GE Capital Australia Funding Pty Ltd

ABN 67 085 675 467

Annual financial statements for the year ended 31 December 2018

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Annual financial statements - 31 December 2018

Contents

Directors' report

The directors present their report with the financial statements on the consolidated entity (referred to hereafter as the Group) consisting of GE Capital Australia Funding Pty Ltd (the Group) and the entities it controlled at the end of, or during, the year ended 31 December 2018, and the auditor's report thereon.

Directors

The following persons were directors of the Group at any time during the financial year and up to the date of this report:

Mr S Maresh (appointed 13 December 2018)
Mr D Haramantas (appointed 30 May 2018)
Ms F Crockett (resigned 27 November 2018)

Principal activities

The principal activities of the Group during the course of the financial year was to manage external debt issuances and fund the operations of related parties in Australia.

Review of operations

Total comprehensive loss of the Group was $11,552,000 (2017 loss: $13,783,000).

Significant changes in the state of affairs

On 1 November, the Company acquired 100% GE Capital Holdings Pty Ltd and its subsidiaries for USD $148 million and 79% of Morlan Pty Ltd for $2 million. These related party acquisitions were accounted for as common control transactions.

There have been no other significant changes in the state of affairs of the Group during the year.

Dividends

No dividends were paid or declared by the Group in respect of the current financial year (2017: $nil).

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect:

(a) the Group's operations; or
(b) the results of those operations; or
(c) the Group's state of affairs.

Likely developments and expected results of operations

The Group will continue to operate in its existing business, being to manage financing in the external market to fund the operations of related parties in the next financial year.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in these annual financial statements because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group's operations are subject to environmental regulations under Commonwealth and State legislation. The board believes the Group has adequate systems in place for the management of its environmental obligations, and is not aware of any material breach of those environmental obligations as they apply to the Group.

Indemnification and insurance of officers and auditors

Indemnification

Indemnification and insurance of officers and auditors (continued)

Mandatory indemnification and legal costs

To the maximum extent permitted by law, the Group:

(a) Shall indemnify any current or former Officer of the Company who was or is made or is threatened to be made a party or is otherwise involved in any proceeding by reason of the fact he or she is or was an Officer of the Company against all liability and loss suffered and expenses reasonably incurred by that Officer (except a liability for legal costs); and

(b) Shall indemnify an Officer against legal costs incurred by that Officer in defending any proceeding for which that Officer is entitled to be indemnified pursuant to (a) above, in advance of its final disposition provided however that such payment of legal costs shall only be made in advance of final disposition of the proceeding upon receipt of an undertaking by the Officer to repay all amounts advanced if it should be ultimately determined that the Officer is not entitled to be indemnified.

Permissive indemnification and legal costs

To the maximum extent permitted by law, the Group:

(a) May indemnify any person who is not an Officer of the Company (Non-Officer) against any liability or loss incurred by that Non-Officer in their performance of, or in connection with, the role undertaken by them for or on behalf of the Company (except a liability for legal costs); and

(b) May indemnify a Non-Officer against legal costs incurred by that Non-Officer in defending any proceeding for which such non-Officer is entitled to be indemnified pursuant to (a) above, in advance of its final disposition provided however that, to the extent required by law, such payment of legal costs shall only be made in advance of final disposition of the proceeding upon receipt of an undertaking by the Non-Officer to repay all amounts advanced if it should be ultimately determined that the Non-Officer is not entitled to be indemnified.

Any such permissive indemnity must be evidenced by way of written agreement by any Officer designated by the board of directors for such purpose.

Insurance

During the financial year ended 31 December 2018 General Electric Company (the ultimate parent entity) has paid premiums on behalf of the Company in respect of directors' and officers' liability insurance (non-indemnifiable coverage only) in respect of that year.

Subsequently, the ultimate parent entity has agreed to pay premiums on behalf of the Company, in respect of directors' and officers' liability insurance (non-indemnifiable coverage only) in respect of the period ending 11 June 2019.

Such insurance policies insure directors and officers against certain limited liabilities.

Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the insurance policy.

Lead auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* forms part of the directors' report for the year ended 31 December 2018 and is set out on page 4.

Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instalment 2016/191, issued by the Australia Securities and Investment Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the director report have been rounded off in accordance with that Class Order to the nearest to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of directors.

Mr D Haramantas
Director

Melbourne
29 April 2019

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of GE Capital Australia Funding Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of GE Capital Australia Funding Pty Ltd for the financial year ended 31 December 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Andrew Hounsell

Partner

Melbourne

29 April 2019

GE Capital Australia Funding Pty Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2018

	Notes	2018 US$'000	2017 US$'000
Finance expenses			
Finance income	1(a)	**26,665**	48,365
Finance expenses	1(a)	**(34,535)**	(57,000)
Net finance expenses		**(7,870)**	**(8,635)**
Non-finance income			
Other operating revenue		**2,067**	-
Gains/(losses) on financial instruments	1(b)	**(1,901)**	512
Operating expenses			
Management fees		**(634)**	(238)
Professional fees		**(300)**	(48)
Other expenses		**(122)**	(70)
Loss before income tax		**(8,760)**	(8,479)
Income tax benefit/(expense)	1(c)	**(4,489)**	(6,395)
Loss after income tax		**(13,249)**	(14,874)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements to the presentation currency	4(b)	**1,697**	1,091
Total items that may be reclassified subsequently to profit or loss		**1,697**	**1,091**
Total comprehensive loss for the year		**(11,552)**	(13,783)
Loss is attributable to:			
Owners of GE Capital Australia Funding Pty Ltd		**(13,249)**	(14,874)
Total comprehensive loss for the year is attributable to:			
Owners of GE Capital Australia Funding Pty Ltd		**(11,552)**	(13,783)
		(11,552)	**(13,783)**

The above Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	2018 US$'000	2017 US$'000
Assets			
Cash and cash equivalents	2(a)	**384,496**	1,104,869
Loans and other receivables	2(b)	**370,460**	283,684
Current tax receivables		**47**	-
Derivative financial instruments	2(c)	**13,542**	9,263
Deferred tax assets	3(a)	**7,295**	10,362
Total assets		**775,840**	1,408,178
Liabilities			
Payables	2(d)	**13,552**	22,921
Derivative financial instruments	2(c)	**-**	41,504
Interest bearing liabilities	2(e)	**743,817**	1,321,321
Total liabilities		**757,369**	1,385,746
Net assets		**18,471**	22,432
Equity			
Contributed equity	4(a)	**712,935**	712,935
Reserves	4(b)	**25,672**	19,965
Accumulated losses	4(c)	**(720,741)**	(710,468)
Non-controlling interests		**605**	-
Total equity		**18,471**	22,432

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Notes	Contributed equity US$'000	Reserves US$'000	Accumulated losses US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to owners of GE Capital Australia Funding Pty Ltd				
Balance at 1 January 2017		**712,935**	**17,960**	**(695,594)**	**-**	**35,301**
Profit/ (loss) for the year		-	-	(14,874)	-	(14,874)
Other comprehensive income		-	1,091	-	-	1,091
Total comprehensive (loss) for the year		**-**	**1,091**	**(14,874)**	**-**	**(13,783)**
Tax consolidation reserve	4(a)	-	914	-	-	914
Balance at 31 December 2017		**712,935**	**19,965**	**(710,468)**	**-**	**22,432**
Balance at 1 January 2018		**712,935**	**19,965**	**(710,468)**	**-**	**22,432**
Profit/ (loss) for the year		-	-	(13,249)	-	(13,249)
Other comprehensive income		-	1,697	-	-	1,697
Total comprehensive (loss) for the year		**-**	**1,697**	**(13,249)**	**-**	**(11,552)**
Tax consolidation reserve	4(b)	-	4,010	-	-	4,010
Non-controlling interests on acquisition of subsidiary		-	-	-	605	605
Common control transaction	7	-	-	2,976	-	2,976
Balance at 31 December 2018		**712,935**	**25,672**	**(720,741)**	**605**	**18,471**

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

GE Capital Australia Funding Pty Ltd
Consolidated statement of cash flows
For the year ended 31 December 2018

	Notes	2018 US$'000	2017 US$'000
Cash flows from operating activities			
(Loss)/Profit for the year		**(13,249)**	(14,874)
Income tax		**4,489**	6,395
Interest charges - other parties		**34,479**	56,795
Swap interest (income)		**(3,806)**	(15,222)
(Loss)/ gain on fair value of financial instruments		**1,901**	(512)
Non cash movements due to translation into presentation currency		**(340)**	(859)
(Increase)/decrease in operating assets:			
Loans and other receivables		**(94,823)**	1,775,075
Increase/(decrease) in operating liabilities:			
Payables		**265**	(85)
Interest bearing liabilities - related parties		**-**	(146,753)
Net cash (outflow) inflow from operating activities		**(71,084)**	1,659,960
Cash flows from investing activities			
Cash received from common control transactions, net of consideration paid		**6,258**	-
Swap payments		**1,331,805**	2,135,228
Swap receipts		**(1,365,337)**	(2,064,043)
Net cash (outflow) inflow from investing activities		**(27,274)**	71,185
Cash flows from financing activities			
Interest payments to other parties		**(44,511)**	(74,306)
Payment for debt maturities		**(577,504)**	(555,422)
Net cash (outflow) from financing activities		**(622,015)**	(629,728)
Net (decrease) increase in cash and cash equivalents		**(720,373)**	1,101,417
Cash and cash equivalents at 1 January		**1,104,869**	3,452
Cash and cash equivalents at end of year	2(a)	**384,496**	1,104,869

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

Financial performance

This section provides additional information about those individual line items in the financial statements relating to financial performance that management considers most relevant in the context of the operations of the entity.

1 Profit or loss information

(a) Finance income/(expenses)

	2018 US$'000	2017 US$'000
Finance income		
Finance income - related parties	**12,408**	20,770
Interest rate swap - income	**3,806**	15,222
Finance income - financial institutions	**10,451**	12,373
Total finance income	**26,665**	**48,365**
Finance expenses		
Finance charges - related parties	**(56)**	(205)
Finance charges - other parties	**(34,479)**	(56,795)
Total finance expenses	**(34,535)**	**(57,000)**
Net finance (expenses)	**(7,870)**	(8,635)

(b) Gains/(losses) on financial instruments

	2018 US$'000	2017 US$'000
Fair value gain/(loss) on hedged items	**(565)**	(305)
Fair value gain/(loss) on hedging instruments	**1,005**	1,103
Foreign exchange gains/(losses)	**(2,341)**	(286)
Net gains/(losses) on financial instruments	**(1,901)**	**512**

1 Profit or loss information (continued)

(c) Income tax expense/(benefit)

(i) Income tax expense/(benefit)

	2018 US$'000	2017 US$'000
Current tax and deferred tax	4,489	6,395
Income tax expense/(benefit)	**4,489**	**6,395**

(ii) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	2018 US$'000	2017 US$'000
(Loss) from continuing operations before income tax expense/(benefit)	(8,760)	(8,479)
Prima facie income tax expense/(benefit) at 30% (2017 - 30%)	(2,628)	(2,544)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Unrealised foreign exchange gain / loss	80	800
Over/under provision in prior years	(2,628)	-
Current year deferred tax assets not recognised	9,665	8,139
	4,489	6,395
Income tax expense/(benefit)	4,489	6,395

Balance sheet management

This section provides additional information about those individual line items in the statement of financial position that management considers most relevant in the context of the operations of the entity.

2 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2018 US$'000	2017 US$'000
Cash and cash equivalents	**384,496**	1,104,869
Total cash and cash equivalents	**384,496**	**1,104,869**

All cash balances are considered current assets.

(i) Cash at bank and on hand

These have an average interest rate of 1.69% (2017: 1.50%)

(b) Loans and other receivables

	2018 US$'000	2017 US$'000
Related party receivables		
Related party receivables - unsecured	**357,049**	264,849
Total loans to related parties	**357,049**	**264,849**
Other receivables		
Cash restricted or pledged	**2,882**	-
Accrued interest on interest rate swaps	**10,090**	18,157
Accrued interest on term deposits	**20**	-
Other receivables	**419**	678
Total other receivables	**13,411**	**18,835**
Total loans and other receivables	**370,460**	283,684
Classification of total loans and other receivables		
Current	**13,411**	18,835
Non-current	**357,049**	264,849
	370,460	283,684

2 Financial assets and financial liabilities (continued)

(c) Derivative financial instruments

	2018 US$'000	2017 US$'000
Assets		
Current assets		
Derivative financial instruments	13,542	9,263
Total current derivative financial instruments	13,542	9,263
Total derivative financial instrument assets	13,542	9,263
Liabilities		
Current liabilities		
Derivative financial instruments	-	41,504
Total current derivative financial instruments	-	41,504
Total derivative financial instrument liabilities	-	41,504

(d) Payables

	2018 US$'000	2017 US$'000
Accrued expenses	147	-
Accrued interest on medium term notes	12,889	22,921
Withholding tax payable	118	-
Accrued interest on interest rate swaps	398	-
Total payables	**13,552**	**22,921**
Classification of total payables		
Current	13,552	22,921
Non-current	-	-
	13,552	22,921

2 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities

	2018 US$'000	2017 US$'000
Unsecured		
Medium term notes - unsecured (i)	**743,817**	1,321,321
Classification of total interest bearing liabilities		
Current	**184,324**	514,435
Non-current	**559,493**	806,886
	743,817	1,321,321

(i) Financial Guarantee - Medium Term Notes

Medium term notes are guaranteed by a related party, GE Capital Global Holdings, LLC, on the terms and conditions contained in the Guarantee.

(ii) Financing arrangements

The Company had access to the following lines of credit at the reporting date:

Credit standby arrangements	2018 US$'000	2017 US$'000
Total facilities		
Related party loan	**750,000**	550,000
Used at balance date		
Related party loan	**357,049**	263,901
	357,049	**263,901**

(f) Fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

- at At 31 December 2018	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Derivative financial instruments	-	13,542	-	13,542
Total assets	-	13,542	-	13,542
Liabilities				
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

2 Financial assets and financial liabilities (continued)

(f) Fair value measurements (continued)

- at At 31 December 2017	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Derivative financial instruments	-	9,263	-	9,263
Total assets	-	9,263	-	9,263
Derivative financial instruments	-	41,504	-	41,504
Total liabilities	-	**41,504**	-	**41,504**

During the year ended 31 December 2018 there have been no transfers between different levels (2017: $nil).

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

There are currently no instruments held by the Group classified as level 1, as indicated in the table above.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities. The Group holds no such instruments, as indicated above.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Consolidated statement of financial position, are as follows:

2 Financial assets and financial liabilities (continued)

(f) Fair value measurements (continued)

	31 December 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	US$'000	US$'000	US$'000	US$'000
Assets				
Cash and cash equivalents	**384,496**	**384,496**	1,104,869	1,104,869
Loans and other receivables	**370,460**	**370,460**	282,736	282,736
Derivative financial instruments	**13,542**	**13,542**	9,263	9,263
Total financial assets	**768,498**	**768,498**	**1,396,868**	**1,396,868**
Liabilities				
Accrued interest - interest rate swaps	**13,552**	**13,552**	22,921	22,921
Interest bearing liabilities	**743,817**	**743,817**	1,321,321	1,321,321
Derivative financial instruments	**-**	**-**	41,504	41,504
Total financial liabilities	**757,369**	**757,369**	**1,385,746**	**1,385,746**

3 Non-financial assets and liabilities

(a) Deferred tax assets

	2018 US$'000	2017 US$'000
The balance comprises temporary differences attributable to:		
Deferred lease deductions	**5,281**	-
Unrealised gains/losses	**(3,704)**	(52)
Derivative financial instruments - cash flow hedges	**5,254**	10,414
Other	**464**	-
Total deferred tax assets	**7,295**	**10,362**

Deferred tax assets are classified as non-current assets.

(i) Unrecognised deferred tax assets

	2018 US$'000	2017 US$'000
Tax losses	**32,093**	24,884
Total unrecognised deferred tax assets	**32,093**	**24,884**

Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

3 Non-financial assets and liabilities (continued)

(a) Deferred tax assets (continued)

(ii) Movements in deferred tax assets

Movements in deferred tax assets were as follows:

Deferred tax assets	2018 US$'000	2017 US$'000
Opening balance at 1 January	**10,362**	15,212
Credit to statement of comprehensive income	**(4,248)**	(5,803)
Transfers from common control transaction	**2,629**	-
Foreign exchange gains / losses	**(1,448)**	953
Closing balance at 31 December	**7,295**	**10,362**

4 Equity

(a) Contributed equity

Share capital	2018 Shares	2017 Shares	2018 US$'000	2017 US$'000
Ordinary shares - fully paid	**48,089,427,561**	48,089,427,561	**712,935**	712,935

(i) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

Holders of ordinary shares are entitled to one vote per share at shareholder's meetings and to receive dividends as declared.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

(b) Reserves

	2018 US$'000	2017 US$'000
Foreign currency translation reserve	**48,364**	46,667
Tax consolidation reserve	**(22,692)**	(26,702)
Total reserves	**25,672**	**19,965**

4 Equity (continued)

(b) Reserves (continued)

(i) Movements in reserves

Movements in reserves were as follows:

	2018 US$'000	2017 US$'000
Movements:		
Tax consolidation reserve		
Opening balance at 1 January	**(26,702)**	(27,616)
Current tax provision transferred to head entity	**4,010**	914
Closing balance at 31 December	**(22,692)**	(26,702)
Foreign currency translation		
Opening balance at 1 January	**46,667**	45,576
Currency translation differences arising during the year	**1,697**	1,091
Closing balance 31 December	**48,364**	46,667

(ii) Nature and purpose of reserves

Tax consolidation reserve

The tax consolidation reserve represents tax transactions between the head entity in the tax consolidated group and members of the tax consolidated group who are not members of the Group.

(c) Accumulated losses

Movements in accumulated losses were as follows:

	Notes	2018 US$'000	2017 US$'000
Opening balance 1 January		**(710,468)**	(695,594)
Profit/ (loss) for the year		**(13,249)**	(14,874)
Common control transactions		**2,976**	-
Closing balance at 31 December		**(720,741)**	(710,468)

(d) Dividends

(i) Franked dividends

No dividends were paid or declared by the Company in respect of the current financial year (2017: $Nil).

(ii) Franking credits

	2018 US$'000	2017 US$'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2017 - 30.0%)	**87,186**	93,475

The above amounts represent the balance of the franking account as at the reporting date, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax;

4 Equity (continued)

(d) Dividends (continued)

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Risk

This section of the notes discusses the group's exposure to various risks and shows how these could affect the Company's financial position and performance.

5 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Interest rate risk

The Group's receivables and certain borrowings are floating rate interest bearing receivables and liabilities which are subject to cash flow interest rate risk. However, fair value interest rate risk arises on the Group's interest rate risk from borrowings issued at fixed rates, which expose the Group to fair value interest rate risk.

The Group manages its fair value interest rate risk by using fixed-to-floating interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from fixed rates to floating rates. Generally, the Group raises long-term borrowings at both floating and fixed rates. Where it raises fixed rate borrowings, it swaps them into floating rates. Under the terms of the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

5 Financial risk management (continued)

(a) Market risk (continued)

Summarised sensitivity analysis (continued)

31 December 2018	Carrying amount US$'000	Interest rate risk -100 BPS Profit US$'000	Interest rate risk +100 BPS Profit US$'000
Financial assets			
Cash and cash equivalents	384,496	(3,845)	3,845
Receivables	370,460	(3,705)	3,705
Derivative financial instruments	13,542	20,782	(20,388)
Financial liabilities			
Interest bearing liabilities	743,817	(14,636)	14,226
Payables	13,552	136	(136)
Total increase/(decrease)		**(1,268)**	**1,252**

31 December 2017	Carrying amount US$'000	Interest rate risk -100 BPS Profit US$'000	Interest rate risk +100 BPS Profit US$'000
Financial assets			
Cash and cash equivalents	1,104,869	(11,049)	11,049
Receivables	282,736	(2,827)	2,827
Derivative financial instruments	9,263	38,038	(37,288)
Financial liabilities			
Interest bearing liabilities	1,320,373	(23,821)	23,270
Payables	22,921	229	(229)
Drivative liabilities	41,504	40,121	(41,844)
Total increase/(decrease)		**40,691**	**(42,215)**

(ii) Foreign exchange risk

Foreign exchange risk is the risk of loss arising from unfavourable movements in market exchange rates. During 2018 and 2017, the Group's related party receivables were paid in US dollars. Effectively the Group holds most of its retained cash in US dollars. The Group's external liabilities remain predominantly in Australian dollars and the Group has entered into cross currency swaps to convert the debt into US dollar liabilities.

5 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity analysis
The following table summarises the sensitivity of the Group's profit to foreign exchange movements.

	Impact on profit	
	2018	**2017**
	US$'000	**US$'000**
AUD/USD exchange rate - increase 10%	**1,616**	847
AUD/USD exchange rate - decrease 10%	**(1,616)**	(847)

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the Group which have been recognised on the Consolidated statement of financial position is the carrying amount of the assets, net of any provision for doubtful debts.

The Group is exposed to concentration of credit risk, as it provides funding only to related parties of the Group's ultimate parent, General Electric Corporation.

Swaps are subject to credit risk in relation to the relevant counterparties, which are principally related parties. The credit risk on swap contracts is limited to the next amount to be received from counterparties on contracts that are favourable to the Group.

Cash risk
The Group held cash and cash equivalents as at 31 December 2018 of $384,496,000 (2017: $1,104,869,000) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institutions counterparties, which are rated A- to AAA, based on rating agency Fitch's ratings.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The tables below analyse the Group's financial liabilities and the derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual cash flows, except for interest rate swaps where the cash flows have been estimated using forward interest rates applicable at the reporting date, presented on an undiscounted basis. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

5 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities

Contractual maturities of financial liabilities **At 31 December 2018**	**Less than 1 year US$'000**	**Between 1 and 2 years US$'000**	**Between 2 and 5 years US$'000**	**Over 5 years US$'000**	**Total contractual cash flows US$'000**
Trade payables	**13,552**	**-**	**-**	**-**	**13,552**
Interest bearing liabilities	**210,719**	**360,638**	**262,357**	**-**	**833,714**
Total	**224,271**	**360,638**	**262,357**	**-**	**847,266**

Contractual maturities of financial liabilities At 31 December 2017	Less than 1 year **US$'000**	Between 1 and 2 years **US$'000**	Between 2 and 5 years **US$'000**	Over 5 years **US$'000**	Total contractual cash flows **US$'000**
Trade payables	22,921	-	-	-	22,921
Interest bearing liabilities	558,086	236,393	697,175	-	1,491,654
Total	**581,007**	**236,393**	**697,175**	**-**	**1,514,575**

The amounts expected to be payable in relation to the interest rate swaps have been estimated using forward interest rates applicable at the reporting date. The amounts disclosed in the table are the maximum amounts allocated to the earliest period in which the guarantee could be called upon. The Group does not expect these payments to eventuate.

Group structure

This section provides information which will help users understand how the group structure affects the financial position and performance of the group as a whole. In particular, there is information about changes to the structure that occurred during the year as a result of the disposal of a controlled entity.

6 Controlled entities

Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 16(b):

6 Controlled entities (continued)

Investments in subsidiaries (continued)

Name of entity	Country of incorporation	Class of shares	Equity holding 2018 %	2017 %
GE Finance Australia 1 Pty Ltd (a) (d)	Australia	Ordinary	**100**	100
GE Mortgage Insurance Pty Ltd (a)	Australia	Ordinary	**100**	100
GE Capital Mortgage Insurance Corporation (Australia) Pty Ltd (a)	Australia	Ordinary	**100**	100
GE Capital Finance Australasia Pty Ltd (b)	Australia	Ordinary	**100**	-
GE Capital Australia Group Holdings Pty Ltd (b)	Australia	Ordinary	**100**	-
GE Capital Holdings Pty Ltd (b) (e)	Australia	Ordinary	**100**	-
Morlan Pty Ltd (b)	Australia	Ordinary	**79**	-
WA Sun Holdings Pty Ltd (b)(c)	Australia	Ordinary	**100**	-
GEL Custodians Pty Ltd (b)	Australia	Ordinary	**100**	-
AFIG Wholesale Pty Limited (b)	Australia	Ordinary	**100**	-
Australian Mortgage Securities Pty Ltd (b)	Australia	Ordinary	**100**	-
Commercial Distribution Finance Pty Ltd (c)	Australia	Ordinary	**100**	-
Avco Access Pty Ltd (b)(c)	Australia	Ordinary	**100**	-

(a) The Company was acquired by the Group on 14 December 2017.

(b) The Company was acquired by the Group on 1 November 2018.

(c) Entity is in the process of Voluntary Liquidation. A Liquidator has been appointed by the members.

(d) Deed of cross guarantee that was in place during the 2017 year with GE Capital Australia Funding Pty Ltd as the head entity and GE Finance Australia 1 Pty Ltd as the subsidiary was revoked on 30 May 2018.

(e) A new deed of cross guarantee with GE Capital Australia Funding Pty Ltd as the head entity and GE Capital Holdings Pty Ltd as the subsidiary was created on 6 December 2018

7 Common control transaction

(a) Purchase of GE Capital Holdings Pty Ltd and its controlled entities

As part of the ultimate parent entity's simplification initiative to rationalise legal entity ownership, on 1 November 2018 100% of GE Capital Holdings Pty Ltd and its controlled entities were sold to GE Capital Australia Funding Pty Ltd. This sale is considered to be a 'common control transaction'.

Details of the proceeds from transfer is as follows:

	US$'000
Purchase Consideration	
Cash Paid	**148,478**

7 Common control transaction (continued)

(a) Purchase of GE Capital Holdings Pty Ltd and its controlled entities (continued)

Assets and liabilities recognised as a result of the transfer are as follows:

	Book Value US$'000
Book value of assets and liabilities	
Cash and cash equivalents	154,701
Current tax payable	(1,136)
Payables	(2,141)
Net identifiable assets acquired	151,424

(b) Purchase of Morlan Pty Ltd

As part of the ultimate parent entity's simplification initiative to rationalise legal entity ownership, on 1 November 2018 79% of Morlan Pty Ltd was sold to GE Capital Australia Funding Pty Ltd. This sale is considered to be a 'common control transaction'.

Details of the proceeds from transfer is as follows:

	US$'000
Purchase Consideration	
Cash Paid	2,246

Assets and liabilities recognised as a result of the transfer are as follows:

	Book Value US$'000
Book value of assets and liabilities	
Cash and cash equivalents	2,281
Current tax payable	(5)
Net identifiable assets acquired	2,276

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

8 Commitments and contingencies

Contingencies

As at 31 December 2018 the Group has no contingencies (2017: no contingencies).

Commitments

As at 31 December 2018 the Group have no capital commitments (2017: nil).

As at 31 December 2018 the Group had undrawn committed facilities of $286 million outstanding to related parties (2017: $418 million).

9 Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect:

- the Group's operations; or
- the results of those operations; or
- the Group's state of affairs.

Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

10 Segment information

An operating segment is a component of the entity with engaged in business activities from which the entity may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available. The Company operates with one single operating segment representing activities with similar economic characteristics.

The Group operates in the financial services industry as a provider of debt funding to related entities of the Group's ultimate parent General Electric Corporation.

11 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group:

(a) Audit services

	2018 US$	2017 US$
Amounts received or due and receivable by auditors of the Company (KPMG Australia) for:		
Audit and review of financial statements	**121,601**	66,420
Total remuneration for audit and other services	**121,601**	**66,420**

12 Key management personnel disclosures

(a) Details of remuneration

The remuneration of directors is paid by related entities of the Group, and there is no corresponding management fee in relation to such services.

(b) Loans and other transactions with key management personnel

There were no loans made to directors of GE Capital Australia Funding Pty Ltd and other key management personnel of the Group, including their personally related parties, throughout the year ended 31 December 2018.

13 Related party transactions

The following transactions occurred with related parties:

(i) Intercompany finance income and expenses

A portion of interest income/(expense) is generated by loans to and from related parties. Interest income derived from and interest expense paid to related parties (in addition to related guarantee fees) is detailed in note 1(a).

(ii) Commonly controlled entities - loans

Loans with commonly controlled entities are generally revolving credit facilities for a period of five years which have the option to extend for successive terms of five years. All such transactions are conducted on an arms length basis. The aggregate amounts receivable from and payable to commonly controlled entities by the Group at balance sheet date are detailed in notes 2(b) and 2(e).

(iii) Transactions with directors

There were no transactions with the key management personnel during the current financial year.

14 Parent entity and ultimate parent entity information

The Company's immediate parent entity is GE Capital International Holdings Limited (incorporated in the United Kingdom) which at 31 December 2018 owns 100% of the issued ordinary shares of GE Capital Australia Funding Pty Ltd (2017: 100%). The ultimate parent entity is General Electric Company, a company incorporated in the United States of America.

14 Parent entity and ultimate parent entity information (continued)

(a) Summary financial information

	2018 US$'000	2017 US$'000
Balance Sheet		
Current assets	**243,559**	1,114,217
Non-current assets	**520,103**	294,046
Current liabilities	**(197,611)**	(64,425)
Non-current liabilities	**(559,493)**	(1,321,321)
Net assets	**6,558**	22,517
Shareholders' equity		
Contributed equity	**712,935**	712,935
Reserves	**25,007**	19,965
Retained losses	**(731,384)**	(710,383)
Total equity	**6,558**	22,517
(Loss) for the year	**(21,001)**	(14,788)
Total comprehensive (loss)	**(19,304)**	(13,698)

15 Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 the wholly owned subsidiaries of the Group are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports.

It is a condition of the instrument that the Group and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Group guarantees to each creditor, payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under the other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Group is wound up.

Details of the Group's subsidiaries included in the Deed of Cross Guarantee is set out in Note 6.

The consolidated Consolidated statement of profit or loss and other comprehensive income and consolidated Consolidated statement of financial position, comprising the Group and its controlled entities party to the deed, after eliminating all transactions between those parties to the Deed as at 31 December 2018 are set out below:

(a) Profit or loss, Consolidated statement of profit or loss and other comprehensive income and summary of movements in consolidated retained losses

15 Deed of cross guarantee (continued)

(a) Consolidated statements (continued)

	2018 US$'000	2017 US$'000
Consolidated statement of profit or loss and other comprehensive income		
Profit or loss		
Loss before income tax	**(10,840)**	(8,479)
Income tax	**(10,170)**	(6,395)
Loss after income tax	**(21,010)**	(14,874)
Other comprehensive income for the year	**1,699**	1,091
Total comprehensive loss for the year	**(19,311)**	(13,783)

	2018 US$'000	2017 US$'000
Summary of movements in consolidated retained losses		
Retained losses at the beginning of the financial year	**(710,468)**	**(695,594)**
Loss for the year	**(21,010)**	(14,874)
Retained losses at the end of the financial year	**(731,478)**	(710,468)

(b) Consolidated statement of financial position

	2018 US$'000	2017 US$'000
Assets		
Cash and cash equivalents	**230,651**	1,104,869
Loans and other receivables	**367,294**	283,684
Current tax receivables	**47**	-
Derivative financial instruments	**13,545**	9,263
Investments in subsidiaries	**146,924**	-
Deferred tax assets	**5,397**	10,362
Total assets	**763,858**	1,408,178
Liabilities		
Payables	**13,287**	22,921
Derivative financial instruments	**-**	41,504
Interest bearing liabilities	**743,817**	1,321,321
Total liabilities	**757,104**	1,385,746
Net assets	**6,754**	22,432
Equity		
Contributed equity	**712,935**	712,935
Tax consolidation reserve	**(23,069)**	(26,702)
Other reserves	**48,366**	46,667
Retained earnings/(accumulated losses)	**(731,478)**	(710,468)

15 Deed of cross guarantee (continued)

(b) Consolidated statement of financial position (continued)

	2018 US$'000	2017 US$'000
Total equity	**6,754**	22,432

16 Summary of significant accounting policies

GE Capital Australia Funding Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

GE Capital Australia Funding Pty Ltd
Building 8
Level 2
572 Swan Street
Richmond Victoria 3121

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

These financial statements are presented in US dollars, which is the Company's and its subsidiaries functional currency and the Group's presentation currency.

The financial statements were authorised for issue by the directors on 29 April 2019

(a) Basis of preparation

Statement of Compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) and interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Group comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

For the purposes of preparing the financial statements, the Group is a 'for-profit' entity.

The financial report has been prepared on a going concern basis, which contemplates continuity of normal activities, realisation of assets and settlement of liabilities in the normal course of business. The directors have had regard to funding sources currently available, the rollover of external debts and the business performance in considering the going concern basis of preparation.

Changes in accounting policies and disclosures

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year.

Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention, except for certain assets which, as noted, are at fair value.

Critical accounting estimates, judgements and errors

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year for the Company are in relation to the following and are described in the referred notes:

16 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- recoverability of deferred tax assets (refer note 16(e)); and
- impairment of loans and receivables (refer note 16(h)).

Comparative information

Certain comparative amounts in the financial statements have been reclassified to conform with the current year's presentation.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Company as at 31 December 2018 and the results of all subsidiaries for the year then ended. Company and its controlled entities and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US dollars, which is the Company's and its subsidiaries functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except where they are deferred in equity as qualifying cash flow hedges.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Finance income

Interest income and commitment fee income is recognised on an accrual basis using the effective interest method.

(e) Income tax

Income tax in the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

16 Summary of significant accounting policies (continued)

(e) Income tax (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation

The Company is the head entity in a tax consolidated group incorporating the Company, GE Capital Australia Cash Pool Pty Ltd, and GE Investments Australia Pty Ltd. The implementation date of the tax consolidations system for the tax consolidated group was 1 January 2004.

The head entity, GE Capital Australia Funding Pty Ltd, and the members in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, GE Capital Australia Funding Pty Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Tax transactions between the head entity and members of the tax consolidated group who are also controlled by the head entity are recognised by the head entity as increases or decreases (as appropriate) in the value of the investment in subsidiary. Tax transactions between the head entity and members of the tax consolidated group who are not controlled by the head entity are transferred to the tax consolidation reserve.

(f) Cash and cash equivalents

For the purposes of cash flow presentation, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Consolidated statement of financial position.

16 Summary of significant accounting policies (continued)

(g) Receivables and other financial assets

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value, including direct and incremental transaction costs. Subsequent measurement is at amortised cost using the effective interest method, less provision for losses on loans and receivables (refer to note 16(g)(ii)). They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the Consolidated statement of financial position.

(ii) Provision for losses on loans and receivables

The Group first assesses whether objective evidence of impairment exists for individual financial assets that are individually significant. Where objective evidence of impairment exists, the financial asset is recognised at the present value of its estimated future cash flows.

Objective evidence that not all the principal and interest will be collected in accordance with the loan agreement includes default on a repayment or a change in risk rating.

Financial assets, other than those individually significant financial assets that have been assessed as impaired are grouped with other financial assets with similar credit risk characteristics and collectively assessed for impairment. When evidence of impairment exists, the determination of an appropriate allowance for losses is based upon past loss experience for portfolios with similar payment history.

(h) Impairment of assets

The carrying amount of the Group's assets which are in the scope of AASB 136 Impairment of Assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, in profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. In assessing value in use, the estimated future pre-tax 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently stated at amortised cost with any difference between the costs and the redemption value recognised in profit or loss over the period of the borrowings using the effective interest method.

Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(k) Borrowing costs

Borrowing costs are expensed as incurred.

16 Summary of significant accounting policies (continued)

(l) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the ineffective portion and the changes in the fair value of hedged fixed rate borrowings attributable to interest rate risk is also included in profit or loss within gains/(losses) on financial instruments.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included within (gains)/losses on financial instruments.

(m) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(n) Dividends

A liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

No dividends were paid or declared by the Group in respect of the current financial year (2017: $Nil).

(o) New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year.

The Company has elected to early adopt AASB 9 'Financial instruments' on 1 January 2016. According to the transition related provisions of AASB 9, the classification and measurement and the impairment related guidance is applied retrospectively; however, comparatives are not restated. In line with this, any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application should be recognised in the opening retained earnings of the annual reporting period that includes the date of initial application. The new hedge accounting guidance is applied prospectively from the date of adopting AASB 9 according to the transition guidance applicable for hedge accounting in the new standard.

16 Summary of significant accounting policies (continued)

(o) New accounting standards and interpretations (continued)

The adoption of AASB 9 resulted in the following changes in the Company's accounting policies:

Financial assets
The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost only if both of the following conditions are met:
- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial liabilities
Financial liabilities continue to be measured at either amortised cost or fair value through profit & loss (FVTPL). The criteria for designating a financial liability at FVTPL by applying the fair value option also remains unchanged.

Changes to impairment of financial assets
The AASB 9 impairment requirements are based on an expected credit loss model, replacing the incurred loss methodology model under AASB 139.

Effects of early adopting AASB 9 on these financial statements:

Classification of financial instruments
The classification of the Company's unsecured related party loan receivables, which are not included in a hedging relationship, reflects the Company's business model for managing them and their contractual cash flow characteristics, while classification of the Company's financial liabilities remained unchanged. Accordingly, the application of this guidance of AASB 9 did not have an effect on the carrying value of the Company's financial instruments that existed on the transition date.

Measurement of financial instruments
The Company's related party loans, trade and interest bearing liabilities are classified as being measured at amortised cost. Other financial instruments of the Company are measured at fair value. The gains or losses on derivatives which are not included in a hedging relationship is continued to be recognised in profit or loss. The transition to the expected loss model according to the impairment related guidance of AASB 9 did not have a significant impact on the carrying value of the Company's financial instruments, none of which had increased credit risk since initial recognition or are considered credit impaired.

Hedge accounting
As noted above, the Company also elected to early adopt the hedge accounting requirements of AASB 9. The gains or losses on hedging derivatives in fair value hedges are continued to be fully recognised in profit or loss as the Company does not have equity instruments classified as at fair value though other comprehensive income designated in a hedging relationship. The hedging gains or losses on the hedged item adjusts the carrying amount of the hedged item and are recognised in profit or loss.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in AASB 15 provide a more standard approach to measuring and recognising revenue when the promised goods and services are transferred to the customer (i.e. when performance obligations are satisfied).

These financial statements have not been materially affected by the adoption of AASB 15.

16 Summary of significant accounting policies (continued)

(o) New accounting standards and interpretations (continued)

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

(p) Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instalment 2016/191, issued by the Australia Securities and Investment Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the director report have been rounded off in accordance with that Class Order to the nearest to the nearest thousand dollars unless otherwise stated.

In the opinion of the directors of GE Capital Australia Funding Pty Ltd:

(a) the financial statements and notes set out on pages 5 to 35 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards (including the Australian Accounting Interpretations), and the *Corporations Regulations 2001*, and
   (ii) giving a true and fair view of the Group's financial position as at 31 December 2018 and of their performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date
(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 16(a)
(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of directors.

Mr D Haramantas
Director

Melbourne
29 April 2019

KPMG

Independent Auditor's Report

To the shareholders of GE Capital Australia Funding Pty Ltd

Opinion

We have audited the ***Financial Report*** of GE Capital Australia Funding Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- *Consolidated statement of financial position* as at 31 December 2018
- *Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration.*

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in GE Capital Australia Funding Pty Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Directors' report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

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Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

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Andrew Hounsell

Partner

Melbourne

29 April 2019