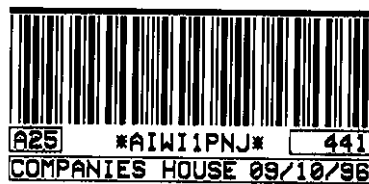


22/10/96

PWR POWER PROJECTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1995



PWR POWER PROJECTS LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 1995.

ACTIVITIES

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

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Work on the Company's original contracts on the Sizewell 'B' project is now complete.

During 1995, erection and commissioning work at Sizewell Site on the systems within the Company's scope of responsibility was completed. The Sizewell B Power Station achieved criticality in January, 1995 and has proved to be very reliable. During 1996 the Company will complete work on new short term contracts awarded on the Sizewell Project during 1995 and will continue to seek new contracts within its realm of expertise in 1996.

The future prospects of the Company are seriously impaired by the lack of any follow on units after the completion of the Sizewell 'B' project.

PROFITS AND DIVIDENDS

The profit for the year after tax amounted to £4,396,500 (1994 - £7,189,445). An interim dividend of £2,000,000 (1994 - £5,000,000) has been paid and the Directors have proposed a final dividend of £2,400,000 (1994 - £2,000,000).

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.

SIGNIFICANT CHANGES IN FIXED ASSETS

Changes in fixed assets during the year are as disclosed in note 7 to the accounts.

PWR POWER PROJECTS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors who served during the year were:-

D B Newlands		Resigned	1.9.95
B V George	Chairman	Appointed	1.9.95

P R Kershaw Managing Director

A T Parker

J G Durston

F L Ashman

R J Sero

J S Marlor

S Park

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.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 5 to 13, they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

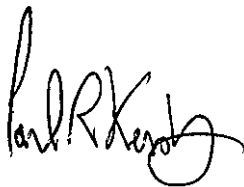
The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

PWR POWER PROJECTS LIMITED
DIRECTORS' REPORT (CONTINUED)

AUDITORS

Pursuant to Section 386 of the Companies Act 1985 the Company has elected to dispense with the obligation to appoint auditors annually. Price Waterhouse, who have indicated their willingness to continue in office, will be deemed to be re-appointed each year unless a resolution to terminate their appointment is made under Section 393.

By Order of the Board

A handwritten signature in black ink, appearing to read 'P R Kershaw', with a stylized flourish at the end.

P R Kershaw
Secretary

Registered Office:-
Booths Hall
Chelford Road
Knutsford
Cheshire
WA16 8QU

Registered NO 2281663 England

30 June 1996

AUDITORS' REPORT TO THE SHAREHOLDERS OF PWR POWER PROJECTS LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention using the accounting policies set out on page 9.

Respective Responsibilities of Directors and Auditors

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

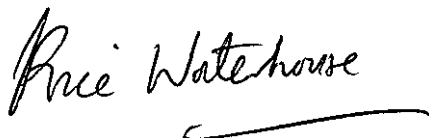
Basis of Opinion

We conducted our audit in accordance with 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, 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 financial statements are free from material mis-statement, 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1995 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
Chartered Accountants
and Registered Auditors

York House
York Street
Manchester
M2 4WS

30 June 1996

PWR POWER PROJECTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER	2	12,336,033	31,988,000
Cost of sales		(5,934,533)	(21,479,000)
OPERATING PROFIT		6,401,500	10,509,000
Interest receivable and similar income	3	180,000	245,445
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	6,581,500	10,754,445
Taxation	6	(2,185,000)	(3,565,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,396,500	7,189,445
Dividends paid and proposed		(4,400,000)	(7,000,000)
PROFIT/(LOSS) RETAINED FOR THE YEAR		(3,500)	189,445
PROFIT RETAINED FROM PREVIOUS YEARS		239,839	50,394
	13	236,339	239,839

There are no gains or losses other than those recognised in the profit and loss account.

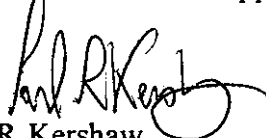
The notes on pages 9 to 13 form part of these accounts.

PWR POWER PROJECTS LIMITED

BALANCE SHEET AT 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
FIXED ASSETS			
Tangible assets	7	63,320	86,870
CURRENT ASSETS			
Debtors	8	5,476,718	9,551,833
Cash at bank and other investments	9	3,323,004	4,108,989
		8,799,722	13,660,822
CREDITORS: Amounts falling due within one year	10	(7,493,282)	(12,374,432)
NET CURRENT ASSETS		1,306,440	1,286,390
TOTAL ASSETS LESS CURRENT LIABILITIES		1,369,760	1,373,260
CAPITAL AND RESERVES			
Called up share capital	12	1,000	1,000
Other reserves	13	1,132,421	1,132,421
Profit and loss account	13	236,339	239,839
		1,369,760	1,373,260

The accounts were approved by the Board of Directors on 30 June 1996


P R Kershaw
DIRECTOR

The notes on pages 9 to 13 form part of these accounts.

PWR POWER PROJECTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Net cash inflow from operating activities (Note 1)	7,849,739	7,258,619
Returns on investments and servicing of finance		
Interest received	180,000	239,775
Dividends paid	(4,000,000)	(6,800,000)
Net cash outflow from returns on investment and servicing of finance	(3,820,000)	(6,560,225)
Taxation		
Corporation tax paid	(2,819,899)	(4,157,658)
Tax paid	(2,819,899)	(4,157,658)
Investing activities		
Proceeds from disposal of tangible fixed assets	4,175	3,004
(Advances to)/Payments from joint owners	(2,000,000)	2,000,000
Net cash inflow/(outflow) from investing activities	(1,995,825)	2,003,004
Net cash (outflow) before financing/(decrease) in cash and cash equivalents (Note 3)	(785,985)	(1,456,260)

PWR POWER PROJECTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

1 Reconciliation of operating profit to net cash inflow from operating activities

	<u>1995</u> £	<u>1994</u> £
Operating profit	6,401,500	10,509,000
Depreciation charge	23,550	75,068
Profit on disposal of fixed assets	(4,175)	(3,004)
Decrease in debtors	5,935,363	603,950
Decrease in creditors	(4,506,499)	(3,926,395)
Net cash inflow from operating activities	<u>7,849,739</u>	<u>7,258,619</u>

2 Analysis of changes in cash and cash equivalents during the year

Balance at 1 January 1995	4,108,989	5,565,249
Net cash (outflow) /inflow before the effect of foreign exchange rate changes	(803,190)	(1,459,009)
Effect of exchange rate changes	17,205	2,749
Balance at 31 December 1995	<u>3,323,004</u>	<u>4,108,989</u>

3 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	<u>1995</u> £	<u>1994</u> £	<u>Change</u> £
Cash at bank and in hand	<u>3,323,004</u>	<u>4,108,989</u>	<u>(785,985)</u>

PWR POWER PROJECTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

1 ACCOUNTING POLICIES

a) Basis of Accounting

The accounts have been prepared in accordance with applicable Accounting Standards and 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 14 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, excepting leasehold property, 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	33.3%
Fixtures and Fittings	12.5% - 25.0%

Leasehold property has been written down in 1995 to anticipated market value, to reflect a permanent diminution in value.

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 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.

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.

f) Foreign Currencies

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

PWR POWER PROJECTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

2 TURNOVER

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

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Bank and other interest receivable	180,000	245,445

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:-

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Depreciation	23,550	75,068
Profit on disposal of tangible fixed assets	4,175	3,004
Hire of Plant and Equipment	640	6,305
Auditors' Remuneration - audit	8,000	10,300
- other fees	12,150	9,600
Directors' Remuneration (including pension contributions)	128,831	77,477

5 DIRECTORS AND EMPLOYEES

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
a) Directors - Chairman	-	-
- Highest paid Director		
(excluding pension contributions)	126,562	56,612

	<u>Numbers</u>	<u>Numbers</u>
Emoluments from:		
Nil to £5,000	8	11
£10,001 to £15,000	-	1
£55,001 to £60,000	-	1
£125,001 to £150,000	1	-
	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>

b) Staff Costs		
Wages and Salaries	890,749	1,260,521
Social Security Costs	75,386	115,017
Other Pension Costs	23,952	30,146
	<u>990,087</u>	<u>1,405,684</u>

The average weekly number of persons employed by the Company was 20 41

PWR POWER PROJECTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

6 TAXATION

The taxation charge which has been provided at 33% is based on the profit for the year and comprises:-

	<u>1995</u> £	<u>1994</u> £
UK Corporation Tax - Current	2,185,000	3,565,000

7 TANGIBLE FIXED ASSETS

	<u>Long Leasehold Property</u> £	<u>Computer Equipment</u> £	<u>Fixtures and Fittings</u> £	<u>Total</u> £
Cost				
At 1 January 1995	96,485	425,028	336,447	857,960
Disposals	-	(175,000)	(185,000)	(360,000)
At 31 December 1995	96,485	250,028	151,447	497,960
Depreciation				
At 1 January 1995	36,485	413,249	321,356	771,090
Charge for year	1,000	11,779	10,771	23,550
Disposals	-	(175,000)	(185,000)	(360,000)
At 31 December 1995	37,485	250,028	147,127	434,640
Net Book Value				
At 31 December 1995	59,000	-	4,320	63,320
At 31 December 1994	60,000	11,779	15,091	86,870

Capital Commitments

There were no capital commitments at 31 December 1995 (1994 Nil).

PWR POWER PROJECTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

8 DEBTORS

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Due within one year:		
Amounts recoverable on contracts	-	2,259,637
Amounts advanced to joint owners	4,200,000	2,200,000
Trade debtors	267,103	3,666,265
Amounts owed by undertakings in which the joint owners have a participating interest	409,615	474,578
Advance corporation tax recoverable	600,000	739,752
Other debtors	-	178,506
Prepayments	-	33,095
	<u>5,476,718</u>	<u>9,551,833</u>

9 CHARGE OVER CASH AT BANK

On 5 February 1996 the Company granted a charge to National Westminster plc over credit balances of £1,671,484 in respect of a Guarantee Bond issued by the bank on behalf of the Company in favour of a Customer. The Bond expires 31 July 1996.

10 CREDITORS

Amounts falling due within one year:

Payments on account in excess of turnover and contract balances	583,733	-
Trade creditors	912,698	2,875,423
Amounts owed to undertakings in which the joint owners have a participating interest	251,372	3,192,153
Dividends payable	2,400,000	2,000,000
Corporation tax	1,190,349	1,365,000
Advance corporation tax payable	1,600,000	2,200,000
Other taxation and social security	186,077	326,565
Accruals and deferred income	369,053	415,291
	<u>7,493,282</u>	<u>12,374,432</u>

11 DEFERRED TAXATION

No provision has been made for deferred taxation in respect of accelerated capital allowances as the tax written down amount of tangible fixed assets exceeds their net book amount.

PWR POWER PROJECTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

12 CALLED UP SHARE CAPITAL

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Authorised: Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid: Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

13 SHAREHOLDERS' FUNDS

	<u>Share Capital</u> <u>£</u>	<u>Other Distributable Reserves</u> <u>£</u>	<u>Profit and Loss Account</u> <u>£</u>	<u>Shareholders' Funds</u> <u>£</u>
Profit on ordinary activities after taxation	-	-	4,396,500	4,396,500
Dividends paid and proposed	-	-	(4,400,000)	(4,400,000)
Net reduction to shareholders' funds	-	-	(3,500)	(3,500)
At 1 January 1995	<u>1,000</u>	<u>1,132,421</u>	<u>239,839</u>	<u>1,373,260</u>
At 31 December 1995	<u>1,000</u>	<u>1,132,421</u>	<u>236,339</u>	<u>1,369,760</u>

14 PENSION COMMITMENTS

The company participates in two defined benefit pension schemes, the GEC Pension Plan and the Westinghouse UK Pension Plan. Valuations for the funds are carried out approximately every three years, the last actuarial assessment being made in 1993 for GEC and in 1994 for Westinghouse. 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.

15 OWNERSHIP

The company is owned equally by NNC Limited whose ultimate holding company is General Electric Company Plc (a company incorporated in England and Wales) and Westinghouse Electric Ltd (formerly Westinghouse Power Systems (Holdings) Limited) whose ultimate holding company is Westinghouse Electric Corporation (a company incorporated in the United States of America).

A copy of General Electric Company Plc's Group Accounts may be obtained from 1 Stanhope Gate, London, W1A 1EH. A copy of Westinghouse Electric Corporation's Group Accounts may be obtained from Westinghouse Building, Gateway Centre, Pittsburgh, PA15222, USA.