

Registration number: 03320928

GE Financial Investments

Annual Report and Financial Statements

for the Year Ended 31 December 2019



GE Financial Investments

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Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity and business review

The principal activity of the company is to provide financing to subsidiary undertakings of General Electric Company. These financial statements have been prepared in US dollars.

The company has net assets of \$79,124,000 (2018: \$83,516,000) of which \$76,121,000 (2018: \$60,380,000) is due from fellow GE group companies.

On 12 December 2019, the company reduced its fully paid up share capital from £2 (comprising 2 ordinary shares of £1 each) and \$100 (comprising 100 ordinary shares of \$1 each) to \$3 (comprising 3 ordinary shares of \$1 each) by cancelling and extinguishing 2 ordinary shares of £1 each and 97 ordinary shares of \$1 each, giving rise to distributable reserves of £2 and \$97.

Results and dividends

The loss for the year, after taxation, amounted to \$4,392,000 (2018 profit: \$4,378,000).

The directors do not recommend the payment of a dividend (2018: \$nil).

Directors of the company

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

J L J Gott

P S Girling (appointed 9 December 2019)

Post balance sheet event

The COVID-19 pandemic has significantly impacted global economies, resulting in workforce and travel restrictions, supply chain and production disruptions and reduced demand and spending across many sectors. These factors began having an adverse impact on the Company's operations during the latter part of the first quarter of 2020. While the effects of these events on the Company's financial position, results of operations and cash flows cannot be estimated at our report release date, management will continue monitoring and evaluating the impacts of COVID-19 during the 2020 financial year.

Directors' liabilities

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

Disclosure of information to the auditor

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


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Directors' Report

Reappointment of auditor

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

Approved by the Board on 29/5/20:


J. J. Gatt
Director

GE Financial Investments

Statement of Directors' Responsibilities

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

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

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

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

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

Independent Auditor's Report to the Members of GE Financial Investments

Opinion

We have audited the financial statements of GE Financial Investments ("the company") for the year ended 31 December 2019, 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 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of GE Financial Investments

Other information

The directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Director's 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.

Independent Auditor's Report to the Members of GE Financial Investments

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



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Heidi Broom-Hirst (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

Date: 29 May 2020.

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Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 \$ 000	2018 \$ 000
Administrative (expenses)/income		<u>(526)</u>	<u>2,753</u>
Operating (loss)/profit	5	(526)	2,753
Interest receivable and similar income	8	6,320	2,664
Interest payable and similar expenses	9	<u>(1,700)</u>	<u>(1,039)</u>
Profit before tax		4,094	4,378
Tax on profit	10	<u>(8,486)</u>	<u>-</u>
(Loss)/profit for the financial year		(4,392)	4,378
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the year		<u><u>(4,392)</u></u>	<u><u>4,378</u></u>

The above results were derived from continuing operations.

The notes on pages 10 to 18 form an integral part of these financial statements.

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Balance Sheet
as at 31 December 2019

	Note	2019 \$ 000	2018 \$ 000
Current assets			
Debtors: amounts falling due after more than one year	11	39,693	46,381
Debtors: amounts falling due within one year	11	76,121	81,927
Cash at bank and in hand		151	-
		<u>115,965</u>	<u>128,308</u>
Creditors: Amounts falling due within one year	12	<u>(36,841)</u>	<u>(7,380)</u>
Net current assets		79,124	120,928
Creditors: Amounts falling due after more than one year	13	<u>-</u>	<u>(37,412)</u>
Net assets		<u>79,124</u>	<u>83,516</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account		<u>79,124</u>	<u>83,516</u>
Shareholders' funds		<u>79,124</u>	<u>83,516</u>

Approved by the Board on 29/5/20 and signed on its behalf by:


J.L. J. Galt
Director

GE Financial Investments

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital \$ 000	Profit and loss account \$ 000	Total equity \$ 000
At 1 January 2019	-	83,516	83,516
Comprehensive loss for the year			
Loss for the year	-	(4,392)	(4,392)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(4,392)	(4,392)
At 31 December 2019	-	79,124	79,124

	Called up share capital \$ 000	Profit and loss account \$ 000	Total equity \$ 000
At 1 January 2018	-	79,138	79,138
Comprehensive income for the year			
Profit for the year	-	4,378	4,378
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	4,378	4,378
At 31 December 2018	-	83,516	83,516

GE Financial Investments

Notes to the Financial Statements

1 General information

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

The address of its registered office is:

3rd Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The amendments to FRS 101 (2018/19 cycle) issued in July 2019 have been applied.

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

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 5 Necco Street, Boston, Massachusetts, 02210, USA.

Basis of measurement

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

GE Financial Investments

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 requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Going concern

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of a reasonably possible downside scenario, the anticipated socio-economic impact of the COVID-19 pandemic and the company's ability to access the group's cash pool facility if required, the company will have sufficient funds to meet its liabilities as they fall due for that period. The directors are confident that the company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tax

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

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income, and any adjustments to tax payable in respect of previous years. Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

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Notes to the Financial Statements

2 Accounting policies (continued)

Foreign currency transactions and balances

The accounts are presented in US dollars 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.

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.

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.

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Notes to the Financial Statements

2 Accounting policies (continued)

Financial instruments (continued)

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.

3 Critical accounting judgements and key sources of estimation uncertainty

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

4 Auditor's remuneration

Remuneration of \$13,000 (2018: \$10,000) paid to the auditor for their services to the company was borne by a fellow group undertaking.

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Notes to the Financial Statements

5 Operating (loss)/profit

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

	2019 \$ 000	2018 \$ 000
Difference on foreign exchange	<u>524</u>	<u>(2,752)</u>

6 Staff costs

The company had no employees during the year (2018: nil).

7 Directors' remuneration

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

All of the directors are/were also directors of a group undertaking and do not specifically receive any remuneration in respect of the company. The appropriate proportion of their services on behalf of the company is considered to be not material.

8 Interest receivable and similar income

	2019 \$ 000	2018 \$ 000
Interest on overpaid tax	4,593	1,514
Interest receivable from group companies	<u>1,727</u>	<u>1,150</u>
	<u>6,320</u>	<u>2,664</u>

Interest on overpaid tax relates to the 2009 tax period.

9 Interest payable and similar expenses

	2019 \$ 000	2018 \$ 000
Interest on overdue tax	<u>1,700</u>	<u>1,039</u>

Interest on overdue tax relates to the 2009 tax period.

GE Financial Investments

Notes to the Financial Statements

10 Taxation

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

	2019 \$ 000	2018 \$ 000
Current taxation		
UK corporation tax	8,486	-

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

The differences are reconciled below:

	2019 \$ 000	2018 \$ 000
Profit before tax	4,094	4,378
Corporation tax at standard rate	778	832
Adjustment to tax charge in respect of prior year	-	(364)
Effect of change in tax rate	-	(43)
Expenses not deductible for tax purposes	-	402
Group relief for \$nil consideration	(778)	(827)
Total tax charge/(credit)	-	-

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Subsequent to the balance sheet date it was announced that the rate of 19% would continue to apply with effect from 1 April 2020. This change was substantively enacted on 17 March 2020. This will increase the current tax charge 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 2019 or 31 December 2018.

GE Financial Investments

Notes to the Financial Statements

11 Debtors

	2019 \$ 000	2018 \$ 000
Due after more than one year		
Other debtors	<u>39,693</u>	<u>46,381</u>
Due within one year		
Amounts owed by group undertakings	76,121	60,380
Other debtors	<u>-</u>	<u>21,547</u>
	<u>76,121</u>	<u>81,927</u>

12 Creditors: Amounts falling due within one year

	2019 \$ 000	2018 \$ 000
Other creditors	8,918	-
Corporation tax payable	<u>27,923</u>	<u>7,380</u>
	<u>36,841</u>	<u>7,380</u>

13 Creditors: falling due after more than one year

	2019 \$ 000	2018 \$ 000
Corporation tax payable	-	26,247
Other creditors	<u>-</u>	<u>11,165</u>
	<u>-</u>	<u>37,412</u>

GE Financial Investments

Notes to the Financial Statements

14 Share capital

Allotted, called up and fully paid shares

	No.	2019 \$	No.	2018 \$
Ordinary shares of £1 each	-	-	2	-
Ordinary shares of \$1 each	3	3	100	3
	<u>3</u>	<u>3</u>	<u>102</u>	<u>3</u>

On 12 December 2019, the company reduced its fully paid up share capital from £2 (comprising 2 ordinary shares of £1 each) and \$100 (comprising 100 ordinary shares of \$1 each) to \$3 (comprising 3 ordinary shares of \$1 each) by cancelling and extinguishing 2 ordinary shares of £1 each and 97 ordinary shares of \$1 each, giving rise to distributable reserves of £2 and \$97.

15 Contingent liabilities

The company is in dispute with HMRC regarding whether the UK or the US has primary taxing rights over the company's income for the years 2003 to 2009. HMRC has issued closure notices to the company, which have been appealed by the company to the Tax Tribunal. The impact on the company of the final judgement will be limited to the net amount of tax and interest paid to one jurisdiction and receivable of tax and interest from the other. Given the uncertainty of the final judgement, the company is unable to quantify the amount, if any, of the tax impact of this item.

16 Ultimate parent undertaking and controlling party

The company's immediate parent undertakings are GE Capital Realty Group, Inc., Property Acquisition Initiative, Inc. and GEBAM, Inc., each owning one third of the company's issued share capital. All three entities are incorporated in the United States of America and have their registered office at 901 Main Avenue, Norwalk, Connecticut, USA.

The smallest and largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company with principal executive offices at 5 Necco Street, Boston, Massachusetts, 02210, USA. The consolidated financial statements of this company are available to the public and may be obtained from the address of the principal executive offices or at www.ge.com.

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Notes to the Financial Statements

17 Post balance sheet event

The COVID-19 pandemic has significantly impacted global economies, resulting in workforce and travel restrictions, supply chain and production disruptions and reduced demand and spending across many sectors. These factors began having an adverse impact on the Company's operations during the latter part of the first quarter of 2020. While the effects of these events on the Company's financial position, results of operations and cash flows cannot be estimated at our report release date, management will continue monitoring and evaluating the impacts of COVID-19 during the 2020 financial year.