

APPENDIX 3.1  
(referred to in paragraph 3.7)

**GEC: historical financial information**

TABLE 1 **GEC: summarized balance sheet as at 31 March for each of the financial years 1989 to 1994**

	<i>£ million</i>					
	1989	1990	1991	1992	1993	1994
Tangible fixed assets and equity accounted investments	1,455	1,786	1,768	1,755	1,896	1,899
Stocks and debtors less current creditors*	<u>1,590</u>	<u>1,690</u>	<u>1,713</u>	<u>1,470</u>	<u>1,542</u>	<u>1,490</u>
Net operating assets employed	3,045	3,476	3,481	3,225	3,438	3,389
Cash assets less borrowings†	546	(154)	(58)	425	651	843
Creditors > 1 year and provisions for liabilities and charges	<u>(362)</u>	<u>(577)</u>	<u>(514)</u>	<u>(476)</u>	<u>(512)</u>	<u>(427)</u>
	<u>3,229</u>	<u>2,745</u>	<u>2,909</u>	<u>3,174</u>	<u>3,577</u>	<u>3,805</u>
Share capital and reserves‡	3,138	2,509	2,665	2,903	3,309	3,547
Minority interests	<u>91</u>	<u>236</u>	<u>244</u>	<u>271</u>	<u>268</u>	<u>258</u>
	<u>3,229</u>	<u>2,745</u>	<u>2,909</u>	<u>3,174</u>	<u>3,577</u>	<u>3,805</u>

Source: MMC from GEC annual report and accounts.

\*Current creditors excludes borrowings, payments in advance and proposed dividends.

†Includes payments received in advance on long-term contracts and finance lease obligations.

‡Includes proposed dividends.

TABLE 2 **GEC: summarized profit and loss accounts for each of the last years 1989 to 1994**

	<i>£ million</i>					
	1989	1990	1991	1992	1993	1994
Turnover	6,664	8,786	9,482	9,435	9,410	9,701
Operating profit	652	671	688	702	695	684
Share of profit of associated companies	<u>14</u>	<u>20</u>	<u>26</u>	<u>22</u>	<u>19</u>	<u>20</u>
Operating profit including share of associated companies	666	691	714	724	714	704
Net interest receivable/(payable)*	<u>130</u>	<u>181</u>	<u>104</u>	<u>105</u>	<u>149</u>	<u>162</u>
Profit/(loss) before tax	796	872	818	829	863	866
Taxation	<u>(278)</u>	<u>(309)</u>	<u>(285)</u>	<u>(278)</u>	<u>(288)</u>	<u>(281)</u>
Profit/(loss) after tax	518	563	533	551	575	585
Extraordinary items	<u>12</u>	<u>140</u> †	<u>(5)</u>	<u>35</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the year	530	703	528	586	575	585
Minority interests	(8)	(20)	(31)	(49)	(39)	(45)
Dividends	<u>(208)</u>	<u>(249)</u>	<u>(245)</u>	<u>(258)</u>	<u>(281)</u>	<u>(296)</u>
Retained profit/(loss)	314	434	252	279	255	244
Operating profit as a percentage of turnover	9.8	7.6	7.3	7.4	7.4	7.1

Source: MMC from GEC annual report and accounts.

\*Includes share of joint venture companies' net interest.

†In 1990 the sale of fixed asset investments to joint venture companies created an extraordinary gain of £164 million before tax.

TABLE 3 GEC: historical cost financial statistics for the years 1989 to 1994

	1989	1990	1991	1992	1993	1994
Average net operating assets employed in the business (£m)*†	2,707	3,261	3,479	3,353	3,332	3,412
Operating profit including share of associated companies	666	691	714	724	714	704
Return on average net operating assets employed (%)	24.6	21.2	20.5	21.6	21.4	20.6
Average shareholders' funds and minority interests* (£m)	3,075	2,987	2,827	3,042	3,376	3,691
Profit/(loss) on ordinary activities before tax (£m)	797	872	818	829	863	866
Return on average shareholders' funds and minority interests (%)	25.9	29.2	28.9	27.3	25.6	23.5
Earnings per ordinary share (p)	19.1	20.2	18.6	18.6	19.7	19.8

Source: MMC from GEC annual report and accounts.

\*The figures for net operating assets employed and shareholders' funds are simple averages of the beginning and end of each financial year (see Table 1).

†In GEC's annual report and accounts the calculation of net operating assets includes amounts falling due after more than one year, payments received in advance and provisions for liabilities. GEC told us that on this basis its operating profit expressed as a percentage of net operating assets increased from between 30 and 32 per cent from 1989 to 1992 to 36 per cent in 1993 and 46 per cent in 1994.