

Registration number: 01002610

GE Healthcare Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015



GE Healthcare Limited

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GE Healthcare Limited

Strategic Report

Business review

Total sales in the year increased to £168.5m (2014: £152.0m), with £13m coming from an internal reorganisation which moved additional production through the Cardiff manufacturing facility. Intercompany sales accounted for £127.6m of total sales (2014: £113.1m).

The gross margin increased to 38.2% (2014: 32.7%) as a result of product mix.

The company continues to focus on cost control and invest heavily in research and development and is confident that the product pipeline will continue to deliver innovative profitable products. During the year, the company spent £24.3m (2013: £23m) on research and development projects. This cost is related to research and development work carried out in the UK and overseas on projects where the company owns the intellectual property rights (IPR).

Future Outlook

The general economic and political conditions in the UK make it difficult to increase the current level of trading activity, however we are confident that investment in product innovation and process improvement at a level designed to enable us to be a market leader in the diagnostic imaging and biotechnology industry, leaves us in a strong position to take advantage of growth opportunities as they arise.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks which relate to the overall development of the medical diagnostics market on a global basis.

The overall market for diagnostic imaging, including the products manufactured by GE Healthcare Limited, is facing funding constraints from government bodies particularly in the developed economies which is restricting growth in these markets. To mitigate these risks the company continues to focus on product differentiation from competitor generic products and continues to invest heavily in the research and development pipeline for new products to grow the company's portfolio of products.

Price pressure and competition is enhanced as a product patent expires and competitors enter the market with generic products. The business mitigates the reduction in sales and margin erosion for any product as it comes off patent through product differentiation in the market place.

The company sells products to a number of countries in various currencies therefore becoming subject to foreign currency fluctuations. This risk is mitigated by ensuring the appropriate foreign exchange hedges are in place on a group basis.

The company requires certain specialised raw materials for its products and supply shortages pose a risk to the business. The company has strong relationships with its suppliers and proactively reviews its customer contracts and plant investment to leave the company well placed to maximise supply.

The company invested heavily in diagnostic tools relating to amyloid plaque imaging. Future revenue streams associated with these products will be subject to approval for reimbursement by healthcare.

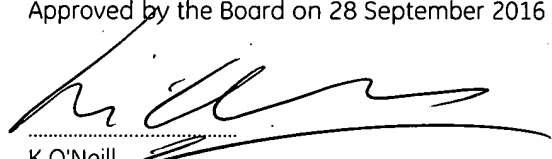
GE Healthcare Limited

Strategic Report (continued)

Key performance indicators

	2015	As Restated 2014	Comments
Growth in sales %	10.80%	(16.30%)	Year on year sales growth expressed as a percentage
Gross margin %	38.20%	32.70%	Ratio of gross profit to sales expressed as a percentage
Operating margin excluding R&D and non-recurring expenses	21.40%	22.80%	Ratio of operating profit, excluding R&D and non-recurring development & administrative expenses to sales expressed as a percentage
R&D %	14.40%	15.10%	Ratio of R&D costs to sales expressed as a percentage
Return on invested capital	2.01%	0.00%	Operating profit expressed as a percentage of brought forward net current assets

Approved by the Board on 28 September 2016 and signed on its behalf by:



K O'Neill
Director

GE Healthcare Limited

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2015.

Principal activities

The principal activities of the company during the year were the development, manufacture and sale of specialised products for research based biotechnology and for the diagnosis and treatment of disease.

Results and dividends

The profit for the year, after taxation, amounted to £31,824,000 (2014: £14,062,000).

The directors do not recommend the payment of a dividend (2014: £nil).

Directors of the company

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

E Hackett (appointed 19 January 2015)

M Murphy

K O'Neill

R A Cornell, Jr. (resigned 3 August 2016)

P Grenouillet (resigned 19 January 2015)

The following director was appointed after the year end:

I A Dale (appointed 3 August 2016)

Research and development activities

The company's policy is to invest in product innovation and process improvement at a level designed to enable it to be a market leader in the diagnostic imaging and biotechnology supply businesses in which it competes. It is also company policy to seek out new business opportunities by exploiting its skills and technological base.

Employee involvement

There are extensive arrangements in the United Kingdom for consultation with staff on company objectives, plans and progress and on matters of general and particular interest. Regular exchanges of information with staff take place through formal consultative arrangements at company and local level.

Disabled employees

The company's policy is to recruit, train and provide career development opportunities to disabled persons on the same basis as for other staff and to make every effort to retain and assist any individuals disabled in the course of their employment.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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Directors' Report (continued)

Reappointment of auditors

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 28 September 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'K O'Neill', written over a horizontal dotted line.

K O'Neill
Director

GE Healthcare Limited

Statement of Directors' Responsibilities

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 Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards has 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and prevent and detect fraud and other irregularities.

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Independent Auditor's Report to the members of GE Healthcare Limited

We have audited the financial statements of GE Healthcare Limited for the year ended 31 December 2015, set out on pages 8 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

GE Healthcare Limited

Independent Auditor's Report to the members of GE Healthcare Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David BurrIDGE (Senior Statutory Auditor)

For and on behalf of
KPMG LLP,

Statutory Auditor
Chartered Accountants

58 Clarendon Road
Watford
WD17 1DE

Date: 30 September 2016

GE Healthcare Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Turnover	4	168,479	152,014
Cost of sales		<u>(104,148)</u>	<u>(102,380)</u>
Gross profit		64,331	49,634
Selling & distribution costs		(13,823)	(13,448)
Development & administrative expenses - recurring		(144,351)	(129,906)
Development & administrative expenses - non recurring	10	<u>(1,100)</u>	<u>(10,857)</u>
Development & administrative expenses		(145,451)	(140,763)
Other operating income	5	<u>105,692</u>	<u>105,360</u>
Operating profit		10,749	783
Net loss on sale of tangible fixed assets		<u>(697)</u>	<u>(2,448)</u>
Profit/(Loss) on ordinary activities before interest		10,052	(1,665)
Income from fixed asset investments	7	15,328	7,908
Interest receivable and similar income	8	12,663	11,516
Interest payable and similar charges	9	<u>(6,020)</u>	<u>(3,447)</u>
Profit on ordinary activities before taxation		32,023	14,312
Tax on profit on ordinary activities	14	<u>(199)</u>	<u>(250)</u>
Profit for the year		<u>31,824</u>	<u>14,062</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>31,824</u></u>	<u><u>14,062</u></u>

The above results were derived from continuing operations.

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Balance Sheet as at 31 December 2015

	Note	2015 £ 000	(As restated) 2014 £ 000
Fixed assets			
Intangible assets	16	23,727	11,126
Tangible assets	15	110,728	113,432
Investments	17	45,738	45,738
		<u>180,193</u>	<u>170,296</u>
Current assets			
Stocks	18	11,162	11,147
Debtors: amounts falling due within one year	19	755,991	728,026
Debtors: amounts falling due after more than one year	19	24,826	23,169
Cash	20	6,234	6,057
		<u>798,213</u>	<u>768,399</u>
Creditors: Amounts falling due within one year	21	<u>(264,341)</u>	<u>(239,542)</u>
Net current assets		<u>533,872</u>	<u>528,857</u>
Total assets less current liabilities		714,065	699,153
Creditors: Amounts falling due after more than one year	22	(4,082)	(10,025)
Provisions for liabilities	23	<u>(37,610)</u>	<u>(38,341)</u>
Net assets		<u>672,373</u>	<u>650,787</u>
Capital and reserves			
Called up share capital	24	35,377	35,377
Share premium account		493,237	493,237
Other reserves		(3,885)	6,353
Profit and loss account		<u>147,644</u>	<u>115,820</u>
Shareholders' funds		<u>672,373</u>	<u>650,787</u>

Approved by the Board on 28 September 2016 and signed on its behalf by:



K O'Neill

Director

The notes on pages 12 to 35 form an integral part of these financial statements.

GE Healthcare Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Called up share capital £ 000	Share premium account £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2015	35,377	493,237	6,353	115,820	650,787
Comprehensive income for the year					
Profit for the year	-	-	-	31,824	31,824
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	31,824	31,824
Equity share based payments expense recognised during the year	-	-	457	-	457
Recharges made by GE Company in respect of share options exercised during the year	-	-	(10,695)	-	(10,695)
At 31 December 2015	<u>35,377</u>	<u>493,237</u>	<u>(3,885)</u>	<u>147,644</u>	<u>672,373</u>

The notes on pages 12 to 35 form an integral part of these financial statements.

GE Healthcare Limited

Statement of Changes in Equity for the Year Ended 31 December 2015 (continued)

	Called up share capital £ 000	Share premium account £ 000	Other reserves £ 000	(As restated) Profit and loss account £ 000	Total £ 000
At 1 January 2014	35,377	493,237	6,410	95,710	630,734
Prior year adjustment	-	-	-	6,048	6,048
	<u>35,377</u>	<u>493,237</u>	<u>6,410</u>	<u>101,758</u>	<u>636,782</u>
Comprehensive income for the year					
Profit for the year	-	-	-	14,062	14,062
Total comprehensive income	-	-	-	14,062	14,062
Equity share based payments expense recognised during the year	-	-	1,126	-	1,126
Recharges made by GE Company in respect of share options exercised during the year	-	-	(1,183)	-	(1,183)
At 31 December 2014	<u>35,377</u>	<u>493,237</u>	<u>6,353</u>	<u>115,820</u>	<u>650,787</u>

The notes on pages 12 to 35 form an integral part of these financial statements.

GE Healthcare Limited

Notes to the Financial Statements

1 General information

The company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Amersham Place
Little Chalfont
Buckinghamshire
HP7 9NA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the company is provided in note 29.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 41 Farnsworth Street, Boston, MA 02210, USA or at www.ge.com.

Own shares held by ESOP trust

Transactions of the company-sponsored ESOP trust are treated as being those of the company and are therefore reflected in the company's financial statements. In particular, the trust's purchases and sales of shares in the company are debited and credited directly to equity.

Exemption from preparing group accounts

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

GE Healthcare Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2015 and have had an effect on the financial statements:

FRS 100 and FRS 101

In the current year the company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in the note 29.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2015 have had a material effect on the financial statements.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets, and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

Going concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the company's directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

GE Healthcare Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Turnover

Turnover consists of royalties and sales of goods and services at invoiced values, exclusive of value added tax, returns and trade discounts.

Revenues are recognised once the realisation of the consideration is reasonably assured and the provision of goods or services is substantially complete with respect to the delivery of the specific product or performance of the related service. This will normally be the case when there are no material uncertainties or performance duties outstanding which could prevent the company from enforcing the sales transaction, and collectability is reasonably assured.

Research and development

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

Foreign currency transactions and balances

The accounts are presented in sterling which is the company's functional and presentational currency.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the profit and loss account.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

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.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any accumulated losses.

Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

GE Healthcare Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Asset class	Depreciation method and rate
Freehold land	nil
Freehold property	2.5% per annum
Plant & machinery	varying rates between 2.5% and 25% per annum
Fixtures, fittings, tools and equipment	varying rates between 2.5% and 25% per annum
Decommissioning asset	in line with decommissioning date of each asset
Assets under construction	nil

Intangible assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill is stated at cost less any accumulated impairment loss, as per IFRS 3 Business Combination, goodwill is not amortised. Consequently, the company does not amortise goodwill but reviews it for impairment on an annual basis or whenever there are indicators of impairment.

To assess potential impairment of the goodwill carrying value at the balance sheet date, the directors consider if there has been any material change in the underlying customer relationships in relation to the acquired business. This is considered by reviewing the ongoing business and attrition rates of the acquired customer relationships.

Directly acquired intangible assets, comprising of patents, patent applications, trademarks and know-how, are stated at cost less amortisation. Intangible assets, other than goodwill, acquired in a business combination, which are not separable and measurable are not capitalised.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Patents	15 years
Software	25% per annum

Investments

Investments in subsidiary and other undertakings are held at original cost less any return of capital and provision for impairment.

At each balance sheet date the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If such indication exists, the recoverable amount of the investment is estimated based on its net asset value and value in use. Where the recoverable amount of the investment is less than the carrying value an impairment loss is recognized as an expense.

GE Healthcare Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. 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 obsolescent and slow moving stocks and for radioactive decay.

Environmental costs

The costs associated with radioactive waste arising from operations for which an authorised disposal route is available, principally low level and very low level waste, are expensed in the year in which they are incurred. Currently there is no disposal route in the UK for intermediate level waste at the volumes held. Provision is however made for the anticipated future disposal cost. These provisions are based on the latest technical assessment of the process and methods likely to be used to dispose of this waste and on industry estimates of the likely costs of the necessary disposal facilities under the relevant government's preferred current and future disposal route.

Radioactive decommissioning costs

The fair value of the cost to decommission a radioactive asset is recognised in the period when the legal obligation is created. This is achieved by increasing the carrying amount of the related asset by the same amount as the liability. Amortisation is then charged over the life of the asset. The unwinding of the discount on the decommissioning provision is charged in the profit and loss account as part of the interest charge. The provisions represent management and the directors' best estimates of the costs expected to be incurred. They are calculated based on the latest technical evaluation of the processes and methods likely to be used, and reflect current engineering knowledge.

Operating leases

Rentals paid under operating leases are charged to the profit or loss (net of any incentives received from the lessor) on a straight line basis over the period of the lease.

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 IAS 19 Employee Benefits, the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

GE Healthcare Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Share based payments

Share options and restricted stock 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, the 'other reserve'. 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 the 'other reserve'. 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. The company's costs of these purchases are charged to the profit and loss account as incurred.

3 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Warranty provisions

The company offers warranties on certain products and provisions for these warranties are recognised considering factors such as the frequency and extent of future monitoring, maintenance and overhaul events, and historical run rates to meet the obligations of these warranties. Management routinely review estimates under product warranties and regularly revise them to adjust for changes in outlook.

GE Healthcare Limited

Notes to the Financial Statements

3 Critical accounting judgments and key sources of estimation uncertainty (continued)

Goodwill

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The impairment testing process requires management to make significant judgements and estimates regarding the future cash flows expected to be generated by the use of and, if applicable, the eventual disposal of goodwill as well as other factors to determine the fair value. Management periodically evaluates and updates the estimates based on the conditions which influence these variables.

Where the carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down the goodwill to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities and income tax. Impairment losses arising in respect of goodwill are not reversed once recognised.

Environment Provisions

Our operations, like operations of other companies engaged in similar businesses, involve the use, disposal and clean-up of substances regulated under environmental protection laws. We are involved in a number of remediation actions to clean up hazardous wastes as required by law. Expenditures for site remediation actions amounted to approximately £9.4m in 2015 (2014: £0.6m). We presently expect that such remediation actions will require average annual expenditures to remain similar to the current year in the future, see Note 23.

4 Turnover

The company only has one class of business: the development, manufacture and sale of specialised products for research based biotechnology and diagnosis and treatment of disease. Turnover to third parties by destination is not materially different from turnover by origin.

A geographical analysis of turnover is as follows:

	2015 £ 000	2014 £ 000
United Kingdom	34,635	28,185
Europe	93,350	64,003
USA	30,803	28,362
Rest of world	9,691	31,464
	<u>168,479</u>	<u>152,014</u>

GE Healthcare Limited

Notes to the Financial Statements

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2015 £ 000	2014 £ 000
Royalty receivable	366	11,711
Intercompany shared service recharges	105,326	93,649
	<u>105,692</u>	<u>105,360</u>

6 Operating profit

Operating profit is stated after charging/(crediting)

	2015 £ 000	(As restated) 2014 £ 000
Depreciation of tangible fixed assets:		
- owned by the company	13,915	16,478
Amortisation - intangible fixed assets	3,314	25
Research and development expenditure	24,324	23,000
Difference on foreign exchange	(549)	(323)
Operating lease rentals - land and building	-	80
Operating lease rentals - other	1,744	1,724

7 Income from fixed asset investments

	2015 £ 000	2014 £ 000
Dividends receivable from group companies	<u>15,328</u>	<u>7,908</u>

8 Interest receivable and similar income

	2015 £ 000	2014 £ 000
Other interest receivable	25	36
Interest receivable from group companies	<u>12,638</u>	<u>11,480</u>
	<u>12,663</u>	<u>11,516</u>

GE Healthcare Limited

Notes to the Financial Statements

9 Interest payable and similar charges

	2015 £ 000	2014 £ 000
Other interest payable	111	-
On loans from group undertakings	1,455	1,391
Unwinding of discount on decommissioning and other provisions	4,454	2,056
	<u>6,020</u>	<u>3,447</u>

10 Development & administrative expenses - non-recurring

The non-recurring development and administrative expenses of £1,100,000 (2014: £10,857,000) relate to restructuring and related redundancy costs and other associated staff costs.

11 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2015 £ 000	2014 £ 000
Wages and salaries	71,651	72,533
Social security costs	5,953	6,727
Pension costs, defined contribution scheme	890	1,061
Pension costs, defined benefit scheme	7,475	8,492
Share-based payment expenses	457	1,126
	<u>86,426</u>	<u>89,939</u>

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

	2015 No.	2014 No.
Production	746	701
Administration and support	118	82
Sales	134	120
	<u>998</u>	<u>903</u>

GE Healthcare Limited

Notes to the Financial Statements

12 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £ 000	2014 £ 000
Remuneration	<u>1,002</u>	<u>481</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2015 No.	2014 No.
Accruing benefits under defined benefit pension scheme	<u>3</u>	<u>2</u>

In respect of the highest paid director:

	2015 £ 000	2014 £ 000
Remuneration	<u>488</u>	<u>313</u>

13 Auditor's remuneration

	2015 £ 000	2014 £ 000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>168</u>	<u>186</u>
Fees payable to the company's auditor and its associates in respect of: The auditing of accounts of associates of the company	29	58
Non audit fees	<u>5</u>	<u>10</u>
	<u>34</u>	<u>68</u>

GE Healthcare Limited

Notes to the Financial Statements

14 Taxation

Tax charged/(credited) in the profit and loss account

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax	199	250
Deferred taxation		
Origination and reversal of timing differences	(1,332)	(517)
Changes to tax rates	3,797	36
Adjustment in respect of prior years	1,251	1,072
Movement in deferred tax not provided	(3,716)	(591)
Total deferred taxation	-	-
Tax expense in the income statement	199	250

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2014 - lower than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Profit before tax	32,023	14,312
Corporation tax at standard rate	6,484	3,076
Adjustment to tax charge in respect of prior periods	1,251	1,072
Revenues exempt from taxation	(4,060)	(3,136)
Expenses not deductible for tax purpose	1,903	1,972
Movement in deferred tax not provided	(3,716)	(591)
Group relief	(5,460)	(2,179)
Effect of change in tax rates	3,797	36
Total tax charge	199	250

GE Healthcare Limited

Notes to the Financial Statements

14 Taxation (continued)

Factors that may affect future tax charges

The UK corporation tax rate was reduced from 21% to 20% on 1 April 2015. Further reductions to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted at the balance sheet date. This will reduce any current tax charges accordingly. Subsequently, the UK government announced that the UK corporation tax rate will reduce further to 17% from 1 April 2020.

Deferred tax assets and liabilities on all timing differences have been calculated at 18%, including those expected to reverse in the years ending 31 December 2016 to 31 December 2020 (the overall average rate ranging from 20% to 18.25%). The impact of this on the financial statements is not considered material.

There are no other factors that may significantly affect future tax charges.

Deferred tax

There are £34,028,844 of deductible temporary differences (2014 - £48,807,000) for which no deferred tax asset is recognised in the balance sheet.

GE Healthcare Limited

Notes to the Financial Statements

15 Tangible assets

	(As restated) Freehold land and buildings £ 000	(As restated) Fixtures & fittings, tools and equipment £ 000	Decommissioning asset £ 000	(As restated) Plant & machinery £ 000	(As restated) Assets under construction £ 000	(As restated) Total £ 000
Cost						
At 1 January 2015	77,371	33,807	38,317	113,772	1,111	264,378
Additions	403	1,099	4,544	4,157	1,707	11,910
Disposals	(658)	(2,337)	(5,933)	(9,625)	-	(18,553)
Transfers between classes	-	162	-	(111)	(51)	-
At 31 December 2015	<u>77,116</u>	<u>32,731</u>	<u>36,928</u>	<u>108,193</u>	<u>2,767</u>	<u>257,735</u>
Depreciation						
At 1 January 2015	31,944	26,751	20,915	71,336	-	150,946
Charge for the year	2,220	3,807	1,041	6,847	-	13,915
On disposals	(430)	(2,316)	(5,934)	(9,174)	-	(17,854)
At 31 December 2015	<u>33,734</u>	<u>28,242</u>	<u>16,022</u>	<u>69,009</u>	<u>-</u>	<u>147,007</u>
Net book value						
At 31 December 2015	<u>43,382</u>	<u>4,489</u>	<u>20,906</u>	<u>39,184</u>	<u>2,767</u>	<u>110,728</u>
At 31 December 2014	<u>45,427</u>	<u>7,056</u>	<u>17,402</u>	<u>42,436</u>	<u>1,111</u>	<u>113,432</u>

GE Healthcare Limited

Notes to the Financial Statements

15 Tangible assets (continued)

Included within land and buildings above is £2,010,000 (2014: £2,010,000) relating to the non depreciable value of land.

There were no assets held under finance leases included in the cost of tangible fixed assets.

16 Intangible assets

	Goodwill £ 000	(As restated) Software £ 000	(As restated) Patents £ 000	(As restated) Total £ 000
Cost				
At 1 January 2015	-	63,367	2,445	65,812
Additions	54	16,232	-	16,286
Disposals	-	(1,072)	-	(1,072)
At 31 December 2015	54	78,527	2,445	81,026
Amortisation				
At 1 January 2015	-	52,661	2,025	54,686
Charge for the year	-	3,151	163	3,314
On disposals	-	(701)	-	(701)
At 31 December 2015	-	55,111	2,188	57,299
Carrying amount				
At 31 December 2015	54	23,416	257	23,727
At 31 December 2014	-	10,706	420	11,126

GE Healthcare Limited

Notes to the Financial Statements

17 Fixed assets investments

	Investments in subsidiary companies £ 000	Unlisted investments £ 000	Total £ 000
Cost or valuation			
At 1 January 2015	21,202	36,260	57,462
At 31 December 2015	21,202	36,260	57,462
Impairment			
At 1 January 2015	11,724	-	11,724
At 31 December 2015	11,724	-	11,724
Net book value			
At 31 December 2015	9,478	36,260	45,738
At 31 December 2014	9,478	36,260	45,738

The directors of the company have undertaken a review of the company's investment in group undertakings as at 31 December 2015. There are no indications of impairment and the carrying values of the investments are correct.

Details of the company's undertakings as at 31 December 2015 are as follows:

Name and nature of business	Country of incorporation	Percentage of shares held
GE Healthcare SAS - Medical diagnostics	France	100%
Amersham Japan KK - Investment company	Japan	100%
Amersham NMP China Limited - Dormant company	England	100%
Imanet Holdings Limited - Investment company	England	100%
Nihon Medi-Physics Co., Limited - Medical diagnostics	Japan	24%
GE Healthcare D.o.o - Medical diagnostics	Croatia	100%
Amersham Trustees Limited - Dormant company	England	100%

GE Healthcare Limited

Notes to the Financial Statements

18 Stock

	2015 £ 000	2014 £ 000
Raw materials	3,667	8,171
Work in progress	5,100	1,043
Finished goods and goods for resale	2,395	1,933
	<u>11,162</u>	<u>11,147</u>

The replacement cost of stock is not materially different from original cost.

19 Debtors

	2015 £ 000	2014 £ 000
Due after more than one year		
Amounts owed by group undertakings	<u>24,826</u>	<u>23,169</u>
Due within one year		
Trade debtors	3,549	2,814
Amounts owed by group undertakings	748,669	718,582
Prepayments and accrued income	742	610
Tax recoverable	25	25
Other debtors	<u>3,006</u>	<u>5,995</u>
	<u>755,991</u>	<u>728,026</u>

20 Cash

	2015 £ 000	2014 £ 000
Cash at bank	<u>6,234</u>	<u>6,057</u>

The cash at bank balance is restricted to use as per the Trust deeds.

GE Healthcare Limited

Notes to the Financial Statements

21 Creditors: Amounts falling due within one year

	2015 £ 000	2014 £ 000
Trade creditors	20,664	16,809
Accruals and deferred income	25,244	16,217
Amounts owed to group undertakings	206,110	190,907
Social security and other taxes	2,494	4,030
Other creditors	3,623	3,888
Bank loans and overdrafts	-	1,500
Other pension liabilities	6,206	6,191
	<u>264,341</u>	<u>239,542</u>

22 Creditors: Amounts falling due after more than one year

	2015 £ 000	2014 £ 000
Pension liabilities	<u>4,082</u>	<u>10,025</u>

23 Provisions

	Decontamination £ 000	Environmental costs £ 000	Reorganisation £ 000	Total £ 000
At 1 January 2015	31,144	5,385	1,812	38,341
Additional amounts provided	4,153	208	1,211	5,572
Utilised during the year	(9,235)	(184)	(1,843)	(11,262)
Unwinding of discount	<u>4,955</u>	<u>4</u>	<u>-</u>	<u>4,959</u>
At 31 December 2015	<u>31,017</u>	<u>5,413</u>	<u>1,180</u>	<u>37,610</u>

Decontamination

Provisions for decontamination relate to the costs associated with decommissioning radioactive facilities. Costs will be incurred after the facilities are withdrawn from use in radioactive operations and extend out to 2035. The provisions are based on the latest technical assessment of the processes likely to be used, and are stated at net present value. The discount rates applied vary between 3.32% and 6.67%.

For those sites where the assets are currently being used and are active, these assumptions are reviewed regularly by management and the provision is adjusted to reflect changes in assumptions over the life of the assets. These assumptions reflect a high degree of uncertainty because they are looking at facts and circumstances well into the future. As a result of the technical uncertainties involved in carrying out the decommissioning work, it is possible that this process could result in a significant change in the overall decommissioning cost which would be reflected as an immediate charge to the profit and loss account.

GE Healthcare Limited

Notes to the Financial Statements

23 Provisions (continued)

Environmental costs

This provision is for the costs the company expects to incur in relation to site remediation and the costs of safely removing, transporting, storing and disposing of radioactive sources. The provision also includes an amount relating to legal fees and litigation.

The provisions are based on the latest technical assessment of the processes likely to be used, and certain provisions are stated at net present value. The discount rates applied vary between 2.44% and 5.90%.

Reorganisation

The reorganisation provisions relates to redundancy costs. Included within the amounts provided are balances for employees at various UK sites. The majority of these costs are expected to be settled by 31 December 2016.

24 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.05 each	<u>707,550</u>	<u>35,377</u>	<u>707,550</u>	<u>35,377</u>

25 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2015 £ 000	2014 £ 000
Within one year	130	90
In two to five years	<u>774</u>	<u>896</u>
	<u>904</u>	<u>986</u>

GE Healthcare Limited

Notes to the Financial Statements

26 Pension and other schemes

The company participates in the following pension arrangements on behalf of its UK employees.

(a) GE Pension Plan

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 IAS 19 'Employee Benefits', the scheme had been accounted for in the financial statements as if the scheme was a defined contribution scheme. The funding surplus/deficit in respect of this scheme is disclosed in the financial statements of GEH Holdings, a company registered in England and Wales.

The last full actuarial valuation was carried out as at 31 March 2015 by a qualified independent actuary. At this date there was a funding deficit of £164 million and a funding level of 96.2%.

The pension charge for the year was £7,475,000 (2014: £8,492,000) in respect of the defined benefit scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

(b) GE Pension Saver

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The pension charge for the year was £890,000 (2014: £1,061,000) in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

GE Healthcare Limited

Notes to the Financial Statements

26 Pension and other schemes (continued)

(c) Other pension liabilities

In 1990, Amersham Plc (previous name of GE Healthcare Limited) divested one of its joint ventures to another company, Johnson and Johnson plc (J&J). Employees of the joint venture were at that time given the option to either defer their pension rights or to transfer to the J&J scheme. When compared to the J&J scheme, the Amersham Plc pension scheme was more favourable when contributing towards the pension funds of employees whilst they were between the ages of 41 and 57. GE Healthcare Limited therefore continues to recognise a provision regarding this obligatory pension top-up.

The company also operates an unapproved retirement benefit scheme (URBS). This small scheme totals £2.8m (2012: £2.9m) for a former director of Amersham Plc that has been fully provided for. Monthly payments are made to the sole member and the remaining liability reduced accordingly. To that extent the scheme should be regarded as URBS rather than funded unapproved retirement benefit scheme (FURBS), as the scheme is fully provided for rather than fully funded through a segregated cash balance. This scheme is reviewed annually by Watson Wyatt.

In addition to this, GE Healthcare Limited also recognises a pension provision regarding ex-employees who were made redundant or left the organisation.

The total liability recognised in respect of the above at 31 December 2015 is £3.6m (2014: £3.9m). This is disclosed in creditors.

27 Share-based payments

Certain employees of the company are selected to participate in share options and restricted stock 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 stock units give the participants the right to receive shares in General Electric Company for no consideration. Restricted stock 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.

For further details on stock options and restricted stock units please refer to the GE annual report available at www.ge.com.

The weighted average share price at the date of exercise of share options exercised during the year was \$28.38 (2014: \$26.62).

The options outstanding at the year end have an exercise price in the range of \$9.57 to \$38.75 and a weighted average contractual life of 6.19 years.

GE Healthcare Limited

Notes to the Financial Statements

28 Ultimate parent undertaking and controlling party

The company's immediate parent is GE Healthcare UK Limited, a company incorporated 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. These consolidated financial statements of this company are available to the public and may be obtained from 41 Farnsworth Street, Boston, MA 02210, USA or at www.ge.com

29 Transition to FRS 101

As stated in note 2, these are the company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in preparation of an opening FRS 101 balance sheet at 1 January 2014 (the company's date of transition).

In preparing the FRS 101 balance sheet, the company has adjusted amounts previously reported and prepared in accordance with the previous UK GAAP basis of accounting. An explanation of how the transition from UK GAAP to FRS 101 has affected the company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

GE Healthcare Limited

Notes to the Financial Statements

29 Transition to FRS 101 (continued)

Balance sheet at 1 January 2014

Note	As previously stated 1 January 2014 £ 000	Effect of transition 1 January 2014 £ 000	FRS 101 (as restated) 1 January 2014 £ 000
Fixed assets			
Intangible assets	-	4,937	4,937
Tangible assets	132,914	(4,937)	127,977
Investments	45,738	-	45,738
	<u>178,652</u>	<u>-</u>	<u>178,652</u>
Current assets			
Stocks	12,134	-	12,134
Debtors	699,754	-	699,754
Cash	6,114	-	6,114
	<u>718,002</u>	<u>-</u>	<u>718,002</u>
Creditors: Amounts falling due within one year	<u>(191,354)</u>	<u>-</u>	<u>(191,354)</u>
Net current assets	<u>526,648</u>	<u>-</u>	<u>526,648</u>
Total assets less current liabilities	705,300	-	705,300
Creditors: Amounts falling due after more than one year	(15,968)	-	(15,968)
Provisions for liabilities	<u>(52,550)</u>	<u>-</u>	<u>(52,550)</u>
Net assets	<u>636,782</u>	<u>-</u>	<u>636,782</u>
Capital and reserves			
Called up share capital	(35,377)	-	(35,377)
Share premium account	(493,237)	-	(493,237)
Other reserve	(6,410)	-	(6,410)
Profit and loss account	<u>(101,758)</u>	<u>-</u>	<u>(101,758)</u>
Shareholders' funds	<u>(636,782)</u>	<u>-</u>	<u>(636,782)</u>

GE Healthcare Limited

Notes to the Financial Statements

29 Transition to FRS 101 (continued)

Balance sheet at 31 December 2014

	Note	As previously reported 31 December 2014 £ 000	Effect of transition 31 December 2014 £ 000	FRS 101 (as restated) 31 December 2014 £ 000
Fixed assets				
Intangible assets		420	10,706	11,126
Tangible assets		124,138	(10,706)	113,432
Investments		45,738	-	45,738
		<u>170,296</u>	<u>-</u>	<u>170,296</u>
Current assets				
Stocks		11,147	-	11,147
Debtors		751,195	-	751,195
Cash		6,057	-	6,057
		<u>768,399</u>	<u>-</u>	<u>768,399</u>
Creditors: Amounts falling due within one year		<u>(239,542)</u>	<u>-</u>	<u>(239,542)</u>
Net current assets		<u>528,857</u>	<u>-</u>	<u>528,857</u>
Total assets less current liabilities		699,153	-	699,153
Creditors: Amounts falling due after more than one year		(10,025)	-	(10,025)
Provisions for liabilities		<u>(38,341)</u>	<u>-</u>	<u>(38,341)</u>
Net assets		<u>650,787</u>	<u>-</u>	<u>650,787</u>
Capital and reserves				
Called up share capital		(35,377)	-	(35,377)
Other reserve		(493,237)	-	(493,237)
Other reserves		(6,353)	-	(6,353)
Profit and loss account		<u>(115,820)</u>	<u>-</u>	<u>(115,820)</u>
Shareholders' funds		<u>(650,787)</u>	<u>-</u>	<u>(650,787)</u>

GE Healthcare Limited

Notes to the Financial Statements

29 Transition to FRS 101 (continued)

Profit and loss account for the year ended 31 December 2014

	Note	As previously stated 31 December 2014 £ 000	Effect of transition 31 December 2014 £ 000	FRS 101 (as restated) 31 December 2014 £ 000
Turnover		152,014	-	152,014
Cost of sales		(102,380)	-	(102,380)
Gross profit		49,634	-	49,634
Distribution costs		(13,448)	-	(13,448)
Administrative expenses		(140,763)	-	(140,763)
Other operating income		105,360	-	105,360
Operating profit		783	-	783
Net loss on sale of tangible fixed assets		(2,448)	-	(2,448)
Income from other fixed asset investments		7,908	-	7,908
Interest receivable and similar income		11,516	-	11,516
Interest payable and similar charges		(3,447)	-	(3,447)
		13,529	-	13,529
Profit on ordinary activities before taxation		14,312	-	14,312
Tax on profit on ordinary activities		(250)	-	(250)
Profit for the year		14,062	-	14,062

Explanation of changes to previously reported profit and equity

As per FRS101, Software should be classified as an intangible asset. As a result, assets with a net book value of £4,937,000 at 1 January 2014 and £10,706,000 at 31st December 2014 have been moved from Tangible fixed assets, reducing the year-end balance to £113,432,000, to intangible assets, increasing the year-end balance to £11,126,000. This has £nil impact upon the net assets of the business and a £nil effect on profit for the year ended 31 December 2014.