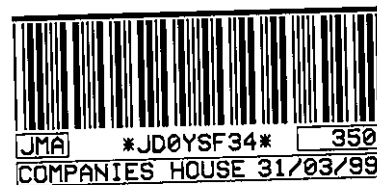


PWR POWER PROJECTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1997

REGISTERED NUMBER: 2281663



PWR POWER PROJECTS LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 1997.

ACTIVITIES AND REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

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

The Company has completed its work on short term contracts awarded on the Sizewell Project: certain supplier commitments remain to be discharged.

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

PROFITS AND DIVIDENDS

The loss for the year after tax amounted to £9,985 (1996 profit - £838,646).
No Dividend was paid or proposed (1996 - Dividend Paid £2,197,421).

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.

DIRECTORS

The Directors who served during the year were:

J G Durston
J S Marlor
L G Iller
T Mistler

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.

PWR POWER PROJECTS LIMITED

DIRECTORS' REPORT (continued)

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 4 to 12, 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.

AUDITORS

Our auditors, Price Waterhouse, merged with Coopers & Lybrand on 1 July 1998, following which Price Waterhouse resigned and the Directors appointed the new firm, PricewaterhouseCoopers, as auditors. A resolution to reappoint PricewaterhouseCoopers as the Company's auditors will be proposed at the annual general meeting.

By Order of the Board

R.A. Lunn

R A Lunn

Secretary

Registered Office:

Booths Hall

Chelford Road

Knutsford

Cheshire

WA16 8QU

Registered No. 2281663 England

31 March 1999

AUDITORS' REPORT TO THE SHAREHOLDERS OF PWR POWER PROJECTS LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention using the accounting policies set out on page 8 .

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 irregularities 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 1997 and of its loss for the year then ended and have properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
and Registered Auditors

Barbirolli Square
Lower Mosley St
Manchester
M2 3PW

31 March 1999

PWR POWER PROJECTS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997**

Continuing Operations		<u>1997</u>	<u>1996</u>
		£	£
TURNOVER	2	-	1,650,114
Cost of sales		(35,697)	(624,676)
OPERATING (LOSS)/PROFIT		<u>(35,697)</u>	<u>1,025,438</u>
Interest receivable and similar income	3	19,616	138,208
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>(16,081)</u>	<u>1,163,646</u>
Taxation	6	6,096	(325,000)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(9,985)</u>	<u>838,646</u>
Dividends paid and proposed		-	(2,197,421)
LOSS RETAINED FOR THE YEAR	12	<u>(9,985)</u>	<u>(1,358,775)</u>
		=====	=====

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

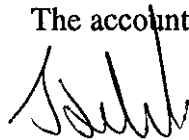
The notes on pages 8 to 12 form part of these accounts.

PWR POWER PROJECTS LIMITED

BALANCE SHEET AT 31 DECEMBER 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
FIXED ASSETS			
Tangible assets	7	-	30,000
CURRENT ASSETS			
Debtors	8	47	990,388
Cash at bank and other investments		975,735	1,250,553
		975,782	2,240,941
CREDITORS: Amounts falling due within one year			
	9	(974,782)	(2,259,956)
NET CURRENT ASSETS/(LIABILITIES)		1,000	(19,015)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,000	10,985
CAPITAL AND RESERVES			
Called up share capital	11	1,000	1,000
Profit and loss account	12	-	9,985
SHAREHOLDERS' FUNDS		1,000	10,985

The accounts were approved by the Board of Directors on 31 March 1999



J S Marlor
Director

The notes on pages 8 to 12 form part of these accounts.

PWR POWER PROJECTS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1997**

	£	<u>1997</u>	£	£	<u>1996</u>	£
Net cash inflow/(outflow)from operating activities (Note a)			9,508		(555,902)	
Returns on investments and servicing of finance						
Interest received			19,616		138,208	
Taxation paid			(333,942)		(2,170,411)	
Capital expenditure and financial investment						
Proceeds of sale of tangible fixed assets	30,000			15,654		
Payments from joint owners	-			5,097,421		
			30,000		5,113,075	
Equity dividends paid			-		(4,597,421)	
Decrease in cash during the period (Note b)			(274,818)		(2,072,451)	

PWR POWER PROJECTS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

a) Reconciliation of operating profit to net cash inflow from operating activities

	<u>1997</u> £	<u>1996</u> £
Operating (loss)/profit	(35,697)	1,025,438
Depreciation charge	-	33,320
Profit on disposal of fixed assets	-	(15,654)
Decrease in debtors	48,986	627,685
Decrease in creditors	(3,781)	(2,226,691)
	<u>9,508</u>	<u>(555,902)</u>
	=====	=====

b) Analysis of changes in net debt

	1 January <u>1997</u> £	<u>Cash flow</u> £	31 December <u>1997</u> £
Cash at bank and in hand	1,250,553	(274,818)	975,735
	=====	=====	=====

PWR POWER PROJECTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997

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) Tangible Assets and Depreciation

Leasehold property was written down in 1996 to anticipated market value, to reflect a permanent diminution in value and has subsequently been disposed of.

c) 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.

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>1997</u>	<u>1996</u>
	£	£
Bank and other interest receivable	19,616	138,208
	=====	=====

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1997</u>	<u>1996</u>
	£	£
Depreciation	-	33,320
Profit on disposal of tangible assets	-	15,654
Hire of Plant and Equipment	-	-
Auditors' Remuneration - audit	1,000	4,000
- other fees	5,750	11,574

PWR POWER PROJECTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

5 DIRECTORS AND EMPLOYEES

	<u>1997</u>	<u>1996</u>
	£	£
a) Directors - Aggregate Remuneration	-	88,181

	<u>1997</u>	<u>1996</u>
	£	£
b) Staff Costs		
Wages and Salaries	-	489,356
Social Security Costs	-	24,434
Other Pension Costs	-	11,923
	<u>-</u>	<u>525,713</u>
	=====	=====

The average weekly number of persons employed by the Company was

- 7

6 TAXATION

	<u>1997</u>	<u>1996</u>
	£	£
The taxation charge which has been provided at 21.75% is based on the profit for the year and comprises:		
UK Corporation Tax - Current	4,900	325,000
- Prior Year Overprovision	(10,996)	-
	<u>(6,096)</u>	<u>325,000</u>
	=====	=====

PWR POWER PROJECTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

7 TANGIBLE FIXED ASSETS

	Long Leasehold <u>Property</u> £
Cost	
At 1 January 1997	96,485
Disposals	(96,485)
At 31 December 1997	-
Depreciation	
At 1 January 1997	66,485
Disposals	(66,485)
At 31 December 1997	-
Net Book Value	
At 31 December 1997	-
At 1 January 1997	30,000

Capital Commitments

There were no capital commitments at 31 December 1997 (1996 Nil).

8 DEBTORS

	<u>1997</u> £	<u>1996</u> £
Due within one year:		
Trade debtors	-	41,003
Advance corporation tax recoverable	-	941,355
Other debtors	47	8,030
	47	990,388

PWR POWER PROJECTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

9 CREDITORS

	<u>1997</u> £	<u>1996</u> £
Amounts falling due within one year:		
Amounts advanced from joint owners	897,421	897,421
Trade creditors	28,460	25,212
Corporation tax	4,900	136,938
Advance corporation tax payable	-	1,149,355
Accruals and deferred income	44,001	51,030
	<u>974,782</u>	<u>2,259,956</u>
	=====	=====

10 DEFERRED TAXATION

No provision is required for deferred taxation.

11 CALLED UP SHARE CAPITAL

	<u>1997</u> £	<u>1996</u> £
Authorised: Ordinary shares of £1 each	1,000	1,000
	=====	=====
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1,000	1,000
	=====	=====

12 SHAREHOLDERS' FUNDS

	<u>Share Capital</u> £	<u>Profit and Loss and other distributable Reserves</u> £	<u>Share- holders' Funds</u> £
At 1 January 1997	1,000	9,985	10,985
Loss on ordinary activities after taxation	-	(9,985)	(9,985)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1997	1,000	-	1,000
	=====	=====	=====

PWR POWER PROJECTS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997(continued)

13 PENSION COMMITMENTS

The company participated in two defined benefit pension schemes, the GEC Pension Plan and the Westinghouse UK Pension Plan.

The Company discharged its obligations under the Plans in 1996.

14 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 Energy Systems UK Ltd whose ultimate holding company is CBS 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 CBS Corporation's Group Accounts may be obtained from Westinghouse Building, Gateway Centre, Pittsburgh, PA15222, USA.

15 RELATED PARTY TRANSACTIONS

There were no related party transactions during 1997.

Turnover in 1996 includes £421,413 receivable from Westinghouse group companies and £800 from GEC group companies. Cost of sales in 1996 includes £7,269 payable to Westinghouse group companies and £362,695 to GEC group companies.