Registration number: 02227017

GE Industrial Finance UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

GE Industrial Finance UK Limited

Contents

GE Industrial Finance UK Limited

Director's Report

The director presents his report and the financial statements for the year ended 31 December 2018.

Principal activity and business review
Throughout 2018 the principal activity of the company was the provision of vertical financing for GE's Industrial business. The company also provided staff origination and enabling support to fellow group companies, acting as a service company.

On 23 March 2018, the company's immediate parent undertaking, GE Commercial Finance Limited, transferred it's entire shareholding in the company (comprising 10 ordinary shares of £0.10 each) to GE Capital Corporation (Holdings).

Results and dividends
The profit for the year, after taxation, amounted to £651,000 (2017: £5,000).

During the year, the company paid an interim dividend of £nil (2017: £3,399,000).

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

Future outlook and going concern
The company will continue to provide staff origination and enabling support to fellow group companies, acting as a service company.

The company will have sufficient funds through cash pooling arrangements and funding from its immediate parent company, GE Medical Systems Limited, to meet its liabilities as they fall due.

The financial statements have therefore been prepared on a going concern basis, notwithstanding net current liabilities of £1,772,000 (2017: current assets £100,000)

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

M Jessernigg

S C Browning (resigned 4 December 2018)

M Peckova (resigned 4 December 2018)

J I Wainberg (appointed 12 April 2018 and resigned 5 April 2019)

J Blasco Suarez (appointed 14 February 2019 and resigned 2 April 2019)

GE Industrial Finance UK Limited

Director's Report

Post balance sheet events

On 22 March 2019, the company issued 1 ordinary share of £0.10 to GE Capital Corporation (Holdings), its immediate parent undertaking, for a total consideration of £7,500,000.

On 26 March 2019, the company's immediate parent undertaking, GE Capital Corporation (Holdings), transferred its entire shareholding in the company (comprising 11 ordinary shares of £0.10 each) to GE Medical Systems Limited.

Director's liabilities

The director has 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 director's report.

GE Industrial Finance UK Limited

Director's Report

Disclosure of information to the auditor
The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

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

Approved by the director on 23 September 2019

M Jessernigg
Director

GE Industrial Finance UK Limited

Statement of Director's Responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him 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 Finance UK Limited

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its 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.

The impact of uncertainties due to UK exiting the European Union on our audit
Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the director and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

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

Independent Auditor's Report to the Members of GE Industrial Finance UK Limited

Going concern
The director has prepared the financial statements on the going concern basis as he does not intend to liquidate the company or to cease its operations, and as he has concluded that the company's financial position means that this is realistic. He has 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 director's conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

Director's Report
The director is responsible for the Director's 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 Director's 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 Director's Report;
• in our opinion the information given in that report for the financial year is consistent with the financial statements; and
• in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Independent Auditor's Report to the Members of GE Industrial Finance UK Limited

Director's responsibilities
As explained more fully in his statement set out on page 4, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as he determines 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 he either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

Peter Lomax

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Peter Lomax (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

66 Queen Square
Bristol
BS1 4BE

Date: 25/9/19

GE Industrial Finance UK Limited

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

	Note	2018 £ 000	2017 £ 000
Turnover	4	650	-
Cost of sales	4	(364)	-
Gross profit		286	-
Administrative expenses		(8,333)	(80)
Other operating income		8,732	78
Operating profit/(loss)	5	685	(2)
Interest receivable and similar income	6	-	7
Interest payable and similar expenses	7	(34)	-
Profit before tax		651	5
Tax on profit	11	-	-
Profit for the year		651	5
Other comprehensive income		-	-
Total comprehensive income for the year		651	5

The above results were derived from continuing operations.

GE Industrial Finance UK Limited

Registration number: 02227017

Balance Sheet
as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Tangible assets	12	3,419	-
Current assets			
Debtors: amounts falling due within one year	13	2,114	179
Creditors: Amounts falling due within one year	14	(3,886)	(79)
Net current (liabilities)/assets		(1,772)	100
Total assets less current liabilities		1,647	100
Creditors: Amounts falling due after more than one year	15	(896)	-
Net assets		751	100
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account		751	100
Shareholders' funds		751	100

Approved by the director on 23 September 2019

M Jessernigg
Director

GE Industrial Finance UK Limited

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

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	-	100	100
Comprehensive income for the year			
Profit for the year	-	651	651
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	651	651
At 31 December 2018	-	751	751

	Called up share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	1,593	1,800	101	3,494
Comprehensive income for the year				
Profit for the year	-	-	5	5
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	5	5
Dividends paid	-	-	(3,399)	(3,399)
Share capital cancelled during the year creating distributable reserves	(1,593)	-	1,593	-
Transfer between reserves	-	(1,800)	1,800	-
At 31 December 2017	-	-	100	100

GE Industrial Finance UK Limited

Notes to the Financial Statements

1 General information

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

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

2 Accounting policies

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

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The amendments to FRS 101, issued in March 2018, have been applied except for the triennial review 2017 amendments issued in December 2017 as these are applicable with effect from 1 January 2019 and have not been early adopted.

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

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

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

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

Changes in accounting policy
In the current year the company has adopted new accounting standard IFRS 9: *Financial Instruments*. An explanation of the impact of the adoption of this new standard is included in note 22.

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 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 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 financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £1,772,000 (2017: current assets £100,000).

The director has reviewed the financial position of the company for a period of at least 12 months from the date of approval of these financial statements, which indicate that the company will have sufficient funds through cash pooling arrangements and funding from its immediate parent company, GE Medical Systems Limited, to meet its liabilities as they fall due. Those forecasts are dependent on GE Medical Systems Limited providing additional financial support during that period if required. GE Medical Systems Limited has indicated its intention to continue to make available such funds as are needed by the company for a period of at least 12 months since the approval of the financial statements.

As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not do so. Accordingly he expects that the company will be able to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

GE Industrial Finance UK Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Turnover
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
Turnover represents amounts receivable on an accrual basis in respect of lease rentals from operating leases. Income from operating leases is recognised on a straight line basis over the period of the lease.

Cost of sales
Cost of sales represents the depreciation charged on operating leases and any impairment on assets under operating leases.

Interest payable and similar expenses
Interest payable and similar expenses is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

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.

Amounts owed by/to group undertakings
Amounts owed by group undertakings are recognised initially at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Amounts owed to group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortised cost using the effective interest method

Operating lease payments
Payments (excluding costs for services) made under operating leases are recognised in Profit and Loss Account on a straight-line basis over the term of the lease.

Benefits received as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

2 Accounting policies (continued)

Residual values

Residual value exposure occurs due to the uncertain nature of value of an asset at the end of an agreement. Throughout the life of an asset its residual value will fluctuate because of the uncertainty of the future market and technological changes or product enhancements as well as general economic conditions. Residual values are set at the commencement of the lease based upon management's expectation of future values. During the course of the lease, residual values are reviewed on an annual basis so as to identify any impairment provision required. This monitoring takes account of the company's past history for residual values, current values and projections of the likely future market for each group of assets.

Any permanent impairment in the residual value of an asset is identified within such reviews and charged to Profit and Loss Account.

Tax

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

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

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

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

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

Deferred tax assets and liabilities are not discounted.

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)

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 FVOCI 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.

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.

2 Accounting policies (continued)

Financial instruments (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Pensions

The company is a member of a group pension plan providing benefits based on final pensionable pay. The group pension plan, GE Pension Plan, 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 GEH Holdings. The company recognises a cost equal to their contribution payable for the period. The contribution payable by the participating employers in the GE Pension Plan are based on the latest schedule of contributions agreed between the Trustee of the GE Pension Plan and the principal employer.

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

4 Turnover and cost of sales

	2018	2017
	£ 000	£ 000
a) Leases		
Operating lease turnover	440	-
b) Commission	210	-
Turnover	650	-
Operating lease depreciation	(364)	-
Cost of sales	(364)	-
Gross earnings	286	-

Income is generated within Europe.

5 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2018 £ 000	2017 £ 000
Depreciation expense	364	-
Difference on foreign exchange	32	-
Operating lease expense - land and building	178	-

6 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest receivable from group companies	-	7

7 Interest payable and similar expenses

	2018 £ 000	2017 £ 000
On loans from group undertakings	34	-

8 Auditor's remuneration

	2018 £ 000	2017 £ 000
Audit of the financial statements	10	1

9 Staff costs

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

	2018 £ 000	2017 £ 000
Wages and salaries	5,388	-
Social security costs	574	-
Pension costs	158	-
	6,120	-

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

	2018 No.	2017 No.
Administration and support	24	-

10 Directors' remuneration

The directors' remuneration for the year, which was also in respect of the highest paid director was as follows:

	2018 £ 000	2017 £ 000
Remuneration	214	-

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

	2018 No.	2017 No.
Accruing benefits under defined benefit pension scheme	1	-

11. Taxation

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

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Origination and reversal of temporary differences	(69)	-
Effect of changes to tax rates	7	-
Movement on deferred tax not provided	62	-
Total deferred taxation	-	-
Tax expense/(receipt) in the statement of comprehensive income	-	-

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

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	651	5
Corporation tax at standard rate	124	1
Effect of change in tax rate	7	-
Expenses not deductible for tax purposes	1	-
Decrease (increase) from tax losses for which no deferred tax asset was recognised	62	-
Group relief for £nil consideration	(194)	(1)
Total tax charge/(credit)	-	-

11 Taxation (continued)

Factors that may affect future tax charges

The UK corporation tax rate will reduce from 19% to 17% on 1 April 2020. This will reduce any current tax charges accordingly.

Deferred tax assets and liabilities on all timing differences have been calculated at 17%, including those expected to reverse in the years ending 31 December 2019 to 31 December 2021 (the overall average rate ranging from 19% to 17%). The impact of this on the financial statements is not considered material.

The UK Tax authorities issued closure notices to disallow interest deductions claimed by other group companies for years from 2007 to 2015. The proposed disallowance does not affect interest deductions claimed by GE Industrial Finance UK Limited but, if sustained, could impact losses surrendered against the taxable income of GE Industrial Finance UK Limited in prior years. We comply with all applicable tax laws and judicial doctrines of the United Kingdom. We are contesting the disallowance and believe the full benefit of the deductions will be sustained on their technical merits, but the outcome of pending litigation cannot be fully known until resolution of the matter. Given the uncertainty of how much may be ultimately disallowed and availability of other UK group tax attributes, GE Industrial Finance UK Limited is unable to quantify the amount, if any, of the tax impact of this item.

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

Deferred tax

There are £61,680 of deductible temporary differences (2017: £Nil) for which no deferred tax asset is recognised in the balance sheet.

GE Industrial Finance UK Limited

Notes to the Financial Statements

12 Tangible fixed assets

	Assets used in operating leases £ 000
Cost	
At 1 January 2018	-
Additions	3,783
At 31 December 2018	3,783
Depreciation	
At 1 January 2018	-
Charge for the year	364
At 31 December 2018	364
Net book value	
At 31 December 2018	3,419
At 31 December 2017	-

13 Debtors

	2018 £ 000	2017 £ 000
Amounts owed by group undertakings	120	179
Other debtors	1,994	-
	2,114	179

14 Creditors: Amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	270	-
Accruals and deferred income	941	79
Amounts owed to group undertakings	2,183	-
Other creditors	492	-
	3,886	79

14 Creditors: Amounts falling due within one year (continued)

Amounts owed to group undertakings incur interest at a monthly LIBOR\EURIBOR rate plus 39 to 66 bps. The principal is repayable on demand.

15 Creditors: Amounts falling due after more than one year

	2018 £ 000	2017 £ 000
Deferred income	896	-

16 Share capital

Allotted, called up and fully paid shares

	2018 No.	2018 £	2017 No.	2017 £
Ordinary shares of £0.10 each	10	1	10	1

17 Pension commitments

The company is a member of a group pension plan providing benefits based on final pensionable pay. The group pension plan, GE Pension Plan, 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 GEH Holdings. The company recognises a cost equal to their contribution payable for the period. The contribution payable by the participating employers in the GE Pension Plan are based on the latest schedule of contributions agreed between the Trustee of the GE Pension Plan and the principal employer.

The last full actuarial valuation was carried out as at 31 March 2018 by a qualified independent actuary. At this date there was a funding surplus of £190 million and a funding level of 103.0%.

The company also 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 £158,000 (2017: £nil), including £158,000 (2017: £nil) in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

18 Dividends

	2018 £ 000	2017 £ 000
Dividend paid of £nil (2017 : £339,900) per ordinary share	-	3,399

19 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:

	Amortised cost	Fair value through profit or loss (FVTPL)	Fair value through other comprehensive income (FVTOCI)	Total
	£ 000	£ 000	£ 000	£ 000
2018				
Amounts owed by group undertakings (L3)	120	-	-	120
Other debtors (L3)	1,994	-	-	1,994
Total financial assets	**2,114**	**-**	**-**	**2,114**
Amounts owed to group undertakings (L3)	(2,183)	-	-	(2,183)
Other liabilities (L3)	(2,599)	-	-	(2,599)
Total financial liabilities	**(4,782)**	**-**	**-**	**(4,782)**

19 Financial assets and liabilities (continued)

	Amortised cost	Fair value through profit or loss (FVTPL)	Fair value through other comprehensive income (FVTOCI)	Total
	£ 000	£ 000	£ 000	£ 000
2017				
Amounts owed by group undertakings (L3)	179	-	-	179
Other debtors (L3)	-	-	-	-
Total financial assets	**179**	**-**	**-**	**179**
Amounts owed to group undertakings (L3)	-	-	-	-
Other liabilities (L3)	(79)	-	-	(79)
Total financial liabilities	**(79)**	**-**	**-**	**(79)**

The table above analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

• Level 1 (L1): quoted prices (unadjusted) in active markets for identical assets or liabilities
• Level 2 (L2): inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
• Level 3 (L3): inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Maturity analysis of assets and liabilities
Financial assets of £2,114,000 are all due within one year (2017: £179,000). Financial liabilities classified as due within one year amount to £3,886,000 at 31 December 2018 (2017: £79,000) and due after more than one year of £896,000 (2017: £nil).

20 *Financial risk management*

The company manages risk at several different levels through an established governance structure designed to ensure effective and appropriate arrangements for risk management and risk assessment.. The risk management structure comprises the Board, Risk Management Committee. This structure allows the company to set appropriate risk appetite levels, review and manage existing risk and identify and manage any new material risks and operate in a regulatory environment which is subject to change.

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

(1) Credit risk: the risk of loss to the company if a customer fails to meet their contractual obligations, arising principally from the company's loans and advances to customers and from any customer, industry or geographic concentrations.

(2) Market risk: the risk of loss due to changes in external market variables such as interest rates, foreign exchange rates, equity prices, asset and collateral values and commodity prices.

(3) Liquidity risk: the risk that the financial condition or overall safety and soundness of the company is adversely affected by an inability (or perceived inability) to meet contractual obligations.

(4) Operational risk: the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or external events.

(5) Conduct risk: the risk that poor outcomes for customers occur which is caused by actions of the company, its employees or third party service providers.

(1) Credit risk

The company manages its exposure to credit risk through the credit risk policy and through the establishment of risk appetite, limits and the regular reporting & review of portfolio trends. The credit risk policy outlines the approach to credit risk management to facilitate the consistent application of risk management practices across the company. The company has a well established and proactive credit risk management culture, with an appropriate credit risk management framework in place to ensure that the company's legal, commercial, regulatory and ethical obligations are met, and its shareholder's interests are protected at all times.

20 Financial risk management (continued)

The company also complies with GE's Global risk management policies and practices to the extent they are appropriate and relevant. GE has a global governance and risk management culture that ensures appropriate limits and controls are in place to monitor the level of risk exposure whilst ensuring compliance with a targeted risk profile established within each business.

In order to further mitigate credit risk, security is normally taken in the form of fixed and floating charges, legal title to the underlying asset, corporate and/or personal guarantees or any other credit enhancement as appropriate to be used to mitigate loss in case of counterparty default under the terms of the agreements. The maximum exposure of the company is represented by the carrying amount of loans, finance leases, and unfunded yet committed credit lines.

Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments affecting a particular industry or geographical location. Concentrations can also arise due to connected counter parties; these exposures are controlled through the established risk appetites and limits.

As of the balance sheet date the geographical split of maximum exposure (including undrawn commitments up to customer credit limits) was as follows:

	2018	2018	2017	2017
	£000	%	£000	%
Maximum exposure				
Spain	60	100	-	-
	60	100	-	-

	2018	2017
	%	%
Industry exposure		
Power	100	-
	100	-

20 Financial risk management (continued)

(2) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. The company does not purchase market positions with the intention of re selling and operates a conservative risk appetite in line with the GE global standards. Furthermore, the company has no tolerance for compliance or regulatory breaches.

The company's principal market risk exposures arise from any potential volatility in interest rates and foreign exchange rates and their impact on the company's economic value, capitalisation levels and reported earnings.

Foreign exchange risk

Foreign exchange risk represents the potential for loss from exposure to foreign exchange rate fluctuations. The company measures its foreign exchange exposure as open currency positions in non domestic currencies. As part of the foreign exchange risk management strategy, at the end of each month a foreign exchange exposure review is performed on the month end balance sheet position. All foreign exchange exposures are cleared through foreign exchange spot trades at a group level. Additionally, if new individual transactions/events give rise to material cross currency exposures such as large debtor provisions, they will be cleared intra monthly by foreign exchange spot trades. This approach denotes that foreign currency exposure is cleared as a minimum on a monthly basis in line with the company's foreign exchange exposure risk appetite. The company minimises foreign exchange exposure on customer leases and loans by funding the customer loan in the same currency.

	2018	2017
	$000	$000
As of the balance sheet date the net currency exposures were as follows:		
EUR	(214)	-

Sensitivity analysis

The following table demonstrates the sensitivity in the Euro against pound sterling exchange rates on the company's profit before tax and equity, due to foreign exchange translation of monetary assets and liabilities.

A 10% change in the exchange rates against the Euro at 31 December 2018 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to balance sheet exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2017.

20 Financial risk management (continued)

Change in rate	Effect on profit before tax 2018	Effect on equity 2018	Effect on profit before tax 2017	Effect on equity 2017
	£ 000	£ 000	£ 000	£ 000
Euro/Sterling +10%	28	28	-	-
Euro/Sterling -10%	(28)	(28)	-	-

Interest rate risk
The company's turnover is predominantly fixed rate in nature which is therefore not exposed to interest rate fluctuations. The company funds its assets through both equity which is not exposed to interest rate fluctuations and group borrowing all of which is indexed to LIBOR and therefore the associated interest expense is exposed to interest rate fluctuations. The company assesses the sensitivity of interest rate movements on earnings volatility to ensure any earnings reductions resulting from interest rate fluctuations are within acceptable limits.

(3) Liquidity risk

The company finances its operations through a mix of equity and borrowings from within the GE group worldwide. Committed and adequate secured funding lines are maintained and monitored to ensure ongoing sufficient liquidity.

21 Ultimate parent undertaking and controlling party

The company's immediate parent is GE Medical Systems Limited, a company registered at Amersham Place, Little Chalfont, Buckinghamshire, United Kingdom HP7 9NA.

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.

22 Post balance sheet events

On 22 March 2019, the company issued 1 ordinary share of £0.10 to GE Capital Corporation (Holdings), its immediate parent undertaking, for a total consideration of £7,500,000.

On 26 March 2019, the company's immediate parent undertaking, GE Capital Corporation (Holdings), transferred its entire shareholding in the company (comprising 11 ordinary shares of £0.10 each) to GE Medical Systems Limited.

23 Changes resulting from adoption of IFRS 9

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