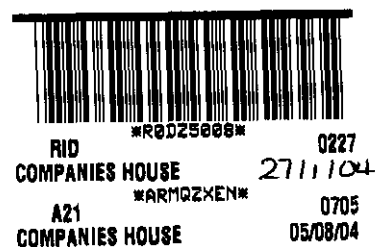


Westinghouse Electric Energy Systems UK Limited

Annual Report and Accounts

31 March 2003



Registered No. 3108756

Westinghouse Electric Energy Systems UK Limited

DIRECTOR'S REPORT

The director presents his report and accounts for the financial year ended 31 March 2003.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £6,319,000 (2002: £2,983,000). The directors recommend that no dividend be paid.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The company's principal activity is to act as a commissioned agent for other group companies supplying services to the nuclear industry. The director considers that the company had a successful year.

DIRECTOR AND HIS INTERESTS

The sole director during the year was

M J Saunders

The director had no shareholdings or interests requiring disclosure under the Companies Act 1985.

ELECTIVE RESOLUTIONS

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

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

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

By order of the Board



C S Reid
Company Secretary

5 - Dec - 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which 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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

The directors confirm that they have complied with the above requirements in preparing the accounts.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WESTINGHOUSE ELECTRIC ENERGY SYSTEMS UK LIMITED

We have audited the company's accounts for the year ended 31 March 2003 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 16. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

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

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

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

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Ernst & Young LLP

Registered Auditor

Manchester

Date: 23.1.04

Westinghouse Electric Energy Systems UK Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2003

	Notes	2003 £000	2002 £000
TURNOVER	2	5,669	6,331
Cost of sales		(1,251)	(2,064)
GROSS PROFIT		4,418	4,267
Administrative costs		-	(5)
OPERATING PROFIT	3	4,418	4,262
Interest receivable and other income	5	1,148	1
Interest payable and similar charges	6	(526)	(1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,040	4,262
Tax on profit on ordinary activities	7	1,279	(1,279)
PROFIT FOR THE FINANCIAL YEAR		6,319	2,983

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2003

There are no recognised gains or losses other than the profit for the current and prior years as disclosed above.

Westinghouse Electric Energy Systems UK Limited

BALANCE SHEET

At 31 March 2003

	Notes	2003 £000	2002 £000
FIXED ASSETS			
Tangible assets	8	-	-
Investments	9	-	-
		<hr/>	<hr/>
		-	-
CURRENT ASSETS			
Debtors	10	76,655	5,238
Cash at bank and in hand		1,402	769
		<hr/>	<hr/>
		78,057	6,007
CREDITORS: amounts falling due within one year	11	(67,881)	(2,150)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,176	3,857
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account	13	10,176	3,857
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	13	10,176	3,857
		<hr/>	<hr/>

On behalf of the Board of Directors

Director 

5 December 2003

NOTES TO THE ACCOUNTS

at 31 March 2003

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with all applicable accounting standards.

Group accounts

The company is a wholly owned subsidiary of a parent undertaking incorporated in the European Community and as such is exempt from preparing group accounts in accordance with section 228 of the Companies Act 1985. Accordingly the accounts present information about the company as an individual undertaking and not about its group.

Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Depreciation is provided on all tangible fixed assets at rates calculated to write off cost less estimated residual value on a straight-line basis. The computer equipment has been depreciated over 3 years.

Investments

Fixed asset investments are shown at cost less provision for diminution in value.

Deferred taxation

Deferred tax 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:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax 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 tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS

at 31 March 2003

1. ACCOUNTING POLICIES continued

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Cash flow statement

As a wholly owned subsidiary of a group in which the largest member publishes consolidated accounts including a cash flow statement, the company has taken advantage of the exemption available under FRS 1 and has not published a cash flow statement.

Foreign currencies

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

2. TURNOVER

Turnover represents commission arising on transactions in the period, stated net of value added tax. Turnover and profits on ordinary activities in respect of the company's one continuing activity arise wholly within the United Kingdom.

3. OPERATING PROFIT

Operating profit is stated after crediting:

	2003 £000	2002 £000
Foreign exchange gains	-	16

4. STAFF COSTS

The company has no employees. All required services are provided by other Group companies.

5. INTEREST RECEIVABLE AND OTHER INCOME

	2003 £000	2002 £000
Interest receivable from group undertakings	496	1
Bank interest	34	-
Exchange gain	618	-
	<u>1,148</u>	<u>1</u>

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS

at 31 March 2003

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £000	2002 £000
Interest payable to group undertakings	526	-
Bank interest	-	1
	<u>526</u>	<u>1</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax (credit)/charge, which represents current corporation tax, can be reconciled as follows:

	2003 £000	2002 £000
Corporation tax	-	1,279
Adjustment in respect of prior years	(1,279)	-
Current tax (credit)/charge	<u>(1,279)</u>	<u>1,279</u>

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of UK corporation tax of 30%. The differences are reconciled below:

	2003 £000	2002 £000
Profit on ordinary activities before taxation	5,040	4,262
Tax on profit at 30% (2002: 30%)	1,512	1,279
Effects of:		
Group relief not paid	(1,512)	-
Adjustments to tax charge in respect of previous periods	(1,279)	-
Current tax (credit)/charge	<u>(1,279)</u>	<u>1,279</u>

The company has no deferred tax assets or liabilities at the year end.

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS

at 31 March 2003

8. TANGIBLE FIXED ASSETS

	Computer Equipment £000
Cost:	
At 31 March 2003 and 31 March 2002	1
Depreciation:	
At 31 March 2003 and 31 March 2002	1
Net book value:	
At 31 March 2003 and 31 March 2002	-

9. INVESTMENTS

	2003 £000	2002 £000
Investments in subsidiary undertakings	-	-

Details of the principal investments in which the Company holds more than a 20% participating interest are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
PWR Power Projects Limited	Great Britain	Ordinary shares	100%	Dormant

10. DEBTORS

	2003 £000	2002 £000
Trade debtors	-	603
Amounts due from fellow subsidiary undertakings	76,655	4,635
	<u>76,655</u>	<u>5,238</u>

Westinghouse Electric Energy Systems UK Limited

NOTES TO THE ACCOUNTS

at 31 March 2003

11. CREDITORS: amounts falling due within one year

	2003	2002
	£000	£000
Amounts due to group undertakings	67,694	535
Corporation tax	-	1,279
Other taxes and social security costs	187	336
	<u>67,881</u>	<u>2,150</u>

12. SHARE CAPITAL

	2003	2002
	£	£
Authorised:		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called-up and fully paid:		
Ordinary shares of £1 each	3	3
	<u>3</u>	<u>3</u>

13. RESERVES

	Profit and loss account £000
At 1 April 2002	3,857
Retained profit for the year	6,319
	<u>10,176</u>
Balance at 31 March 2003	10,176

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	6,319	2,983
Opening shareholders' funds	3,857	874
	<u>10,176</u>	<u>3,857</u>
Closing shareholders' funds	<u>10,176</u>	<u>3,857</u>

NOTES TO THE ACCOUNTS

at 31 March 2003

15. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

The ultimate holding company is British Nuclear Fuels plc, which is incorporated in Great Britain. Copies of the Group accounts of British Nuclear Fuels plc may be obtained from its registered office at 1100 Daresbury Park, Daresbury, Warrington, WA4 4GB. The Company is not included in any other Group accounts.

In the Directors' opinion, the Company's ultimate controlling party is Her Majesty's Government.

16. RELATED PARTY TRANSACTIONS

The Company, being a wholly owned subsidiary of British Nuclear Fuels plc has taken advantage of the exemption from the disclosure requirements as available in para.3(c) of FRS8.