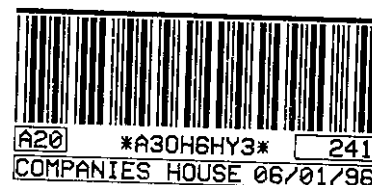


Registration No. 444860

GEC-MARCONI (PROJECTS) LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1995



GEC-MARCONI (PROJECTS) LIMITED

Report of the Directors

The Directors present their report and the audited accounts of the Company for the year ended the 31st March, 1995.

Results

The profit for the year after taxation amounted to £2,358,000. The Directors do not recommend the payment of a dividend.

Principal Activity and Review of the Company

The principal activity of the Company is the management and co-ordination, of major projects which use the expertise and products of other GEC-Marconi Group Companies. During the year activity has been concentrated on the management of a number of defence contracts awarded by the Government of Malaysia. The Company is also involved in marketing support for prime contractorship and product capability for new business opportunities in the Asia-Pacific region.

Directors

The present members of the Board are Messrs. J. W. Doyle and I. G. King. Messrs. A. J. Walsh, D. J. Fletcher and I. G. King were appointed to the Board of Directors on the 11th April and 2nd December, 1994 and the 11th August, 1995 respectively. Messrs. P. B. W. White, R. A. Gardner, D. J. Fletcher and A. J. Walsh resigned from the Board on the 9th May and 11th November, 1994 and the 30th June and 9th October, 1995 respectively.

According to the Register kept by the Company in accordance with Section 325 of the Companies Act 1985 the persons who were Directors on the 31st March, 1995 had no disclosable interests in the shares of The General Electric Company p.l.c. or its subsidiaries other than those shown below:-

IN THE GENERAL ELECTRIC COMPANY, p.l.c.

At 1st April, 1994 (or date of appointment if later)	Options granted during the year	Options lapsed during the year	At 31st March, 1995
--	------------------------------------	-----------------------------------	------------------------

Options in respect of Ordinary Shares of 5p each

- i) Under the terms of The GEC Managers' 1984 Share Option Scheme the following Options were outstanding:-

J. W. Doyle	47,800	-----	4,000	43,800
A. J. Walsh	42,000	-----	-----	42,000

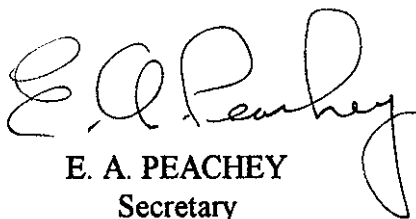
No Options were granted to or exercised by the named Directors during the year under the above Scheme. Normally the Options are exercisable during the years 1995 to 2004 at subscription prices between 158p and 328p per share.

- ii) Under the terms of The GEC Employee Savings-Related Share Option Scheme and The GEC Employee 1992 Savings-Related Share Option Scheme the following Options were outstanding:-

J. W. Doyle	8,657	-----	-----	8,657
A. J. Walsh	7,904	4,662	-----	12,566

No Options granted under the above Schemes were exercised by the named Directors during the year. Normally the Options are exercisable within six months of the 1st April, 1995, 1998, 1999 and 2000 at subscription prices between 152p and 262p per share.

By Order of the Board


E. A. PEACHEY
Secretary

Registered Office:

The Grove, Warren Lane,
Stanmore, Middlesex HA7 4LY

19 DEC 1995

AUDITORS' REPORT

TO THE MEMBERS OF GEC-MARCONI (PROJECTS) LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 12.

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 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.

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.

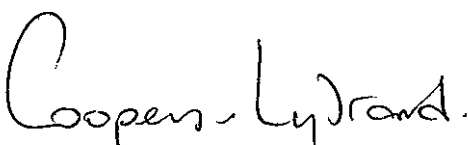
Basis of opinion

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

2nd JANUARY 1996.

GEC-MARCONI (PROJECTS) LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st March 1995

	Note	1995 £000	1994 £000
TURNOVER	1	209,883	235,679
PROFIT ON ORDINARY ACTIVITY BEFORE TAXATION	1	3,655	6,979
Taxation on profit on ordinary activities	2	(1,297)	(2,307)
RETAINED PROFIT FOR THE FINANCIAL YEAR		2,358	4,672

MOVEMENT ON PROFIT AND LOSS ACCOUNT RESERVE

At 1 April	9,088	4,416
Retained profit for the financial year	2,358	4,672
At 31 March	11,446	9,088

There were no recognised gains or losses other than those reported above. The above results relate entirely to the continuing activities of the Company. There is no difference between profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

GEC-MARCONI (PROJECTS) LIMITED


BALANCE SHEET

31st March 1995

	Note	1995 £000	1994 £000
Fixed Assets			
Tangible assets	3	20	33
Current Assets			
Stocks & contracts in progress	4	-	-
Debtors	5	82,011	245,661
Cash		832	1,524
		82,843	247,185
Current Liabilities : amounts falling due within one year			
Creditors	6	62,890	218,489
		19,953	28,696
Net Current Assets			
		19,973	28,729
Total Assets Less Current Liabilities			
Liabilities : amounts falling due after one year			
Creditors	6	8,527	19,641
		11,446	9,088
Capital and Reserves			
Called up share capital	7	-	-
Profit and loss account		11,446	9,088
Equity Shareholders' Funds	14	11,446	9,088

Approved by the Board of Directors on 19th December 1995

Director


J W Doyle

GEC-MARCONI (PROJECTS) LIMITED

Accounts for the Year Ended 31st March 1995

NOTES TO THE ACCOUNTS

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £000	1994 £000
Turnover	209,883	235,679
(Decrease) in long term Contracts and work in progress	(30,542)	(79,312)
	<hr/> 179,341	<hr/> 156,367
Raw materials and consumables	148,621	107,041
Staff costs (note 9)	352	406
Depreciation	17	23
Auditors' remuneration	11	15
Other external and operating charges	26,713	41,919
	<hr/>	<hr/>
Operating Profit	3,627	6,963
Interest receivable	(28)	(16)
	<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3,655	6,979
	<hr/>	<hr/>

The format of the Profit and Loss Account has been changed in order to be consistent with that used by the parent company.

GEC-MARCONI (PROJECTS) LIMITED

Accounts for the Year Ended 31st March 1995

NOTES TO THE ACCOUNTS - continued

2. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1995 £000	1994 £000
United Kingdom taxation		
Corporation tax 33% (1994 33%)	1,214	2,318
Deferred taxation	(1)	(11)
Under provisions of previous years	84	-
	<hr/> 1,297	<hr/> 2,307

3. TANGIBLE FIXED ASSETS

	Motor Vehicles £000	Furniture and Equipment £000	TOTAL £000
Cost at 1 April 1994	61	36	97
Additions at cost	-	5	5
Disposals at cost	(29)	-	(29)
Cost at 31 March 1995	32	41	73
Depreciation at 1 April 1994	45	19	64
Charged to profit and loss account	9	8	17
On disposals	(28)	-	(28)
Depreciation at 31 March 1995	26	27	53
Net book value at 31 March 1995	6	14	20
Net book value at 31 March 1994	16	17	33

Depreciation rates:

Motor vehicles	-	25% per annum
Furniture and equipment	-	on average in excess of 10% per ann

GEC-MARCONI (PROJECTS) LIMITED

Accounts for the Year Ended 31st March 1995

NOTES TO THE ACCOUNTS - continued

4. STOCKS AND CONTRACTS IN PROGRESS

	1995 £000	1994 £000
Long-term contract work in progress	14,665	39,716
Payments on account	(14,665)	(39,716)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

5. DEBTORS

	1995 £000	1994 £000
Amounts falling due within one year		
Amounts recoverable on contracts	25,903	23,507
Amounts owed by holding and fellow subsidiary companies	49,377	188,353
Other debtors	10	120
Prepayments and accrued income	2,503	-
	<hr/>	<hr/>
	77,793	211,980
	<hr/>	<hr/>
Amounts falling due after one year		
Amounts recoverable on contracts	-	5,361
Amounts owed by holding and fellow subsidiary companies	4,218	28,320
	<hr/>	<hr/>
	82,011	245,661
	<hr/>	<hr/>

GEC-MARCONI (PROJECTS) LIMITED

Accounts for the Year Ended 31st March 1995

NOTES TO THE ACCOUNTS - continued

6. CREDITORS

	1995 £000	1994 £000
Amounts falling due within one year		
Payments received on account	34,402	170,616
Trade creditors	7,694	24,392
Amounts owed to holding and fellow subsidiary companies	19,713	22,312
Corporation Tax	732	1,140
Accruals and deferred income	349	29
	<hr/> 62,890	<hr/> 218,489
Amounts falling due after one year		
Payments received on account	8,527	19,641
	<hr/> 71,417	<hr/> 238,130

7. SHARE CAPITAL

At 1 April 1994 and 31 March 1995
(ordinary shares) of £1 each fully paid,

Authorised	100
Issued	100

8. DEFERRED TAX

	Amount Provided		Amount Unprovided	
	1995	1994	1995	1994
	£000	£000	£000	£000
Tax effect because of:-				
Other timing differences	(5)	(4)	-	-
Movement on the deferred tax asset account			£000	
At 1 April 1994			4	
Transfer to profit and loss Account			<u>1</u>	
At 31 March 1995			<u>5</u>	

The deferred tax asset has been deducted from corporation tax payable

GEC-MARCONI (PROJECTS) LIMITED

Accounts for the Year Ended 31st March 1995

9. DIRECTORS AND EMPLOYEES

		1995	1994
(a)	Average number of employees working in the United Kingdom	7	6
	Gross remuneration	£000 183	187
	State social security costs	£000 18	23
(b)	Average number of employees working overseas	4	6
	Gross remuneration	£000 144	190
	State social security costs	£000 7	6
(c)	Total average number of employees	11	12
	Gross remuneration	£000 327	377
	State social security costs	£000 25	29
Staff costs		£000 352	406
Directors' Emoluments			
One Director		£000 69	-

One Director was partially employed within the United Kingdom during the year and his emoluments relating to this period are shown above. He was wholly employed outside the United Kingdom in the previous year and hence his emoluments did not need to be disclosed.

All other Directors were full time executives of other Group companies. They did not receive any remuneration for their services as Directors of the Company and it is not practicable to allocate their emoluments for other services.

10. PENSIONS

The company is a subsidiary of The General Electric Company, p.l.c. (GEC) and all its employees who are members of a pension plan are members of The GEC Plan ("The Plan"), the principal pension plan of the GEC Group. The Plan is funded and is of the 'defined benefit' type. Particulars of the most recent actuarial valuation will be disclosed in the report and accounts of GEC for the year ended 31 March 1995.

The pensions cost charge of the Company in respect of members who are members of the Plan consists of employers' contributions payable which are similar across the Group as a whole as a percentage of pensionable earnings. Based on the advice of a qualified actuary, there was no Company contribution to the Plan in the year under review (1994 £Nil). The current valuation exercise as at 5 April, 1994 was completed in June, 1995. A charge for the year ended 31 March, 1995 has been made in the accounts of the parent company and will not be recharged to the Company. Accordingly there is no pension cost charge in the year ended 31 March, 1995. Contributions at 6 per cent. of members' pensionable pay commenced with effect from 1 April, 1995.

GEC-MARCONI (PROJECTS) LIMITED

Accounts for the Year Ended 31st March 1995

NOTES TO THE ACCOUNTS - continued

11. CONTINGENT LIABILITIES

Guarantees

- a) The company is a party to a cross guarantee in favour of the NATIONAL WESTMINSTER BANK p.l.c. whereby repayment to the Bank of indebtedness of any of the parties is guaranteed by all the others. All parties to the agreement are members of the GEC Group of Companies at 31 March 1995.
- b) Under a group registration the Company is jointly and severally liable for any Value Added Tax owing by other GEC Group Companies at 31 March 1995.
-

12. CAPITAL COMMITMENTS

	1995 £000	1994 £000
Capital Expenditure Authorised but not contracted for at 31 March	2	-

13. PARENT UNDERTAKINGS

The Company's ultimate parent Company is The General Electric Company, p.l.c. ("GEC") which is registered in England and Wales. GEC is the parent undertaking of the largest group of undertakings of which the Company is a member for which group accounts are prepared. The parent undertaking of the smallest such group of undertakings of which the Company is a member is GEC-Marconi Limited which is registered in England and Wales. Copies of the accounts of GEC are available from the Secretary, 1 Stanhope Gate, London W1A 1EH.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £000	1994 £000
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	2,358	4,672
SHAREHOLDERS' FUNDS AS AT 1 APRIL	9,088	4,416
SHAREHOLDERS' FUNDS AS AT 31 MARCH	11,446	9,088

GEC-MARCONI (PROJECTS) LIMITED

Accounts for the Year Ended 31st March 1995

ACCOUNTING POLICIES

The accounts have been prepared on the historical cost basis in accordance with applicable accounting standards in the United Kingdom. The Company is a wholly owned subsidiary of The General Electric Company, p.l.c. ("GEC"), consequently the Company is exempt under the terms of Financial Reporting Standard 1 from the requirement to publish its own cash flow statement.

The more important accounting policies, which have been consistently applied, are summarised below to facilitate the interpretation of the financial statements and are in addition to the policies explained in the notes to the accounts.

- a. Turnover. Turnover, excluding VAT, comprises sales to customers outside the GEC Group and arms-length inter-GEC Group sales. The Company records transactions as sales when the delivery of products or performance of services takes place in accordance with the terms of sale.
- b. Currency translation. Non-sterling profits, losses and net assets are translated at year-end rates of exchange. Profits and losses on overseas trading are included in profit on ordinary activities before taxation.
- c. Tangible fixed assets. Motor vehicles and Furniture and equipment are recorded at historic cost and depreciated on a straight-line basis over their estimated useful lives.
- d. Stocks and contracts in progress. Stocks and contracts in progress are valued at the lower of cost, inclusive of appropriate overheads, and estimated net realisable value. Provisions are made for any losses incurred or expected to be incurred on uncompleted contracts. Profit on long-term contracts in progress is taken when a sale is recorded on part-delivery of products or part-performance of services, provided that the outcome of the contract can be assessed with reasonable certainty. Advance payments received from customers are shown as prepayments on account of contracts until there is a right of set-off against the value of work undertaken. Progress payments received are deducted from the value of work carried out, any excess being included within prepayments on account of contracts.
- e. Taxation. Taxation on profit on ordinary activities is that which has been paid or becomes payable in respect of the profits of the year. Deferred taxation is provided on all timing differences which are expected to reverse in the future at the rate of tax which is anticipated will apply in the year of assessment.
- f. Pensions. The expected cost of providing pensions, as calculated periodically by independent actuaries, is charged to the profit and loss account so as to spread the cost over the expected average remaining service lives of current employees.