Registration number: 01970236

GE Capital Corporation (Leasing) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

GE Capital Corporation (Leasing) Limited

Contents

GE Capital Corporation (Leasing) Limited

Director's Report

The director presents his report and the financial statements for the year ended 31 December 2018.

Principal activity
The principal activity of the company is the purchase and onward leasing of healthcare equipment.

Results and dividends
The loss for the year, after taxation, amounted to $1,015,000 (2017: profit $165,000).

The director does 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 director's report were as follows:

A Evans (resigned 21 March 2019)

L Farrell (resigned 21 March 2019)

N Atkinson (resigned 21 March 2019)

P S Girling (appointed 21 March 2019)

Post balance sheet event
On 23 July 2019, the company's immediate parent undertaking, GE Capital International Holdings Limited, transferred its entire shareholding in the company (comprising 100 ordinary shares of £1 each) to Key Leasing Limited.

Director's liabilities
The director has 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 director's report.

Disclosure of information to the auditor
The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

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

Approved by the director on 12/9/19

P S Girling
Director

GE Capital Corporation (Leasing) Limited

Statement of Director's Responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to them him 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 Capital Corporation (Leasing) Limited

Opinion

We have audited the financial statements of GE Capital Corporation (Leasing) 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 loss 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 director, such as the [carrying value of investments] 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 Capital Corporation (Leasing) Limited

Going concern

The director has prepared the financial statements on the going concern basis as he does not intend to liquidate the company or to cease its operations, and as he has concluded that the company's financial position means that this is realistic. He has 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 director's 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.

Director's Report

The director is responsible for the Director's Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Director's 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 Director's Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

Independent Auditor's Report to the Members of GE Capital Corporation (Leasing) Limited

Director's responsibilities
As explained more fully in their statement set out on page 2, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as he determines 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 he either intends to liquidate the company or to cease operations, or has 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.

Peter Lomax

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Peter Lomax (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

66 Queen Square
Bristol
United Kingdom
BS1 4BE

Date: 23/8/17

GE Capital Corporation (Leasing) Limited

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

	Note	2018 $ 000	2017 $ 000
Turnover	4	836	1,716
Administrative expenses		(1,269)	(1,015)
Other operating income/(expenses)		5	(434)
Operating (loss)/profit	5	(428)	267
Interest receivable and similar income	6	181	-
Interest payable and similar expenses	7	-	(102)
(Loss)/profit before tax		(247)	165
Tax on (loss)/profit	11	(768)	-
(Loss)/profit for the year		(1,015)	165
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		**(1,015)**	**165**

The above results were derived from continuing operations.

GE Capital Corporation (Leasing) Limited

Registration number: 01970236

Balance Sheet
as at 31 December 2018

	Note	2018 $ 000	2017 $ 000
Current assets			
Debtors: amounts falling due after more than one year	12	8,573	10,354
Debtors: amounts falling due within one year	12	11,314	11,726
		19,887	22,080
Creditors: Amounts falling due within one year	15	(3,983)	(5,929)
Net current assets		15,904	16,151
Total assets less current liabilities		15,904	16,151
Creditors: Amounts falling due after more than one year	16	(768)	-
Net assets		15,136	16,151
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account		15,136	16,151
Shareholders' funds		15,136	16,151

Approved by the director on 12/9/19

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P S Girling
Director

The notes on pages 9 to 30 form an integral part of these financial statements.

GE Capital Corporation (Leasing) Limited

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

	Called up share capital $ 000	Profit and loss account $ 000	Total $ 000
At 1 January 2018	-	16,151	16,151
Comprehensive loss for the year			
Loss for the year	-	(1,015)	(1,015)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(1,015)	(1,015)
At 31 December 2018	-	15,136	15,136

	Called up share capital $ 000	Profit and loss account $ 000	Total $ 000
At 1 January 2017	-	15,986	15,986
Comprehensive income for the year			
Profit for the year	-	165	165
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	165	165
At 31 December 2017	-	16,151	16,151

The notes on pages 9 to 30 form an integral part of these financial statements.

1 General information

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

The address of its registered office is:
3rd Floor 1 Ashley Road
Altrincham
Cheshire
United Kingdom
WA14 2DT

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).

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.

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

Changes in accounting policy
In the current year the company has adopted new accounting standard IFRS 9: *Financial Instruments*. An explanation of the impact of the adoption of this new standard is included in note 26.

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 91-99 of IFRS 13 Fair Value Measurement;
- 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;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Going concern

On the basis of their assessment of the company's financial position and resources, the director believes that the company is well placed to manage its business risks. Therefore the company's director has 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.

Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Turnover represents amounts receivable on accrual basis in respect of lease rentals from operating leases, together with the gross earnings net of capital repayments from finance leases including hire purchase agreements and loans. This excludes VAT and trade discounts.

Interest receivable for all financial assets are recognised in the profit and loss account using the effective interest rate method. Fees and commission integral to the effective interest rate are amortised over the expected maturity of the asset using the effective interest rate method. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Income from operating leases is recognised on a straight line basis over the period of the lease.

2 Accounting policies (continued)

Leased assets (the company as a lessor)
If the company is the lessor in a lease agreement (including hire purchase agreements) that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within current assets, debtors. The initial and subsequent measurement is similar to loans and advances to customers.

Leases where the company as a lessor does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases.

Functional currency
The functional currency of the company is the US dollar. The company is expected to have a significant level of US dollar assets and transactions. The financial statements are therefore presented in US dollars.

Foreign currency transactions and balances
Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date.

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

Exchange gains and losses are recognised in the Profit and Loss Account..

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

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

Full provision is made for deferred tax liabilities arising from all 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 more probable than not 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.

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 (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. Accordingly, all financial assets and liabilities are subsequently measured at amortised cost.

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.

3 Critical accounting judgements and key sources of estimation uncertainty

The director considers there are no critical accounting estimates or judgements identified in preparation of the financial statements in compliance with FRS 101.

GE Capital Corporation (Leasing) Limited

Notes to the Financial Statements

4 Gross earnings under finance agreements

	2018	2017
	$000	$000
(a) Leases		
Finance lease aggregate rentals	4,514	7,818
Finance lease capital repayments	(3,802)	(6,517)
Finance lease gross earnings	**712**	**1,301**
Hire purchase aggregate rentals	-	96
Hire purchase capital repayments	-	(67)
Hire purchase gross earnings	**-**	**29**
	712	**1,330**
(b) Other income		
Loan interest receivable	124	386
Turnover	**836**	**1,716**

Income is generated predominantly in the United Kingdom.

5 Operating (loss)/profit

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

	2018	2017
	$ 000	$ 000
Difference on foreign exchange	1,037	(1,077)
Loss on disposal of finance lease assets	-	147

6 Interest receivable and similar income

	2018	2017
	$ 000	$ 000
Interest receivable from group companies	181	-

7 Interest payable and similar expenses

	2018	2017
	$ 000	$ 000
On amounts owed to group undertakings	-	102

8 Auditor's remuneration

	2018 $ 000	2017 $ 000
Audit of the financial statements	24	26

9 Staff costs

The company had no employees during the year (2017: nil).

10 Director's remuneration

The director did not receive any remuneration in respect of services to the company during the current or preceding financial year.

The director is/was also director of a group undertaking and does not specifically receive any remuneration in respect of the company. It was not possible to determine an appropriate proportion of his service on behalf of the company.

11 Taxation

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

	2018 $ 000	2017 $ 000
Current taxation		
UK corporation tax	-	-
UK corporation tax adjustment to prior years	768	-
Deferred taxation		
Origination and reversal of temporary differences	(1,762)	(926)
Effect of changes to tax rates	186	108
Adjustment in respect of prior year	-	25
Movement on deferred tax not provided	1,576	793
Total deferred taxation	-	-
Tax expense in the profit and loss account	768	-

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
(Loss)/profit before tax	(247)	165
Corporation tax at standard rate	(47)	32
Group relief for $nil consideration	(805)	(675)
Origination and reversal of temporary differences	-	901
Non-taxable income	-	(283)
Expenses not deductible for tax purposes	(910)	-
Adjustment to tax charge in respect of prior year	768	25
Effect of change in tax rate	186	-
Movement in deferred tax not provided	1,576	-
Total tax charge	768	-

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.

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

Deferred tax

There are $4,011,359 of deductible temporary differences (2017: $2,434,916) for which no deferred tax asset is recognised in the balance sheet.

12 Debtors

	2018	2017
	$ 000	$ 000
Due after more than one year		
Loan debtors	-	1,769
Net investment in hire purchase contracts (note 13)	-	2
Net investment in finance leases (note 14)	8,573	8,583
	8,573	**10,354**

	2018	2017
	$ 000	$ 000
Due within one year		
Loan debtors	-	3,873
Net investment in hire purchase contracts (note 13)	-	12
Net investment in finance leases (note 14)	35	7,773
Amounts owed by group undertakings	11,118	-
Other debtors	161	68
	11,314	**11,726**

	2018	2017
	$ 000	$ 000
Debtors by age		
Repayable after one year	8,573	10,354
Repayable within one year	11,315	11,884
Impairment allowance	(1)	(158)
	19,887	**22,080**

12 Debtors (continued)

	2018	2017
	$ 000	$ 000
Gross debtors by credit quality:		
Neither past due or impaired	19,886	22,238
Past due but not impaired	2	-
	19,888	**22,238**

(a) Overdue debtors

There are $2,000 debtors (2017 : $nil) that have gone past their due date but which are not considered to be impaired:

The carrying amounts of net investment in finance leases, net investment in hire purchase contracts and loan debtors are denominated in the following currencies:

	2018	2017
	$000	$000
GBP	8,608	16,424
USD	-	5,656
	8,608	**22,080**

The movement in the impairment allowance on debtors is as follows:

	Specific allowance	Collective allowance
	$000	$000
At beginning of the year	-	(158)
Net change in the year	-	157
At end of the year	**-**	**(1)**

(b) Renegotiated loans

Customer financial receivables (comprising loan debtors, net investment in finance leases and in hire purchase contracts) which are expected to be recovered, but where the original terms have been changed to provide concessions in the light of financial difficulties were $nil (2017: $nil).

13 Hire purchase contracts

	Gross investment	Unearned finance income	Present value of minimum lease payments receivable	Net investment*
	$000	**$000**	**$000**	**$000**
As at 31 December 2018				
Within one year	-	-	-	-
More than one year, less than five years	-	-	-	-
	-	-	-	-

	Gross investment	Unearned finance income	Present value of minimum lease payments receivable	Net investment*
	$000	**$000**	**$000**	**$000**
As at 31 December 2017				
Within one year	13	(1)	12	12
More than one year, less than five years	2	-	2	2
	15	**(1)**	**14**	**14**

*There are no residual value impairment or specific allowances for 31 December 2018 or at 31 December 2017. The total for net investment above is shown before allocating the collective allowance. The total collective allowance that covers all the portfolio including loans and finance leases as shown in note 12 is $1,000 for 31 December 2018 (2017: $158,000).

14 Finance leases

	Gross investment	Unearned finance income	Present value of minimum lease payments receivable	Residual value impairment	Net investment*
	$000	**$000**	**$000**	**$000**	**$000**
As at 31 December 2018					
Within one year	43	(8)	35	-	35
More than one year, less than five	3,006	(584)	2,422	-	2,422
More than five years	7,634	(1,483)	6,151	-	6,151
	10,683	**(2,075)**	**8,608**	**-**	**8,608**

	Gross investment	Unearned finance income	Present value of minimum lease payments receivable	Residual value impairment	Net investment*
	$000	**$000**	**$000**	**$000**	**$000**
As at 31 December 2017					
Within one year	9,033	(1,260)	7,773	-	7,773
More than one year, less than five	8,256	(1,132)	7,124	-	7,124
More than five years	1,691	(232)	1,459	-	1,459
	18,980	**(2,624)**	**16,356**	**-**	**16,356**

*The total for net investment above is shown before allocating the collective allowance. The total collective allowance that covers all the portfolio including loans, hire purchase contacts and finance leases as shown in note 12 is $1,000 for 31 December 2018 (2017: $158,000).

15 Creditors: Amounts falling due within one year

	2018 $ 000	2017 $ 000
Amounts owed to group undertakings	3,571	5,769
Other creditors	397	126
Accruals and deferred income	15	34
	3,983	5,929

Group borrowings incur interest at a monthly LIBOR\EURIBOR rate plus 39 to 66 bps and are repayable on demand.

16 Creditors: Amounts falling due after more than one year

	2018 $ 000	2017 $ 000
Corporation tax payable	768	-

17 Financial assets and liabilities

The following tables summarise the carrying value and fair values of the financial assets and liabilities and the classification of each class of financial asset and liability:

	Amortised cost	Fair value through profit or loss (FVTPL)	Fair value through other comprehensive income (FVTOCI)	Total
	$ 000	$ 000	$ 000	$ 000
2018				
Net investment in finance lease (L3)	8,608	-	-	8,608
Net investment in hire purchase contracts (L3)	-	-	-	-
Amounts owed by group undertakings (L3)	11,118	-	-	11,118
Other debtors (L3)	161	-	-	161
Total financial assets	**19,887**	**-**	**-**	**19,887**
Amounts owed to group undertakings (L3)	(3,571)	-	-	(3,571)
Other creditors (L3)	(412)	-	-	(412)
Total financial liabilities	**(3,983)**	**-**	**-**	**(3,983)**

17 Financial assets and liabilities (continued)

	Amortised cost	Fair value through profit or loss (FVTPL)	Fair value through other comprehensive income (FVTOCI)	Total
	$ 000	**$ 000**	**$ 000**	**$ 000**
2017				
Loan debtors (L3)	5,642	-	-	5,642
Net investment in finance lease (L3)	16,356	-	-	16,356
Net investment in hire purchase contracts (L3)	14	-	-	14
Other debtors (L3)	68	-	-	68
Total financial assets	**22,080**	**-**	**-**	**22,080**
Amounts owed to group undertakings (L3)	(5,769)	-	-	(5,769)
Other creditors (L3)	(126)	-	-	(126)
Total financial liabilities	**(5,895)**	**-**	**-**	**(5,895)**

The table above analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1 (L1): quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 (L2): inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 (L3): inputs for the assets or liability that are not based on observable market data (unobservable inputs).

18 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	$	No.	$
Ordinary shares of £1 each	100	156	100	156

19 Capital management

There are no specific regulatory requirements for managing capital at the company level. Capital management is carried out at HQ group level.

20 Financial risk management

The company manages risk at several different levels through an established governance structure designed to ensure effective and appropriate arrangements for risk management and risk assessment. The risk management structure comprises the Board, Risk Management Committee 'RMC', Senior Leadership Team 'SLT' and Exco. This structure allows the company to set appropriate risk appetite levels, review and manage existing risk and identify and manage any new material risks and operate in a regulatory environment which is subject to change.

The company has identified the following areas as its key areas of:

(1) Credit risk: the risk of loss to the company if a customer fails to meet their contractual obligations, arising principally from the company's loans and advances to customers and from any customer, industry or geographic concentrations.

20 Financial risk management (continued)

(2) Market risk: the risk of loss due to changes in external market variables such as interest rates, foreign exchange rates, equity prices, asset and collateral values and commodity prices.

(3) Liquidity risk: the risk that the financial condition or overall safety and soundness of the company is adversely affected by an inability (or perceived inability) to meet contractual obligations.

(4) Operational risk: the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or external events.

(5) Conduct risk: the risk that poor outcomes for customers occur which is caused by actions of the company, its employees or third party service providers.

(1) Credit risk

The company manages its exposure to credit risk through the credit risk policy and through the establishment of risk appetite, limits and the regular reporting & review of portfolio trends. The credit risk policy outlines the approach to credit risk management to facilitate the consistent application of risk management practices across the company. The company has a well established and proactive credit risk management culture, with an appropriate credit risk management framework in place to ensure that the company's legal, commercial, regulatory and ethical obligations are met, and its shareholder's interests are protected at all times.

The company also complies with GE's Global risk management policies and practices to the extent they are appropriate and relevant. GE has a global governance and risk management culture that ensures appropriate limits and controls are in place to monitor the level of risk exposure whilst ensuring compliance with a targeted risk profile established within each business.

In order to further mitigate credit risk, security is normally taken in the form of fixed and floating charges, legal title to the underlying asset, corporate and/or personal guarantees or any other credit enhancement as appropriate to be used to mitigate loss in case of counterparty default under the terms of the agreements. The maximum exposure of the company is represented by the carrying amount of loans, finance leases, and unfunded yet committed credit lines.

20 Financial risk management (continued)

The company takes security over predominantly, technology, healthcare, aircraft, and transportation equipment collaterals and they are monitored in line with the underlying agreement and the company's collateral monitoring procedures which can include external valuations.

The company uses the following controls to measure, mitigate and manage the credit risk:

• Established risk appetite and limits with triggers reviewed at least quarterly at the risk management committee 'RMC' and in Exco.

• Established process for the delegation of authorities & appropriate powers of attorney which are subject to regular review.

• Established credit risk management policies and procedures.

• Regular portfolio review cycle and monthly reporting of credit quality for all portfolios.

• Use of models and IT systems to measure, monitor and control credit risk.

• Determination of an allowance for impairment that represents the estimate of incurred losses in respect of loans and advances.

Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments affecting a particular industry or geographical location. Concentrations can also arise due to connected counter parties, these exposures are controlled through the established risk appetites and limits.

In order to avoid excessive Industrial or Geographic concentrations of risk, the company has agreed limits to ensure a diversified portfolio. The company's assets are segmented on the basis of the country of incorporation of the borrower and the limits and which includes specific guidelines for concentration in Western Europe and the rest of the world. The company has no limit on its risk appetite for UK customers subject to normal underwriting criteria being met.

The industry concentration is well spread and reviewed periodically at SLT & Exco. As of the balance sheet date the geographical split of maximum exposure (including undrawn commitments up to customer credit limits) was as follows:

20 Financial risk management (continued)

	2018	2018	2017	2017
	$000	%	$000	%
Maximum exposure				
United Kingdom	8,607	100	22,238	100
	8,607	100	**22,238**	**100**

	2018	2017
	%	%
Industry exposure		
Office and telecoms	11	63
Healthcare	89	37
	100	**100**

(2) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. The company does not purchase market positions with the intention of re selling and operates a conservative risk appetite in line with the GE global standards. Furthermore, the company has no tolerance for compliance or regulatory breaches.

The company's principal market risk exposures arise from any potential volatility in interest rates and foreign exchange rates and their impact on the company's economic value, capitalisation levels and reported earnings.

Foreign exchange risk

Foreign exchange risk represents the potential for loss from exposure to foreign exchange rate fluctuations. The company measures its foreign exchange exposure as open currency positions in non domestic currencies. As part of the foreign exchange risk management strategy, at the end of each month a foreign exchange exposure review is performed on the month end balance sheet position. All foreign exchange exposures are cleared through foreign exchange spot trades at a group level. Additionally, if new individual transactions/events give rise to material cross currency exposures such as large debtor provisions, they will be cleared intra monthly by foreign exchange spot trades. This approach denotes that foreign currency exposure is cleared as a minimum on a monthly basis in line with the company's foreign exchange exposure risk appetite. The company minimises foreign exchange exposure on customer leases and loans by funding the customer loan in the same currency.

20 Financial risk management (continued)

	2018	2017
	$000	$000
As of the balance sheet date the net currency exposures were as follows:		
GBP	(936)	(2,320)

Sensitivity analysis

The following table demonstrates the sensitivity in the US dollar against pound sterling exchange rates on the company's profit before tax and equity, due to foreign exchange translation of monetary assets and liabilities.

A 10% change in the exchange rates against the US dollar at 31 December 2018 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2017.

		2018		2017
Change in rate	**Effect on profit before tax**	**Effect on equity**	**Effect on profit before tax**	**Effect on equity**
	£ 000	£ 000	£ 000	£ 000
Sterling/US dollar +10%	76	76	313	313
Sterling/US dollar -10%	(76)	(76)	(313)	(313)

Interest rate risk

The company's turnover is predominantly fixed rate in nature which is therefore not exposed to interest rate fluctuations but includes an element of floating rate income which is exposed to interest rate fluctuations. The company funds its assets through both equity which is not exposed to interest rate fluctuations and group borrowing all of which is indexed to LIBOR and therefore the associated interest expense is exposed to interest rate fluctuations.

The company assesses the sensitivity of interest rate movements on earnings volatility to ensure any earnings reductions resulting from interest rate fluctuations are within acceptable limits.

(3) Liquidity risk

The company finances its operations through a mix of equity and borrowings from within the GE group worldwide. Committed and adequate secured funding lines are maintained and monitored to ensure ongoing sufficient liquidity.

21 Maturity analysis of liabilities

	Less than 1 year	1 to 5 years	Over 5 years	Total
	$000	$000	$000	$000
2018 Non-derivative liabilities				
Other creditors	(412)	-	-	(412)
Amounts owed to group undertakings	(3,571)	-	-	(3,571)
	(3,983)	**-**	**-**	**(3,983)**

	Less than 1 year	1 to 5 years	Over 5 years	Total
	$000	$000	$000	$000
2017 Non-derivative liabilities				
Other creditors	(126)	-	-	(126)
Amounts owed to group undertakings	(5,769)	-	-	(5,769)
	(5,895)	**-**	**-**	**(5,895)**

The balances noted above are contractual undiscounted cashflows that include both the principle and future interest payments. Such undiscounted cashflows differ from amounts on the balance sheet because the amounts included in that statement are discounted cash flows. When the amount payable or receivable is fixed the amount disclosed is determined by reference to the condition existing at the end of the reporting period.

22 Capital commitment

At 31 December 2018, the company had no contracted commitments for capital expenditure not provided for in the financial statements (2017: $nil).

23 Contingent liabilities

The company had undrawn commitments to fund as at 31 December 2018 of $11,566,000 (2017: $15,406,000).

24 Ultimate parent undertaking and controlling party

The company's immediate parent is Key Leasing Limited, a company registered at 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

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 Post balance sheet event

On 23 July 2019, the company's immediate parent undertaking, GE Capital International Holdings Limited, transferred its entire shareholding in the company (comprising 100 ordinary shares of £1 each) to Key Leasing Limited.

26 Changes resulting from adoption of IFRS 9

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