

Registration No. 771516

**MARCONI ELECTRONICS OVERSEAS LIMITED**

**Report and Financial Statements**

**For the year ended 31 March 1999**



## MARCONI ELECTRONICS OVERSEAS LIMITED

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# **MARCONI ELECTRONICS OVERSEAS LIMITED**

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## **Report of the Directors**

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The Directors present their report and the audited accounts of the Company for the year ended the 31st March, 1999.

## **Results**

The profit for the year after taxation amounted to £25,370. The Directors do not recommend the payment of a dividend.

## **Principal Activity of the Company**

The principal activity of the Company is the supply and installation of microwave video distribution systems overseas.

## **Review of the Company**

Sales during the year related to the microwave video distribution contracts in Hong Kong and Qatar. The Company is pursuing other contracts for this product world-wide.

The name of the Company was changed to Marconi Electronics Overseas Limited by Special Resolution passed on the 28th October, 1998 and the Certificate of Incorporation on Change of Name was issued by Companies House on the 11th November, 1998.

## **Directors**

The present members of the Board are Messrs. E. A. Peachey and P. J. Lynas. Mr. P. J. Lynas was appointed to the Board of Directors on the 1<sup>st</sup> February, 1999. Mr. I. G. King resigned from the Board on the 1<sup>st</sup> February, 1999.

According to the Register kept by the Company in accordance with Section 325 of the Companies Act 1985 the Directors had no interests in the share 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, 1998 (or date of appointment, if later)	Options granted during the year	Options exercised during the year	At 31st March, 1999
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### **Ordinary Shares of 5p each, fully paid**

P. J. Lynas	6,719	6,719
E. A. Peachey	3,834	18,661

### **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:-

E. A. Peachey	20,000	-----	20,000	-----
---------------	--------	-------	--------	-------

No Options were granted under the above Scheme to the Directors during the year. Normally the Options are exercisable during the years 1999 to 2004 at a subscription price of 328p per share.

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

P. J. Lynas	6,529	-----	-----	6,529
E. A. Peachey	7,292	-----	827	6,465

No Options were granted under the above Scheme to the Directors during the year.

Normally the Options are exercisable within six months of the 1st April, 1999, 2000, 2001, 2002 and 2003 at subscription prices between 222p and 334p per share.

- iii) Under the terms of The GEC 1997 Executive Share Option Scheme the following Options were outstanding:-

P. J. Lynas	49,345	-----	-----	49,345
-------------	--------	-------	-------	--------

Normally the Options are exercisable during the years 2000 to 2008 at subscription prices of 409.5p and 475p per share subject to the satisfaction of relevant performance conditions.

### **Payment of Creditors**

The Companies Act 1985, as amended, requires the Company to make a statement of its policy and practice on the payment of creditors.

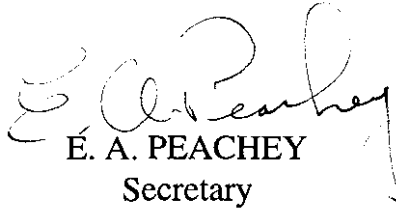
It is and will continue to be the policy of the Company to negotiate with suppliers so as to obtain the best available terms taking account of quality, delivery, price and period of settlement and, having agreed those terms, to abide by them.

The total amount of trade creditors falling due within one year at 31st March, 1999, excluding amounts owed to companies in the GEC Group is nil.

## Year 2000

The Company's internal system, operations, products, key suppliers and customers, have been assessed for Year 2000 readiness by other GEC group companies and programmes have been instituted to mitigate the risks associated with the Year 2000 date computation and to ensure that business continuity is maintained.

By Order of the Board



E. A. PEACHEY  
Secretary

Registered Office:  
The Grove  
Warren Lane  
Stanmore  
Middlesex  
HA7 4LY

## MARCONI ELECTRONICS OVERSEAS LIMITED

### AUDITORS' REPORT

#### to the members of Marconi Electronic Overseas Limited

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 9.

#### 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. 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte Touche*

20 March 1999

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
Hill House  
1 Little New Street  
London  
EC4A 3TR

# MARCONI ELECTRONICS OVERSEAS LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1999

	Note	1999 £'000	1998 £'000
Turnover		<u>1,907</u>	<u>239</u>
Operating profit and profit on ordinary activities before taxation	1	37	1
Taxation on profit on ordinary activities	2	<u>(11)</u>	<u>-</u>
Retained profit for the financial year		<u>26</u>	<u>1</u>

## MOVEMENT ON PROFIT AND LOSS ACCOUNT RESERVE

At 1 April	(27)	(28)
Retained profit for the financial year	26	1
At 31 March	<u>(1)</u>	<u>(27)</u>

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 profit for the year stated above, and their historical cost equivalents.


# MARCONI ELECTRONICS OVERSEAS LIMITED

## BALANCE SHEET

31 March 1999

	Note	1999 £'000	1998 £'000
<b>Current assets</b>			
Debtors	3	1,940	66
Creditors: amounts falling due within one year	4	<u>(1,941)</u>	<u>(93)</u>
<b>Net current (liabilities)</b>		<u>(1)</u>	<u>(27)</u>
<b>Capital and reserves</b>			
Called up share capital	5	-	-
Profit and loss account		(1)	(27)
<b>Equity shareholders' funds</b>		<u>(1)</u>	<u>(27)</u>

Approved by the Board of Directors on

 Director



# MARCONI ELECTRONICS OVERSEAS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 March 1999

### 1. OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £'000	1998 £'000
Sales	1,907	239
Other external and operating charges	(1,869)	(237)
Auditors' remuneration	(1)	(1)
<b>Operating profit and profit on ordinary activities before taxation</b>	<b>37</b>	<b>1</b>

### 2. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
<b>United Kingdom taxation</b>		
Corporation tax 31% (1998 31%)	11	-

### 3. DEBTORS

	1999 £'000	1998 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	1,940	66

### 4. CREDITORS

	1999 £'000	1998 £'000
<b>Amounts falling due within one year:</b>		
Bank overdraft	2	1
Payments received in advance	1,766	-
Trade creditors	1	1
Amounts owed to holding and fellow subsidiary companies	161	91
Corporation tax	11	-
	<b>1,941</b>	<b>93</b>

# MARCONI ELECTRONICS OVERSEAS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

Year ended 31 March 1999

### 5. CALLED UP SHARE CAPITAL

	Authorised £	Issued £
<b>Share Capital</b>		
At 1 April 1998 and 31 March 1999		
Shares of £1 each fully paid	100	100

### 6. DIRECTORS AND EMPLOYEES

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

### 7. CONTINGENT LIABILITIES

#### Guarantees

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 1999.

### 8. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent company and controlling entity is The General Electric Company, p.l.c. ("GEC"), which is registered in England and Wales. The GEC group is the only group of which the Company is a member for which group accounts are prepared. Copies of the accounts of GEC 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 in these financial statements.

### 9. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	1999 £'000	1998 £'000
Profit for the financial year	26	1
Net increase in equity shareholders' funds	26	1
Opening equity shareholders' funds	(27)	(28)
<b>Closing equity shareholders' funds</b>	<b>(1)</b>	<b>(27)</b>

## MARCONI ELECTRONICS OVERSEAS LIMITED

### NOTES TO THE ACCOUNTS (Continued)

Year ended 31 March 1999

#### 10. 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 (Revised 1996) 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**

The Company records transactions as turnover when title passes to customers or when there is a contractual right to invoice. Turnover is exclusive of VAT.

**b. 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.

**c. Stock and contracts in progress**

Stock 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. 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 creditors until there is a right of set-off against the value of work carried out, any excess being included with payments received in advance.