

# **Westinghouse Electric Energy Systems UK Limited**

## **Annual Report and Accounts**

**31 March 2013**



# **Westinghouse Electric Energy Systems UK Limited**

## **DIRECTORS**

P Martin

C Moore (resigned 13 March 2013)

## **SECRETARY**

FA 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 0XJ

# **Westinghouse Electric Energy Systems UK Limited**

## **DIRECTORS' REPORT**

The directors present their report and accounts for the financial year ended 31 March 2013

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £66k (2012 loss of £186k)

During the year the directors paid a total dividend of £3,000k to Westinghouse Electric UK Holdings Limited (2012 £4,000k)

### **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

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 2013 there were no outstanding foreign currency contracts (note 15) (2012 two)

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

#### ***Liquidity risk***

Multi-currency notional cash pooling is a liquidity management technique whereby debit and credit balances in the bank accounts of the multiple group companies in various currencies are offset. All cash pooling accounts are treated as only one account with only one balance even though the actual balances are in the name of the different group companies. The main purpose of the cash pool is to use surplus cash and at the same time reduce borrowing costs for the group. This means that all excess cash and borrowing requirements from the group company's local bank accounts are concentrated in the global cash pool. Working capital cash requirements are retained in the local bank accounts. Each group company maintains its existing local banking relationship. Additionally, a local or functional currency account in the group company's name is opened, with all cash balances, in all currency accounts being interest bearing. As the accounts are pooled and offset, interest expense is reduced and/or interest income is increased. The cash pool is also utilised to fund Toshiba in the form of interest bearing loans to Toshiba International Finance (UK) Plc, generally on a monthly rolling basis

# **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

P Martin

C Moore (resigned 13 March 2013)

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

### **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

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board



P Martin

Director

Date 18 September 2013

## **Westinghouse Electric Energy Systems UK Limited**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

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

Company law requires the directors to prepare financial statements 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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 2013 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 and express an opinion on 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.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2013 and of its profit 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 (continued)**  
**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

Date 20 September 2013

# Westinghouse Electric Energy Systems UK Limited

## PROFIT AND LOSS ACCOUNT For the year ended 31 March 2013

	Notes	2013 £000	2012 £000
<b>OPERATING PROFIT/(LOSS)</b>		-	-
Interest receivable and other income	4	99	287
Interest payable and similar charges	5	(4)	(538)
		<hr/>	<hr/>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		95	(251)
Taxation on profit/(loss) on ordinary activities	6	(29)	65
		<hr/>	<hr/>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		66	(186)
		<hr/>	<hr/>

The above arises from continuing operations

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 31 March 2013

There are no recognised gains or losses other than the profit for the year of £66k (2012 loss of £186k)



# Westinghouse Electric Energy Systems UK Limited

## BALANCE SHEET Registered No: 3108756 At 31 March 2013

	Notes	2013 £000	2012 £000
<b>CURRENT ASSETS</b>			
Debtors	7	6,743	9,591
Cash at bank and in hand		<u>160</u>	<u>190</u>
		6,903	9,781
<b>CREDITORS: amounts falling due within one year</b>			
	8	<u>(75)</u>	<u>(19)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,828</u>	<u>9,762</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	-	-
Profit and loss account	10	<u>6,828</u>	<u>9,762</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>6,828</u>	<u>9,762</u>

The financial statements of Westinghouse Electric Energy Systems UK Limited for the year ended 31 March 2013 were authorised for issue by the directors on 18 September 2013 and the Balance Sheet was signed on behalf of the directors by



P Martin  
Director  
Date 18 September 2013

# Westinghouse Electric Energy Systems UK Limited

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Notes	2013 £000	2012 £000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	12a	65	820
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			
Interest paid		(9)	-
Interest received		149	248
		<u>140</u>	<u>248</u>
<b>EQUITY DIVIDENDS PAID</b>			
Equity dividends paid to parent company		(3,000)	(4,000)
<b>TAXATION</b>			
Corporation taxation received		-	10
		<u>(2,795)</u>	<u>(2,922)</u>
<b>NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>			
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Decrease in current accounts due from group undertakings		2,797	1,858
		<u>2</u>	<u>(1,064)</u>
<b>INCREASE/(DECREASE) IN CASH</b>			
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>		2013 £000	2012 £000
Increase/(decrease) in cash in the period		2	(1,064)
Cash inflow from decrease in current accounts due from group undertakings		(2,797)	(1,858)
<b>Changes in net funds resulting from cash flows</b>	12b	<u>(2,795)</u>	<u>(2,922)</u>
Exchange movement	12b	(4)	(538)
<b>Movement in the period</b>		<u>(2,799)</u>	<u>(3,460)</u>
<b>Net funds at the beginning of the period</b>	12b	9,640	13,100
<b>Net funds at the end of the period</b>	12b	<u>6,841</u>	<u>9,640</u>

# **Westinghouse Electric Energy Systems UK Limited**

## **NOTES TO THE ACCOUNTS**

**At 31 March 2013**

### **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

#### ***Taxation***

The credit for taxation is based on the 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. DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION**

The directors received no emoluments during the year in respect of their services as directors of the company (2012 £nil) The directors are remunerated by Westinghouse Electric UK Holdings Limited

The company had no employees during the financial year ended 31 March 2013 (2012 nil)

### **3. AUDIT FEES**

Audit fees for 2012 and 2013 were paid by Westinghouse Electric UK Holdings Limited

# Westinghouse Electric Energy Systems UK Limited

## NOTES TO THE ACCOUNTS (continued) At 31 March 2013

### 4. INTEREST RECEIVABLE AND OTHER INCOME

	2013 £000	2012 £000
Interest receivable from fellow subsidiary undertaking	1	-
Interest receivable from group undertakings	98	287
	<u>99</u>	<u>287</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000	2012 £000
Exchange losses	4	538
	<u>4</u>	<u>538</u>

### 6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

#### (a) Taxation

	2013 £000	2012 £000
<i>Current tax</i>		
UK Corporation tax at 24% (2012 26%)	-	(65)
Tax under provided in previous years	65	-
Total current tax charge/(credit)	<u>65</u>	<u>(65)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(36)	-
Tax on profit/(loss) on ordinary activities	<u>29</u>	<u>(65)</u>

#### (b) Factors affecting the current taxation charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are reconciled on the next page

# Westinghouse Electric Energy Systems UK Limited

## NOTES TO THE ACCOUNTS (continued) At 31 March 2013

### 6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

#### (b) Factors affecting the current taxation charge (continued)

	2013 £000	2012 £000
Profit/(loss) on ordinary activities before tax	95	(251)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	23	(65)
Tax under provided in previous years	65	-
Losses arising in the year not relievable against current tax	(23)	-
Total current tax	65	(65)

#### (c) Factors affecting future tax charges

The UK corporation tax rate was 24% at 31 March 2013 but fell to 23% from 1 April 2013. The UK government substantively enacted the Finance Act 2013 on 2 July 2013, which included a reduction to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% with effect from 1 April 2015. The effect of these further reductions of 3% on the company's deferred tax asset would be to reduce the asset by £4,678.

#### (d) Deferred tax

The deferred tax asset included in the balance sheet is as follows

	2013 £000	2012 £000
Included in debtors (note 7)	(36)	-
	(36)	-

	2013 £000	2012 £000
Tax losses	(36)	-
	(36)	-

	£000
At 31 March 2012	-
Tax losses	(36)
At 31 March 2013	(36)

# Westinghouse Electric Energy Systems UK Limited

## NOTES TO THE ACCOUNTS (continued) At 31 March 2013

### 7. DEBTORS

	2013 £000	2012 £000
Amounts owed by fellow subsidiary undertakings	-	555
Amounts owed by group undertakings	6,707	9,036
Deferred tax asset	36	-
	<u>6,743</u>	<u>9,591</u>

### 8. CREDITORS: amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to fellow subsidiary undertaking	65	6
Amounts owed to group undertakings	-	3
Corporation tax	10	10
	<u>75</u>	<u>19</u>

### 9. SHARE CAPITAL

	2013 £	2012 £
Authorised 100 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 2013

### 10. RESERVES

	<b>Profit and loss account £000</b>
At 1 April 2012	9,762
Profit for the year	66
Dividends paid	(3,000)
	<hr/>
<b>At 31 March 2013</b>	<b>6,828</b>
	<hr/>

### 11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<b>2013 £000</b>	<b>2012 £000</b>
Profit/(loss) for the financial year	66	(186)
Dividends paid	(3,000)	(4,000)
Opening shareholders' funds	9,762	13,948
	<hr/>	<hr/>
Closing shareholders' funds	6,828	9,762
	<hr/>	<hr/>

### 12. NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) Reconciliation of operating profit/(loss) to net cash flow from operating activities:

	<b>2013 £000</b>	<b>2012 £000</b>
Operating profit/(loss)	-	-
Decrease in debtors and prepayments	-	820
Increase in creditors and accruals	65	-
	<hr/>	<hr/>
<b>Net cash flow from operating activities</b>	<b>65</b>	<b>820</b>
	<hr/>	<hr/>

# Westinghouse Electric Energy Systems UK Limited

## NOTES TO THE ACCOUNTS (continued)

At 31 March 2013

### 12. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

#### (b) Analysis of net funds

	At 1 April 2012	Cash flow	Exchange movement	At 31 March 2013
	£000	£000	£000	£000
Cash in hand and at bank	190	2	(32)	160
Loans receivable from group undertakings	9,450	(2,797)	28	6,681
	9,640	(2,795)	(4)	6,841

### 13. 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. On 4 January 2013, Nuclear Energy Holdings LLC sold its 20% share in Toshiba Nuclear Energy Holdings (UK) Limited to 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%	Toshiba Corporation
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.



## Westinghouse Electric Energy Systems UK Limited

### NOTES TO THE ACCOUNTS (continued)

At 31 March 2013

#### 14. 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

	2013 £000	2013 £000	2012 £000	2012 £000
<i>Interest received and paid</i>	Interest Received	Interest Paid	Interest Received	Interest Paid
Toshiba International Finance (UK) Plc	6	-	13	-
Westinghouse Barras Provence SA	88	-	93	-
Westinghouse Electric Company LLC	4	-	-	-
Westinghouse Electric Germany GmbH	-	-	181	-
Westinghouse Electric South Africa (PTY) Limited	1	-	-	-
	<b>99</b>	<b>-</b>	<b>287</b>	<b>-</b>

	2013 £000	2013 £000	2012 £000	2012 £000
<i>Loans receivables and payables</i>	Loan receivable	Loan payable	Loan receivable	Loan payable
Toshiba International Finance (UK) Plc	-	-	1,500	-
Westinghouse Barras Provence SA	6,681	-	7,460	-
Westinghouse Electric South Africa (PTY) Limited	-	-	490	-
	<b>6,681</b>	<b>-</b>	<b>9,450</b>	<b>-</b>

	2013 £000	2013 £000	2012 £000	2012 £000
<i>Debtors and creditors</i>	Debtor	Creditor	Debtor	Creditor
Toshiba Nuclear Energy Holdings (UK) Limited	-	-	65	-
Westinghouse Barras Provence SA	26	-	76	-
Westinghouse Electric Company LLC	-	-	-	3
Westinghouse Electric Company UK Limited	-	65	-	-
Westinghouse Electric South Africa (PTY) Limited	-	-	-	6
	<b>26</b>	<b>65</b>	<b>141</b>	<b>9</b>

# Westinghouse Electric Energy Systems UK Limited

## NOTES TO THE ACCOUNTS (continued)

At 31 March 2013

### 15 FINANCIAL INSTRUMENTS

	2013 £000	2012 £000
Forward currency hedging contracts (fair value)	-	524
	<u>-</u>	<u>524</u>

At 31 March 2013 the company held no forward currency hedging contracts (2012 two), with a book value of £nil (2012 £nil)

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

	2013 £000	2012 £000
Within one year	-	54
Total unrealised gains	<u>-</u>	<u>54</u>