

**GEC-MARCONI (PROJECTS) LIMITED**

**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31st MARCH 1996**



# **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, 1996.

### **Results**

The profit for the year after taxation amounted to £3,889,000. 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 defence systems capability for new business opportunities in the Asia-Pacific and Middle East regions.

### **Directors**

The present members of the Board are Messrs. J. W. Doyle and P. J. Lynas. Messrs. I. G. King and P. J. Lynas were appointed to the Board of Directors on the 11th August, 1995 and the 19th August, 1996 respectively. Messrs. D. J. Fletcher, A. J. Walsh and I. G. King resigned from the Board on the 30th June and 9th October, 1995 and the 30th September, 1996 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, 1996 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, 1995	Options granted during the year	Options exercised/ lapsed during the year	At 31st March, 1996
_____	_____	_____	_____

#### **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	43,800	-----	27,800	16,000
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No Options were granted under the above Scheme to the named Director during the year. Normally the Options are exercisable during the years 1997 to 2004 at a subscription price of 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	-----	3,692	4,965
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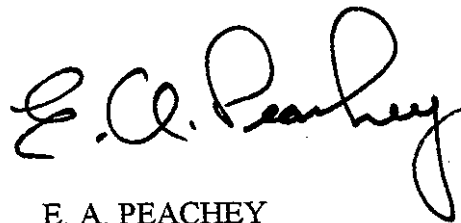
No Options were granted to or exercised by the named Director during the year under the above Scheme. Normally the Options are exercisable within six months of the 1st April, 1998 at a subscription price of 219p per share.

#### Payment of Creditors

The Companies Act 1985 (Miscellaneous Accounting Amendments) Regulations 1996 requires the Company to make a statement of its policy on the payment of creditors.

The Company seeks the best possible terms from suppliers appropriate to its business and in placing orders gives consideration to quality, delivery, price and the terms of payment which will be agreed with suppliers when the details of each transaction are settled. The Company will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders.

By Order of the Board



E. A. PEACHEY  
Secretary

Registered Office:  
The Grove, Warren Lane,  
Stanmore, Middlesex HA7 4LY  
- 4 DEC 1998

# AUDITORS' REPORT

TO THE MEMBERS OF GEC-MARCONI (PROJECTS) LIMITED

We have audited the financial statements on pages 4 to 15 which have been prepared under the accounting policies set out on page 15.

## 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 31st March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

**Coopers & Lybrand**

**Chartered Accountants and Registered Auditors**

**London**

4 DECEMBER 1996

# GEC-MARCONI (PROJECTS) LIMITED

## **PROFIT AND LOSS ACCOUNT**

for the year ended 31 March 1996

		1996	1995
	Note	£000	£000
TURNOVER	1	94,150	209,883
PROFIT ON ORDINARY ACTIVITY BEFORE TAXATION	1	5,671	3,655
Taxation on profit on ordinary activities	2	(1,782)	(1,297)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,889	2,358
DIVIDENDS	3	(7,300)	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(3,411)	2,358

## **MOVEMENT ON PROFIT AND LOSS ACCOUNT RESERVE**

At 1st April	11,446	9,088
Retained (loss)/profit for the financial year	(3,411)	2,358
At 31st March	8,035	11,446

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 the profit on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

**GEC-MARCONI (PROJECTS) LIMITED**


**BALANCE SHEET**

31st March 1996

	Note	1996 £000	1995 £000
Fixed Assets			
Tangible assets	4	112	20
Current Assets			
Stocks and contracts in progress	5	3,821	-
Debtors	6	34,974	82,011
Cash		2	832
		38,797	82,843
Current Liabilities: amounts falling due within one year			
Creditors	7	20,115	62,890
Net Current Assets		18,682	19,953
Total Assets Less Current Liabilities		18,794	19,973
Liabilities: amounts falling due after one year			
Creditors	7	10,759	8,527
		8,035	11,446
Capital and Reserves			
Called up share capital	8	-	-
Profit and loss account		8,035	11,446
Equity Shareholders' Funds	15	8,035	11,446

Approved by the Board of Directors on 24 May 1996

Director

  
J.W. Doyle

**GEC-MARCONI (PROJECTS) LIMITED**

**Accounts for the Year Ended 31st March 1996**

**NOTES TO THE ACCOUNTS**

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**1.PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

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	1996 £000	1995 £000
Turnover	94,150	209,883
(Decrease) in long term Contracts and work in progress	(9,622)	(30,542)
	<hr/> 84,528	<hr/> 179,341
Raw materials and consumables	58,359	148,621
Staff costs (note 9)	480	352
Depreciation	21	17
Auditors' remuneration	9	11
Other external and operating charges	20,030	26,713
Operating Profit	<hr/> 5,629	<hr/> 3,627
Interest receivable	(42)	(28)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<hr/> 5,671	<hr/> 3,655

**GEC-MARCONI (PROJECTS) LIMITED**

**Accounts for the Year Ended 31st March 1996**

**NOTES TO THE ACCOUNTS - continued**

**2. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	1996 £000	1995 £000
United Kingdom taxation		
Corporation tax 33% (1995 33%)	1,865	1,214
Deferred taxation	4	(1)
(Over) /Under provisions of previous years	(87)	84
	<hr/> 1.782	<hr/> 1,297

**3. DIVIDENDS**

	1996 £'000	1995 £'000
Interim paid	<hr/> 7,300	<hr/> -

**4. TANGIBLE FIXED ASSETS**

	MOTOR VEHICLES £000	FURNITURE & EQUIPMENT £000	TOTAL £000
Cost at 1st April 1995	32	41	73
Additions at cost	68	45	113
Disposals at cost	(9)	-	(9)
Cost at 31st March 1996	<hr/> 91	<hr/> 86	<hr/> 177
Depreciation at 1st April 1995	26	27	53
Charged to profit and loss account	12	9	21
On disposals	(9)	-	(9)
Depreciation at 31st March 1996	<hr/> 29	<hr/> 36	<hr/> 65



Net book value at  
31st March 1996

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62

50

112

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Net book value at  
31st March 1995

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6

14

20

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Depreciation rates:

Motor Vehicles

-

25% per annum

Furniture and equipment

-

on average in excess of 10% per annum

**GEC-MARCONI (PROJECTS) LIMITED**

**Accounts for the Year Ended 31st March 1996**

**NOTES TO THE ACCOUNTS - continued**

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**5.STOCKS AND CONTRACTS IN PROGRESS**

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	1996 £000	1995 £000
Long-term contract work in progress	5,043	14,665
Less: Payments on account	<u>(1,222)</u>	<u>(14,665)</u>
	<u>3,821</u>	<u>-</u>

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**6.DEBTORS**

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	1996 £000	1995 £000
Amounts falling due within one year		
Amounts recoverable on contracts	4,790	25,903
Amounts owed by holding and fellow subsidiary companies	23,596	49,377
Other debtors	103	10
Prepayments and accrued income	<u>31</u>	<u>2,503</u>
	<u>28,520</u>	<u>77,793</u>
Amounts falling due after one year		
Amounts recoverable on contracts	6,454	-
Amounts owed by holding and fellow subsidiary companies	<u>-</u>	<u>4,218</u>
	<u>34,974</u>	<u>82,011</u>

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**GEC-MARCONI (PROJECTS) LIMITED**

**Accounts for the Year Ended 31st March 1996**

**NOTES TO THE ACCOUNTS - continued**

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**7. CREDITORS**

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	1996 £000	1995 £000
Amounts falling due within one year		
Bank overdraft	1,152	-
Payments received on account	7,124	34,402
Trade creditors	3,870	7,694
Amounts owed to holding and fellow subsidiary companies	2,632	19,713
Corporation Tax	249	732
Accruals and deferred income	5,088	349
	<hr/> 20,115	<hr/> 62,890
Amounts falling due after one year		
Payments received on account	<hr/> 10,759	<hr/> 8,527
	<hr/> 30,874	<hr/> 71,417

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**8. SHARE CAPITAL**

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At 1st April 1995 and 31st March 1996  
Ordinary Shares of £1 each fully paid

Authorised	100
Issued	100

**GEC-MARCONI (PROJECTS) LIMITED**

**Accounts for the Year Ended 31st March 1996**

**NOTES TO THE ACCOUNTS - continued**

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**9.DEFERRED TAX**

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	Amount Provided		Amount Unprovided	
	1996	1995	1996	1995
	£000	£000	£000	£000
Tax effect because of:-				
Timing difference	(1)	(5)	-	-
	<hr/>		<hr/>	
Movement on the deferred tax asset account	£000			
At 1st April 1995	5			
Transfer to profit and loss Account	<u>(4)</u>			
At 31st March 1996	1			

The deferred tax asset has been deducted from corporation tax payable

**GEC-MARCONI (PROJECTS) LIMITED**

**Accounts for the Year Ended 31st March 1996**

**NOTES TO THE ACCOUNTS - Continued**

**10.DIRECTORS AND EMPLOYEES**

		1996	1995
(a)	Average number of employees working in the United Kingdom	11	7
	Gross remuneration	£000 290	183
	State social security costs	£000 35	18
	Other pension costs	£000 16	-
(b)	Average number of employees working overseas	4	4
	Gross remuneration	£000 127	144
	State social security costs	£000 3	7
	Other pension costs	£000 9	-
(c)	Total average number of employees	15	11
	Gross remuneration	£000 417	327
	State social security costs	£000 38	25
	Other pension costs	£000 25	-
	Staff costs	£000 480	352
	Directors' Emoluments		
	One Director	£000 60	69

The emoluments of one Director are shown above. 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.

## GEC-MARCONI (PROJECTS) LIMITED

### Accounts for the Year Ended 31st March 1996

#### NOTES TO THE ACCOUNTS - Continued

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#### 11.PENSIONS

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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, which was at 5th April 1994, will be disclosed in the report and accounts of GEC for the year to 31st March 1996.

The pensions cost charge of the Company in respect of employees 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, contributions amounting to £25,000 calculated at 6 per cent. of members' pensionable pay were made for the year ended 31st March 1996. The pension cost charge for the previous financial year was £Nil because a charge was made in the accounts of the parent company.

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#### 12.CONTINGENT LIABILITIES

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##### 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 31st March 1996.
- b) Under a group registration the Company is jointly and severally liable for any Value Added Tax owing by other GEC Group Companies at 31st March 1996.

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#### 13.CAPITAL COMMITMENTS

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	1996 £000	1995 £000
Capital Expenditure		
Authorised but not contracted for at 31 March	-	2

**GEC-MARCONI (PROJECTS) LIMITED**

**Accounts for the Year Ended 31st March 1996**

**NOTES TO THE ACCOUNTS - Continued**

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**14.PARENT UNDERTAKINGS**

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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.

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**15.RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

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	1996	1995
	£000	£000
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	3,889	2,358
DIVIDENDS	(7,300)	
SHAREHOLDERS' FUNDS AS AT 1st APRIL	11,446	9,088
SHAREHOLDERS' FUNDS AS AT 31st MARCH	8,035	11,446

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## **GEC MARCONI (PROJECTS) LIMITED**

### **Accounts for the Year Ended 31st March 1996**

#### **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.