(29)
Loss before tax	(843)	8	(835)
Tax on loss	(80)	-	(80)
Loss for the year	(923)	8	(915)
Other comprehensive income	-	-	-
Total comprehensive expense for the year	**(923)**	**8**	**(915)**

Please see an explanation in note 2.18 of these financial statements for a detailed disclosure of the reasons for the prior year restatement.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the financial statements for the year ended 31 December 2022

21. Changes resulting from prior period restatement (continued)

	As previously reported 2021 £000	Adjustments 2021 £000	As restated 2021 £000
Fixed assets			
Tangible asset	29	-	29
Right of use assets	38	-	38
	67	-	67
Current assets			
Stocks	216	-	216
Debtors: amounts falling due after more than one year	12,761	-	12,761
	12,977	-	12,977
Creditors: amounts falling due within one year	(31,304)	8	(31,296)
Net current liabilities	**(18,327)**	**8**	**(18,319)**
Total assets less current liabilities	**(18,260)**	**8**	**(18,252)**
Creditors: amounts falling due after more than one year	(35)	-	(35)
Provisions for liabilities	(712)	-	(712)
Net liabilities	**(19,007)**	**8**	(18,999)
Capital and reserves			
Called up share capital	-	-	-
Share based payments reserve	29	-	29
Profit and loss account	(19,036)	8	(19,028)
Shareholders' deficit	**(19,007)**	**8**	**(18,999)**

Please see an explanation in note 2.18 of these financial statements for a detailed disclosure of the reasons for the prior year restatement.

22. Pension commitments

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

The last full actuarial valuation was carried out as at 31 March 2021 by a qualified independent actuary. At this date, on a technical provision basis, there was a funding surplus of £309 million and a funding level of 104.7%.

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 £112,000 (2021: £126,000) in respect of the defined contribution scheme. No pension charges were recognised in respect of the defined benefit scheme during the year as the GEAPS Pension Scheme was closed to future accrual from 1 January 2022. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

23. Share based payments

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

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

The weighted average share price at the date of exercise of share options exercised during the year was $nil (2021: $nil).

No directors benefitted from the exercise of share options in the year to 31 December 2022. One director, being the highest paid director, benefitted from the exercise of restricted stock units in the year to 31 December 2022.

The options outstanding at the year end have an exercise price in the range of $81.52 to $232.72 and a weighted average contractual life of 4.94 years.

GE Oil & Gas Marine & Industrial UK Ltd.

Notes to the financial statements for the year ended 31 December 2022

24. Ultimate parent undertaking and controlling party

The company's immediate parent is General Electric UK Holdings Ltd., a 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 and controlling party, General Electric Company, a company registered at 1 River Road, Schenectady, New York, 12345, USA, 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.

25. Post balance sheet events

At the date these financial statements were signed, the sale of the business to EDF is currently ongoing and is expected to conclude in the final quarter of 2023. At the date of signing these financial statements, regulatory approval has been received by the buyer.

On 27 October 2023 the company allotted one ordinary share of £1 for a cash consideration of £11,000,000 to its parent company General Electric UK Holdings Limited. The company has credited £1 to share capital and £10,999,999 to share premium.