

ARROW LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1998



ARROW LIMITED
DIRECTORS' REPORT

The Directors present their report and the financial statements of the Company for the year ended 31 March 1998.

1. **ACTIVITIES**

The Company is an investment holding company. The Company has not traded during the year and did not trade during the previous year.

2. **RESULTS AND DIVIDENDS**

The Company made neither profit nor loss during the year (1997 - £nil). The Directors do not recommend the payment of a dividend (1997 - £nil).

3. **DIRECTORS AND THEIR INTERESTS**

(a) The membership of the Board during the year was:

Mr R K Miller
Miss J C Polley
Mr N C Porter

On 1 October 1998 Mr N C Porter resigned as a Director of the Company and Mrs C B Wheatley was appointed.

(b) According to the Register kept by the Company under Section 325 of the Companies Act 1985, the interests of Directors holding office at the end of the year in the shares of the Company, the Company's ultimate holding company, The General Electric Company, p.l.c. or its subsidiaries were as follows:

The General Electric Company, p.l.c.

(i) **Ordinary shares of 5p each**

	<u>31 March 1998</u>	<u>1 April 1997</u>
J C Polley	5,730	254
N C Porter	35,551	67

(ii) **The GEC Employee 1992 Savings-Related Share Option Scheme**

Options to subscribe for the following numbers of The General Electric Company, p.l.c.'s ordinary shares of 5p each:

	<u>31 March 1998</u>	<u>Exercised during the year</u>	<u>Granted during the year</u>	<u>1 April 1997</u>
R K Miller	3,264	-	3,264	-
J C Polley	5,114	2,467	1,088	6,493
N C Porter	6,213	4,934	1,088	10,059

The options are exercisable normally within six months of 1 April 2000, 2001, 2002 and 2003 at subscription prices between 222p and 317p per share.

ARROW LIMITED
DIRECTORS' REPORT (CONTINUED)

3. **DIRECTORS AND THEIR INTERESTS (CONTINUED)**

(b) (iii) The GEC Managers' 1984 Share Option Scheme

Options to subscribe for the following numbers of The General Electric Company, p.l.c.'s ordinary shares of 5p each:

	31 March <u>1998</u>	Exercised <u>during the year</u>	Granted <u>during the year</u>	1 April <u>1997</u>
J C Polley	-	3,000	-	3,000
N C Porter	-	80,000	-	80,000

(iv) The GEC 1997 Executive Share Option Scheme

Options to subscribe for the following numbers of The General Electric Company, p.l.c.'s ordinary shares of 5p each:

	31 March <u>1998</u>	Exercised <u>during the year</u>	Granted <u>during the year</u>	1 April <u>1997</u>
R K Miller	7,326	-	7,326	-
J C Polley	11,477	-	11,477	-
N C Porter	40,170	-	40,170	-

The options are exercisable normally in the years 2000 to 2007 at a subscription price of 409.5p per share, subject to the satisfaction of relevant performance conditions.

By Order of the Board



R K Miller
Secretary

Registered Office:

One Bruton Street
London W1X 8AQ

Dated: 15 December 1998

ARROW LIMITED
ACCOUNTS

BALANCE SHEET
31 March 1998


	Note	1998 £	1997 £
Fixed Assets			
Shares in subsidiary undertaking	1	150	150
		<u>150</u>	<u>150</u>
Current Assets			
Debtors	2	1,009,721	1,009,721
Creditors: amounts falling due within one year	3	494	494
Net Current Assets		<u>1,009,227</u>	<u>1,009,227</u>
Total Assets less Current Liabilities		<u>1,009,377</u>	<u>1,009,377</u>
Capital and Reserves			
Called up share capital authorised, allotted and fully paid			
50,000 ordinary shares at £1 each		50,000	50,000
Profit and loss account		959,377	959,377
Equity shareholders' interest		<u>1,009,377</u>	<u>1,009,377</u>

There was no income or expenditure during the year or the prior year and, accordingly, no Profit and Loss Account has been prepared.

There were no recognised gains or losses or movements in shareholders' funds in the year or in the prior year. Accordingly, no Statement of Total Recognised Gains and Losses or Reconciliation of Movements in shareholders' funds has been prepared.

These accounts were approved by the Board of Directors on 15 December 1998.

Signed on behalf of the Board of Directors


C B Wheatley } Director

ARROW LIMITED

NOTES TO THE ACCOUNTS

1 SHARES IN SUBSIDIARY UNDERTAKING

The Company has the following wholly owned subsidiary undertaking, valued at cost less amounts written off.

		1998 £	1997 £
Ferranti Naval Systems Limited (formerly GEC Automotive Electronics Limited)			
Ordinary Shares			
At cost	225,100		
Amount written off	<u>224,950</u>	150	150

The subsidiary undertaking is non-trading. As the Company is itself a wholly-owned subsidiary undertaking of another company incorporated in Great Britain no group accounts have been prepared; therefore, these accounts portray the Company as an individual undertaking. In the opinion of the Directors the value of the Company's investment in its subsidiary undertaking is not less than the amount at which it is stated in the Balance Sheet.

2 DEBTORS

	1998 £	1997 £
Amounts falling due within one year:		
Amounts owed by fellow subsidiary undertakings	533,942	533,942
Amounts owed by ultimate parent company	475,779	475,779
	<u>1,009,721</u>	<u>1,009,721</u>

3 CREDITORS

	1998 £	1997 £
Amounts falling due within one year:		
Bank Overdraft	148	148
Amount owed to fellow subsidiary undertakings	346	346
	<u>494</u>	<u>494</u>

ARROW LIMITED

NOTES TO THE ACCOUNTS - continued

4 DIRECTORS AND EMPLOYEES

The Directors are employed and remunerated by other companies in the GEC Group. They do not receive any remuneration specifically for their services as Directors of the Company. The Company had no employees during the year.

5 ULTIMATE PARENT COMPANY

The Company's ultimate parent company is The General Electric Company, p.l.c (GEC). The GEC Group is the only group of which the Company is a member for which group accounts are prepared. Copies of the group accounts are available from the Secretary One Bruton Street, London W1X 8AQ.

Pursuant to the exemption granted by Financial Reporting Standard 8 'Related Party Disclosures', transactions with other undertakings within, and related parties of, the GEC Group have not been disclosed within these financial statements.

ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. See also note 1.

ARROW LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF ARROW LIMITED

We have audited the financial statements on pages 3 to 5 which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of Directors and auditors

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year and to state whether the accounts have been prepared in accordance with applicable accounting standards. They are also required to select appropriate accounting policies and then apply them consistently and make judgements and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors 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.

It is our responsibility as auditors to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

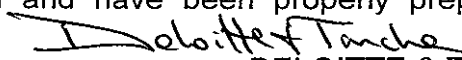
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1998 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
Hill House

1 Little New Street
London EC4A 3TR

22 December 1998