

Westinghouse Electric Energy Systems UK Limited

Annual Report and Accounts

31 March 2011



Westinghouse Electric Energy Systems UK Limited

DIRECTORS

P Martin
A Bull

SECRETARY

F A Houghton

AUDITORS

Ernst & Young LLP
20 Chapel Street
Liverpool
L3 9AG

BANKERS

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

REGISTERED OFFICE

Springfields
Salwick
Preston
Lancashire
PR4 OXJ

Westinghouse Electric Energy Systems UK Limited

DIRECTORS' REPORT

The Directors present their report and accounts for the financial year ended 31 March 2011

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £219,995 (2010 loss of £3,825,427)

During the year the Directors paid a total dividend of £4,384,992 to Westinghouse Electric UK Holdings Limited (2010 £nil)

PRINCIPAL ACTIVITIES

The Company's principal activity is to provide financing for the investing and borrowing of cash funds among the group Companies

FINANCIAL INSTRUMENTS AND TREASURY POLICIES

The Company's financial instruments comprise some cash and short-term loans to and from group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken

The main risks arising from the Company's financial instruments are interest rate risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The policies have remained unchanged since incorporation

Interest rate risk

The Company finances its operations through a mixture of retained profits and loans to / from group undertakings. Interest rates in respect of group undertakings are in accordance with Westinghouse treasury policies

Foreign currency risk

As at 31 March 2011 there was one outstanding foreign currency contract (note 14) (2010 11)

Company policies ensure that an overall view of the Group's exchange exposure and foreign currency commitments can be done in conjunction with the Treasury Department of Westinghouse Electric Company LLC

Westinghouse's policy requires that transaction exposure be properly hedged beyond \$250,000, through the purchase of forward or option contracts, matching the terms of the underlying exposure. Contingent exposures, such as bid to award risk, may be hedged at the discretion of the respective company. Recommendation is that the risk remains with the customer or vendor until an award is made or a purchase becomes firm. Westinghouse does not hedge for translation exposure and competitive exposure is managed through strategic sourcing

Westinghouse Electric Energy Systems UK Limited

DIRECTORS' REPORT (continued)

DIRECTORS

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

D J Powell (resigned 12 October 2010)

L Aylmore (resigned 12 October 2010)

P Martin (appointed 12 October 2010)

A Bull (appointed 12 October 2010)

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 415(1) of the Companies Act 2006, 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

The Directors' report has been prepared in accordance with Section 417 of the Companies Act 2006

On behalf of the Board



P Martin

Director

Date 16/09/2011

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 2006. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WESTINGHOUSE ELECTRIC ENERGY SYSTEMS UK LIMITED

We have audited the financial statements of Westinghouse Electric Energy Systems UK Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

As explained more fully in the Directors Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the Directors, and
- the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WESTINGHOUSE ELECTRIC ENERGY SYSTEMS UK LIMITED**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Barry Flynn
Senior Statutory Auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
Liverpool

26/9/2011

Westinghouse Electric Energy Systems UK Limited

PROFIT AND LOSS ACCOUNT For the year ended 31 March 2011

	Notes	2011 £000	2010 £000
Other net operating expense		-	(3,496)
OPERATING LOSS		-	(3,496)
Interest receivable and similar income	4	570	2,916
Interest payable and similar charges	5	(876)	(4,733)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(306)	(5,313)
Taxation on loss on ordinary activities	6	86	1,488
LOSS FOR THE FINANCIAL YEAR		(220)	(3,825)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 31 March 2011

There are no recognised gains or losses other than the loss for the year of £219,995 (2010 loss of £3,825,427)

Westinghouse Electric Energy Systems UK Limited

BALANCE SHEET

Registered No: 3108756

At 31 March 2011

	Notes	2011 £000	2010 £000
CURRENT ASSETS			
Debtors	7	12,770	125,283
Cash at bank and in hand		<u>1,182</u>	<u>2,775</u>
		13,952	128,058
CREDITORS · amounts falling due within one year	8	<u>(4)</u>	<u>(109,505)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,948	18,553
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	<u>13,948</u>	<u>18,553</u>
EQUITY SHAREHOLDERS' FUNDS	11	13,948	18,553

The financial statements of Westinghouse Electric Energy Systems UK Limited for the year ended 31 March 2011 were authorised for issue by the Directors on 16/09/2011 and the balance Sheet was signed on behalf of the Directors by



P Martin
Director

Westinghouse Electric Energy Systems UK Limited

STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	2011 £000	2010 £000
NET CASH FLOW FROM OPERATING ACTIVITIES	12a	222	(4,411)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(5,392)	(3,908)
Interest received		1,465	4,373
		(3,927)	465
DIVIDENDS			
Equity dividends paid to parent company		(4,385)	-
TAXATION			
Corporation taxation received / (paid)		1,905	(1,826)
NET CASH FLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(6,185)	(5,772)
MANAGEMENT OF LIQUID RESOURCES			
Decrease in current accounts due from group undertakings		107,555	162,284
FINANCING			
Net decrease in loans to group undertakings		(99,880)	(156,866)
INCREASE / (DECREASE) IN CASH		1,490	(354)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		2011 £000	2010 £000
Increase / (decrease) in cash in the period		1,490	(354)
Cash inflow from decrease in current accounts due from group undertakings		(107,555)	(162,284)
Cash outflow resulting from decrease in loans from group undertakings		99,880	156,866
Changes in net funds resulting from cash flows	12b	(6,185)	(5,772)
Exchange movement	12b	(609)	(2,222)
Movement in the period		(6,794)	(7,994)
Net funds at the beginning of the period	12b	19,894	27,888
Net funds at the end of the period	12b	13,100	19,894

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS

At 31 March 2011

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

Taxation

The charge for taxation is based on the result 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. DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

The Directors received no emoluments during the year in respect of their services as Directors of the Company (2010 £nil). The Directors are remunerated by Westinghouse Electric UK Holdings Limited

The Company had no employees during the financial year ended 31 March 2011 (2010 nil)

3. AUDIT FEES

Audit fees are paid by Westinghouse Electric UK Holdings Limited

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued) At 31 March 2011

4. INTEREST RECEIVABLE AND OTHER INCOME

	2011 £000	2010 £000
Interest receivable from immediate parent undertaking	18	35
Interest receivable from fellow subsidiary undertakings	234	176
Interest receivable from group undertakings	301	2,699
Bank interest	17	6
	<u>570</u>	<u>2,916</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £000	2010 £000
Interest payable to immediate parent undertaking	84	888
Interest payable to fellow subsidiary undertakings	23	398
Interest payable to group undertakings	160	1,225
Exchange losses	609	2,222
	<u>876</u>	<u>4,733</u>

6. TAXATION ON LOSS ON ORDINARY ACTIVITIES

(a) Taxation on loss on ordinary activities

	2011 £000	2010 £000
<i>Current tax</i>		
UK corporation taxation based on the results of the financial year	(86)	(1,488)
Taxation credit for the financial year	<u>(86)</u>	<u>(1,488)</u>

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued) At 31 March 2011

6. TAXATION ON LOSS ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting the current taxation charge

Taxation is assessed at the standard rate of UK corporation taxation of 28% (2010 28%) as below

	2011 £000	2010 £000
Loss on ordinary activities before taxation	(306)	(5,313)
Tax credit on loss on ordinary activities at 28% (2010 28%)	(86)	(1,488)
Total current taxation credit	(86)	(1,488)

7 DEBTORS

	2011 £000	2010 £000
Amounts owed by ultimate parent undertaking	-	158
Amounts owed by immediate parent undertaking	-	161
Amounts owed by fellow subsidiary undertakings	3,155	723
Amounts owed by group undertakings	9,615	122,422
Corporation tax	-	1,819
	12,770	125,283

8. CREDITORS: amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to immediate parent undertaking	-	10,087
Amounts owed to fellow subsidiary undertakings	-	4,097
Amounts owed to group undertakings	4	95,321
	4	109,505

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued) At 31 March 2011

9. SHARE CAPITAL

	2011 £	2010 £
Authorised 100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called-up and fully paid 3 ordinary shares of £1 each	3	3
	<hr/>	<hr/>

10. RESERVES

	Profit and loss account £000
At 1 April 2010	18,553
Loss for the year	(220)
Dividends paid	(4,385)
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At 31 March 2011	13,948
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11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2011 £000	2010 £000
Loss for the financial year	(220)	(3,825)
Dividends paid	(4,385)	-
Opening shareholders' funds	18,553	22,378
	<hr/>	<hr/>
Closing shareholders' funds	13,948	18,553
	<hr/>	<hr/>

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued) At 31 March 2011

12. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2011 £000	2010 £000
Operating loss	-	(3,496)
Decrease / (increase) in debtors and prepayments	222	(869)
Decrease in operating creditors and accruals	-	(46)
Net cash flow from operating activities	222	(4,411)

(b) Analysis of net funds

	At 1 April 2010 £000	Cash flow £000	Exchange movement £000	At 31 March 2011 £000
Cash in hand and at bank	2,775	1,490	(3,083)	1,182
Loans receivable from group undertakings	121,496	(107,555)	(2,023)	11,918
Loans payable to group undertakings	(104,377)	99,880	4,497	-
	19,894	(6,185)	(609)	13,100

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued) At 31 March 2011

13. 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

	2011 £000	2011 £000	2010 £000	2010 £000
<i>Loans receivables and payables</i>	<i>Loan receivable</i>	<i>Loan payable</i>	<i>Loan receivable</i>	<i>Loan payable</i>
Astare	-	-	1,349	-
CS Innovations, L L C	-	-	335	-
Toshiba International Finance (UK) Plc	-	-	64,819	-
TSB (Investment Europe) Limited	-	-	-	3,336
Westinghouse Barras Provence SA	9,608	-	11,155	-
Westinghouse Electric Belgium SA	-	-	-	4,003
Westinghouse Electric Company LLC	-	-	11,586	3,102
Westinghouse Electric Czech Republic s r o	-	-	-	4,633
Westinghouse Electric Germany GmbH	-	-	-	83,506
Westinghouse Electric South Africa (PTY) Limited	2,310	-	2,913	-
Westinghouse Electric Sweden AB	-	-	16,565	-
Westinghouse Electric UK Holdings Limited	-	-	-	5,797
Westinghouse Electrique France SAS	-	-	5,847	-
Westinghouse Service Nucleaire	-	-	6,927	-
	11,918	-	121,496	104,377
	2011 £000	2011 £000	2010 £000	2010 £000
<i>Debtors and Creditors</i>	<i>Debtor</i>	<i>Creditor</i>	<i>Debtor</i>	<i>Creditor</i>
Astare	-	-	2	-
CS Innovations, L L C	-	-	1	-
Toshiba International Finance (UK) Plc	-	-	5	-
Toshiba Nuclear Energy Holdings (UK) Limited	-	-	158	-
TSB (Investment Europe) Limited	86	-	-	761
Uranium Asset Management Limited	734	-	723	-
Westinghouse Barras Provence SA	7	-	42	-
Westinghouse Electric Company LLC	-	4	778	4
Westinghouse Electric Czech Republic s r o	-	-	-	5
Westinghouse Electric Germany GmbH	-	-	-	68
Westinghouse Electric South Africa (PTY) Limited	25	-	48	-
Westinghouse Electric Sweden AB	-	-	5	-
Westinghouse Electric UK Holdings Limited	-	-	161	4,290
Westinghouse Electrique France SAS	-	-	29	-
Westinghouse Service Nucleaire	-	-	16	-
	852	4	1,968	5,128

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued) At 31 March 2011

13. RELATED PARTY TRANSACTIONS (continued)

	2011 £000	2011 £000	2010 £000	2010 £000
<i>Interest paid/payable & Interest received/receivable</i>	Interest Paid	Interest Received	Interest Paid	Interest Received
Astare	-	8	-	33
CS Innovations, L L C	-	2	-	2
Springfields Fuels Ltd	-	60	-	-
Toshiba International Finance (UK) Plc	-	9	-	14
TSB (Investment Europe) Limited	-	-	66	-
Uranium Asset Management Limited	-	-	260	-
Westinghouse Barras Provence SA	-	130	-	223
Westinghouse Electric Belgium SA	-	-	6	77
Westinghouse Electric Company LLC	-	49	56	1,871
Westinghouse Electric Czech Republic s r o	23	-	65	-
Westinghouse Electric Germany GmbH	160	-	972	-
Westinghouse Electric South Africa (PTY) Limited	-	174	-	99
Westinghouse Electric Sweden AB	-	16	132	42
Westinghouse Electric UK Holdings Limited	84	18	888	35
Westinghouse Electrique France SAS	-	54	61	184
Westinghouse Operations Nucleaires SAS	-	-	5	-
Westinghouse Service Nucleaire	-	33	-	330
	267	553	2,511	2,910

14. FINANCIAL INSTRUMENTS

	2011 £000	2010 £000
Forward currency hedging contracts (fair value)	2,343	(15,718)
	2,343	(15,718)

At 31 March 2011, the Company held one forward currency hedging contract (2010 11), with a book value of £nil (2010 £nil)

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS (continued) At 31 March 2011

14 FINANCIAL INSTRUMENTS (continued)

Unrecognised gains and losses as at 31 March are expected to be recognised as follows

	2011 £000	2010 £000
Within one year	108	(375)
Total unrealised gains / (losses)	<u>108</u>	<u>(375)</u>

15. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

The Company is a subsidiary undertaking of Westinghouse Electric UK Holdings Limited and the ultimate parent company is Toshiba Corporation. Westinghouse Electric UK Holdings Limited is a subsidiary undertaking of Toshiba Nuclear Energy Holdings (UK) Limited which is owned in the following proportions

67%	TSB Nuclear Energy Investment UK Limited
20%	Shaw Group Inc
10%	National Atomic Company Kazatomprom JSC
3%	IHI Corporation

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.