

GE Medical Systems Oxford Limited

Directors' report and financial statements

For the year ended 31 December 2002

Registered number 3988039



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GE Medical Systems Oxford Limited

Directors' report and financial statements

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GE Medical Systems Oxford Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2002.

Principal activities

GE Medical Systems Oxford Limited is engaged in the manufacture and sale of high-field MRI magnet systems.

Results and dividends

The company made a loss before tax of £806,000 (2001: £3,317,000).

The directors do not recommend the payment of a dividend (2001: £nil).

Research and development

The company continues to support research and development in the UK with the major university departments of medicine, the college of Radiologists and British Institute of Radiology.

Directors and directors' interests

The directors who held office during the year and after the year end were as follows:

SW Fearnhead
P Laporte

Since the company meets the definition in s736 (2)(3) of the Companies Act 1985 of a wholly owed 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



Director

31/10/ 2003

Coolidge House
352 Buckingham Avenue
Slough
Berkshire
SL1 4ER

GE Medical Systems Oxford Limited

Statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Report of the independent auditor, KPMG Audit Plc, to the members of GE Medical Systems Oxford Limited

We have audited the financial statements on pages 4 to 13.

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 auditor's 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 directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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 as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

PO Box 695
8 Salisbury Square
London EC4Y 8BB

31 October

2003

GE Medical Systems Oxford Limited

Profit and loss account

for the year ended 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Turnover	2	12,473	11,848
Cost of sales		(9,740)	(9,071)
		<hr/>	<hr/>
Gross profit		2,733	2,777
Distribution costs		(270)	(255)
Administrative expenses		(2,830)	(5,534)
		<hr/>	<hr/>
Operating loss	3	(367)	(3,012)
Interest payable and similar charges	6	(439)	(305)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(806)	(3,317)
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
Retained loss for the year	14	(806)	(3,317)
Retained loss brought forward		(3,552)	(235)
		<hr/>	<hr/>
Retained loss carried forward	14	(4,358)	(3,552)
		<hr/>	<hr/>

The notes on pages 6 to 13 form part of the financial statements.

The movement in reserves is shown in note 14 to these financial statements.

The results in the above profit and loss account relate entirely to continuing operations.

The company has no recognised gains and losses other than those dealt with in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

GE Medical Systems Oxford Limited

Balance sheet at 31 December 2002

	Note	2002 £000	2001 £000
Fixed assets			
Tangible assets	8	1,380	1,327
Current assets			
Stocks	9	7,047	5,407
Debtors	10	3,650	5,705
Cash at bank and in hand		-	3,117
		<u>10,697</u>	<u>14,229</u>
Creditors: amounts falling due within one year	11	<u>(14,950)</u>	<u>(17,586)</u>
Net current liabilities		<u>(4,253)</u>	<u>(3,357)</u>
Total assets less net current liabilities		<u>(2,873)</u>	<u>(2,030)</u>
Provisions for liabilities and charges	12	-	(37)
Net liabilities		<u>(2,873)</u>	<u>(2,067)</u>
Capital and reserves			
Called up share capital	13	306	306
Share premium account	14	1,179	1,179
Profit and loss account	14	(4,358)	(3,552)
Shareholders' deficit	14	<u>(2,873)</u>	<u>(2,067)</u>

The notes on pages 6 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on and were signed on its behalf by:


Director

31 / 10 / 2003

GE Medical Systems Oxford Limited

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted FRS 19 'Deferred Tax' in the year. No prior year adjustment has been made on implementation of FRS 19 'Deferred Tax' on the grounds of materiality.

(a) Basis of preparation

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

(b) 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.

(c) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

(d) Pension costs

The company participates in a group funded defined benefit pension scheme which provides benefits for employees based on final reasonable pay.

Pension costs are charged against profit on a systematic basis. Any surplus or deficits arising are allocated over the current employees' remaining service lives with the group.

(e) Research and development expenditure

Expenditure on research and development is written off against profits in the year it is incurred.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

(g) Taxation

The charge for taxation is based on the profit for the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised to the extent that the directors consider those assets to be recoverable.

GE Medical Systems Oxford Limited

Notes

(continued)

1. Accounting policies (continued)

(h) Turnover

Turnover represents the amounts derived from providing goods and services to customers during the year, excluding value added tax.

(i) Cash flow statement

Under FRS1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement. The exemption is on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent company, which are available to the public and can be obtained from the address given in note 17.

(j) 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 Disclosure", 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 available to the public and can be obtained from the address given in note 17.

2. Analysis of turnover

	2002 £000	2001 £000
<i>By geographical market:</i>		
United Kingdom	-	307
Rest of Europe	113	20
United States of America	12,360	11,511
Other	-	10
	<hr/>	<hr/>
	12,473	11,848
	<hr/>	<hr/>

3. Operating loss

	2002 £000	2001 £000
Operating loss is stated after charging:		
Auditors' remuneration:		
- audit fees	5	-
- fees for other services	-	5
Depreciation on tangible assets	405	197
	<hr/>	<hr/>

GE Medical Systems Oxford Limited

Notes

(continued)

4. Directors' remuneration

None of the directors received any remuneration in respect of services to the company during the period.

5. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, was as follows:

	2002	2001
Administration	10	10
Production	62	68
	<hr/>	<hr/>
	72	78
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2002 £000	2001 £000
Wages and salaries	2,811	2,275
Social security costs	192	201
Other pension costs	90	122
	<hr/>	<hr/>
	3,093	2,598
	<hr/>	<hr/>

6. Interest payable and similar charges

	2002 £000	2001 £000
On amounts due to group undertakings	439	304
Other interest payable	-	1
	<hr/>	<hr/>
	439	305
	<hr/>	<hr/>

GE Medical Systems Oxford Limited

Notes

(continued)

7. Tax on loss on ordinary activities

a) Analysis of charge in the year at 30% (2001: 30%)

	2002 £000	2001 £000
UK corporation tax at 30% (2001: 30%)	-	-
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax	<hr/>	<hr/>
Deferred Tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>

b) Factors affecting current tax charge in year

	2002 £000	2001 £000
Loss on ordinary activities before tax	(806)	(3,317)
	<hr/>	<hr/>
Tax on profit on ordinary activities at UK standard Rate of 30% (2001: 30%)	(242)	(995)
<i>Effects of:</i>		
Depreciation in excess of capital allowances	(1)	(55)
Short term timing differences	(285)	403
Expenses not deductible for tax purposes	93	1
Group relief not paid for	435	646
	<hr/>	<hr/>
Total current tax charge for the year	-	-
	<hr/>	<hr/>

GE Medical Systems Oxford Limited

Notes (continued)

8. Tangible fixed assets

	Plant and equipment £000
Cost	
At beginning of year	1,570
Additions	458
	<hr/>
At end of year	2,028
	<hr/>
Depreciation	
At beginning of year	243
Charge for year	405
	<hr/>
At end of year	648
	<hr/>
Net book value	
At 31 December 2002	1,380
	<hr/>
At 31 December 2001	1,327
	<hr/>

9. Stocks

	2002 £000	2001 £000
Raw materials and consumables	7,047	5,407
	<hr/>	<hr/>

10. Debtors

	2002 £000	2001 £000
Trade debtors	972	1,890
Amounts due from group undertakings	1,999	3,243
Other debtors	565	231
Prepayments and accrued income	114	341
	<hr/>	<hr/>
	3,650	5,705
	<hr/>	<hr/>

GE Medical Systems Oxford Limited

Notes

(continued)

11. Creditors: amounts falling due within one year

	2002 £000	2001 £000
Bank loan and overdraft	850	-
Trade creditors	804	7
Amounts owed to group undertakings	8,908	12,021
Payments on account	2,533	1,411
Accruals and deferred income	1,855	4,147
	<hr/>	<hr/>
	14,950	17,586
	<hr/>	<hr/>

12. Provisions for liabilities and charges

	Pension and others £000
At beginning of year	37
Utilised during the year	(37)
	<hr/>
At end of year	-
	<hr/>

Deferred taxation

The amounts provided for deferred taxation and the amounts not provided are set out below.

	2002		2001	
	Provided	Potential liability/(asset)	Provided	Potential liability/(asset)
	£000	£000	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	-	55	-	54
Short term timing differences	-	(171)	-	(456)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(116)	-	(402)
	<hr/>	<hr/>	<hr/>	<hr/>

GE Medical Systems Oxford Limited

Notes

(continued)

13. Called up share capital

	2002 £000	2001 £000
<i>Authorised:</i>		
2,480,310 ordinary class '1' shares of 10 pence each	248	248
576,250 ordinary class '2' shares of 10 pence each	58	58
	<hr/>	<hr/>
	306	306
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
2,480,310 ordinary class '1' shares of 10 pence each	248	248
576,250 ordinary class '2' shares of 10 pence each	58	58
	<hr/>	<hr/>
	306	306
	<hr/>	<hr/>

Class 1 and 2 shares rank pari passu in all respects.

14. Reconciliation of movements in shareholders' deficit

	Called up share capital £000	Share premium reserve £000	Profit and loss account £000	Shareholders' deficit 31 December 2002 £000	Shareholders' deficit 31 December 2001 £000
At beginning of year	306	1,179	(3,552)	(2,067)	1,250
Retained loss for the year	-	-	(806)	(806)	(3,317)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of the year	306	1,179	(4,358)	(2,873)	(2,067)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

15. Pensions

A funded defined benefit pension scheme is operated providing benefits based on final pensionable pay. The scheme is part of a group scheme, the GE Pension Plan, covering a number of United Kingdom subsidiary companies of General Electric Company. Contributions are based on pension costs across the group. Accordingly the company is unable to identify its share of the assets and liabilities of this scheme. The funding surplus / deficit in respect of this scheme is disclosed in the financial statements of IGE USA Investments.

The last full actuarial valuation was carried out at 5 April 2001 by a qualified independent actuary. At this date there was a funding deficit of £23.3 million and a funding level of 89%.

The pension charge for the year was £90,000 (2001: £122,000). Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary on the basis of triennial valuations, using the projected unit method. Details of the most recent actuarial valuation are disclosed in the financial statements of IGE USA Investments.

GE Medical Systems Oxford Limited

Notes

(continued)

16. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Expiring within:				
1 year	-	3	-	-
2-5 years	-	8	-	-
Over 5 years	253	-	320	-
	<hr/>	<hr/>	<hr/>	<hr/>
	253	11	320	-
	<hr/>	<hr/>	<hr/>	<hr/>

17. Parent undertakings

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

The smallest group in which the results of the group are consolidated is that headed by IGE USA Investments, a company incorporated in England and Wales. The consolidated financial statements of this company are available to the public and may be obtained from 3rd Floor, 1 Trevelyan Square, Boar Lane, Leeds LS1 6HP.

The largest group in which the results of the company are consolidated is that headed by the company's 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 06431, USA or at www.ge.com.