

Registration number: NI027892

GE Grid Solutions (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



GE Grid Solutions (UK) Limited

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GE Grid Solutions (UK) Limited

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the company is the sale of monitoring and diagnostic equipment and distribution management software to the power and related industries.

Results and dividends

The profit for the year, after taxation, amounted to £12,775,000 (2017: £9,614,000).

The directors do not recommend the payment of a dividend (2017: £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:

H A Wake (resigned 9 May 2019)

D Wall

G McGuigan

J B Santillan Marquez

R Ormsby

M C Fidgeon

Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year 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.

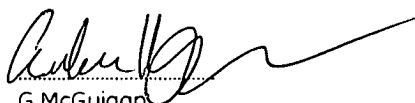
Disclosure of information to the auditor

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.

Reappointment of auditor

The auditor, KPMG, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 16 September 2019 and signed on its behalf by:



G McGuigan
Director

GE Grid Solutions (UK) Limited

Strategic Report

The directors present their strategic report for the year ended 31 December 2018.

Business review

The results for the company show a pre-tax profit of £16.1 million (2017: £11.8 million) for the year, and sales of £65.0 million (2017: £72.9 million).

The company has net assets of £62.9 million (2017: £50.1 million), of which £54.9 million (2017: £36.8 million) is due from fellow GE group companies.

Future outlook

The market is expected to remain challenging. However, the directors are confident that the company's market position and portfolio of products will enable it to maintain current performance, and expand the business in the future.

Research and development

The directors regard investment in research and development as integral to the continuing success of the business, and continue to invest in software development and new product introduction. All research and development expenditure incurred in the software business is invoiced to GE Grid Solutions Technology LLC, a fellow group company.

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 affecting the company are considered to relate to customer demand, and the continued development of a leading-edge product portfolio.

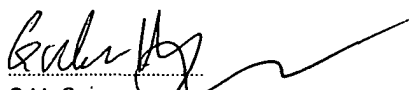
Due to the nature of the business, the directors have assessed that there will be little or no impact on the future activities of the company as a result of Brexit.

Financial key performance indicators

We have made progress in the year on the company's overriding objective and key elements of our strategy for growth. Performance during the year, together with historical trend data, is set out in the table below:

	2018	2017	Definition, method of calculation
Growth in sales (%)	-10.81%	-11.6%	Year on year sales growth, expressed as a percentage. Change in sales related principally to market changes in the Monitoring & Diagnostic division, and is in line with business expectations
Gross margin (%)	66%	64%	Gross margin is the ratio of gross profit before exceptional items to sales, expressed as a percentage. The margin level is in line with business expectations.

Approved by the Board on 16 September 2019 and signed on its behalf by:



G McGuigan
Director

GE Grid Solutions (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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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

Opinion

We have audited the financial statements of GE Grid Solutions (UK) Limited ("the company") for the year ended 31 December 2018, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the recoverability of amounts due from group companies and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.



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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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.



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

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

David Meagher (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
Chartered Accountants

17 September 2019

The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

GE Grid Solutions (UK) Limited

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover	4	64,977	72,854
Cost of sales		<u>(22,240)</u>	<u>(26,429)</u>
Gross profit		42,737	46,425
Distribution costs		(130)	(234)
Administrative expenses		(26,696)	(34,349)
Other operating income		<u>57</u>	<u>72</u>
Operating profit	5	15,968	11,914
Interest receivable and similar income	6	346	127
Interest payable and similar expenses	7	<u>(205)</u>	<u>(193)</u>
Profit before tax		16,109	11,848
Tax on profit	11	<u>(3,334)</u>	<u>(2,234)</u>
Profit for the year		12,775	9,614
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>12,775</u></u>	<u><u>9,614</u></u>

The above results were derived from continuing operations.

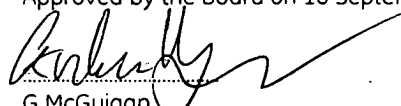
GE Grid Solutions (UK) Limited

Registration number: NI027892

Balance Sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Intangible assets	13	16,084	16,773
Tangible assets	12	2,470	2,882
Investments	14	-	-
		<u>18,554</u>	<u>19,655</u>
Current assets			
Stocks	15	1,941	2,170
Debtors: amounts falling due within one year	16	75,275	80,000
Cash at bank and in hand		116	138
		<u>77,332</u>	<u>82,308</u>
Creditors: Amounts falling due within one year	17	<u>(29,602)</u>	<u>(48,801)</u>
Net current assets		<u>47,730</u>	<u>33,507</u>
Total assets less current liabilities		66,284	53,162
Provisions for liabilities	18	<u>(3,358)</u>	<u>(3,094)</u>
Net assets		<u>62,926</u>	<u>50,068</u>
Capital and reserves			
Called up share capital	19	99	99
Share premium account		6,741	6,741
Employee share based equity reserve		145	62
Profit and loss account		<u>55,941</u>	<u>43,166</u>
Shareholders' funds		<u>62,926</u>	<u>50,068</u>

Approved by the Board on 16 September 2019 and signed on its behalf by:


G McGuigan
Director

The notes on pages 10 to 34 form an integral part of these financial statements.

GE Grid Solutions (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called up share capital £ 000	Share premium account £ 000	Employee share based equity reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	99	6,741	62	43,166	50,068
Comprehensive income for the year					
Profit for the year	-	-	-	12,775	12,775
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	12,775	12,775
Equity share based payment expense	-	-	83	-	83
At 31 December 2018	<u>99</u>	<u>6,741</u>	<u>145</u>	<u>55,941</u>	<u>62,926</u>

	Called up share capital £ 000	Share premium account £ 000	Employee share based equity reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	99	6,741	39	33,552	40,431
Comprehensive income for the year					
Profit for the year	-	-	-	9,614	9,614
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	9,614	9,614
Equity share based payment expense	-	-	30	-	30
Recharges made by GE company in respect of share options exercised during the year	-	-	(7)	-	(7)
At 31 December 2017	<u>99</u>	<u>6,741</u>	<u>62</u>	<u>43,166</u>	<u>50,068</u>

The notes on pages 10 to 34 form an integral part of these financial statements.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

1 General information

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

The address of its registered office is:

Unit 1, 7 Lissue Walk
Lissue Industrial Estate East
Lisburn
Co Antrim
Northern Ireland
BT28 2LU

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 in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The amendments to FRS 101, issued in March 2018, have been applied except for the triennial review 2017 amendments issued in December 2017 as these are applicable with effect from 1 January 2019 and have not been early adopted.

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.

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).

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 41 Farnsworth Street, Boston, MA 02210, USA or at www.ge.com.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Basis of measurement

The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value:

certain financial assets and financial liabilities measured at fair value.

Changes in accounting policy

In the current year the company has adopted new accounting standards IFRS 9: *Financial Instruments* and IFRS 15: *Revenue from Contracts with Customers*. An explanation of the impact of the adoption of these new standards is included in note 25.

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
- 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 of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

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.

Revenue recognition

Recognition

The company earns revenue from the sale of software licenses and from the manufacture and sale of monitoring and diagnostic equipment. 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 software customization and installation projects, maintenance and support. 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

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Revenue recognition (continued)

The main performance obligations to customers are satisfied when the supply of goods (e.g. monitoring and diagnostic equipment) and services (e.g. software customization and installations) have transferred to the customer and the customer has control of these.

For performance obligations relating to the supply of goods, revenue is recognized at a point in time. This is reflective of when title to the goods is transferred, or software licenses become available for use by the customer.

For performance obligations related to the provision of services, revenue is recognized over time. Revenue for software project work is recognized based on a percentage of cost completion against the relevant performance obligation under the contract. Revenue for maintenance and support contracts is recognized on a straight line basis over the period of the contract, reflecting the availability of services to the customer.

Warranties are offered on the sale of products, these are for a specific time period, varying according to product sold. These are accounted for in line with the company's accounting policy on provisions. Where the customer has the option to purchase extended warranty separately, this is accounted for as a separate performance obligation.

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 in one of the following ways:

- a. Prospectively as an additional separate contract;
- b. Prospectively as a termination of the existing contract and creation of a new contract;
- c. As part of the original contract using a cumulative catch up; or
- d. As a combination of b) and c).

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.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Revenue recognition (continued)

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 balance sheet when the company's right to consideration becomes unconditional. This occurs when the company has fulfilled its liabilities under the performance obligation, as described above.

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.

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.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

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.

Taxation

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 temporary 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 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 depreciation and any accumulated impairment losses.

Depreciation

Leasehold buildings are depreciated on a straight line basis over the remaining life of the lease.

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

Asset class	Estimated useful life
Leasehold buildings	Over the remaining life of the lease
Plant and machinery, fixtures and fittings	3-50 years
Land is not depreciated	

GE Grid Solutions (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.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the revaluation model, intangible assets shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent impairment losses - provided that the fair value can be determined by reference to an active market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

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
Other intangible assets	Straight line method over 5 years

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 are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

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.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation the expenditure is deferred and amortised over the period during which the company is expected to benefit.

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 (unless it is a trade debtor without a significant financing component) 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.

GE Grid Solutions (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 FVOCI 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.

Derivative financial instruments

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the balance sheet at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In balance sheet, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities. The changes in the fair values of derivative financial instruments entered into for trading purposes are included in trading income.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Pensions

The company is a member of 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. 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 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.

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 judgements and key sources of estimation uncertainty

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

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

3 Critical accounting judgements 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.

Useful economic lives of fixed assets

In the application of the company's accounting policy, judgement is exercised by management in the determination of residual values and useful lives.

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed periodically.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of fixed assets and note 2 for the useful economic lives for each class of assets.

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.

Stock provisioning

The company designs, manufactures and sells advanced technical products and is subject to changing consumer demands and technological advances. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of stock.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

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

Internally generated development costs

IAS 38 requires that internally generated development costs should only be recognised if strict criteria are met, in particular relating to technical feasibility and generation of future economic benefits. Management consider the criteria carefully and only when it is clear that each criterion is met are developments costs recognised.

4 Turnover

A geographical analysis of turnover is as follows:

	2018 £ 000	2017 £ 000
United Kingdom	12,356	13,570
Rest of European Union	9,053	14,076
USA	18,929	15,631
Other	24,639	29,577
	<u>64,977</u>	<u>72,854</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 the company's unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when the company still has an obligation to deliver goods or services for that consideration.

Contract assets and liabilities

	2018 £ 000	2017 £ 000
Contract assets	246	1,569
Contract liabilities	<u>(6,037)</u>	<u>(7,494)</u>

Revenue recognised in the year from:

	2018 £ 000	2017 £ 000
Amounts included in contract liability at the beginning of the year	<u>4,089</u>	<u>7,229</u>

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

5 Operating profit

Operating profit is stated after charging:

	2018	2017
	£ 000	£ 000
Depreciation expense	635	524
Amortisation expense	689	859
Research and development expenditure	3,474	4,122
Difference on foreign exchange	2,614	906
Operating lease expense - other	171	160
Operating lease expense - plant and machinery	<u>5</u>	<u>34</u>

6 Interest receivable and similar income

	2018	2017
	£ 000	£ 000
Interest receivable from group companies	343	125
Other interest receivable	<u>3</u>	<u>2</u>
	<u>346</u>	<u>127</u>

7 Interest payable and similar expenses

	2018	2017
	£ 000	£ 000
On loans from group undertakings	<u>205</u>	<u>193</u>

8 Staff costs

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

	2018	2017
	£ 000	£ 000
Wages and salaries	13,217	13,061
Social security costs	1,319	1,359
Other pension costs	1,055	1,084
Share-based payment expenses	<u>83</u>	<u>30</u>
	<u>15,674</u>	<u>15,534</u>

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

8 Staff costs (continued)

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

	2018 No.	2017 No.
Directors	2	2
Other departments	231	251
	<u>233</u>	<u>253</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Remuneration	231	209
Company pension contributions to pension schemes	40	39
	<u>271</u>	<u>248</u>

During the year the number of directors who were receiving retirement benefits in respect of defined benefit pension scheme was as follows:

	2018 No.	2017 No.
Accruing benefits under defined contribution pension scheme	1	-
Accruing benefits under defined benefit pension scheme	3	2

In respect of the highest paid director:

	2018 £ 000	2017 £ 000
Remuneration	137	120
Company contribution to pension scheme	23	22

All other directors are also directors of a group undertaking or perform roles within other group undertakings and do not specifically receive any remuneration in respect of the company. It was not possible to determine an appropriate proportion of their services on behalf of the company.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

10 Auditor's remuneration

	2018 £ 000	2017 £ 000
Audit of the financial statements	<u>69</u>	<u>70</u>

11 Taxation

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

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	3,161	2,300
UK corporation tax adjustment to prior periods	<u>173</u>	<u>(87)</u>
	<u>3,334</u>	<u>2,213</u>
Deferred taxation		
Origination and reversal of temporary differences	(83)	(15)
Effect of changes to tax rates	8	2
Adjustment in respect of prior year	(99)	34
Movement on deferred tax not provided	<u>174</u>	<u>-</u>
Total deferred taxation	<u>-</u>	<u>21</u>
Tax expense in the profit and loss account	<u>3,334</u>	<u>2,234</u>

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

11 Taxation (continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (2017: lower than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	<u>16,109</u>	<u>11,848</u>
Corporation tax at standard rate	3,061	2,280
Adjustment to tax charge in respect of prior year	73	(53)
Non-taxable income	(3)	(5)
Expenses not deductible for tax purposes	20	10
Movement in deferred tax not provided	174	-
Deferred tax expense (credit) relating to changes in tax rates or laws	<u>9</u>	<u>2</u>
Total tax charge	<u>3,334</u>	<u>2,234</u>

Factors that may affect future tax charges

The UK corporation tax rate will reduce from 19% to 17% on 1 April 2020. This will reduce any current tax charges accordingly.

Deferred tax assets and liabilities on all timing differences have been calculated at 17%, including those expected to reverse in the years ending 31 December 2019 to 31 December 2021 (the overall average rate ranging from 19% to 17%). The impact of this on the financial statements is not considered material.

The UK tax authorities issued closure notices to disallow interest deductions claimed by other group companies for years from 2007 to 2015. The proposed disallowance does not affect interest deductions claimed by GE Grid Solutions (UK) Limited but, if sustained, could impact losses surrendered against the taxable income of GE Grid Solutions (UK) Limited in prior years. We comply with all applicable tax laws and judicial doctrines of the United Kingdom. We are contesting the disallowance and believe the full benefit of the deductions will be sustained on their technical merits, but the outcome of pending litigation cannot be fully known until resolution of the matter. Given the uncertainty of how much may be ultimately disallowed and availability of other UK group tax attributes, GE Grid Solutions (UK) Limited is unable to quantify the amount, if any, of the tax impact of this item."

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

Deferred tax

Deferred tax movement during the year:

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

11 Taxation (continued)

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	<u>187</u>		<u>187</u>

Deferred tax movement during the prior year:

	At 1 January 2017 £ 000	Recognised in income £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	<u>209</u>	<u>(22)</u>	<u>187</u>

12 Tangible fixed assets

	Land and buildings £ 000	Plant and machinery and fixtures and fittings £ 000	Total £ 000
Cost			
At 1 January 2018	2,740	4,860	7,600
Additions	224	1	225
Disposals	-	(2)	(2)
At 31 December 2018	<u>2,964</u>	<u>4,859</u>	<u>7,823</u>
Depreciation			
At 1 January 2018	1,332	3,386	4,718
Charge for the year	<u>281</u>	<u>354</u>	<u>635</u>
At 31 December 2018	<u>1,613</u>	<u>3,740</u>	<u>5,353</u>
Carrying amount			
At 31 December 2018	<u>1,351</u>	<u>1,119</u>	<u>2,470</u>
At 31 December 2017	<u>1,408</u>	<u>1,474</u>	<u>2,882</u>

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

13 Intangible fixed assets

	Goodwill £ 000	Other intangible assets £ 000	Total £ 000
Cost			
At 1 January 2018	15,205	4,819	20,024
At 31 December 2018	15,205	4,819	20,024
Amortisation			
At 1 January 2018	456	2,795	3,251
Charge for the year	-	689	689
At 31 December 2018	456	3,484	3,940
Carrying amount			
At 31 December 2018	14,749	1,335	16,084
At 31 December 2017	14,749	2,024	16,773

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

14 Fixed asset investments

	Shares in group undertakings £ 000
Cost	
At 1 January 2018	4,096
At 31 December 2018	4,096
Impairment	
At 1 January 2018	4,096
At 31 December 2018	4,096
Net book value	
At 31 December 2018	-
At 31 December 2017	-

Details of the company's subsidiary undertaking as at 31 December 2018 are as follows:

Name of subsidiary	Registered office	Class of shares held	Proportion of ownership interest
Kelman Distributors Africa Pty Limited	GE Corporate Park, 130 Gazelle Avenue, Midrand, South Africa, 1685	Ordinary	100%

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

15 Stock

	2018	2017
	£ 000	£ 000
Raw materials	1,466	1,449
Work in progress	201	350
Finished goods and goods for resale	274	371
	<u>1,941</u>	<u>2,170</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £12,679,000 (2017: £12,322,000). The write down of stock to net realisable value amounted to £77,000 (2017: £nil). The reversal of write-downs amounted to £nil (2017: £169,000). The write down and reversal are included in cost of sales.

16 Debtors

	2018	2017
	£ 000	£ 000
Trade debtors factored with recourse	140	2,606
Trade debtors not factored	1,821	4,071
Amounts owed by group undertakings	69,896	70,065
Derivative financial asset	796	-
Prepayments	935	398
Deferred tax assets	208	165
Contract assets	246	1,569
Other debtors	1,233	1,126
	<u>75,275</u>	<u>80,000</u>

The company has an arrangement in place with a fellow GE group company to factor certain trade debtor balances with recourse, as set out above. In addition to those debtors disclosed above, debts fully factored without recourse amounted to £5,671,000 (2017: £3,137,000).

Amounts owed by group undertakings are unsecured, and repayable on demand.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

17 Creditors: Amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	3,048	2,792
Accruals	1,350	2,105
Amounts owed to group undertakings	14,971	33,267
Social security and other taxes	595	1,076
Other creditors	376	935
Corporation tax payable	1,037	1,132
Derivative financial liabilities	2,188	-
Contract liabilities	6,037	7,494
	<u>29,602</u>	<u>48,801</u>

Amounts owed to group undertakings are unsecured, and repayable on demand.

18 Provisions for liabilities

	Warranties £ 000	Deférrred taxation £ 000	Dilapidations £ 000	Project loss provision £ 000	Provision for concessions £ 000	Total £ 000
At 1 January 2018	1,749	22	-	785	538	3,094
Additions during the year	-	-	240	240	14	494
Utilised during the year	<u>(230)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230)</u>
At 31 December 2018	<u>1,519</u>	<u>22</u>	<u>240</u>	<u>1,025</u>	<u>552</u>	<u>3,358</u>

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

18 Provisions for liabilities (continued)

Warranty provision

This is a provision for potential costs of repairs and replacements under warranty arising from field service work performed by the company's engineers.

Dilapidations

The dilapidation provision represents an estimate of costs required to be paid for building restitution costs at the end of the lease term.

Project loss provision

This is a provision for foreseeable losses on projects currently in progress.

Provision for concessions

This is a provision for potential concessions that could be offered to existing customers.

19 Share capital

Allotted, called up and fully paid shares

	No. 000	2018 £ 000	No. 000	2017 £ 000
Ordinary shares of £1 each	<u>99</u>	<u>95</u>	<u>99</u>	<u>99</u>

20 Operating lease commitments

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

	31 December 2018 £ 000	31 December 2017 £ 000
Within one year	322	362
In two to five years	855	1,054
In over five years	-	134
	<u>1,177</u>	<u>1,550</u>

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

21 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.

No share options were exercised in the year. In the prior year, the weighted average share price at the date of exercise of share options exercised was \$30.21.

The options outstanding at the year end have an exercise price in the range of \$11.70 to \$29.62 and a weighted average contractual life of 6.31 years.

22 Pension commitments

The company is a member of 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. 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 2018 by a qualified independent actuary. At this date there was a funding surplus of £190 million and a funding level of 103.0%.

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 year.

The pension charge for the year was £1,055,000 (2017: £1,084,000), including £382,000 (2017: £481,000) in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

23 Related party transactions

Purchases and sales with related parties

2018	Sales	Recharges	Interest receivable	Purchases	Royalties	Intercompany pricing adjustment	Interest payable
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Parent company	-	-	-	583	385	-	-
Other related parties	14,294	4,483	192	5,815	3,977	(820)	197
	<u>14,294</u>	<u>4,483</u>	<u>192</u>	<u>6,398</u>	<u>4,362</u>	<u>(820)</u>	<u>197</u>
2017	Sales	Recharges	Interest receivable	Purchases	Royalties	Intercompany pricing adjustment	Interest payable
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Parent company	4	-	-	3,950	498	-	-
Other related parties	13,752	6,687	125	9,385	5,074	2,587	193
	<u>13,756</u>	<u>6,687</u>	<u>125</u>	<u>13,335</u>	<u>5,572</u>	<u>2,587</u>	<u>193</u>

Balances with related parties at year end

	2018		2017	
	Receivable £ 000	Payable £ 000	Receivable £ 000	Payable £ 000
Parent company	-	-	274	(17)
Other related parties	-	-	67,188	(33,154)
	<u>-</u>	<u>-</u>	<u>67,462</u>	<u>(33,171)</u>

Up to 1 October 2018, the company was not wholly owned by General Electric Company, and consequently related party transactions were disclosed except where between fellow wholly owned subsidiaries of the same parent within the group. From 2 October 2018, the company was wholly owned by General Electric Company, and consequently no related party transactions from that date, or balances at year end, have been disclosed, as all were with fellow wholly owned subsidiaries.

GE Grid Solutions (UK) Limited

Notes to the Financial Statements

24 Ultimate parent undertaking and controlling party

The company's immediate parent is GE Grid Alliance BV, a company registered at Bergschot 69-2, Breda, Netherlands, 4817 PA.

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 registered at 41 Farnsworth Street, Boston, Massachusetts, 02210, USA. The consolidated financial statements of this company are available to the public and may be obtained from the registered address or at www.ge.com.

25 Changes resulting from adoption of IFRS 9 and IFRS 15

The company adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* with effect from 1 January 2018. No transition adjustments were required on adoption of IFRS 9 or IFRS 15 and the transition to IFRS 9 and IFRS 15 had no material impact on the financial statements of the company.