

Westinghouse Electric Energy Systems UK Limited

Annual Report and Accounts

31 March 2007

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Westinghouse Electric Energy Systems UK Limited

DIRECTORS

D J Powell
L Aylmore

SECRETARY

F A Houghton

AUDITORS

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

BANKERS

JP Morgan Chase Bank N A
125 London Wall
London
EC2Y 5AJ

REGISTERED OFFICE

Springfields
Salwick
Preston
Lancashire
PR4 0XJ

Westinghouse Electric Energy Systems UK Limited

DIRECTORS' REPORT

The directors present their report and accounts for the financial year ended 31 March 2007

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £280,000 (2006 £589,000)

The Directors do not recommend a dividend (2006 £nil)

PRINCIPAL ACTIVITIES

The company's principal activity is to provide financing for the investing and borrowing of cash funds among the group companies. It also acts as a commissioned agent for other group companies supplying services to the nuclear industry.

DIRECTORS

The Directors who served during the year and changes since the year end were as follows

D J Powell

I G Clarkson (resigned 31 December 2007)

L Aylmore (appointed 1 January 2008)

The Company maintains directors and officers' liability insurance covering the defence costs of civil legal proceedings and the damages resulting from the unsuccessful defence of such proceedings except, in such cases, to the extent that a Director or Officer acted fraudulently or dishonestly.

DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 234ZA of the companies Act 1985, each of the above directors (excluding those who have resigned during the financial year)

- is not aware of any relevant audit information of which the company's auditors are unaware, and
- has taken all the 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 auditors are aware of that information

Westinghouse Electric Energy Systems UK Limited

DIRECTORS' REPORT (continued)

ELECTIVE RESOLUTIONS

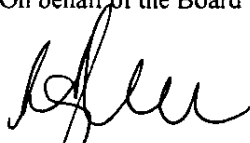
The Company has elected to dispense with the holding of Annual General Meetings pursuant to Section 366A of the Companies Act 1985

The Company has elected to dispense with the annual appointment of Auditors pursuant to Section 386 of the Companies Act 1985

The Company has elected to dispense with the laying of accounts and reports in general meeting pursuant to Section 252 of the Companies Act 1985

The Directors' report has been prepared in accordance with the Special provisions of Part VII of the Companies Act 1985 to small entities

On behalf of the Board



Linda Aylmore
Director

Date 11/9/08

Westinghouse Electric Energy Systems UK Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Westinghouse Electric Energy Systems UK Limited

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WESTINGHOUSE ELECTRIC ENERGY SYSTEMS UK LIMITED

We have audited the company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, the Statement of Cash Flows and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP
Registered Auditor
Manchester

11/9/08

Westinghouse Electric Energy Systems UK Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2007

	Notes	2007 £000	2006 £000
TURNOVER	2	391	1 592
Cost of sales		(415)	(1,944)
GROSS LOSS		(24)	(352)
Other net operating income	5	261	-
OPERATING PROFIT/(LOSS)		237	(352)
Interest receivable and similar income	6	10,292	7,650
Interest payable and similar charges	7	(10,819)	(8,141)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(290)	(843)
Taxation on loss on ordinary activities	8	10	254
LOSS FOR THE FINANCIAL YEAR		(280)	(589)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2007

There are no recognised gains or losses other than the loss for the year of £280,000 (2006 loss of £589,000)

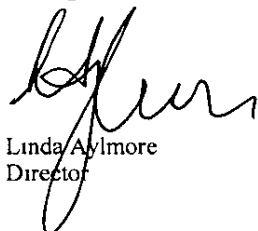
Westinghouse Electric Energy Systems UK Limited

BALANCE SHEET

At 31 March 2007

	Notes	2007 £000	2006 £000
CURRENT ASSETS			
Debtors	9	281,718	121,415
Cash at bank and in hand		2,095	6,392
		<u>283,813</u>	<u>127,807</u>
CREDITORS amounts falling due within one year	10	(268,314)	(112,028)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,499</u>	<u>15,779</u>
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Profit and loss account	12	15,499	15,779
EQUITY SHAREHOLDERS' FUNDS	13	<u>15,499</u>	<u>15,779</u>

The financial statements of Westinghouse Electric Energy Systems UK Limited for the year ended 31 March 2007 were authorised for issue by the Directors on 11/9/08 and the balance Sheet was signed on behalf of the directors by


Linda Aylmore
Director

Westinghouse Electric Energy Systems UK Limited

STATEMENT OF CASH FLOWS

For the year ended 31 March 2007

	Notes	2007 £000	2006 £000
NET CASH FLOW FROM OPERATING ACTIVITIES	14a	742	(255)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(7,333)	(4,157)
Interest received		9,212	6,383
		1,879	2,226
TAXATION			
Corporation taxation paid		(250)	-
NET CASH FLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		2,371	1,971
MANAGEMENT OF LIQUID RESOURCES			
(Increase)/decrease in current accounts due to Group undertakings		(164,250)	194
FINANCING			
Net increase in long term borrowing		157,626	1,271
(DECREASE)/ INCREASE IN CASH		(4,253)	3,436
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		2007 £000	2006 £000
(Decrease)/increase in cash in the period		(4,253)	3,436
Cash flow from increase/(decrease) in liquid resources		164,250	(194)
Cash inflow resulting from increase in loans from Group undertakings		(157,626)	(1,271)
Changes in net debt resulting from cash flows	14b	2,371	1,971
Exchange movement		(2,257)	1,140
Loan interest capitalised on change of ownership		306	429
Movement in the period		420	3,540
Net debt at the beginning of the period	14b	18,893	15,353
Net debt at the end of the period	14b	19,313	18,893

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS

At 31 March 2007

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

In preparing the financial statements for the current year, the Company has fully adopted the requirements of FRS 1 Cash flow Statements and FRS 8 Related Party Disclosures. The Company was previously exempt from these requirements as a wholly owned subsidiary of BNFL Plc

In preparing the current year financial statements, the Directors have reclassified certain Intercompany items in the comparative figures to reflect a more appropriate classification of Intercompany interest, debtors and creditor balances. This has no impact on the amounts due to or from any company or on the overall net asset or net current asset position

Taxation

The charge for taxation is based on the (profit)/ loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more, tax, with the following exceptions

- Deferred taxation assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred taxation is measured on an undiscounted basis at the taxation rates that are expected to apply in the periods in which timing differences reverse, based on taxation rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. Exchange differences are taken to the profit and loss account

2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties

Turnover is attributable to one continuing activity, the provision of services to the nuclear industry in the United Kingdom

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued)

At 31 March 2007

3 DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The Directors received no emoluments during the year (2006 £nil)

The Company had no employees during the financial year ended 31 March 2007 (2006 nil)

4. AUDIT FEES

Audit fees are paid by another group company

5 OTHER NET OPERATING INCOME

	2007 £000	2006 £000
Waiver of inter company receivable	(254)	-
Write back of Inter company payable	515	-
	<u>261</u>	<u>-</u>

Prior to the change in ownership of the company, a tax credit for 2005/6 was received by British Nuclear Fuels Plc on behalf of the company Westinghouse Electric Energy Systems UK Limited confirmed in 2006/7 that no payment would be requested from British Nuclear Fuels Plc in respect of this refund and therefore the related receivable has been written off in the current financial year

Following settlement of an Inter company balance in 2005/06, the write back shown above reflects a final adjustment in respect of these transactions in 2006/07

6. INTEREST RECEIVABLE AND OTHER INCOME

	2007 £000	2006 £000
Interest receivable from Immediate Parent Undertaking	90	-
Interest receivable from Fellow Subsidiary Undertaking	236	-
Interest receivable from other Group Undertakings	9,966	6,178
Bank interest receivable	-	451
Exchange gains	-	1 021
	<u>10,292</u>	<u>7,650</u>

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued)

At 31 March 2007

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	<i>Restated</i> 2006
	£000	£000
Interest payable to Immediate Parent Undertakings	3,334	6,023
Interest payable to Fellow Subsidiary Undertakings	2,821	1,001
Bank interest payable	3	-
Interest payable to Group Undertakings	1,939	1,117
Exchange losses	2,722	-
	<u>10,819</u>	<u>8,141</u>

In the 2006 financial statements, all interest payable to Group undertakings was included within a single line item. In preparing the current year financial statements, the Directors have reclassified certain 2006 items above to reflect a more appropriate classification. As a result, interest payable to Group Undertakings has reduced by £7,024k and there has been a corresponding increase in interest payable to Immediate Parent Undertakings and interest payable to Fellow Subsidiary Undertakings of £6,023k and £1,001k respectively.

8 TAXATION ON LOSS ON ORDINARY ACTIVITIES

	2007	2006
	£000	£000
<i>Current tax</i>		
UK corporation tax on losses for the period	<u>(10)</u>	<u>(254)</u>
The taxation assessed on the profit on ordinary activities for the year is different from the standard rate of corporation taxation in the UK of 30%. The differences are reconciled below		
	2007	2006
	£000	£000
Loss on ordinary activities before taxation	<u>(290)</u>	<u>(843)</u>
Taxation on loss at 30% (2006: 30%)	(86)	(254)
Effects of		
Non taxable expense waiver of Intercompany balance	76	-
Current taxation credit for the year	<u>(10)</u>	<u>(254)</u>

The Company has no deferred taxation asset or liability as at 31 March 2007 (2006: nil)

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued)

At 31 March 2007

9. DEBTORS

	2007	<i>Restated</i> 2006
	£000	£000
Amounts owed by former Ultimate Parent Undertaking	-	554
Amounts owed by fellow Subsidiary Undertakings	2,002	-
Amounts owed by other Group Undertakings	279,370	120,861
Accrued income	86	-
Corporation tax	260	-
	<u>281,718</u>	<u>121,415</u>

In preparing the current year financial statements, the Directors have reclassified certain 2006 items above to reflect a more appropriate classification. As a result, amounts owed by fellow Subsidiary Undertakings and Trade debtors have reduced by £120,818k and £597k respectively and there has been a corresponding increase in amounts owed by other Group Undertakings and amounts owed by former Ultimate Parent Undertaking of £120,861k and £554k respectively.

10 CREDITORS. amounts falling due within one year

	2007	<i>Restated</i> 2006
	£000	£000
Amounts owed to Immediate Parent Undertaking	60,883	69,923
Amounts owed to Fellow subsidiary Undertakings	92,519	13,842
Amounts owed to other Group Undertakings	114,418	27,898
Accruals	76	-
Other taxes and social security costs	418	365
	<u>268,314</u>	<u>112,028</u>

In the 2006 financial statements, all creditors owed to Group undertakings were included within a single line item. In preparing the current year financial statements, the Directors have reclassified certain 2006 items above to reflect a more appropriate classification. As a result, amounts owed to other Group Undertakings has reduced by £83,765k and there has been a corresponding increase in amounts owed to Immediate Parent Undertaking and amounts owed to Fellow subsidiary Undertakings of £69,923k and £13,842k respectively.

11 SHARE CAPITAL

	2007	2006
	£	£
Authorised		
Ordinary shares of £1 each	100	100
Allotted, called-up and fully paid		
3 ordinary shares of £1 each	3	3

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued)

At 31 March 2007

12 RESERVES

	Profit and loss account £000
At 1 April 2006	15,779
Loss for the year	(280)
At 31 March 2007	15,499

13 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2007 £'000	2006 £'000
Loss for the financial year	(280)	(589)
Opening shareholders' funds	15,779	16,368
Closing shareholders' funds	15,499	15,779

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash flow from operating activities

	2007 £000	2006 £000
Operating profit / (loss)	237	(352)
Decrease in debtors and prepayments	1,137	6
(Decrease)/ increase in operating creditors and accruals	(632)	91
Net cash flow from operating activities	742	(255)

(b) Analysis of net debt

	Opening £000	Cash flow £000	Exchange movement £000	Other non cash flows £000	Closing £000
Cash in hand and at bank	6,392	(4,253)	(44)	-	2,095
Loans receivable from Group Undertakings	117,706	164,250	(6,519)	3,111	278,548
Loans payable to Group undertakings	(105,205)	(157,626)	4,306	(2,805)	(261,330)
	18,893	2,371	(2,257)	306	19,313

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued)

At 31 March 2007

15. RELATED PARTY TRANSACTIONS

During the year the group entered into transactions in the ordinary course of business with other related parties. Transactions entered into, and trading balances outstanding at 31 March, are as follows

	2007 £000	2007 £000	2006 £000	2006 £000
<i>Sale & Purchases</i>	Sales	Purchases	Sales	Purchases
British Nuclear Group Ltd	391	-	526	-
Westinghouse Electric Company LLC	-	304	-	210
Wesdyne International LLC	-	111	-	1,734
	391	415	526	1,944

	2007 £000	2007 £000	2006 £000	2006 £000
<i>Loans receivable and payables</i>	Loan receivable	Loan payable	Loan receivable	Loan payable
TSB Investments Europe Ltd	2,000	10,820	-	12,861
Westinghouse Electric Company LLC	161,168	20,348	106,230	-
Westinghouse Barras Provence SA	8,823	-	8,023	-
Westinghouse Service Nucleaire SA (Formerly Logitest)	2,986	-	2,023	-
Westinghouse Electric France SAS	3,495	-	1,430	-
Toshiba International Finance	100,076	-	-	-
Westinghouse Electric UK Ltd	-	56,200	-	65,387
Uranium Asset Management Ltd	-	80,393	-	-
Westinghouse Czech Republic SRO	-	882	-	3,061
Westinghouse Electric Germany GmbH	-	40,890	-	23,896
Westinghouse Electric Sweden AB	-	51,797	-	-
	278,548	261,330	117,706	105,205

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (Continued)

At 31 March 2007

15. RELATED PARTY TRANSACTIONS (CONTINUED)

	2007 £000	2007 £000	2006 £000	2006 £000
<i>Debtors and Creditors</i>	Debtor	Creditor	Debtor	Creditor
TSB Investments Europe Ltd	2	1,009	-	981
Westinghouse Electric Company LLC	2,677	135	1,909	-
Westinghouse Barras Provence SA	39	-	31	-
Westinghouse Service Nucleaire SA (Formerly Logitest)	14	-	23	17
Westinghouse Electric France SAS	22	-	8	-
Toshiba International Finance	70	-	-	-
Westinghouse Electric UK Ltd	-	4,684	-	4,536
Uranium Asset Management Ltd	-	297	-	-
Westinghouse Czech Republic SRO	-	3	-	8
British Nuclear Group Ltd	86	-	1,184	-
British Nuclear Fuels Plc	-	-	554	-
Magnox Electric Ltd	-	-	-	246
Wesdyne International LLC	-	-	-	516
Westinghouse Electric Germany GmbH	-	350	-	154
Westinghouse Electric Sweden AB	-	88	-	-
	2,910	6,566	3,709	6,458

In addition to the above, in 2006/07 there was accrued income of £86k relating to British Nuclear Group Ltd and accrued costs due to Westinghouse Electric Company LLC of £76k included in notes 9 and 10 respectively

	2007 £000	2007 £000	2006 £000	2006 £000
<i>Interest payable & Interest receivable</i>	Interest Paid	Interest Received	Interest Paid	Interest Received
Westinghouse Service Nucleaire SA (Formerly Logitest)	(14)	163	11	65
Westinghouse Electric UK Ltd	3,334	90	6,022	-
Westinghouse Electric Sweden AB	631	-	484	76
Uranium Asset Management Ltd	2,187	-	482	-
Westinghouse Czech Republic SRO	103	-	64	-
Westinghouse Electric Company LLC	62	9,258	-	5,757
TSB Investments Europe Ltd	634	89	519	-
Westinghouse Electric Germany GmbH	1,157	-	544	-
Westinghouse Electric Belgium	-	-	15	-
Springfields Fuels Ltd	-	147	-	-
Westinghouse Barras Provence SA	-	374	-	244
Westinghouse Electric France SAS	-	101	-	36
Toshiba International Finance	-	70	-	-
	8,094	10,292	8 141	6,178

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (Continued)

At 31 March 2007

16 ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

Following the sale of the Westinghouse business by British Nuclear Fuels Plc, the Company is a subsidiary undertaking of Westinghouse Electric UK Limited and the ultimate parent company is Toshiba Corporation. Westinghouse Electric UK Limited is a subsidiary undertaking of Toshiba Nuclear Energy Holdings UK Limited which was owned in the following proportions at 31 March 2007

77%	TSB Nuclear Energy Investment UK Limited
20%	Shaw Group Inc
3%	Ishikawajima-Harima Heavy Industries Co Limited

On 1 October 2007, TSB Nuclear Energy Investment UK Limited sold 10% of its investment in Toshiba Nuclear Energy Holdings UK Limited to Kazatomprom

The smallest and largest group in which the results of the Corporation are consolidated is that headed by Toshiba Corporation, a company incorporated in Japan. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from the Head Office of the Toshiba Corporation in Japan. The head office address is Toshiba, 1-1, Shibaura, 1-chome, Minato-ku, Tokyo 105-8001, Japan.