Registered number: 4006213

Westinghouse Electric Company UK Limited

Annual report and financial statements

for the year ended 31 March 2016

Westinghouse Electric Company UK Limited

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Westinghouse Electric Company UK Limited

Company information

Director	David Unsworth
Company secretary	Fiona A Houghton
Registered office	Springfields Salwick Preston Lancashire PR4 0XJ
Auditor	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY
Bankers	JP Morgan Chase Bank N.A 125 London Wall London EC2Y 5AJ

Westinghouse Electric Company UK Limited

Strategic report
For the year ended 31 March 2016

The director presents the Strategic report for the financial year ended 31 March 2016.

The director, in preparing this Strategic report, has complied with Section 414C of the Companies Act 2006.

Principal activity and fair review of the business

The principal activity of the company is to form a regional approach to pursuing nuclear business opportunities in the United Kingdom, specifically related to nuclear power plant build based on AP1000® technology together with operating plant and decommissioning services.

The company's key financial indicators during the year were as follows:

	2016	2015	% Change
			increase/
	£ 000	£ 000	(decrease)
Turnover	**33,220**	28,825	15.3%
Operating (loss)/profit	**(657)**	909	(172.3%)
(Loss)/profit for the financial year	**(317)**	995	(131.8%)
Shareholder's equity	**8,034**	8,351	(3.8%)
Current assets as a % of current liabilities	**0.52:1**	1.63:1	(68.1%)

Turnover of £33,220,000 (2015: £28,825,000) is mainly as a result of New Plants & Major Projects £14,682,000 (2015: £4,032,000), Operating Plant Business £11,330,000 (2015: £10,391,000) and Decontamination Decommissioning, Remediation and Waste Management services £6,298,000 (2015: £13,727,000).

Operating loss of £657,000 (2015: profit £909,000) is mainly due to the increased employee costs of £5,833,000 compared to £3,559,000 in the prior year. The costs of services in the year of £28,270,000 are marginally higher than the prior year (2015: £27,858,000). Westinghouse is seeking to generate profit by increasing the value of decommissioning and new build work it performs in the coming year.

The decrease in shareholders' equity is a result of the loss made in the year.

The current assets ratio has reduced by a half in the year due to a decrease in amounts due from group undertakings and an increase in accruals and other creditors for the decommissioning services and AP1000® Generic Design Assessment (GDA) work at Sellafield.

In June 2014 Toshiba Corporation acquired a 60 percent controlling stake in NuGeneration Limited (NuGen) in a deal in which ENGIE SA (formerly GDF Suez SA) retained a 40 percent holding. NuGen plans to build three Westinghouse AP1000® reactors in West Cumbria which are expected to deliver seven percent of the UK's future electricity requirements. In August 2013 Toshiba secured exclusive rights for Westinghouse to work as the sole source vendor of choice for the AP1000® design at the Moorside site. WEC UK will be undertaking a broad range of preparatory works, including regulatory, permitting and commercial activities. During the year the GDA work continued for the AP1000® Nuclear Reactor and the development costs have been recognised as an intangible asset of £22,758,000 (2015: £2,867,000). Such costs are deemed recoverable from NuGen under the terms of the commitments associated with the GDA.

Results and dividends

The loss for the year after taxation amounted to £317,000 (2015: profit of £995,000). The directors do not recommend the payment of a dividend (2015: £nil).

Strategic report (continued)
For the year ended 31 March 2016

Principal risks and uncertainties

Principal risks to the business are focused on ensuring the company can grow the UK skills base and capacity in line with the business growth opportunities.

Future developments

The company has secured the design and procurement contracts for three AP1000® nuclear reactors in the UK at the Moorside site on behalf of NuGen. Work commenced in prior years on an Early Works Agreement (EWA) which will continue until March 2017.

The company has won two 10 year contracts at Sellafield as part of the Decommissioning Delivery Partner ("DDP") to support the decommissioning of the First Generation Magnox Storage Pond ("FGMSP") and Site Remediation and Decommissioning ("SR&DP") areas of the Sellafield site.

The company has also won a lifetime contract for the Control & Instrumentation primary protection services at Sizewell B and is contracted to upgrade the plant control system by 2020.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 21 to the financial statements.

Approved by the Board on 21 November 2016 and signed on its behalf by:

Simon Marshall

Simon J Marshall
Director

Directors' report
For the year ended 31 March 2016

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditor's report, for the year ended 31 March 2016.

Directors

The directors, who served throughout the year except as noted, was as follows:

David Unsworth (resigned 27 May 2016)
David S Peacock (appointed 1 June 2016)
Gaenor Prest (appointed 1 June 2016)
John Kipling (appointed 1 June 2016)
Kirsty Armer (appointed 1 June 2016)
Linda M Aylmore (appointed 1 June 2016)
Mark McCowen (appointed 1 June 2016)
Michael R Gornall (appointed 20 May 2016)
Simon J Marshall (appointed 1 June 2016)

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.

Strategic report

The information that fulfils the Companies Act requirements of the business review is included in the Strategic report. This includes a review of the development of the business of the company during the year, of its position at the end of the period and of the likely future developments in its business.

Financial risk management objectives and policies

Financial instruments

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, foreign currency risk and liquidity 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 2016 there were 11 outstanding foreign currency contracts (2015: 23).

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 a multiple group of companies in various currencies are offset. Westinghouse cash pooling accounts are treated as one account with 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 Westinghouse global cash pool. Working capital cash requirements are retained in the local bank accounts. Each group company maintains its existing local banking relationship.

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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 Westinghouse accounts are pooled and offset, interest expense is reduced and/or interest income is increased. Any surplus Westinghouse cash pool balances are also utilised and can be invested in the form of interest bearing loans from Westinghouse Electric UK Holdings Limited, on a monthly rolling basis.

Research and development

In June 2014 Westinghouse Electric Company LLC (WEC LLC), Advance Energy UK Limited, Toshiba Corporation and ENGIE SA (formerly GDF SUEZ SA) entered into a Shareholders Agreement (SHA) in relation to NuGen. This agreement contains obligations in relation to the Generic Design Assessment (GDA) for the AP1000® Nuclear Reactor (AP1000®) which will be delivered by Westinghouse and NuGen. In 2015 development resumed to fully licence the AP1000® reactor design for UK operations.

Political donations

The company has made no political contributions during the year (2015: £nil).

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives are as described in the Strategic report on pages 2 to 3.

The company is a member of the Westinghouse cash pooling arrangement and has access to considerable cash resources, has a positive cash balance and expects to make a profit in the forthcoming year. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In accordance with Section 487 of the Companies Act 2006, Ernst & Young LLP will not be re-appointed as the company's auditors. PricewaterhouseCoopers LLP will be appointed as the company's auditors for the year ending 31 March 2017.

Approved by the Board on 21 November 2017 and signed on its behalf by:

Simon Marshall

Simon J Marshall
Director

Westinghouse Electric Company UK Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare such 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether 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 auditor's report to the members of Westinghouse Electric Company UK Limited

We have audited the financial statements of Westinghouse Electric Company UK Limited for the year ended 31 March 2016 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes set out on pages 14 to 28. The financial reporting framework that has been applied in their preparation is applicable law United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

This report is made solely to the company's member, 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 member those matters we are required to state to them in an auditor's 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 auditor

As explained more fully in the Directors' responsibilities statement (set out on page 6), 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 financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Westinghouse Electric Company UK Limited (continued)

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.

Ernst & Young LLP

Julian Yates (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date: 19 December 2016

Westinghouse Electric Company UK Limited

Profit and loss account
For the year ended 31 March 2016

	Note	2016 £ 000	2015 £ 000
Turnover	5	**33,220**	28,825
Net operating costs and expenses		**(33,877)**	(27,916)
Operating (loss)/profit before interest and taxation		**(657)**	909
Interest receivable and similar income	9	**21**	160
Interest payable and similar charges	10	**(366)**	(6)
(Loss)/profit on ordinary activities before taxation		**(1,002)**	1,063
Tax on (loss)/profit on ordinary activities	11	**685**	(68)
(Loss)/profit for the financial year	6	**(317)**	995

The above results were derived from continuing operations.

Westinghouse Electric Company UK Limited

Statement of comprehensive income
For the year ended 31 March 2016

	2016	2015
	£ 000	£ 000
(Loss)/profit for the financial year	**(317)**	995
Total comprehensive income for the year attributable to the owners of the company	**(317)**	995

Westinghouse Electric Company UK Limited

Balance sheet
As at 31 March 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Intangible assets	12	**22,758**	2,867
Investments in joint ventures	13	**1**	1
Total fixed assets		**22,759**	2,868
Current assets			
Debtors: amounts falling due within one year	14	**12,923**	9,255
Cash at bank and in hand		**2,883**	5,004
Total current assets		**15,806**	14,259
Creditors			
Creditors: amounts falling due within one year	16	**(30,531)**	(8,724)
Deferred tax liabilities	17	**-**	(52)
Total current liabilities		**(30,531)**	(8,776)
Net current (liabilities)/assets		**(14,725)**	5,483
Net assets		**8,034**	8,351
Capital and reserves			
Called-up share capital	18	**1,000**	1,000
Profit and loss account		**7,034**	7,351
Total shareholder's funds		**8,034**	8,351

The financial statements of Westinghouse Electric Company UK Limited (registration number: 4006213) were approved by the Board of directors and authorised for issue on 21 November 2016.

They were signed on its behalf by:

....

Linda M Aylmore
Director

Westinghouse Electric Company UK Limited

Statement of changes in equity
For the year ended 31 March 2016

	Called-up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2014 as previously reported	1,000	6,356	7,356
Profit for the year	-	995	995
At 31 March 2015	1,000	7,351	8,351
Loss for the year	-	(317)	(317)
Total comprehensive income	-	(317)	(317)
At 31 March 2016	**1,000**	**7,034**	**8,034**

Notes to the financial statements
For the year ended 31 March 2016

1. General information

The company is a private company limited by share capital and is incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

Springfields
Salwick
Preston
Lancashire
PR4 0XJ

These financial statements are presented in Pounds sterling because that is the currency of the primary economic environment in which the company operates.

The accounts are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and applicable accounting standards.

2. Changes in accounting policy

Amendment to IFRS and the new interpretation that are mandatorily effective for the current year

In the current year, the company has applied a number of amendments to IFRS and a new interpretation issued by the International Accountancy Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 April 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 1 "Clarification of the meaning of 'effective IFRSs'";
- IFRS 3 "Clarification of the scope exclusion for joint ventures";
- IFRS 13 "Clarification of the scope of the portfolio exemption";
- IAS 40 "Clarification of the relationship between IFRS 3 and IAS 40";
- IAS 19 "Defined benefit plans: employee contributions";
- Annual improvements to IFRSs 2010-2012 cycle (Dec 2014); and
- Annual improvements to IFRSs 2011-2013 cycle (Dec 2013).

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations are in issue but not yet effective (and in some cases have not been adopted by the EU):

- IFRS 9 Financial instruments;
- IFRS 14 Regulatory deferral accounts;
- IFRS 15 Revenue from contracts with customers;
- IFRS 16 Leases;
- Amendments to IAS 1 Disclosure initiative;
- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture;
- Amendments to IFRS 11 Accounting for acquisitions of interest in joint operations;

Notes to the financial statements (continued)
For the year ended 31 March 2016

2. Changes in accounting policy (continued)

New and revised IFRSs in issue but not yet effective (continued)

- Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortisation;
- Amendments to IAS 27 Equity method in separate financial statements; and
- Annual improvements to IFRSs 2012-2014 cycle (Sep 2014).

3. Accounting policies

Summary of significant accounting policies

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

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the company has undergone transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements. The impact of adoption is disclosed in note 22.

Summary of disclosure exemptions

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 10(f) of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cashflows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Transactions.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives are as described in the Strategic report on pages 2 to 3.

The company is a member of the Westinghouse cash pooling arrangement and has access to considerable cash resources, has a positive cash balance, received a long term loan from Westinghouse Electric LLC after the year end (note 21) and expects to make a profit in the forthcoming year. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Notes to the financial statements (continued)
For the year ended 31 March 2016

3. Accounting policies (continued)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

In accordance with IAS 38 - Accounting for research and development, costs are capitalised when the technical and commercial viability of the project is reasonably certain. Development costs of £22,758,000 relating to the Generic Design Assessment (GDA) for the AP1000® Nuclear Reactor (AP1000®) were capitalised at 31 March 2016. If the Final Investment Decision (FID) scheduled for 1 October 2018 is favourable these costs will be amortised during the Engineering, Procurement and Construction (EPC) phase of the project. Up to that point the case for the capitalisation of development costs will be reviewed on an annual basis. Capitalised development expenditure is not currently amortised as development costs are deemed recoverable from NuGen at the time of the FID. Under the terms of the commitments associated with GDA, the costs capitalised as at the date of FID shall be recoverable up to a maximum of £24,000,000 if the FID is adverse.

Turnover

Revenue-earning activities involve the rendering of decommissioning and operating plant services and activities on the Front End Engineering and Design Agreement for the construction of three new AP1000®'s based at Moorside, Sellafield. Revenues are considered to have been earned when the entity has substantially accomplished what it must do to be entitled to the benefits represented by the revenues.

Revenue is only recognised when the entity has met all of the following criteria:

- persuasive evidence of an arrangement exists;
- delivery has occurred or services have been rendered;
- the seller's price to the buyer is fixed or determinable; and
- collectability is reasonably assured.

Charges are incurred on behalf of other companies as an administrative matter. These are not considered to be trading income and as such are treated as other income rather than turnover.

Tax

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements (continued)
For the year ended 31 March 2016

3. Accounting policies (continued)

Tax (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the financial statements (continued)
For the year ended 31 March 2016

3. Accounting policies (continued)

Financial instruments (continued)

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and debtors'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Derivative financial instruments and hedging

The company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is based on the market values. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and debtors

Trade debtors, loans and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and debtors'. Loans and debtors are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term debtors when the recognition of interest would be immaterial.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised as the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Notes to the financial statements (continued)
For the year ended 31 March 2016

3. Accounting policies (continued)

Financial instruments (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. Key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The company has a critical judgement to disclose, that the directors have made in the process of applying the company's accounting policies and that has the most significant effect on the accounts recognised in the financial statements.

Revenue recognition

The group uses the percentage-of-completion method in accounting for its contracts to deliver design services. Use of the percentage-of-completion method requires the group to estimate the services performed to date as a proportion of the total services to be performed. In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods and services set out in IAS 18 Revenue and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Recoverability of internally-generated intangible asset

During the year, management reconsidered the recoverability of its internally-generated intangible asset which is included in its balance sheet at £22,758,000 (note 12). The company will be reimbursed for Generic Design Assessment ("GDA") and licensing costs up to a total of £24,000,000 if Westinghouse obtains the "Design Acceptance Confirmation" (DAC) and "Statement of Design Acceptability" (SoDA). It is highly probable that costs above the £24,000,000 reimbursement cap are recoverable should an Engineering, Procurement and Construction (EPC) contract be awarded.

Notes to the financial statements (continued)
For the year ended 31 March 2016

4. Key sources of estimation uncertainty (continued)

Critical judgements in applying the company's accounting policies (continued)

(ii) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses its judgment based on market conditions existing at the end of each reporting period.

(iii) Deferred tax

The company has recognised a deferred tax asset (see notes 14 and 17) which requires judgement for determining the extent of recoverability at each reporting date. The company assesses the recoverability with reference to forecasts of future taxable profits. These forecasts require the use of assumptions and estimates. Where the temporary differences are related to losses, relevant law is considered to determine the availability of the losses to offset against the future taxable profits.

5. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties during the year. Total revenue for the year ended mainly relates to New Plants & Major Projects £14,682,000 (2015: £4,032,000), Operating Plant Business £11,330,000 (2015: £10,391,000) and Decontamination, Decommissioning, Remediation and Waste Management £6,298,000 (2015: £13,727,000). An analysis of turnover by geographical market is given below:

	2016 £ 000	2015 £ 000
United Kingdom	33,220	28,825

An analysis of the company's turnover by class of business is set out below.

	2016 £ 000	2015 £ 000
Turnover:		
New Plants & Major Projects	14,682	4,032
Nuclear Fuel & Components Manufacturing	619	981
Operating Plant Business	11,330	10,391
Decontamination, Decommissioning, Remediation and Waste Management	6,298	13,727
Corporate Centre	291	(306)
	33,220	28,825

6. (Loss)/profit for the financial year

(Loss)/profit for the year has been arrived at after charging/(crediting):

	2016 £ 000	2015 £ 000
Other income	(425)	(3,074)
Employee costs (note 8)	5,833	3,559
Auditor's remuneration - audit of the company's financial statements	24	12
Other external and operating charges	28,270	27,858
Foreign exchange gains/(losses)	175	(439)

Notes to the financial statements (continued)
For the year ended 31 March 2016

7. Director's remuneration

The director's remuneration for the year was as follows:

	2016 £ 000	2015 £ 000
Remuneration	266	234
Company contributions to money purchase pension schemes	43	42
	309	276

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2016 No.	2015 No.
Accruing benefits under money purchase pension scheme	1	1

8. Employee costs

Westinghouse Electric Company UK Limited has no persons employed under contract of service.

Employee costs were incurred by Westinghouse Electric UK Holdings Limited and recharged to Westinghouse Electric Company UK Limited during the period.

Their aggregate remuneration comprised:

	2016 £ 000	2015 £ 000
Wages and salaries	4,546	2,730
Social security costs	546	290
Other pension costs	741	539
	5,833	3,559

9. Interest receivable and similar income

	2016 £ 000	2015 £ 000
Bank interest	4	19
Other interest	17	-
Foreign exchange gains	-	141
	21	160

Notes to the financial statements (continued)
For the year ended 31 March 2016

10. Interest payable and similar charges

	2016 £ 000	2015 £ 000
Bank interest	35	6
Other charges	12	-
Foreign exchange losses	319	-
	366	6

11. Tax

a) Tax (credited)/charged for the year in the profit and loss account:

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	(194)	24
UK corporation tax adjustment to prior periods	(9)	(8)
	(203)	16
Deferred taxation (see notes 14, 17)		
Arising from origination and reversal of temporary differences	(485)	377
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	3	(325)
Total deferred taxation	(482)	52
Tax (credited)/expense in the profit and loss account	(685)	68

b) The tax on (loss)/profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015: lower than the standard rate of corporation tax in the UK) of 20% (2015: 21%).

The tax (credit)/charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2016 £ 000	2015 £ 000
(Loss)/profit before tax	(1,002)	1,063
Corporation tax at standard rate	(200)	223
Decrease in tax from adjustment to prior periods	(7)	(8)
Movements in deferred tax not recognised	(534)	(141)
Decrease from effect of expenses not deductible in determining taxable tax profit/(loss)	3	1
Effect of other tax rates	53	(7)
Tax (credit)/expense for the year	(685)	68

Notes to the financial statements (continued)
For the year ended 31 March 2016

11. Tax (continued)

Deferred taxation (continued)

c) Deferred tax

The deferred tax (asset)/liability included in the balance sheet is as follows:

	2016 £ 000	2015 £ 000
Included in debtors (note 14)	(430)	-
Provisions for liabilities and charges (14, 17)	-	52
	(430)	52

	2016 £ 000	2015 £ 000
Derivatives instruments	46	52
Accelerated capital allowances	(2)	-
Tax losses	(474)	-
	(430)	52

The movement in deferred tax is analysed as follows:

	£000
At 31 March 2015	52
Credited to profit and loss account	(482)
At 31 March 2016	**(430)**

Factors that may affect future tax charges

Reductions in the corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction in the corporation tax rate to 17%, to be effective from 1 April 2020, was announced in the Chancellor's 2016 budget. This has not yet been substantively enacted and hence has not been applied.

Notes to the financial statements (continued)
For the year ended 31 March 2016

12. Intangible assets

	Capitalised research & development costs £ 000
Cost or valuation	
At 1 April 2015	2,867
Additions	19,891
At 31 March 2016	**22,758**
Accumulated amortisation/impairment	
At 1 April 2015	-
Impairment/amortisation charge	-
At 31 March 2016	-
Carrying amount	
At 31 March 2016	**22,758**
At 31 March 2015	2,867

The costs of £22,758,000 (2015: £2,867,000) relate to the GDA for the AP1000® Nuclear Reactor (AP1000®) which will be delivered by NuGen. NuGen is a joint venture between Toshiba and ENGIE SA (formerly GDF SUEZ SA). The costs involved in developing the project to this stage have been capitalised in accordance with IAS 38 – Intangible Assets, as the technical and commercial viability of the project is reasonably certain. Under the terms of the commitments associated with the GDA, the costs capitalised at 31 March 2016 shall be fully recoverable.

It is highly probable an Engineering, Procurement and Construction (EPC) contract will be awarded at the Final Investment Decision (FID) Longstop date, for the following reasons:

- The UK government has a long history with nuclear power and has stated its desire for new nuclear generation to replace existing power plants that are retiring and reduce CO2 emissions.
- The customer NuGen, is majority owned by Toshiba, who also owns Westinghouse. As such there is no risk that a competing technology would be selected.
- NuGen's ownership also brings the capability of a proven utility/operator in GDF Suez.
- The AP1000® design already has approval from the U.S. NRC and licensing reviews in the UK are ongoing.
- NuGen continues to task WEC UK with work on the Early Works Agreement (EWA) demonstrating their commitment and view on the likelihood of success.

Notes to the financial statements (continued)
For the year ended 31 March 2016

13. Investments in joint ventures

	Shares in joint ventures £ 000
Cost	
At 1 April 2015	1
Additions	-
At 31 March 2016	**1**

Details of the company's joint ventures as at 31 March 2016 are as follows:

Name of joint ventures	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
Cumbria Nuclear Solutions Limited	Nuclear Activities	United Kingdom	**16%**	16%

14. Debtors: amounts falling due within one year

	2016 £ 000	2015 £ 000
Trade debtors	**9,459**	2,430
Amounts owed by group undertakings	**2,983**	6,498
Deferred tax asset	**430**	-
Corporation tax	**1**	-
Loan due from related party	**3**	6
Other debtors	**47**	40
Derivative financial instruments (note 15)	**-**	281
	12,923	9,255

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other debtors is disclosed in the financial risk management and impairment note in the Directors' Report.

15. Derivative financial instruments

The derivative financial assets relate to 11 (2015: 23) forward currency hedging contracts, that are not designated and effective as hedging instruments, are carried at fair value.

Notes to the financial statements (continued)
For the year ended 31 March 2016

16. Creditors: amounts falling due within one year

	2016	2015
	£ 000	£ 000
Trade creditors	**1,457**	52
Amounts owed to group undertakings	**1,541**	78
Corporation tax	**-**	11
Other taxes	**1,488**	1,056
Accruals and other creditors	**26,017**	7,527
Derivative financial instruments (note 15)	**28**	-
	30,531	8,724

17. Deferred tax (asset)/ liability

	Derivative financial instruments £ 000	**Accelerated capital allowances £ 000**	**Tax losses £ 000**	**Total £ 000**
At 1 April 2014	-	-	-	-
Charge to profit and loss	(52)	-	-	(52)
At 1 April 2015	(52)	-	-	(52)
Charge to profit and loss	6	474	2	482
At 31 March 2016	**(46)**	**474**	**2**	**430**

18. Called-up share capital and reserves

Authorised shares	**2016 No.**	**2016 £ 000**	2015 No.	2015 £ 000
Ordinary shares of £1 each	**2,000,000**	**2,000**	2,000,000	2,000

Allotted, called-up and fully paid shares

	2016 No.	**2016 £ 000**	2015 No.	2015 £ 000
Ordinary shares of £1 each	**1,000,001**	**1,000**	1,000,001	1,000

Notes to the financial statements (continued)
For the year ended 31 March 2016

19. Contingent liabilities

Under the terms of the Westinghouse Cash Pooling Agreement described in the Directors' report, the company has entered into unconditional, irrevocable, joint and several guarantees to and in favour of the bank in connection with the payment by the other subsidiaries of the amounts due to the bank under the arrangement. At 31 March 2016, the aggregate amount due to the bank under the arrangement was $180,000,000, converted to £125,130,000 using the year end GBP/USD exchange rate of 1.4385 (2015: due to the bank $100,000,000 converted to £67,595,000 using the year end GBP/USD exchange rate of 1.4794).

The company's cash at bank balance has been pledged as security in respect of the amounts due by other group undertakings under the arrangement.

20. 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:

87% Toshiba Corporation
10% National Atomic Company Kazatomprom JSC
3% IHI Corporation

The smallest and largest group in which the results of the company 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.

21. Non adjusting events after the financial period

On 27 May 2016 David Unsworth resigned as director of the company and the following directors were appointed:

David S Peacock (appointed 1 June 2016)
Gaenor Prest (appointed 1 June 2016)
John Kipling (appointed 1 June 2016)
Kirsty Armer (appointed 1 June 2016)
Linda M Aylmore (appointed 1 June 2016)
Mark McCowen (appointed 1 June 2016)
Michael R Gornall (appointed 20 May 2016)
Simon J Marshall (appointed 1 June 2016)

On 28 September 2016, Westinghouse Electric Company LLC provided a loan of £32 million to Westinghouse Electric Company UK Limited (WEC UK) to cover Generic Design Assessment (GDA) costs. WEC UK can borrow up to a maximum amount of £46 million over a ten year period to 31 March 2026, with interest charged at GBP Libor plus 45 basis points.

22. Transition to FRS 101

This is the first year that the company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 March 2015 and the date of transition to FRS 101 was therefore 1 April 2014. There was no impact on transition to the originally reported statements as at 31 March 2014. A net of tax adjustment of £229,000 on derivative financial instruments was identified as at 31 March 2015. The change to the accounting policies are as follows:

Notes to the financial statements (continued)
For the year ended 31 March 2016

22. Transition to FRS 101 (continued)

Derivative financial instruments

Under previous UK GAAP the company did not account for derivative financial instruments in the financial statements. They were only disclosed within the notes to the accounts. Under FRS 101 the company is required to account for in the financial statements all derivative financial instruments which were open and had not been settled at the year end date. The derivative financial instruments are held at fair value at each year end date. This change in accounting policy has resulted in an increase to retained earnings of £229,000 at 31 March 2015.

Balance sheet at 31 March 2015

	As originally reported £ 000	Remeasurement £ 000	As restated £ 000
Fixed assets			
Intangible assets	2,867	-	2,867
Investments	1	-	1
Total fixed assets	2,868	-	2,868
Current assets			
Debtors: amounts falling due within one year	8,974	281	9,255
Cash at bank and in hand	5,004	-	5,004
Total current assets	13,978	281	14,259
Creditors			
Creditors: amounts falling due within one year	(8,724)	-	(8,724)
Deferred tax liabilities	-	(52)	(52)
Total current liabilities	(8,724)	(52)	(8,776)
Net current assets	5,254	229	5,483
Net assets	8,122	229	8,351
Capital and reserves			
Called-up share capital	1,000	-	1,000
Profit and loss account	7,122	229	7,351
Shareholder's funds	8,122	229	8,351

Notes to the financial statements (continued)
For the year ended 31 March 2016

22. Transition to FRS 101 (continued)

Profit and loss account for the year ended 31 March 2015

	As originally reported £ 000	Remeasurement £ 000	As restated £ 000
Turnover	28,825	-	28,825
Net operating costs and expenses	(28,197)	281	(27,916)
Operating profit before interest and taxation	628	281	909
Interest receivable and similar income	160	-	160
Interest payable and similar charges	(6)	-	(6)
Profit on ordinary activities before taxation	782	281	1,063
Tax on profit on ordinary activities	(16)	(52)	(68)
Profit for the financial year	766	229	995