

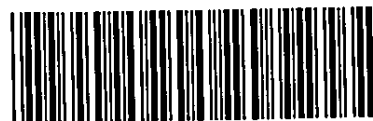
GE Medical Systems Oxford Limited

Director's report and financial statements

For the year ended 31 December 2007

Registered number: 3988039

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GE Medical Systems Oxford Limited

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GE Medical Systems Oxford Limited

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2007.

Principal activities

The principal activity of the company is the manufacture and sale of high-field MRI magnet systems.

Results and dividends

The profit for the year, after taxation, amounted to £216,000 (2006: £358,000).

Both the level of business and the year end financial position were satisfactory, and the director expects that the present level of trading activity will be maintained for the foreseeable future.

The director does not recommend the payment of a dividend (2006 - £NIL).

Directors

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

K O'Neill - resigned 12 September 2007
M D Woods - appointed 12 September 2007

Since the company meets the definition in s736 (2)(3) of the Companies Act 1985 of a wholly owned subsidiary of a body corporate incorporated outside Great Britain, the company has taken advantage of regulation 3(1)(a) of Statutory Instrument 1985/802 exempting the company from the requirement to disclose directors' share interests and options in group companies.

Provision of information to auditors


Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, KPMG Audit Plc, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on **23 December 2008** and signed on its behalf.



M D Woods
Director

GE Medical Systems Oxford Limited

Statement of directors' responsibilities for the year ended 31 December 2007

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GE Medical Systems Oxford Limited

Independent auditors' report to the members of GE Medical Systems Oxford Limited

We have audited the financial statements of GE Medical Systems Oxford Limited for the year ended 31 December 2007, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

GE Medical Systems Oxford Limited

Independent auditors' report to the members of GE Medical Systems Oxford Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants
Registered Auditor

Altius House
One Fourth North Street
Milton Keynes
MK9 1NE
United Kingdom

Date: *23 December 2008*

GE Medical Systems Oxford Limited

Profit and loss account for the year ended 31 December 2007

		2007 £000	As restated 2006 £000
	Note		
Turnover	2	5,706	6,641
Cost of sales		(3,579)	(4,447)
		<hr/>	<hr/>
Gross profit		2,127	2,194
Selling and distribution costs		(37)	(42)
Administrative expenses		(1,920)	(1,927)
		<hr/>	<hr/>
Operating profit	3	170	225
Interest receivable and similar income	7	25	29
Interest payable and similar charges	8	-	(54)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		195	200
Tax on profit on ordinary activities	9	21	158
		<hr/>	<hr/>
Profit on ordinary activities after taxation	16	216	358
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account.

The notes on pages 7 to 19 form part of these financial statements.

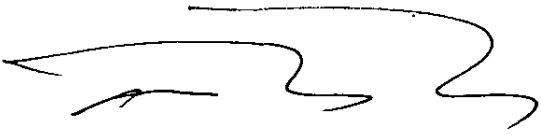
GE Medical Systems Oxford Limited

Balance sheet as at 31 December 2007

			2007		As restated 2006
	Note	£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	10		356		480
Current assets					
Stocks	11	1,250		1,415	
Debtors	12	1,841		1,517	
		<u>3,091</u>		<u>2,932</u>	
Creditors: amounts falling due within one year	13	<u>(1,145)</u>		<u>(1,329)</u>	
Net current assets			<u>1,946</u>		<u>1,603</u>
Total assets less current liabilities			<u>2,302</u>		<u>2,083</u>
Capital and reserves					
Called up share capital	15		6,664		6,664
Share premium account	16		1,179		1,179
Other reserves	16		18		15
Profit and loss account	16		(5,559)		(5,775)
Shareholders' funds	17		<u>2,302</u>		<u>2,083</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

23 December 2008.


M D Woods
Director

The notes on pages 7 to 19 form part of these financial statements.

GE Medical Systems Oxford Limited

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below:

1.1 *Basis of preparation of financial statements*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 *Cash flow*

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 *Turnover*

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Revenues are recognised once the realisation of the consideration is reasonably assured and the provision of goods and services is substantially complete with respect to the delivery of the specific product or performance of the related service.

In addition, the company has some long-term contracts with customers. Turnover for long-term contracts is stated at the cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years.

1.4 *Operating leases*

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.5 *Stocks and work in progress*

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Cost is determined on a first in, first out basis and includes all direct expenditure and, in the case of manufactured items, production overheads based on the normal level of business activity. Net realisable value is the price at which the stocks can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the costs of conversion. Provision is made for obsolete and slow moving stocks

GE Medical Systems Oxford Limited

Notes to the financial statements

1. Accounting policies (continued)

1.6 Taxation

Taxation for the year is based on the profit for the year.

Full provision is made for deferred tax liabilities arising from all timing 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 more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Deferred tax assets and liabilities are not discounted.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.8 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.9 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.10 Pensions

The company is a member of a larger group pension scheme providing benefits based on final pensionable pay. The group pension scheme, GE Pension Plan, covers a number of United Kingdom subsidiary companies of General Electric Company. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme.

GE Medical Systems Oxford Limited

Notes to the financial statements

1. Accounting policies (continued)

1.11 Fixed assets and depreciation

Plant and machinery and fixtures and fittings are being depreciated using an accelerated method, which is based principally on a sum of the digits formula. This method is designed to write off the relevant assets over their useful lives, which at the time of purchase, varies from four years to sixteen years.

1.12 Share based payments

Share options and restricted units over the shares of General Electric Company, the ultimate parent entity are granted to certain employees and executives of the company. The fair value of options and units granted is recognised as an employee expense with a corresponding increase in equity disclosed in 'other reserves'.

The fair value is measured at grant date using the Black-Scholes option pricing model, and is recognised as an expense over the period the employees become unconditionally entitled to the options/units. The amount recognised as an expense is adjusted to reflect the actual number of options/units expected to vest. Any recharges by the ultimate parent entity are offset against 'other reserves'.

In addition the company has established an employee share ownership scheme, under which employees are able to acquire a number of shares in the ultimate parent company, General Electric Company, with the company matching the employees' purchases. Such shares are purchased monthly in the market and held by the trustees until distribution to the employees in accordance with the rules of the scheme. The company's costs of these purchases are charged to the profit and loss account as incurred.

1.13 Transactions with related parties

The company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in FRS 8, "Related Party Disclosures", in preparing its financial statements. This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated financial statements of General Electric Company, in which the company is included, are publicly available.

2. Turnover

A geographical analysis of turnover is as follows:

	2007 £000	2006 £000
United Kingdom	-	3
Rest of Europe	8	132
United States of America	5,632	6,362
Rest of World	66	144
	<hr/>	<hr/>
	5,706	6,641
	<hr/>	<hr/>

GE Medical Systems Oxford Limited

Notes to the financial statements

3.

The operating profit is stated after charging/(crediting):

	2007 £000	2006 £000
Depreciation of tangible fixed assets:		
- owned by the company	127	230
Operating lease rentals:		
- plant and machinery	-	1
- land and buildings	179	179
Difference on foreign exchange	6	(11)
Research and development expenditure written off	567	308

There has been a change to the presentation of the administrative and cost of sales expenses for 2007 with 2006 comparatives being restated. The re-analysis of expenses was performed in order to more accurately reflect the costs involved in production shown under costs of sales. In 2007 the amount credited to cost of sales from administrative expenses totalled £316,364 (2006: £554,240).

4. Auditors' remuneration

	2007 £000	2006 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	23	14

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2007 £000	2006 £000
Wages and salaries	1,671	1,669
Social security costs	143	146
Other pension costs	313	311
	2,127	2,126

The average monthly number of employees, including the directors, during the year was as follows:

	2007 No.	2006 No.
Administrative	7	7
Production	35	36
	42	43

GE Medical Systems Oxford Limited

Notes to the financial statements

6. Directors' remuneration

	2007 £000	2006 £000
Emoluments	102	-

During the year retirement benefits were accruing to no directors (2006: nil) in respect of defined benefit pension schemes.

7. Interest receivable and similar income

	2007 £000	2006 £000
Interest receivable from group companies	25	29

8. Interest payable and similar charges

	2007 £000	2006 £000
On loans from group undertakings	-	54

9. Taxation

	2007 £000	2006 £000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	58	91
Adjustments in respect of prior periods	(91)	(230)
	(33)	(139)
Foreign tax on income for the year	4	-
Total current tax	(29)	(139)
Deferred tax		
Origination and reversal of timing differences	7	(19)
Effect of increased tax rate on opening liability	1	-
Total deferred tax (see note 14)	8	(19)
Tax on profit on ordinary activities	(21)	(158)

GE Medical Systems Oxford Limited

Notes to the financial statements

9. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the year is lower than (2006: lower than) the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007 £000	2006 £000
Profit on ordinary activities before tax	195	200
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	59	60
<i>Effects of:</i>		
Expenses not deductible for tax purposes	6	12
Depreciation in excess of capital allowances	(7)	19
Foreign tax	4	-
Adjustments to tax charge in respect of prior periods	(91)	(230)
<i>Current tax credit for the year (see note above)</i>	(29)	(139)

Deferred tax assets and liabilities on all timing differences have been calculated at 28%, being the rate of corporation tax effective from 1 April 2008, including those expected to reverse in the year ended 31 December 2008 (the effective rate for which would be otherwise be 28.5%). The impact of this on the financial statements is not considered to be material.

GE Medical Systems Oxford Limited

Notes to the financial statements

10. Tangible fixed assets

	Plant, machinery, fixtures and fittings £000
Cost	
At 1 January 2007	1,749
Additions	8
Disposals	(30)
At 31 December 2007	1,727
Depreciation	
At 1 January 2007	1,269
Charge for the year	127
On disposals	(25)
At 31 December 2007	1,371
Net book value	
At 31 December 2007	356
At 31 December 2006	480

11. Stocks

	2007 £000	2006 £000
Raw materials	548	607
Work in progress	563	569
Finished goods and goods for resale	139	239
	1,250	1,415

12. Debtors

	2007 £000	2006 £000
Trade debtors	409	468
Amounts owed by group undertakings	1,289	858
Other debtors	52	91
Prepayments and accrued income	76	77
Deferred tax asset (see note 14)	15	23
	1,841	1,517

GE Medical Systems Oxford Limited

Notes to the financial statements

13. Creditors: Amounts falling due within one year

	2007 £000	2006 £000
Payments received on account	432	427
Trade creditors	348	480
Amounts owed to group undertakings	164	114
Corporation tax	57	91
Social security and other taxes	3	54
Accruals and deferred income	141	163
	<u>1,145</u>	<u>1,329</u>

14. Deferred tax asset

	2007 £000	2006 £000
At 1 January 2007	23	(4)
(Charge for)/released during the year	(8)	19
	<u>15</u>	<u>23</u>
At 31 December 2007		

The amounts recognised in respect of deferred taxation assets relate to the difference between accumulated depreciation and capital allowances. There were no amounts of unrecognised deferred tax as at 31 December 2007.

15. Share capital

	2007 £000	2006 £000
Authorised, allotted, called up and fully paid		
2,480,310 ordinary class 1 shares of 10p each	248	248
64,155,090 ordinary class 2 shares of 10p each	6,416	6,416
	<u>6,664</u>	<u>6,664</u>

GE Medical Systems Oxford Limited

Notes to the financial statements

16. Reserves

	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 January 2007	1,179	15	(5,775)
Profit for the year	-	-	216
Equity share based payments	-	3	-
At 31 December 2007	<u>1,179</u>	<u>18</u>	<u>(5,559)</u>

17. Reconciliation of movement in shareholders' funds

	2007 £000	2006 £000
Opening shareholders' funds	2,083	1,710
Profit for the year	216	358
Employee share based equity reserve movement	3	15
Closing shareholders' funds	<u>2,302</u>	<u>2,083</u>

GE Medical Systems Oxford Limited

Notes to the financial statements

18. Pension commitments

The company is a member of a pension scheme providing benefits based on final pensionable pay. The group pension scheme, the GE Pension Plan, covers a number of United Kingdom subsidiary companies of General Electric Company. Because the company is unable to identify its share of the GE Pension Plan assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 "Retirement benefits" the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme.

In May 2007 GEH Holdings became the principal employer of the GE Pension Plan.

The funding surplus/deficit in respect of this scheme is disclosed in the financial statements of IGE USA Investments, a company registered in England and Wales.

The last full actuarial valuation was carried out at 5 April 2006 by a qualified independent actuary. At this date there was a funding deficit of £100.4 million and a funding level of 80%.

The pension charge on the GE Pension Plan defined benefit pension scheme for the year was £313,000 (2006: £311,000).

19. Operating lease commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2007	2006	2007	2006
	£000	£000	£000	£000
Expiry date:				
Within 1 year	-	-	-	1
After more than 5 years	179	179	-	-

20. Share based payments

Certain employees of the company are selected to participate in share options and restricted units of General Electric Company under the terms of the General Electric Company Long Term Incentive Plan. Share options expire 10 years from grant date and vest over service periods ranging from one to five years. The option price is usually set as the closing day share price on grant date. Restricted units give the participants the right to receive shares in General Electric Company for no consideration. Restricted units vest over various service periods beginning three years from grant date through grantee retirement. All grants of GE options under all plans must be approved by the Management Development and Compensation Committee of General Electric Company, which consist entirely of outside directors.

The recognition and measurement principles in FRS 20 have not been applied to share options granted before 7 November 2002.

GE Medical Systems Oxford Limited

Notes to the financial statements

(a) Share options

The number and weighted average exercise price of share options is as follows:

	2007 Weighted average exercise price £	2007 Number of options No	2006 Weighted average exercise price £	2006 Number of options No
Outstanding at the beginning of the year	29.11	15,350	29.31	15,050
Granted during the year	-	-	19.07	300
Outstanding at the end of the year	29.11	15,350	29	15,350

	2007 Weighted average exercise price £	2007 Number of options No	2006 Weighted average exercise price £	2006 Number of options No
Exercisable at the end of the year	29.37	14,990	29.97	14,270

	Minimum £	Maximum £	Minimum £	Maximum £
Range of exercise price for outstanding options	16.94	34.65	16.94	34.65
		Years		Years
Weighted average remaining contractual life of outstanding options in years		3.43		4.43

Fair value for options granted

The fair value at grant date is determined using the Black-Scholes option pricing method. The key assumptions used in calculating the fair value of share options granted are detailed below:

	2007	2006
Weighted average fair value at measurement date	£4.71	£4.71
Share price	£19.07	£19.07
Exercise price	£19.07	£19.07
Expected volatility (weighted average volatility)	25.40%	25.40%
Option life (expected weighted average life)	6.19 years	6.19 years
Expected dividends	2.94%	2.94%
Risk free interest rate	4.97%	4.97%

The expected volatility was based on historical volatility.

The grants are subject to service conditions. Such conditions are not taken into account in the determination of grant date fair value.

GE Medical Systems Oxford Limited

Notes to the financial statements

(Share based payments continued)

(b) Restricted units

The number of restricted units is as follows:

	2007 Number	2006 Number
Outstanding at the beginning of the year	134	67
Granted during the year	-	67
Exercised during the year	(33)	-
	<hr/>	<hr/>
Outstanding at the end of the year	101	134
	<hr/>	<hr/>
Exercisable at the end of the year	-	-
For restricted units exercised during the year the weighted average share price on date of exercise	20.81	-
Weighted average remaining contractual life of outstanding restricted units	7.66 years	8.34 years

Fair value of restricted units

The fair value of restricted units is calculated as the closing day share price on grant date.

The grants are subject to service conditions. Such conditions are not taken into account in determination of grant date fair value.

(c) Expenses arising from share-based payment transactions

	2007 £000	2006 £000
Share options	3	14
Restricted units	-	1
	<hr/>	<hr/>
	3	15
	<hr/>	<hr/>

GE Medical Systems Oxford Limited

Notes to the financial statements

21. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is GE Medical Systems Limited, a company registered in England and Wales.

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 incorporated in the United States of America. The consolidated financial statements of this company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut, 06828, USA or at www.ge.com.