

2281663



Price Waterhouse



PWR POWER PROJECTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1989

228103.

PWR POWER PROJECTS LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the period ended 31 December 1989.

1. ACTIVITIES

The Company is engaged in the design, procurement and construction of the nuclear steam supply system for Pressurised Water Reactors (PWRs).

2. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

(a) The Company was incorporated on 28 July 1988 as Polarstock Limited and changed its name to PWR Power Projects Limited on 14 October 1988.

(b) As a result of an agreement reached between Westinghouse Electric Corporation and Westinghouse Electric S.A., and the General Electric Company PLC and NNC Limited (formerly the National Nuclear Corporation Limited), the Company commenced trading on 1 December 1988. Its objectives were to implement a number of contracts provided to it by Westinghouse on the Sizewell 'B' nuclear power station project and to bid for any successive PWRs.

(c) Work on the company's contracts on the Sizewell 'B' project is progressing satisfactorily.

(d) The announcement by the Secretary of State for Energy concerning the cancellation of the UK PWR programme was extremely disappointing and will seriously impair the future development of the Company.

3. PROFITS AND DIVIDENDS

The profit for the period after tax amounted to £3,054,617. The Directors have proposed a final dividend of £2,100,000. The balance of the profit has been transferred to reserves.

4. RESEARCH AND DEVELOPMENT

The company is involved in the application of known technologies and therefore is not at present engaged on any research and development activities.

5. SIGNIFICANT CHANGES IN FIXED ASSETS

Changes in fixed assets during the period are as disclosed in Note 7 to the accounts.

PWR POWER PROJECTS LIMITED

DIRECTORS' REPORT (CONTINUED)

6. DIRECTORS

The Directors who served during the period, all of whom were appointed on 29 November 1988, except where otherwise stated, were:

Sir Robert Davidson	Chairman
B.I. Tait	Managing Director (appointed 18/8/88)
R.J. Slember	
C.L. Caso	
E.A. Elijah	(resigned 28/2/89)
W.B. Thee	(appointed 28/2/89)
J.B. Cronin	(resigned 16/10/89)
D.B. Newlands	(appointed 17/10/89)
D. Taylor	
F.L. Ashman	

None of the Directors had any beneficial interest in any of the shares of the company at either the beginning or the end of the year.

None of the Directors has a beneficial interest, other than in the ordinary course of business, in any contract which the company was a party to during the year.

7. AUDITORS

The auditors, Price Waterhouse, were appointed by the Directors during the period. They have indicated their willingness to continue in office and a resolution for their re-appointment will be put to the annual general meeting.

By Order of the Board



Secretary

27 April 1990

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF PWR POWER PROJECTS LIMITED

We have audited the accounts on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1989 and of its profit and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants

27 April 1990



PWR POWER PROJECTS LIMITED
 PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED
 31 DECEMBER 1989

	<u>Notes</u>	<u>1989</u> £
Turnover	2	31,327,391
Cost of Sales		<u>(28,467,391)</u>
Operating Profit		2,860,000
Interest receivable and similar income	3	<u>2,016,746</u>
Profit on ordinary activities before taxation	4	4,876,746
Taxation	6	<u>(1,822,129)</u>
Profit on ordinary activities after taxation		3,054,617
Dividends paid and proposed		<u>(2,100,000)</u>
Profit retained	12	954,617 =====

The notes on pages 7 to 13 form part of these accounts.

PWR POWER PROJECTS LIMITED
BALANCE SHEET AT 31 DECEMBER 1989

	<u>Notes</u>	<u>1989</u> <u>£</u>
FIXED ASSETS		
Tangible assets	7	<u>320,841</u>
		<u>320,841</u>
CURRENT ASSETS		
Debtors	8	2,065,600
Other Investments		<u>11,329,770</u>
		13,395,370
CREDITORS: Amounts falling due within one year	9	(<u>10,726,191</u>)
NET CURRENT ASSETS		<u>2,669,179</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,990,020
CREDITORS: Amounts falling due after more than one year	9	(895,607)
PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation	10	<u>(6,375)</u>
		<u>2,088,038</u> *****
CAPITAL AND RESERVES		
Called up share capital	11	1,000
Other reserves	12	1,132,421
Profit and loss account	12	<u>954,617</u>
		<u>2,088,038</u> *****

The accounts were approved by the Board of Directors on 27 April 1990

R. J. Samson
R. J. Samson

} Directors

The notes on pages 7 to 13 form part of these accounts.

PWR POWER PROJECTS LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD ENDED 31 DECEMBER 1989

	£	<u>1989</u> £
SOURCE OF FUNDS		
Profit before taxation		4,876,746
Adjustments for item not involving the movement of funds:		
Depreciation		<u>202,535</u>
TOTAL GENERATED FROM OPERATIONS		5,079,281
OTHER SOURCES		
Share Capital & Capital Contribution		<u>1,133,421</u>
		<u>6,212,702</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	(144,743)	
Taxation paid	<u>(225,864)</u>	
		(370,607)
(INCREASE)/DECREASE IN WORKING CAPITAL		
Debtors	(237,894)	
Creditors	<u>(5,175,612)</u>	
		(5,413,506)
MOVEMENT IN NET LIQUID FUNDS		
Increase in cash at bank and other investments		<u>428,589</u> =====
The movements on working capital represent the differences between the balances at 31 December 1989 and those at 1 December 1988, being the balances transferred from Westinghouse Electric S.A.		
Tangible Assets -		378,633
Current Assets - Debtors		1,127,706
- Other investments		10,833,823
Creditors: amounts falling due within one year		
- Creditors		(11,828,383)
- Corporation Tax		(181,574)
Creditors: amounts falling due more than one year		
- Creditors		(254,072)
- Deferred taxation		<u>(76,133)</u>
		<u>0</u> =====

PWR POWER PROJECTS LIMITED
NOTES TO THE ACCOUNTS - 31 DECEMBER 1989

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention.

(b) Pension costs

Retirement benefits to employees are funded by contributions from the company and employees. Payments are made to pension funds (see note 13 to the Accounts) which are financially separate from the company, in accordance with calculations made periodically by consulting actuaries, to ensure that in the long term the assets of the funds are sufficient to meet their liabilities.

(c) Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation. Depreciation is provided at such rates as will write off the cost of tangible fixed assets over their expected useful lives. The annual depreciation rates used are:

Computer equipment	33.33%
Fixture and fittings	12.5%

(d) Stocks and long term contract balances

Stocks are stated at the lower of cost and net realisable value and include overheads. In view of the nature of the company's business all overheads are attributable to stock and consequently there are no distribution costs and administrative expenses in the profit and loss account. Contracts in progress are accounted for in accordance with Statement of Standard Accounting Practice No. 9 (as revised in September 1988). Where the outcome of contracts can reasonably be foreseen, the value of work done is included in turnover and an appropriate proportion of the anticipated contract profit is recognised in the profit and loss account. Amounts included in turnover are shown, net of payments received on account, as debtors. Long term contract balances represent costs incurred on contracts, net of amounts transferred to cost of sales in respect of work carried out and after deducting foreseeable losses and any surplus payments on account not offset against debtors.

PWR POWER PROJECTS LIMITED
NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

(e) Deferred Taxation

Provision is made for deferred taxation arising from the allocation for taxation purposes of income and expenditure to periods different from those used for accounting purposes where there is a reasonable probability that such timing differences will give rise to a taxation liability in the foreseeable future.

(g) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Differences on exchange are dealt with in the profit and loss account.

2. TURNOVER

Turnover comprises the value of work carried out during the period in the United Kingdom and is exclusive of value added tax.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1989</u> £
Interest receivable from related companies	73,960
Other interest receivable	<u>1,942,786</u>
	2,016,746 =====

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1989</u> £
Depreciation	202,535
Hire of plant and equipment	27,866
Other operating leases	-
Research and development expenditure	-
Auditors' remuneration	5,000
Directors' remuneration (including pension contribution)	66,108

PWR POWER PROJECTS LIMITED
 NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

5. DIRECTORS AND EMPLOYEES

	<u>1989</u> £
(a) Directors - Chairman	-
- Highest paid Director	59,088
	<u>Numbers</u>
- Others Emoluments from Nil to £5,000	8
(b) Employees - £30,001 to £35,000	2
	<u>1989</u> £
(c) Staff costs: Wages and Salaries	632,706
Social Security costs	58,916
Other Pension costs	<u>47,241</u>
	738,863
	=====

The average weekly number of persons employed by the Company was 30.

6. TAXATION

	<u>1989</u> £
The taxation charge which has been provided at 35% is based on the profit for the period and comprises:	
UK Corporation tax	1,891,887
Deferred tax	<u>(69,758)</u>
	1,822,129
	=====

PWR POWER PROJECTS LIMITED
 NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

7. TANGIBLE FIXED ASSETS

	Computer Equipment £	Fixtures and Fittings £	Total £
<u>Cost</u>			
At 1 Dec 1988	420,615	325,415	746,030
Additions	113,781	30,962	144,743
Disposals	<u>(1,015)</u>	<u>-</u>	<u>(1,015)</u>
At 31 Dec 1989	<u>533,381</u>	<u>356,377</u>	<u>889,758</u>
<u>Depreciation</u>			
At 1 Dec 1988	242,918	124,479	367,397
Charge for period	154,598	47,937	202,535
Disposals	<u>(1,015)</u>	<u>-</u>	<u>(1,015)</u>
At 31 Dec 1989	<u>396,501</u>	<u>172,416</u>	<u>568,917</u>
Net book amount at 31 Dec 1989	<u>136,880</u> =====	<u>183,961</u> =====	<u>320,841</u> =====
<u>Capital commitments</u>			
			<u>1989</u> £
Capital expenditure that has been contracted for but has not been provided for in the accounts:			<u>150,000</u>
Capital expenditure that has been authorised by the Directors but has not yet been contracted for:			<u>55,500</u>

PWR POWER PROJECTS LIMITED
NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

8.	DEBTORS	<u>1989</u> £
	Due within one year:	
	Trade debtors	895,620
	Amounts owed by related companies	212,215
	Advanced Corporation Tax recoverable	700,000
	Other debtors	234,797
	Prepayments	<u>22,968</u>
		<u>2,065,600</u>
		=====

9.	CREDITORS	Due within one year <u>1989</u> £	Due after more than one year <u>1989</u> £
	Bank loans and overdrafts	67,358	
	Trade creditors	1,453,872	895,607
	Amounts owed to related companies	421,427	
	Payments on account in excess of turnover and contract balances	3,683,660	
	Dividends payable	2,100,000	
	Corporation tax	1,847,597	
	Advance Corporation Tax payable	700,000	
	Other taxation and Social Security	23,508	
	Other creditors	7,807	
	Accruals and deferred income	<u>420,962</u>	
		<u>10,726,191</u>	<u>895,607</u>
		=====	=====

PWR POWER PROJECTS LIMITED
NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

10. DEFERRED TAXATION	<u>1989</u> £
Transferred from related company	76,133
Credit during the period	<u>(69,758)</u>
At 31 December 1989	<u>6,375</u> =====

This represents the full liability in respect of deferred taxation computed under the liability method:

Accelerated depreciation over capital allowances	(39,027)
Short term timing differences	<u>45,402</u>
	<u>6,375</u> =====

11. CALLED UP SHARE CAPITAL	<u>1989</u> £
Authorised:	
Ordinary shares of £1 each	1,000 =====
Allotted, called up and fully paid:	
Ordinary shares of £1 each	1,000 =====

12. RESERVES		
	<u>Other Reserves</u> £	<u>Profit and Loss account</u> £
Capital contribution	1,132,421	-
Retained profit for the period	<u>-</u>	<u>954,617</u>
At 31 December 1989	<u>1,132,421</u> =====	<u>954,617</u> =====

The capital contribution was made on 1 December 1988 and is a distributable reserve.

PWR POWER PROJECTS LIMITED
NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 (CONTINUED)

13. PENSION COMMITMENTS

The Company participates in two defined benefit pension schemes, the NNC Pension Scheme and the Westinghouse UK Pension Plan. Valuations for the funds are carried out approximately every three years, the last actuarial assessment being made in 1988. These reports disclosed that the funds were adequate to meet all the obligations of these schemes. Contributions to the schemes are based on pension costs to all member companies of the schemes.

14. OWNERSHIP

The Company is owned equally by NNC Limited whose ultimate holding company is General Electric plc (a company incorporated in the United Kingdom) and Westinghouse Electric S.A. whose ultimate holding company is Westinghouse Electric Corporation (a company incorporated in the United States of America).