

Registration number: 00123550

GE Energy (UK) Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2022



GE Energy (UK) Limited

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GE Energy (UK) Limited

Strategic Report

The directors present their strategic report for the year ended 31 December 2022.

Fair review of the business

The results for the company show a pre-tax profit for the year of £998,000 (2021: loss of £1,425,000). The key factors driving this change in performance are :

An increase in turnover of £5,733,000 in the year to 31 December 2022 is due to the commencement of operations of the offshore wind division.

Gross profit margin has decreased from 54.41% in the year to 31 December 2021 to 37.14% for 2022. This is due to lower profit margin obtained on the offshore wind business.

The company has net assets of £9,717,000 (2021: £2,908,000) of which £8,358,000 (2021: £3,510,000) is due from fellow GE group companies. This movement in net assets is a result of trading balances from the Offshore operations.

On 6 September 2022, the company issued an additional 3,152,457 ordinary shares of £1.375 each for total cash consideration of £4,334,634. The difference between the issued capital at nominal value and the cash received has been included in the company share premium reserve reduced by the cost of issuing capital of £21,282. In addition, the company issued 630,491 ordinary shares in return for a contributed investment of GE Energy Power Conversion UK Holdings Limited valued at £ 866,925, resulting in an additional increase in the company shares capital of 630,491 and its share premium of £ 236,434.

Details of the increase in the value of investments from nil in 2021 to £ 5,180,277 at 31 December 2022 are set out in note 15.

Future outlook

The external commercial environment is expected to be tough over the next few years with few Onshore windfarms being constructed in the UK. Onshore Wind maintenance activities will continue and will give an operational baseline. We are, however, seeing significant demand for our Offshore Wind Turbines which will improve profitability in the future.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to (i) competition from other equipment and services providers and (ii) legislative changes regarding support for onshore and offshore wind energy projects.

GE Energy (UK) Limited

Strategic Report

Key performance indicators (KPI's)

The directors consider that the most appropriate indicators of the company's key financial performance during the year were as follows:

	2022	2021	Comment
Operating margin (%)	2.94%	(4.02 %)	Ratio of operating margin to sales expressed as a percentage.
Growth in sales (%)	16.29%	9.25 %	Year on year sales growth expressed as a percentage. The fluctuation in sales is in line with our expectations.
Return on invested capital (%)	12.39%	(48.59 %)	Operating margin expressed as a percentage of net assets.


Future Developments

The directors are not expecting a change in the principal activity of the company in the foreseeable future.

On 9 November 2021, General Electric Company (GE) announced that it would form three global listed companies that are intended to be run independently and focus on the aerospace, healthcare, and energy segments. In this context, GE plans to spin off 80.1% of its Healthcare business in early 2023 and retain a 19.9% interest in GE Healthcare after the spin-off. In addition, GE Digital, Renewables and Power businesses are planned to be combined into one business and spun off from GE in early 2024. Following these transactions, GE is expected to be an aviation-focused company shaping the future of flight while retaining certain other assets and liabilities including its runoff insurance operations. On 4 January 2023 the spin-off of the healthcare entities was completed. All healthcare entities ownership has changed and their ultimate parent company and controlling party is GE HealthCare Technologies Inc.

At the date of signing these financial statements there has been no impact from these transactions on this entity. From early 2024, there will be a change in the ultimate parent company for this entity but this has not yet been formally determined.

Approved by the Board on 27 September 2023 and signed on its behalf by:

DocuSigned by:

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 A J Steeples
 Director

GE Energy (UK) Limited

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The company is involved in the construction of and provision of operation and maintenance services to clients for wind turbine units.

Results and dividends

The profit for the year, after taxation, amounted to £972,000 (2021: loss of £1,425,000). Net assets have increased from £2,908,000 in 2021 to £9,717,000 at 31 December 2022.

The directors do not recommend the payment of a dividend (2021: £nil).

Directors of the company

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

A J Steeples

R P Huxley

S A Maddison (appointed 20 January 2022 and resigned 21 December 2022)

P Woodroffe (appointed 21 December 2022)

Political and charitable contributions

The company did not make any political or charitable donations in the year (2021: £nil).

Future developments

Details of future developments are disclosed in the Strategic Report on page 2.

GE Energy (UK) Limited

Directors' Report

Going concern

The company has net assets of £9,717,000 as at 31 December 2022 (2021: £2,908,000) and profit for the year ended of £972,000 (2021: loss of £1,425,000). Based on this position the financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements, also considering events reasonably foreseeable beyond this horizon, which indicates that taking account of the inflationary impacts on the UK economy, higher interest rates, increased energy costs, labour market shortages and in light of the company's ability to access the group's cash pool facility if required, the company will have sufficient funds to meet its liabilities as they fall due for that period.

As a consequence of the planned spin-off by GE of its GE Vernova operations in early 2024, the Company will no longer have access to GE's cash pool facilities post separation. Nonetheless, the independent Vernova group will operate its own cash pool funding structure, and as an investment-grade listed business, is expected to have sufficient liquidity to provide support to its subsidiaries to meet their liabilities as they fall due. Management expect this entity to continue operating within the new group structure.

The directors are confident that the company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Branches outside the United Kingdom

The company has no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

GE Energy (UK) Limited

Directors' Report

Financial risk management objectives and policies

Interest rate risk

The company is exposed to interest rate risk arising out of amounts owed to group undertakings. The exposure to interest rate risks have not been hedged as there is no net interest rate risk at a group level on intra-group borrowings.

Foreign currency risk

The company monitors and manages the foreign currency risk in relation to its operations in line with the group's policy and with the help of the global treasury team.

Liquidity risk

The company has the ability to access the group's cash pool facility as and when required which helps in managing liquidity risk.

Credit risks

The company is not exposed to significant credit risk other than on amounts owed by group undertakings on which it places reliance on the group's overall financial position.

Post balance sheet events

There have been no significant post balance sheet events affecting the company since the year end which require disclosure in or amendment to the financial statements.

Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year in respect of this entity and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report. One or more directors of the immediate parent undertaking and subsidiaries of this entity have benefitted from the same qualifying indemnity provisions.

Disclosure of information to the auditor

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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

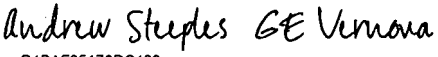
GE Energy (UK) Limited

Directors' Report

Auditor

The auditor, Deloitte (NI) Limited have expressed their willingness to continue in office as auditor and have been re-appointed at the AGM of the ultimate parent company and by this Board of Directors under section 487(2) of the Companies Act 2006 and will continue in office.

Approved by the Board on 27 September 2023 and signed on its behalf by:

DocuSigned by:

.....D18AF35170DC499.....
A J Steeples
Director

GE Energy (UK) 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 Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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 then apply them consistently;
- make judgements 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; 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 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.

Independent Auditor's Report to the Members of GE Energy (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GE Energy (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account and Other Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the statement of accounting policies in note 2; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of GE Energy (UK) Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of GE Energy (UK) Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety regulations, UK employment law and General Data Protection Regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent Auditor's Report to the Members of GE Energy (UK) Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

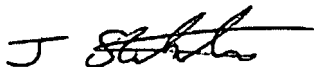
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

We have nothing to report in these respects.

Use of our report

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.



.....
Jason Starbuck FCA (Senior Statutory Auditor)
For and on behalf of Deloitte (NI) Limited,
Statutory Auditor
27-45 Great Victoria Street,
Lincoln Building,
Belfast
BT2 7SL

Date: 31 October 2023

GE Energy (UK) Limited

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	40,925	35,192
Cost of sales		<u>(25,725)</u>	<u>(16,044)</u>
Gross profit		15,200	19,148
Administrative expenses		(9,641)	(17,003)
Other operating expenses		<u>(4,355)</u>	<u>(3,558)</u>
Operating profit/(loss)	5	1,204	(1,413)
Interest receivable and similar income	6	156	18
Interest payable and similar expenses	7	<u>(362)</u>	<u>(30)</u>
Profit/(loss) before tax		998	(1,425)
Tax on profit/(loss)	11	<u>(26)</u>	<u>-</u>
Profit/(loss) for the year		972	(1,425)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		<u><u>972</u></u>	<u><u>(1,425)</u></u>

The above results were derived from continuing operations.

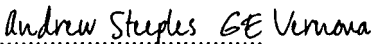
GE Energy (UK) Limited

Registration number: 00123550

Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Intangible assets	12	120	120
Tangible assets	13	1,781	126
Right of use assets	14	1,062	988
Investments	15	5,180	-
		<u>8,143</u>	<u>1,234</u>
Current assets			
Stocks	16	2,876	2,801
Debtors: amounts falling due within one year	17	55,310	24,093
		58,186	26,894
Creditors: amounts falling due within one year	18	(48,375)	(20,740)
Net current assets		<u>9,811</u>	<u>6,154</u>
Total assets less current liabilities		17,954	7,388
Creditors: amounts falling due after more than one year	19	(621)	(471)
Provisions for liabilities	20	(7,616)	(4,009)
Net assets		<u>9,717</u>	<u>2,908</u>
Capital and reserves			
Called up share capital	21	31,249	27,466
Share premium account		1,397	-
Employee share based equity reserve		3,403	2,746
Other reserves	21	(8,855)	(8,855)
Profit and loss account		(17,477)	(18,449)
Shareholders' funds		<u>9,717</u>	<u>2,908</u>

Approved by the Board on 27 September 2023 and signed on its behalf by:

DocuSigned by:

 A J Steeples
 Director

GE Energy (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Note	Called up share capital £ 000	Share premium account £ 000	Employee share based equity reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2022		27,466	-	2,746	(8,855)	(18,449)	2,908
Comprehensive income for the year							
Profit for the year		-	-	-	-	972	972
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	972	972
Share capital issued during the year	21	3,783	1,397	-	-	-	5,180
Employee share based equity reserve		-	-	1,680	-	-	1,680
Value of shares issued by GE Company in respect of share options exercised		-	-	(1,023)	-	-	(1,023)
At 31 December 2022		<u>31,249</u>	<u>1,397</u>	<u>3,403</u>	<u>(8,855)</u>	<u>(17,477)</u>	<u>9,717</u>

Other reserves

Other reserves include the merger reserve to show the difference between the fair value of consideration paid and the book value of net assets acquired in a business combination between entities under common control with a debit balance of £8,855,000 (2021: £8,855,000).

GE Energy (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Note	Called up share capital £ 000	Employee share based equity reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2021		27,466	1,862	(8,855)	(20,024)	449
Comprehensive loss for the year						
Loss for the year		-	-	-	(1,425)	(1,425)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss		-	-	-	(1,425)	(1,425)
Share capital issued during the year	21	3,000	-	-	-	3,000
Other ordinary share capital movements		(3,000)	-	-	3,000	-
Employee share based equity reserve		-	1,009	-	-	1,009
Value of shares issued by GE Company in respect of share options exercised		-	(125)	-	-	(125)
At 31 December 2021		27,466	2,746	(8,855)	(18,449)	2,908

The notes on pages 16 to 42 form an integral part of these financial statements.
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GE Energy (UK) Limited

Notes to the Financial Statements

1 General information

The company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

The address of its registered office is:

3rd Floor
1 Ashley Road, Altrincham
Cheshire
WA14 2DT

The nature of the company's operations and its principal activities are set out in the directors' report on page 3.

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("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.

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

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Going concern

The company has net assets of £9,717,000 as at 31 December 2022 (2021: £2,908,000) and profit for the year ended of £972,000 (2021: loss of £1,425,000). Based on this position the financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements, also considering events reasonably foreseeable beyond this horizon, which indicates that taking account of the inflationary impacts on the UK economy, higher interest rates, increased energy costs, labour market shortages and in light of the company's ability to access the group's cash pool facility if required, the company will have sufficient funds to meet its liabilities as they fall due for that period.

As a consequence of the planned spin-off by GE of its GE Vernova operations in early 2024, the Company will no longer have access to GE's cash pool facilities post separation. Nonetheless, the independent Vernova group will operate its own cash pool funding structure, and as an investment-grade listed business, is expected to have sufficient liquidity to provide support to its subsidiaries to meet their liabilities as they fall due. Management expect this entity to continue operating within the new group structure.

The directors are confident that the company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 5 Necco Street, Boston, Massachusetts, 02210, USA or at www.ge.com.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Adoption of new and revised Standards

There are no amendments to accounting standards, or IFRIC interpretations, that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

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 requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- 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 52, 58 and the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- 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 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;
- the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets.

Functional currency

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

Foreign currency transactions and balances

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.

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Turnover

Recognition

The company earns revenue from the sale of Wind Turbine Generators (WTG). This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The company also earns revenue from the provision of services relating to construction of WTGs and subsequent operation and maintenance of WTGs. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The main performance obligations to customers consist of:

1. Equipment i.e. Wind Turbine Generators;
2. Transportation;
3. Installation and
4. Commissioning.

The company acts as an agent of GE Wind Energy GmbH for the sale of equipment and consequently equipment revenue is recognised net of equipment cost using point in time basis i.e. when equipment is delivered to the customer. For the remaining performance obligations revenue is recognised over time on gross basis using cost-to-cost method.

Warranties are offered on sales of equipment which are completely borne by fellow GE entities except for operation & maintenance in limited instances.

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Turnover (continued)

Contract modifications

The company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue as part of the original contract using a cumulative catch up.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, contract assets are recognised. Contract assets are included in the statement of financial position and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the statement of financial position when the company's right to consideration becomes unconditional. Contract receivables are only recognised when services have been rendered and the company has an enforceable right to receive the payment.

Contract assets & receivables (loans and advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the balance sheet when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Turnover (continued)

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Interest receivable and payable

Interest income and expense are recognised in profit or loss using the effective interest rate ("EIR") method. The EIR is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not, in the case of financial assets, future credit losses.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Interest income and expense presented in the Profit and Loss Account and Other Comprehensive Income include interest on financial assets and financial liabilities at amortised cost on an effective interest rate basis.

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

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, and any adjustments to tax payable in respect of previous years. Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment 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 basis:

Asset class	Estimated useful life
Furniture, fixtures and fittings	25% straight line
Right of use assets	period of the lease

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Intangible assets

Goodwill

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 but is tested annually for impairment. Although this is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, which requires that all goodwill be amortised, the directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Investments

Investment in group undertakings are shown at cost less 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 fair value less costs of disposal and value in use. Where the recoverable amount of the investment is less than the carrying value an impairment loss is recognised in profit and loss account in the period.

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 includes all direct costs and an appropriate proportion of fixed and variable overheads.

Leases

As a lessee

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right of use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term discounted using the company's incremental borrowing rate. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right of use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the company has made an accounting policy election to account for both components as a single lease component.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for tangible fixed assets. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Pensions

The company contributes to a defined benefit contribution scheme which is a group personal pension scheme with Legal & General. The amount charged to the profit and loss account represents the contributions payable to the scheme operated by Legal & General in respect of the accounting year.

The company was a participating employer in a group pension plan providing benefits based on final pensionable pay. The group pension plan, GE Pension Plan, covers a number of United Kingdom subsidiary companies of General Electric Company. There is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to participating entities, so the net defined benefit cost is recognised fully in the separate financial statements of the group entity that is legally the principal employer for the plan, which is GEH Holdings.

From 31 December 2021 the company ceased accruing benefits for employee service and ceased to make contributions in respect of such accrual. There is no pension charge in the profit and loss account for this scheme in the year to 31 December 2022.

Provisions for liabilities

Provisions are kept to cover for liquidated damages and are based on the shortfall of availability of supply compared to the guaranteed availability during the performance period per the contracts. The shortfall is assessed quarterly by management and a provision for liquidated damages is applied accordingly. The final amount, due to the supply shortfall, to be settled is yet to be agreed with the customer. These provisions are regularly assessed by operations and finance teams to assess the adequacy and validity.

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.

The total cost for the year is disclosed in note 8 Staff costs.

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Financial instruments

Initial recognition

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debtor without a significant financing component is initially measured at the transaction price.

Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Classification and subsequent measurement

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing financial assets and liabilities and the contractual cash flow characteristics of the financial assets. Accordingly, all financial assets and liabilities are subsequently measured at amortised cost.

GE Energy (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVTOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, which are described in note 2, the directors consider that there are no critical accounting judgements or key sources of estimation uncertainty identified in preparation of the financial statements in compliance with FRS101.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty at the balance sheet date.

GE Energy (UK) Limited

Notes to the Financial Statements

4 Turnover

A geographical analysis of turnover is as follows:

	2022 £ 000	2021 £ 000
United Kingdom	29,200	22,670
European Union	10,508	8,408
USA	1,217	4,114
	<u>40,925</u>	<u>35,192</u>

Contract assets and liabilities

	2022 £ 000	2021 £ 000
Contract assets	9,017	1,065
Contract liabilities	<u>(2,348)</u>	<u>-</u>
	<u>6,669</u>	<u>1,065</u>

Contract assets arise where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Contract receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when we still have an obligation to deliver goods or services for that consideration.

Revenue recognised in the year from:

	2022 £ 000	2021 £ 000
Amounts included in contract liability at the beginning of the year	<u>-</u>	<u>4,382</u>

5 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	Note	2022 £ 000	2021 £ 000
Depreciation - tangible fixed assets	13	27	27
Depreciation - right of use assets	14	755	506
Difference on foreign exchange		<u>(200)</u>	<u>107</u>

GE Energy (UK) Limited

Notes to the Financial Statements

6 Interest receivable and similar income

	2022 £ 000	2021 £ 000
Interest receivable from group undertakings	<u>156</u>	<u>18</u>

7 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest on lease liabilities	43	30
Interest payable to group undertakings	<u>319</u>	<u>-</u>
	<u>362</u>	<u>30</u>

8 Staff costs

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

	2022 £ 000	2021 £ 000
Wages and salaries	21,876	16,461
Social security costs	2,450	2,038
Pension costs, defined contribution scheme	1,552	1,223
Share-based payment expenses	<u>1,089</u>	<u>1,008</u>
	<u>26,967</u>	<u>20,730</u>

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

	2022 No.	2021 No.
Administration and support	78	66
Sales, marketing and distribution	73	21
Other departments	<u>162</u>	<u>115</u>
	<u>313</u>	<u>202</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

GE Energy (UK) Limited

Notes to the Financial Statements

9 Directors' remuneration (continued)

	2022 £ 000	2021 £ 000
Remuneration	405	309
Company pension contributions	21	42
	<u>426</u>	<u>351</u>

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

	2022 No.	2021 No.
Received or were entitled to receive shares under long term incentive schemes	3	3
As members of a defined contribution pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid Director:

	2022 £ 000	2021 £ 000
Remuneration	220	155
Company contributions to a defined contribution pension schemes	<u>7</u>	<u>30</u>

10 Auditor's remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	<u>27</u>	<u>24</u>

In addition to the audit fee charged to the profit and loss account noted above, remuneration of £16,000 paid to Deloitte as auditor (2021: £16,000) for their audit services to the company was borne by a fellow group undertaking. The total audit fees for the audit of the financial statements for the year ended 31 December is £43,000 (2021 : £40,000).

GE Energy (UK) Limited

Notes to the Financial Statements

11 Taxation

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

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Origination and reversal of temporary differences	<u>26</u>	<u>-</u>
Tax expense in the profit and loss account	<u><u>26</u></u>	<u><u>-</u></u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2021: lower than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit/(loss) before tax	<u>998</u>	<u>(1,425)</u>
Corporation tax at standard rate	190	(271)
Effect of change in tax rate	6	(46)
Non-taxable income	(82)	-
Expenses not deductible for tax purposes	213	170
Group relief for £nil consideration	(249)	-
Movement in deferred tax not provided	<u>(52)</u>	<u>147</u>
Total tax charge	<u><u>26</u></u>	<u><u>-</u></u>

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. Deferred tax assets and liabilities on all timing differences have been calculated at 25%, including those expected to reverse in the years ending 31 December 2023. The impact of this on the financial statements is not considered material.

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

GE Energy (UK) Limited

Notes to the Financial Statements

11 Taxation (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2022 £000	Recognised in income £000	At 31 December 2022 £000
Capital allowances	-	26	-
Net tax liabilities	<u>-</u>	<u>26</u>	<u>-</u>

At 31 December 2021 there was no deferred tax asset not provided for.

GE Energy (UK) Limited

Notes to the Financial Statements

12 Intangible fixed assets

	Purchased goodwill £ 000
Cost	
At 1 January 2022	<u>206</u>
At 31 December 2022	<u>206</u>
Amortisation	
At 1 January 2022	<u>86</u>
At 31 December 2022	<u>86</u>
Net book value	
At 31 December 2022	<u><u>120</u></u>
At 31 December 2021	<u><u>120</u></u>

GE Energy (UK) Limited

Notes to the Financial Statements

13 Tangible fixed assets

	Furniture, fittings and equipment £ 000	Plant & machinery £ 000	Total £ 000
Cost			
At 1 January 2022	139	103	242
Additions	-	1,682	1,682
At 31 December 2022	<u>139</u>	<u>1,785</u>	<u>1,924</u>
Depreciation			
At 1 January 2022	105	11	116
Charge for the year	16	11	27
At 31 December 2022	<u>121</u>	<u>22</u>	<u>143</u>
Net book value			
At 31 December 2022	<u>18</u>	<u>1,763</u>	<u>1,781</u>
At 31 December 2021	<u>34</u>	<u>92</u>	<u>126</u>

GE Energy (UK) Limited

Notes to the Financial Statements

14 Right of use assets

	Property £ 000	Fleet £ 000	Total £ 000
Cost			
At 1 January 2022	152	2,024	2,176
Additions	722	232	954
Disposals	-	(125)	(125)
At 31 December 2022	<u>874</u>	<u>2,131</u>	<u>3,005</u>
Depreciation			
At 1 January 2022	90	1,098	1,188
Charge for the year	297	458	755
At 31 December 2022	<u>387</u>	<u>1,556</u>	<u>1,943</u>
Net book value			
At 31 December 2022	<u>487</u>	<u>575</u>	<u>1,062</u>
At 31 December 2021	<u>62</u>	<u>926</u>	<u>988</u>

GE Energy (UK) Limited

Notes to the Financial Statements

15 Fixed assets Investments

	Investments in subsidiary companies £ 000
Cost	
At 1 January 2022	8,000
Additions	<u>5,180</u>
At 31 December 2022	<u>13,180</u>
Impairment	
At 1 January 2022	<u>8,000</u>
At 31 December 2022	<u>8,000</u>
Net book value	
At 31 December 2022	<u><u>5,180</u></u>
At 31 December 2021	<u><u>-</u></u>

The directors of the company have undertaken a review of the company's investment in group undertakings as at 31 December 2022. There are no indications of impairment and the carrying values of the investments are correct.

On 6 September 2022, GE UK Holdings contributed its entire shareholding in GE Energy Power Conversion UK Holdings Limited in return for 2% of the company's share capital whereby GE Energy Power Conversion UK Holdings Limited became the subsidiary. Thus the company issued 630,491 ordinary shares of £1 nominal value each, valued at GBP 866,925 (630,491 shares valued at GBP 1.375). On 6 September 2022 the company acquired an additional in GE Energy Power conversion UK Holdings Limited contributing GBP 4,334,634 cash.

Details of the company's directly held subsidiary undertakings as at 31 December 2022 are as follows:

GE Energy (UK) Limited

Notes to the Financial Statements

15 Fixed assets Investments (continued)

Name of subsidiary	Registered office	Class of shares held	Proportion of ownership interest
GE Boving Himachal Pradesh Limited	3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT	Ordinary	100%
GE Energy Power Conversion UK Holdings Limited	Thomson Houston Way, Off Technology Drive , Rugby , United Kingdom , CV21 1BD	Ordinary	100%

Indirect holdings

Details of the company's indirectly held subsidiary undertakings as at 31 December 2022 are as follows:

Name of subsidiary	Class of shares held	Registered office	Proportion of ownership interest
GE Energy Power Conversion Technology Limited	Ordinary	Thomson Houston Way, Off Technology Drive , Rugby , United Kingdom , CV21 1BD	100%
GE Energy Power Conversion UK Limited	Ordinary	Thomson Houston Way, Off Technology Drive , Rugby , United Kingdom , CV21 1BD	100%

16 Stocks

	2022 £ 000	2021 £ 000
Raw materials and consumables	20	-
Finished goods and goods for resale	2,856	2,801
	<u>2,876</u>	<u>2,801</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £20,121,000 (2021: £5,530,000). Write-down amounting to £nil (2021: £646,000) are included in cost of sales.

GE Energy (UK) Limited

Notes to the Financial Statements

17 Debtors

	2022 £ 000	2021 £ 000
Due within one year		
Trade debtors	3,725	4,113
Amounts owed by group undertakings	39,832	18,434
Contract assets	9,017	1,065
Prepayments and accrued income	7	7
Corporation tax asset	-	80
Other debtors	2,143	394
Derivative financial asset	586	-
	<u>55,310</u>	<u>24,093</u>

Amounts owed by group undertakings are unsecured and payable on demand. Interest is received on cashpool balance at variable rates of interest linked to SONIA market rates. No interest is payable on intercompany trading balances.

18 Creditors: Amounts falling due within one year

	2022 £ 000	2021 £ 000
Trade creditors	8,197	1,694
Accruals and deferred income	5,116	3,227
Amounts owed to group undertakings	31,474	14,927
Social security and other taxes	71	80
Derivative financial liabilities	295	-
Other creditors	109	300
Contract liabilities	2,348	-
Lease liabilities	765	512
	<u>48,375</u>	<u>20,740</u>

Amounts owed to group undertakings are unsecured and repayable on demand. Interest is paid on intercompany cashpool balances at variable rates of interest linked to SONIA rates. No interest is payable on intercompany trading balances.

GE Energy (UK) Limited

Notes to the Financial Statements

19 Creditors: Amounts falling due after more than one year

	2022 £ 000	2021 £ 000
Derivative financial liabilities	338	-
Lease liabilities	283	471
	<u>621</u>	<u>471</u>

20 Provisions for liabilities

	Deferred taxation £ 000	Liquidated damages £ 000	Total £ 000
At 1 January 2022	-	4,009	4,009
Additions during the year	-	4,586	4,586
Charged to profit and loss account	26	-	26
Utilised during the year	-	(1,005)	(1,005)
At 31 December 2022	<u>26</u>	<u>7,590</u>	<u>7,616</u>

A provision is maintained to cover for liquidated damages and is based on the shortfall of availability of supply compared to the guaranteed availability during the performance period per the contracts. The shortfall is assessed quarterly by management and a provision for liquidated damages is applied accordingly. The final amount, due to the supply shortfall, to be settled is yet to be agreed with the customer. The provision is regularly assessed by operations and finance teams to assess the adequacy and validity.

GE Energy (UK) Limited

Notes to the Financial Statements

21 Share capital

Authorized share capital

	No. 000	2022 £ 000	No. 000	2021 £ 000
Ordinary shares of £1 each	<u>31,249</u>	<u>31,249</u>	<u>27,466</u>	<u>27,466</u>

Allotted, called up and fully paid shares

	No. 000	2022 £ 000	No. 000	2021 £ 000
Ordinary shares of £1 each	<u>31,249</u>	<u>31,249</u>	<u>27,466</u>	<u>27,466</u>

On 6 September 2022, the company issued an additional 3,152,457 ordinary shares of £1.375 each for total cash consideration of £4,334,634. The difference between the issued capital at nominal value and the cash received has been included in the company share premium reserve reduced by the cost of issuing capital of £21,282. In addition, the company issued 630,491 ordinary shares in return for a contributed investment of GE Energy Power Conversion UK Holdings Limited valued at £ 866,925, resulting in an additional increase in the company shares capital of 630,491 and its share premium of £ 236,434.

GE Energy (UK) Limited

Notes to the Financial Statements

22 Pension commitments

The company 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 year.

The pension charge for the year for the defined contribution scheme was £1,552,000 (2021: £1,223,000). There were no outstanding or prepaid contributions payable to the scheme at either the beginning or the end of the financial year.

The company is a member of a group pension plan providing benefits based on final pensionable pay. The group pension plan, GE Pension Plan (GEPP), covers a number of United Kingdom subsidiary companies of General Electric Company. There is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to participating entities, so the net defined benefit cost is recognised fully in the separate financial statements of the group entity that is legally the principal employer for the plan, which is GEH Holdings. The company recognises a cost equal to their contribution payable for the period. The contribution payable by the participating employers in the GE Pension Plan are based on the latest schedule of contributions agreed between the Trustee of the GE Pension Plan and the principal employer.

The last full actuarial valuation was carried out as at 31 March 2021 by a qualified independent actuary. At this date, on a technical provision basis, there was a funding surplus of £309 million and a funding level of 104.7%.

The GEPP closed to future accrual on 31 December 2021. The contributions for the year ending 31 December 2022 were nil (2021 : £775,000).

GE Energy (UK) Limited

Notes to the Financial Statements

23 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 \$90.98 (2021: \$103).

No directors benefitted from the exercise of share options in the year to 31 December 2022.

No director benefitted from the exercise of restricted stock units in the year to 31 December 2022.

The options outstanding at the year end have an exercise price in the range of \$57.04 to \$232.72 and a weighted average contractual life of 4.39 years.

24 Ultimate parent undertaking and controlling party

At 31 December 2022 the company's immediate parent was UK Grid Solutions Limited, a company registered at St Leonards Building, Harry Kerr Drive, Stafford ST16 1WT.

The smallest and largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking and controlling party, General Electric Company, a company registered at 1 River Road, Schenectady, New York, 12345, USA, with principal executive offices at 5 Necco Street, Boston, Massachusetts, 02210, USA. The consolidated financial statements of this company are available to the public and may be obtained from the address of the principal executive offices or at www.ge.com.

25 Post balance sheet events

There have been no significant post balance sheet events affecting the company since the year end which require disclosure in or amendment to the financial statements.