

Registration number: 09836119

GE Industrial Sterling Treasury Services

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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GE Industrial Sterling Treasury Services

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GE Industrial Sterling Treasury Services

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity and business review

The principal activity of the company is the operation of the Sterling denominated cash pool header for certain GE UK legal entities.

Results and dividends

The profit for the year, after taxation, amounted to £21,768,000 (15 month period ended 31 December 2016: £11,831,000).

The directors do not recommend the payment of a dividend (15 month period ended 31 December 2016: £nil).

Directors of the company

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

A T P Budge

A P Mathur

A E Brennan (resigned 23 May 2017)

Z J Citron (resigned 21 April 2017)

S J Dwyer (resigned 3 May 2017)

G M Wheeler (resigned 27 June 2017)

Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial period and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

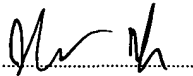
GE Industrial Sterling Treasury Services

Directors' Report

Appointment of auditor

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

Approved by the Board on 7 September 2018 and signed on its behalf by:



A T P Budge
Director

GE Industrial Sterling Treasury Services

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 United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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 Industrial Sterling Treasury Services

Opinion

We have audited the financial statements of GE Industrial Sterling Treasury Services (the 'company') for the year ended 31 December 2017, 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 2017 and of its profit 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.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

Independent Auditor's Report to the Members of GE Industrial Sterling Treasury Services

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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

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 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 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.

Independent Auditor's Report to the Members of GE Industrial Sterling Treasury Services

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.



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Nigel Harker (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square
Canary Wharf
London
E14 5GL

Date: 13/9/2018

GE Industrial Sterling Treasury Services

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2017

		Year ended 31 December 2017 £ 000	21 October 2015 to 31 December 2016 £ 000
	Note		
Administrative expenses		(56)	(11)
Operating loss		(56)	(11)
Interest receivable and similar income	4	37,206	29,891
Interest payable and similar expenses	5	(15,382)	(18,049)
Profit before tax		21,768	11,831
Tax on profit	9	-	-
Profit for the period		21,768	11,831
Other comprehensive income		-	-
Total comprehensive income for the period		<u>21,768</u>	<u>11,831</u>

The above results were derived from continuing operations.

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Balance Sheet as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Current assets			
Debtors: amounts falling due within one year	10	4,621,629	4,818,876
Cash at bank and in hand		<u>7</u>	<u>-</u>
		4,621,636	4,818,876
Creditors: Amounts falling due within one year	11	<u>(4,550,037)</u>	<u>(4,769,045)</u>
Net current assets		<u>71,599</u>	<u>49,831</u>
Net assets		<u>71,599</u>	<u>49,831</u>
Capital and reserves			
Called up share capital	16	38,000	38,000
Profit and loss account		<u>33,599</u>	<u>11,831</u>
Shareholders' funds		<u>71,599</u>	<u>49,831</u>

Approved by the Board on 7 September 2018 and signed on its behalf by:



A T P Budge
Director

GE Industrial Sterling Treasury Services

Statement of Changes in Equity for the Year Ended 31 December 2017

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	38,000	11,831	49,831
Comprehensive income for the year			
Profit for the year	-	21,768	21,768
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	21,768	21,768
At 31 December 2017	<u>38,000</u>	<u>33,599</u>	<u>71,599</u>

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 21 October 2015	-	-	-
Comprehensive income for the period			
Profit for the year	-	11,831	11,831
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	11,831	11,831
Share capital issued during the period	<u>38,000</u>	<u>-</u>	<u>38,000</u>
At 31 December 2016	<u>38,000</u>	<u>11,831</u>	<u>49,831</u>

GE Industrial Sterling Treasury Services

Notes to the Financial Statements

1 General information

The company is a private unlimited company, registered in England, incorporated and domiciled in the United Kingdom.

The address of its registered office is:

3rd Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The amendments to FRS 101 (2016/17 Cycle) issued in July 2017 have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment 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.

GE Industrial Sterling Treasury Services

Notes to the Financial Statements

2 Accounting policies (continued)

Summary of disclosure exemptions

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

- 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 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.

Going concern

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

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.

Non derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

GE Industrial Sterling Treasury Services

Notes to the Financial Statements

2 Accounting policies (continued)

Identification and measurement of impairment

At each reporting date the company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restricting of a loan or advance by the company on terms that the company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company.

The company considers evidence of impairment for loans and advances at both a specific asset and collective level. All individually significant loans and advances are assessed for specific impairment. All individually significant loans and advances found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics. Collective allowances are established using statistical methods based on historic loss rate experience. The estimate of loss arrived at on the basis of historical information is then reviewed to ensure that it appropriately reflects the economic conditions and actual loss experience at the reporting date.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. In estimating these cash flows, the company makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Losses are recognised in the profit and loss account and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the profit and loss account.

The company writes off loans and advances when they are determined to be uncollectable.

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Notes to the Financial Statements

2 Accounting policies (continued)

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

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.

3 Critical accounting judgments and key sources of estimation uncertainty

The directors consider there are no critical accounting estimates or judgments identified in preparation of the financial statements in compliance with FRS 101.

4 Interest receivable and similar income

	Year ended 31 December 2017 £ 000	21 October 2015 to 31 December 2016 £ 000
Interest receivable from group companies	<u>37,206</u>	<u>29,891</u>

GE Industrial Sterling Treasury Services

Notes to the Financial Statements

5 Interest payable and similar expenses

	Year ended 31 December 2017 £ 000	21 October 2015 to 31 December 2016 £ 000
On loans from group undertakings	15,382	17,995
Other interest payable	-	54
	<u>15,382</u>	<u>18,049</u>

6 Staff costs

The company had no employees during the year (15 month period ended 31 December 2016: nil).

7 Directors' remuneration

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

All of the directors are/were also directors of a group undertaking and do not specifically receive any remuneration in respect of the company. It was not possible to determine an appropriate proportion of their services on behalf of the company.

8 Auditor's remuneration

	Year ended 31 December 2017 £ 000	21 October 2015 to 31 December 2016 £ 000
Audit of the financial statements	<u>8</u>	<u>10</u>

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Notes to the Financial Statements

9 Taxation

Tax charged in the profit and loss account

	Year ended 31 December 2017 £ 000	21 October 2015 to 31 December 2016 £ 000
Current taxation		
UK corporation tax	-	-
Total current tax	-	-

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25%(2016 - 20%).

The differences are reconciled below:

	Year ended 31 December 2017 £ 000	21 October 2015 to 31 December 2016 £ 000
Profit before tax	21,768	11,831
Corporation tax at standard rate	4,190	2,366
Group relief for Enil consideration	(4,190)	(2,366)
Total tax charge/(credit)	-	-

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.

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

There were no amounts of provided or unprovided deferred taxation as at 31 December 2017 or 31 December 2016.

GE Industrial Sterling Treasury Services

Notes to the Financial Statements

10 Debtors

	2017 £ 000	2016 £ 000
Due within one year		
Amounts owed by group undertakings	<u>4,621,629</u>	<u>4,818,876</u>

11 Creditors: Amounts falling due within one year

	2017 £ 000	2016 £ 000
Accruals and deferred income	64	10
Amounts owed to group undertakings	<u>4,549,973</u>	<u>4,769,035</u>
	<u>4,550,037</u>	<u>4,769,045</u>

12 Financial assets and liabilities

The following tables summarise the carrying value and fair values of the financial assets and liabilities and the classification of each class of financial asset and liability:

	Available for sale	Loans and receivables	Amortised cost	Total carrying value	Fair value
	£ 000	£ 000	£ 000	£ 000	£ 000
2017					
Amounts owed by group undertakings (L3)	-	-	4,621,629	4,621,629	4,621,629
Total financial assets	<u>-</u>	<u>-</u>	<u>4,621,629</u>	<u>4,621,629</u>	<u>4,621,629</u>
Amounts owed to group undertakings (L3)	-	-	(4,549,973)	(4,549,973)	(4,549,973)
Other liabilities (L3)	-	-	(64)	(64)	(64)
Total financial liabilities	<u>-</u>	<u>-</u>	<u>(4,550,037)</u>	<u>(4,550,037)</u>	<u>(4,550,037)</u>

GE Industrial Sterling Treasury Services

Notes to the Financial Statements

12 Financial assets and liabilities (continued)

	Available for sale	Loans and receivables	Amortised cost	Total carrying value	Fair value
	£ 000	£ 000	£ 000	£ 000	£ 000
2016					
Amounts owed by group undertakings (L3)	-	-	4,818,876	4,818,876	4,818,876
Total financial assets	<u>-</u>	<u>-</u>	<u>4,818,876</u>	<u>4,818,876</u>	<u>4,818,876</u>
Amounts owed to group undertakings (L3)	-	-	(4,769,035)	(4,769,035)	(4,769,035)
Other liabilities (L3)	-	-	(10)	(10)	(10)
Total financial liabilities	<u>-</u>	<u>-</u>	<u>(4,769,045)</u>	<u>(4,769,045)</u>	<u>(4,769,045)</u>

The carrying amounts of the company's financial assets and liabilities are equal to their fair value given their short term nature.

The amounts owed to and from group undertakings are repayable upon demand and interest is calculated on a daily basis at the applicable LIBOR plus a credit spread.

The company has no financial assets that are past due at the end of the reporting period but not impaired nor any financial assets that are impaired.

L1 - Level 1

L2 - Level 2

L3 - Level 3

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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Notes to the Financial Statements

13 Maturity analysis of assets and liabilities

Financial assets of £4,621,629,000 (2016: £4,818,876,000) are all due within one year. Financial liabilities of £4,550,037,000 (2016: £4,769,045,000) are all due within one year.

14 Financial risk management

The company operates as a cash sub pool header for Sterling denominated funding for fellow General Electric legal entities which manages risk at several different levels through an established governance structure designed to ensure effective and appropriate arrangements for risk management and risk assessment. This structure allows the company to set appropriate risk levels, review and manage existing risk and identify and manage any new material risks.

The company has identified the following areas as its key areas of risk:

- 1) Credit risk: represents the risk of loss if a cash pool participant fails to meet its contractual obligations although this is considered to be low given that all the assets and liabilities are due from and due to fellow GE subsidiaries. It is also implied that the credit quality of financial assets that are neither past due nor impaired is considered to be high.
- 2) Liquidity risk: represents the risk that the company is adversely affected by an inability to meet its contractual obligations. The company's solvency is monitored on a regular basis and has the ability to call on funds from the cash pool header. Based upon these insights, it is most likely that the company has, and will have in the near future, access to funding resources when required.
- 3) Interest rate risk: represents the exposure to interest rate fluctuations. The company's borrowings are all based on floating interest rate plus a spread. No derivative instruments, such as interest rate swaps or forward rate agreements, are currently used.
- 4) Foreign exchange risk: represents the potential for loss from foreign exchange. No specific instrument is entered into to manage the foreign exchange risk for the company. There are no high risk of foreign exchange specifically at the company level and hence there are no sensitivities.

15 Capital management

There are no specific regulatory requirement for managing capital at the company level. Capital management is carried out at the group level and relates to the funds available to lend to cash pool participants.

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Notes to the Financial Statements

16 Share capital

Allotted, called up and fully paid shares

	31 December 2017		31 December 2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>

17 Ultimate parent undertaking and controlling party

The company's immediate parent is GE Industrial Treasury Holdings, a company registered at 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

The smallest and largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company 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.