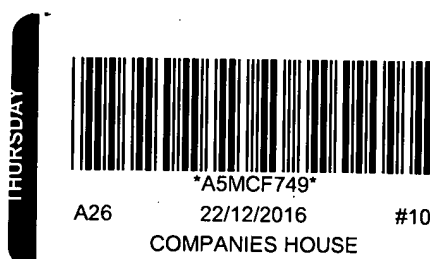


Registered number: 02458109

## Westinghouse Electric UK Holdings Limited

Annual report and financial statements

for the year ended 31 March 2016



# **Westinghouse Electric UK Holdings Limited**

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## **Westinghouse Electric UK Holdings Limited**

### **Company information**

**Directors** Linda M Aylmore  
Dhiraj Cherian  
Kenichi Ikeda

**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 NA  
125 London Wall  
London  
EC2Y 5AJ

## Westinghouse Electric UK Holdings Limited

### Strategic report

#### For the year ended 31 March 2016

The directors present their Strategic report for the financial year ended 31 March 2016.

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

#### Principal activity and fair review of the business

The company continues to act as the main holding company for Westinghouse's non-US entities as well as the employing entity for UK based employees other than those specifically employed by Springfields Fuels Limited.

The ultimate parent company of Westinghouse Electric UK Holdings Limited 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 company's key financial and other performance indicators during the year were as follows:

	2016 £ 000	2015 £ 000	% Change increase/ (decrease)
Operating loss	(1,013)	(17,735)	(94.3%)
Profit/(loss) for the financial year	22,386	(5,890)	480%
Investments in subsidiary undertakings	246,822	228,307	8%
Shareholder's equity	170,061	163,194	4%
Current assets as a % of current liabilities	1.17:1	1.51:1	(23%)
Average number of employees	91	83	10%

An operating loss of £1,013,000 occurred in the year compared to a prior year operating loss of £17,735,000. The decrease is mainly due to the impairment of investments in 2015 of £15,623,000 and recognition of provision for a non-recoverable loan receivable from Westinghouse Electric South Africa (Pty) Limited of £75,000 (2015: release of provision £252,000).

Profit for the financial year of £22,386,000 (2015: loss of £5,890,000) is mainly due to the dividends received from subsidiaries which amounted to £20,191,000 (2015: £4,314,000), exchange gains of £3,816,000 (2015: losses of £2,340,000) and net interest receivable of £44,000 (2015: net interest receivable £250,000).

During the year Westinghouse Electric UK Holdings Limited increased its investment in Mangiarotti S.p.A with a capital contribution of €9,000,000 and recognised the deferred consideration payable in respect of the purchase of 30% of the residual equity stake from Friulia S.p.A of €470,000 (note 12).

On 29 March 2016 Westinghouse Electrique France SAS repaid loan principle of £4,501,000 and accrued interest of £860,000 from a loan provided in October 2007. In return Westinghouse Electric UK Holdings Limited provided a capital contribution of €15,000,000.

#### Results and dividends

The profit for the year after taxation amounted to £22,386,000 (2015: loss of £5,890,800). During the year the directors paid a dividend of £17,047,000 to Toshiba Nuclear Energy Holdings (UK) Limited.

## **Westinghouse Electric UK Holdings Limited**

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

#### **Principal risks and uncertainties**

Westinghouse Electric UK Holdings Limited holds investments in various companies around the world (note 12). The carrying values of those investments are shown at cost less provision for diminution in value. The carrying value of investments is reviewed for impairment in periods if events or changes in circumstances indicate that a provision for impairment is required.

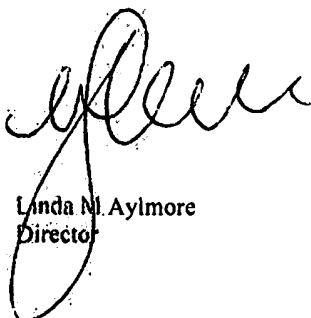
#### **Future developments**

The company will continue to act as the main holding company for Westinghouse's non-US entities as well as the employing entity for UK based employees other than those specifically employed by Springfields Fuels Limited.

#### **Events after the balance sheet date**

Details of significant events since the balance sheet date are contained in note 23 to the financial statements.

Approved by the Board on 30 November 2016 and signed on its behalf by:



Linda M. Aylmore  
Director

## **Westinghouse Electric UK Holdings Limited**

### **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, were as follows:

Daniel J Sumner (appointed 17 November 2016)  
Dhiraj Cherian (appointed 14 March 2016 and resigned 10 October 2016)  
Ichiro Sakamoto (resigned 15 May 2015)  
Kenichi Ikeda (appointed 19 June 2015)  
Linda M Aylmore (appointed 4 March 2016)  
Peter G Martin (resigned 4 March 2016)  
Richard A Gabbianelli (resigned 27 January 2016)

#### **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 and 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 8 outstanding foreign currency contracts (2015: five).

Company policies ensure that an overall view of the group's exchange exposure and foreign currency commitments can be undertaken 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 pool 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.

## **Westinghouse Electric UK Holdings Limited**

### **Directors' report (continued) For the year ended 31 March 2016**

#### **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, generally on a monthly rolling basis.

#### **Research and development**

The company acts as the main holding company for Westinghouse's non-US entities. It does not engage in research and development activities.

#### **Political donations**

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

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Directors' liabilities**

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.

#### **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 described in the Strategic report on pages 2 to 3.

The company is a member of the Westinghouse cash pooling arrangement and as such has access to considerable cash resources, has a positive cash position (see note 15) and holds investments in other group companies. 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, they continue to adopt the going concern basis in preparing the annual report and financial statements.

## **Westinghouse Electric UK Holdings Limited**

### **Directors' report (continued) For the year ended 31 March 2016**

#### **Auditor**

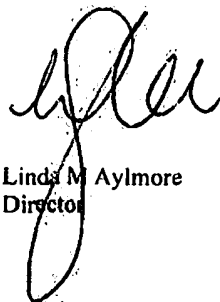
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 30 November 2016 and signed on its behalf by:



Linda M Aylmore  
Director



## **Westinghouse Electric UK Holdings Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual report and 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 UK Holdings Limited**

We have audited the financial statements of Westinghouse Electric UK Holdings 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 35. The financial reporting framework that has been applied in their preparation is applicable law and 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 members, 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 members 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 7), 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 profit 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**

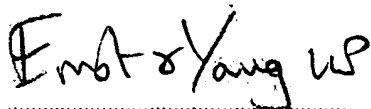
In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of Westinghouse Electric UK Holdings 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.



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

Date: 19 December 2016

## Westinghouse Electric UK Holdings Limited

### Profit and loss account For the year ended 31 March 2016

	Note	2016 £ 000	2015 £ 000
Net operating expenses		(938)	(2,364)
Exceptional items	6	<u>(75)</u>	<u>(15,371)</u>
<b>Operating loss</b>	5	<b>(1,013)</b>	<b>(17,735)</b>
Income from sale of investment		-	9,343
Income from shares in group undertakings		20,191	4,314
Interest receivable and similar charges	9	6,101	1,999
Interest payable and similar charges	10	<u>(2,241)</u>	<u>(4,089)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>23,038</b>	<b>(6,168)</b>
Tax on profit/(loss) on ordinary activities	11	<u>(652)</u>	<u>278</u>
<b>Profit/(loss) for the financial year</b>		<b><u>22,386</u></b>	<b><u>(5,890)</u></b>

The above results were derived from continuing operations.

## Westinghouse Electric UK Holdings Limited

### Statement of comprehensive income For the year ended 31 March 2016

	2016 £ 000	2015 £ 000
Profit/(loss) for the financial year	<u>22,386</u>	<u>(5,890)</u>
Other comprehensive income:		
Items that cannot be reclassified to profit or loss:		
Actuarial gain/(loss) recognised on defined benefit pension scheme	1,941	(2,524)
Hedges of variable interest rate risk and foreign exchange risk	(28)	(444)
Tax on items relating to components of other comprehensive income	<u>(385)</u>	<u>619</u>
Other comprehensive income for the year net of tax	<u>1,528</u>	<u>(2,349)</u>
<b>Total comprehensive income for the year attributable to the owners of the company</b>	<u><b>23,914</b></u>	<u><b>(8,239)</b></u>

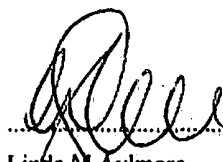
## Westinghouse Electric UK Holdings Limited

### Balance sheet As at 31 March 2016

	Note	2016 £ 000	2015 £ 000
<b>Fixed assets</b>			
Investments	12	<u>246,822</u>	<u>228,307</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	301	13,404
Debtors: amounts falling due after more than one year	14	13,665	18,633
Cash at bank and in hand		<u>133,919</u>	<u>70,888</u>
<b>Total current assets</b>		<u>147,885</u>	<u>102,925</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(126,456)</u>	<u>(68,052)</u>
<b>Net current assets</b>		<u>21,429</u>	<u>34,873</u>
<b>Total assets less current liabilities</b>		<b>268,251</b>	<b>263,180</b>
<b>Creditors</b>			
Creditors: amounts falling due after more than one year	16	(99,369)	(99,369)
Deferred tax liability	18	<u>(59)</u>	<u>-</u>
<b>Net assets excluding pension asset/(liability)</b>		<b>168,823</b>	<b>163,811</b>
Pension asset/(liability)	20	<u>1,238</u>	<u>(617)</u>
<b>Net assets</b>		<u><b>170,061</b></u>	<u><b>163,194</b></u>
<b>Capital and reserves</b>			
Called-up share capital	19	35,561	35,561
Cash flow hedging reserve		-	28
Profit and loss account		<u>134,500</u>	<u>127,605</u>
<b>Total shareholder's funds</b>		<u><b>170,061</b></u>	<u><b>163,194</b></u>

The financial statements of Westinghouse Electric UK Holdings Limited (registration number: 02458109) were approved by the Board of directors and authorised for issue on 30 November 2016.

They were signed on its behalf by:

  
 .....  
 Linda M Aylmore  
 Director

# Westinghouse Electric UK Holdings Limited

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

	Called-up share capital £ 000	Cash flow hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2014 as previously reported	35,561	-	137,860	173,421
Changes on transition to FRS 101 (see note 24)	-	379	(2,367)	(1,988)
<b>As restated</b>	<b>35,561</b>	<b>379</b>	<b>135,493</b>	<b>171,433</b>
Loss for financial year	-	-	(5,890)	(5,890)
Other comprehensive income:				
Hedges of variable interest rate risk and foreign exchange risk	-	(444)	-	(444)
Actuarial loss on defined benefit pension scheme	-	-	(2,524)	(2,524)
Tax relating to items of other comprehensive income	-	93	526	619
<b>Total comprehensive income</b>	<b>-</b>	<b>(351)</b>	<b>(7,888)</b>	<b>(8,239)</b>
<b>At 31 March 2015</b>	<b>35,561</b>	<b>28</b>	<b>127,605</b>	<b>163,194</b>
Profit for the financial year	-	-	22,386	22,386
Other comprehensive income:				
Hedges of variable interest rate risk and foreign exchange risk	-	(28)	-	(28)
Actuarial gain on defined benefit pension scheme	-	-	1,941	1,941
Tax relating to items of other comprehensive income	-	-	(385)	(385)
<b>Total comprehensive income</b>	<b>-</b>	<b>(28)</b>	<b>23,942</b>	<b>23,914</b>
Dividends paid on equity shares	-	-	(17,047)	(17,047)
<b>At 31 March 2016</b>	<b>35,561</b>	<b>-</b>	<b>134,500</b>	<b>170,061</b>

# **Westinghouse Electric UK Holdings Limited**

## **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;



## **Westinghouse Electric UK Holdings Limited**

### **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 IFRS 11 Accounting for acquisitions of interest in joint operations;
- 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 24.

##### **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 described in the Strategic report on pages 2 to 3.

The company is a member of the Westinghouse cash pooling arrangement and as such has access to considerable cash resources, has a positive cash position (see note 15) and holds investments in other group companies. 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, they continue to adopt the going concern basis in preparing the annual report and financial statements.

## **Westinghouse Electric UK Holdings Limited**

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

#### **3. Accounting policies (continued)**

##### **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.

###### ***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. Exchange differences are taken to the profit and loss account.

## **Westinghouse Electric UK Holdings Limited**

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

#### **3. Accounting policies (continued)**

##### **Investments**

Fixed asset investments are shown at cost less provision for diminution in value. The carrying values of investments are reviewed for impairment if events or changes in circumstances indicate that a provision for impairment is required.

##### **Post-retirement benefits**

During the year the company participated in the Group Pension Scheme UAM/WEC section of the Combined Nuclear Pension Plan ("CNPP"), a defined benefit pension scheme which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the CNPP is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

##### **Post-retirement benefits**

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

##### **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.

## Westinghouse Electric UK Holdings Limited

### 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.

## **Westinghouse Electric UK Holdings Limited**

### **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. Critical accounting judgements and 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 no critical judgements to disclose, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the accounts recognised in the financial statements.

##### **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.

###### ***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.

###### ***Estimated impairment of investments***

In accordance with the accounting policy stated in note 3, the company periodically tests whether investments have suffered any impairment. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates. The assumptions on which impairment testing is based include, but are not limited to, discount rate, useful economic life and cash flow forecasts for future business generation.

## Westinghouse Electric UK Holdings Limited

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

#### 4. Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Key sources of estimation uncertainty (continued)

###### *Defined benefit scheme*

The company has obligations to pay pension benefits to certain employees. The pension asset and post retirement liability are calculated in accordance with International Accounting Standard 19 Employee Benefits (IAS 19). The cost of these benefits and the present value of the obligation depend upon a number of factors, including life expectancy, salary increases, asset valuations and a discount rate based on inflation. As such, the financial position of a pension fund on this basis is highly sensitive to changes. See note 20 for the disclosures relating to the defined benefit pension scheme.

###### *Deferred Tax*

The company has recognised a deferred tax liability (see note 18) 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. Profit/(loss) for the financial year

Profit/(loss) for the year has been arrived at after charging/(crediting):

	2016 £ 000	2015 £ 000
Other income	(168)	(624)
Employee costs (note 8)	-	(39)
Auditor's remuneration – audit of the company's financial statements	31	34
Other external and operating charges	287	95
Pension service costs (note 20)	628	491
Foreign exchange losses	160	2,407

Westinghouse Electric UK Holdings Limited pays the audit fees on behalf of TSB (Investment Europe) Limited. Other income of £168,000 mainly consists of recharged costs to other group companies (2015: £624,000).

#### 6. Exceptional items

	2016 £ 000	2015 £ 000
Recognised in arriving at operating (profit)/loss:		
Increase/(release) of provision for non-recoverable loan receivable from Westinghouse Electric South Africa (Pty) Limited (note 14)	75	(252)
Impairment in investment (note 12)	-	15,623
	<u>75</u>	<u>15,371</u>

## Westinghouse Electric UK Holdings Limited

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

#### 7. Directors' remuneration

All employee costs and directors' emoluments are incurred on behalf of, and recharged to, other group companies.

The Finance Director received the following remuneration from Westinghouse Electric UK Holdings Limited in respect of his services as director which was recharged to Westinghouse Electric Company UK Limited:

	2016 £ 000	2015 £ 000
Remuneration	118	98
Pension	26	25
	<u>144</u>	<u>123</u>

The remaining directors are employed and remunerated by Westinghouse Electric Company LLC and Advance Uranium Asset Management Limited and it is not practicable to identify the elements that related to their services as directors of the company. The Finance Director was a member of the Group Pension Scheme section of the Combined Nuclear Pension Plan (CNPP) up to 31 March 2016.

#### 8. Employee costs

The average weekly number of employees employed during the year by the company (Westinghouse Electric UK Holdings Limited) was as follows:

	2016 No.	2015 No.
Employees not seconded	-	11
Employees seconded to Advance Uranium Asset Management Limited	29	29
Employees seconded to NuGeneration Limited	3	3
Employees seconded to Uranium Asset Management Limited	1	1
Employees seconded to Springfields Fuels Limited	6	6
Employees seconded to Westinghouse Electric Company UK Limited	<u>52</u>	<u>33</u>
	<u>91</u>	<u>83</u>

	2016 £ 000	2015 £ 000
Total employment costs	8,392	5,970
Employment costs recharged to other group companies	<u>(8,392)</u>	<u>(5,931)</u>
Total employment costs relating to the company	<u>-</u>	<u>39</u>

## Westinghouse Electric UK Holdings Limited

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

#### 8. Employee costs (continued)

Employee costs are as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	6,355	4,920
Social security costs	213	524
Other pension costs	1,149	521
Redundancy	675	5
	<u>8,392</u>	<u>5,970</u>

#### 9. Interest receivable and similar income

	2016 £ 000	2015 £ 000
Interest receivable from group undertakings	584	740
Finance income in respect of pension assets and liabilities	7	84
Bank interest	1,694	1,175
Foreign exchange gains	3,816	-
	<u>6,101</u>	<u>1,999</u>

#### 10. Interest payable and similar charges

	2016 £ 000	2015 £ 000
Interest payable to group undertakings	2,035	1,439
Bank charges	175	258
Other interest payable	31	52
Foreign exchange losses	-	2,340
	<u>2,241</u>	<u>4,089</u>



## Westinghouse Electric UK Holdings Limited

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

#### 11. Tax on profit/(loss) on ordinary activities

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

	2016 £ 000	2015 £ 000
<b>Current tax</b>		
UK corporation tax	678	(276)
Total current income tax	678	(276)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(47)	(2)
Effect of other tax rates	21	-
Total deferred tax	(26)	(2)
Tax charge/(credit) for the year	652	(278)

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

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

	2016 £ 000	2015 £ 000
Profit/(loss before tax)	23,038	(6,168)
Corporation tax at standard rate	4,608	(1,295)
Non-taxable dividends received	(4,038)	(906)
Impairment of investments/intercompany loans	-	1,270
Increase from effect of expenses not deductible in determining taxable profit	95	567
Increase in current tax from unrecognised tax loss or credit	-	89
Other tax effects for reconciliation between accounting profit and tax expense (income)	(13)	(3)
Tax charge/(credit) for the year	652	(278)

#### 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.

# Westinghouse Electric UK Holdings Limited

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

### 11. Tax on profit/(loss) on ordinary activities (continued)

#### c) Deferred tax

	2016 £ 000	2015 £ 000
Included in debtors (note 14)	-	(299)
Provisions for liabilities and charges (note 24)	(59)	-
	<u>59</u>	<u>(299)</u>
	2016 £ 000	2015 £ 000
Tax losses carried forward	(79)	(87)
Pension costs	223	(123)
Derivative financial instruments (note 24)	(85)	(89)
	<u>59</u>	<u>(299)</u>

The movement in deferred tax is analysed as follows:

	£ 000
At 1 April 2015	(299)
Amount charged to the profit and loss account	(27)
Amount credited to the statement of comprehensive income	385
At 31 March 2016	<u>59</u>

### 12. Investments

	Shares in Subsidiaries £ 000	Shares in Joint Venture £ 000	Shares in Associate £ 000	Total £ 000
<b>Cost</b>				
At 1 April 2015	309,806	11,731	5,836	327,373
Additions	11,837	-	6,678	18,515
At 31 March 2016	<u>321,643</u>	<u>11,731</u>	<u>12,514</u>	<u>345,888</u>
<b>Provision</b>				
At 1 April 2015	(94,678)	-	(4,388)	(99,066)
At 31 March 2016	<u>(94,678)</u>	<u>-</u>	<u>(4,388)</u>	<u>(99,066)</u>
<b>Carrying amount</b>				
At 31 March 2016	<u>226,965</u>	<u>11,731</u>	<u>8,126</u>	<u>246,822</u>
At 31 March 2015	<u>215,128</u>	<u>11,731</u>	<u>1,448</u>	<u>228,307</u>

## Westinghouse Electric UK Holdings Limited

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

#### 12. Investments (continued)

Details of the principal investments in which the company held more than a 20% participating interest during the year are as follows:

Name of subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
Nuclear Fuel Industries Limited	Nuclear Activities	Japan	52%	52%
Par-TZ Nuclear Company	Nuclear Activities	China	51%	51%
Springfields Fuels Limited	Nuclear Activities	Great Britain	100%	100%
TSB (Investment Europe) Limited	Holding company for European entities	Great Britain	100%	100%
Uranium Asset Management Limited	Nuclear Activities	Great Britain	100%	100%
Westinghouse Electric (Asia) S.A., Zug	Holding company - customer sales	Switzerland	100%	100%
Westinghouse Electric Belgium S.A.	Nuclear Activities	Belgium	99%	99%
Westinghouse Electric Canada INC.	Nuclear Activities	Canada	100%	100%
Westinghouse Electric Company (China) Co Limited	Nuclear Activities	China	100%	100%
Westinghouse Electric Company UK Limited	Nuclear Activities	Great Britain	100%	100%
Westinghouse Electric Czech Republic s.r.o.	Nuclear Activities	Czech Republic	99%	99%
Westinghouse Electric India Private Limited	Nuclear Activities	India	100%	100%
Westinghouse Electric Japan Limited	Nuclear Activities	Japan	100%	100%
Westinghouse Electric South Africa (Pty) Limited	Nuclear Activities	South Africa	100%	100%
Westinghouse Electrique France S.A.S	Nuclear Activities	France	99.1%	99.1%
Westinghouse Operations Belgium S.A.	Nuclear Activities	Belgium	99%	99%
Westinghouse Electric Spain, S.A.U.	Nuclear Activities	Spain	100%	100%
Westinghouse Technology Services S.A.	Nuclear Activities	Spain	70%	70%

## Westinghouse Electric UK Holdings Limited

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

#### 12. Investments (continued)

Joint Venture Undertakings	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
SNTPC-WEC Nuclear Power Technical Services (Beijing) Company Limited	Nuclear Activities	China	50%	50%
State Nuclear WEC Zirconium Hafnium Co. Limited	Nuclear Activities	China	50%	50%
<b>Associate Undertakings</b>				
Mangiarotti S.p.A.	Nuclear Activities	Italy	30%	30%

The investments in subsidiaries are all stated at cost less provision for impairment.

During the year, Westinghouse Electric UK Holdings Limited made capital contributions to Westinghouse Electrique France SAS of €15,000,000 (£11,837,000) and Mangiarotti S.p.A of €9,000,000 (£6,298,000) and then recognised a deferred consideration payable in respect of Mangiarotti S.p.A of €470,000 for its irrevocable and unconditional option to purchase the residual equity stake from Friulia S.p.A. In the prior year the company's investment in Mangiarotti was impaired by £15,623,000.

#### 13. Debtors: amounts falling due within one year

	2016 £ 000	2015 £ 000
Amounts owed by group undertakings	-	13,110
Corporation tax	9	294
Other taxes	292	-
	<u>301</u>	<u>13,404</u>

In the prior year, the amounts owed by group undertakings mainly comprised of an amount due from Toshiba Corporation for the sale of the 70% investment in Mangiarotti S.p.A.

#### 14. Debtors: amounts falling due after more than one year

	2016 £ 000	2015 £ 000
Amounts owed by group undertakings	20,216	24,810
Provision in respect of recoverability of doubtful loans (note 6)	(6,551)	(6,476)
Deferred tax asset	-	299
	<u>13,665</u>	<u>18,633</u>

A loan of £6,400,000 is repayable by Westinghouse Electric South Africa (Pty) Limited (WESA) on 5 November 2017. The interest rate applied is GBP LIBOR plus 45 basis points. At 31 March 2016 accrued interest on the loan amounted to £151,000 (2015: £76,000). There is some uncertainty regarding the full repayment of this loan and under advice from WEC Corporate Treasury a provision for doubtful debt continues to be made for the full amount in this year's annual report and accounts.

## Westinghouse Electric UK Holdings Limited

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

#### 14. Debtors: amounts falling due after more than one year (continued)

A loan of £4,501,000 was repayable by Westinghouse Electrique France SAS on 10 October 2017. The variable interest rate applied was GBP LIBOR plus 45 basis points. On 29 March 2016, the loan principle and interest accrued of £860,000 was repaid by Westinghouse Electrique France SAS.

A loan of ¥38 million (£4,059,000) and ¥27 million (£2,884,000) are both repayable on 20 March 2017 by State Nuclear WEC Zirconium Hafnium Co. Limited. At 31 March 2016 the interest accrued on both loans amounted to ¥13 million (£1,384,000).

On 17 March 2014, a loan was provided to Westinghouse Barras Provence SA for €6,800,000 (£5,337,000). The interest rate applied is GBP LIBOR plus 45 basis points as determined by Westinghouse Treasury department. Such spread will be consistent with arm's length borrowing costs of Westinghouse Electric Company LLC for a loan of similar terms. At 31 March 2016, the interest accrued amounted to €1,000 (£1,000).

#### 15. Creditors: amounts falling due within one year

	2016 £ 000	2015 £ 000
Amounts owed to group undertakings	126,237	67,595
Other creditors	5	-
Other taxes	-	17
Accruals and deferred income	28	63
Derivative financial instruments (see note 17)	186	377
	<u>126,456</u>	<u>68,052</u>

Amounts owed to group undertakings includes the group's cash pooling arrangement, with Westinghouse Electric UK Holdings Limited being the company receiving loans from Toshiba of Europe Limited (TOEL). Loans from TOEL to the company include a currency amount of \$180,000,000 (2015: \$100,000,000), which translated to £125,130,000 at 31 March 2016 (2015: £67,595,000). There are various interest rates subject to terms of the loans. Loans are issued on a monthly rolling basis subject to company requirements.

The cash pool had a balance at 31 March 2016 of \$21,744,000 (2015: \$7,139,000). The cash position for Westinghouse Electric UK Holdings Limited as at 31 March 2016 is £8,788,000 (2015: £3,293,000).

#### 16. Creditors: amounts falling due after more than one year

	2016 £ 000	2015 £ 000
Amounts owed to group undertakings	99,369	99,369
	<u>99,369</u>	<u>99,369</u>

Amounts owed to group undertakings comprise an unsecured loan from Toshiba Nuclear Energy Holdings (UK) Limited which is repayable on 31 March 2026. The interest rate applied by Toshiba Nuclear Energy Holdings (UK) Limited is GBP LIBOR plus 45 basis points.

#### 17. Derivative financial instruments

The derivative financial liabilities relate to 8 (2015: five) forward currency hedging contracts that are not designated and effective as hedging instruments, are carried at fair value.

# Westinghouse Electric UK Holdings Limited

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

### 18. Deferred tax (asset)/liability

	Tax losses £ 000	Pension costs £ 000	Derivative financial instruments £ 000	Total £ 000
At 1 April 2015	(87)	(123)	(89)	(299)
Charge to statement of comprehensive income	-	385	-	385
Charge to profit and loss	8	(39)	4	(27)
At 31 March 2016	<u>(79)</u>	<u>223</u>	<u>(85)</u>	<u>59</u>

### 19. Called-up share capital

#### Authorised shares

	2016 No.	2016 £ 000	2015 No.	2015 £ 000
Ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000</u>	<u>100,000,000</u>	<u>100,000</u>

#### Allotted, called-up and fully paid shares

	2016 No.	2016 £ 000	2015 No.	2015 £ 000
Ordinary shares of £1 each	<u>35,561,122</u>	<u>35,561</u>	<u>35,561,122</u>	<u>35,561</u>

### 20. Retirement benefit schemes

#### Defined contribution pension schemes

The company has one defined contribution scheme as follows:

	2016 £ 000	2015 £ 000
Group Pension Scheme:		
Cost for the year	159	126
Outstanding or prepaid contributions at 31 March	<u>-</u>	<u>-</u>

#### Defined benefit pension schemes

##### The Group Pension Scheme (GPS)

During the year the company participated in the Group Pension Scheme UAM/WEC section of the Combined Nuclear Pension Plan, a defined benefit pension scheme which requires contributions to be made to separately administered funds.

A full actuarial valuation of the UAM/WEC section was carried out at 31 March 2013 and the company's share of assets and liabilities updated to 31 March 2016 by a qualified independent actuary.

# Westinghouse Electric UK Holdings Limited

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

### 20. Retirement benefit schemes (continued)

#### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised in the balance sheet*

The amounts recognised in the statement of financial position are as follows:

	2016 £ 000	2015 £ 000
Cash and cash equivalents	211	-
Equity instruments	6,382	6,362
Debt instruments	11,265	11,021
Real estate	1,425	1,273
Other	2,562	2,594
Fair value of scheme assets	21,845	21,250
Present value of scheme liabilities	(20,607)	(21,867)
Defined benefit pension scheme asset/(deficit)	1,238	(617)

#### *Amounts recognised in the profit and loss account*

	2016 £ 000	2015 £ 000
<b>Amounts recognised in operating profit</b>		
Current service cost	628	491
Recognised in arriving at operating profit	628	491
<b>Amounts recognised in finance income or costs</b>		
Interest income on pension scheme assets	(731)	(842)
Interest expense on defined benefit obligations	724	758
Net interest income	(7)	(84)
Defined benefit cost recognised in the profit and loss account	621	407

#### *Amounts taken to the statement of comprehensive income*

	2016 £ 000	2015 £ 000
Effects of changes in demographic assumptions	(878)	379
Effects of changes in financial assumptions	(1,720)	4,005
Return on plan assets, excluding amounts included in interest income/(expense)	657	(1,860)
Total remeasurements recognised in the statement of comprehensive income	(1,941)	2,524

# Westinghouse Electric UK Holdings Limited

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

### 20. Retirement benefit schemes (continued)

#### *Principal actuarial assumptions*

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2016 %	2015 %
Discount rate	3.65	3.40
Rate of salary increase	2.90	3.00
Rate of price inflation	2.90	3.00
Rate of pension increases/deferred increases	2.90	3.00

The significant actuarial assumptions used to determine the present value of the defined benefit cost at the statement of financial position date are as follows:

	2016 %	2015 %
Discount rate	3.40	4.60
Rate of salary increase	3.00	3.30
Rate of price inflation	3.00	3.30
Rate of pension increases/deferred increases	3.00	3.30

#### *Post retirement mortality assumptions*

	2016 Years	2015 Years
Assumed life expectations on retirement at age 65:		
Current UK pensioners at retirement age - male	22.30	23.40
Retiring in 20 years UK pensioners at retirement age - male	24.00	25.20

#### *Scheme liabilities*

Changes in the present value of scheme liabilities are as follows:

	2016 £ 000	2015 £ 000
Present value at start of year	21,867	16,239
Service cost:		
Current service cost	628	491
Effects of changes in demographic assumptions	(878)	379
Effects of changes in financial assumptions	(1,720)	4,005
Interest expense	724	758
Benefits paid from plan assets	(102)	(90)
Participants contribution	88	85
Present value at end of year	20,607	21,867



## Westinghouse Electric UK Holdings Limited

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

#### 20. Retirement benefit schemes (continued)

##### *Scheme assets*

Changes in the fair value of scheme assets are as follows:

	2016 £ 000	2015 £ 000
Fair value at start of year	21,250	18,035
Interest income	731	842
Return on plan assets, excluding amounts included in interest (expense)/income	(657)	1,860
Employer contributions	535	518
Benefits paid from plan assets	(102)	(90)
Participants contributions	88	85
Fair value at end of year	<u>21,845</u>	<u>21,250</u>

##### *Analysis of obligation*

	2016 £ 000	2015 £ 000
Defined benefit obligation by status:		
Actives	13,761	14,638
Vested deferreds	6,308	6,709
Retirees	538	520
	<u>20,607</u>	<u>21,867</u>

##### *Actual return on plan assets*

	2016 £ 000	2015 £ 000
Actual return on plan assets	<u>74</u>	<u>2,702</u>

The pension plan has not invested in any of the company's own financial instruments or properties or in other assets used by the company.

#### 21. Controlling party

The company is a subsidiary undertaking of Toshiba Nuclear Energy Holdings (UK) Limited and the ultimate parent company is Toshiba Corporation. Toshiba Nuclear Energy Holdings (UK) Limited 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.

## **Westinghouse Electric UK Holdings Limited**

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

#### **22. Contingent liabilities**

In the normal course of the Westinghouse group's business, the company provides performance guarantees on certain contracts. The directors do not expect any material losses to arise for the company as a result of these guarantees. The company ensures that its maximum commitments under such arrangements are managed so that it would be able to meet any actual liabilities that could arise.

#### **23. Non adjusting events after the financial period**

On 26 September 2016 the directors declared a dividend payable of £20,000,000 to Toshiba Nuclear Energy Holdings (UK) Limited.

On 10 October 2016 Dhiraj Cherian resigned as director.

On 17 November 2016 Daniel J Sumner was appointed as a director.

#### **24. 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. As a consequence of adopting FRS 101, an adjustment of £3,450,000 as 31 March 2015 from profit on ordinary activities (to derivative financial instruments of £405,000 and investments of £3,045,000) was identified and an interest income net amount of £104,000 from profit and loss account to actuarial loss recognised on defined benefit scheme, net of deferred tax in the statement of comprehensive income. The change to the accounting policies are as follows:

##### **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 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 a decrease to retained earnings of £379,000 at 1 April 2014 and reduced the deferred tax expense in the year to 31 March 2015 by £356,000.

##### **Net investment in foreign operations**

Under previous UK GAAP the Swedish Krona long-term intercompany loan was classed as a net investment in foreign operations and was held as a non-monetary item retranslated at historical rate. Under FRS 101, exchange differences on monetary items which are part of the net investments in the foreign operation (i.e. long term debt receivables and loans for which settlement is neither planned nor likely to occur in the foreseeable future) are translated at the closing exchange rate at the reporting date through profit and loss. This has resulted in the remeasurement of the loan by £5,412,000 at 31 March 2015 and a £3,045,000 foreign exchange loss has been recognised in the profit and loss account for the year ended 31 March 2015. This remeasurement did not affect the tax expense.

##### **Defined benefit scheme**

Under previous UK GAAP, the company recognised an expected return on defined benefit plan assets in the profit and loss account. Under FRS 101 a net interest expense, based upon the net defined benefit liability, is recognised in the profit and loss account. There has been a change in the defined benefit liability at 1 April 2014 and 31 March 2015 due to the reclassification of deferred tax which cannot be netted off against the pension asset/(liability) as per IAS 12 Taxation. This has resulted in an increase of the pension asset of £359,000 in the year ended 31 March 2014 and an increase to the pension liability of £123,000 in the year ended 31 March 2015. The effect of the change has been to reduce the credit to the profit and loss account in the year to 31 March 2015 by £104,000 and increase the credit in other comprehensive income by an equivalent amount. The reduced credit to the profit and loss account has also led to the recognition of a reduced deferred tax expense in the year to 31 March 2015 by £19,000 and increased the credit in other comprehensive income by an equivalent amount.

# Westinghouse Electric UK Holdings Limited

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

### 24. Transition to FRS 101 (continued)

#### Balance sheet at 1 April 2014

	As originally reported £ 000	Remeasure- ment £ 000	As restated £ 000
<b>Fixed assets</b>			
Investments	217,236	(2,367)	214,869
<b>Current assets</b>			
Debtors: amounts falling due within one year	51,952	248	52,200
Debtors: amounts falling due after more than one year	33,085	-	33,085
<b>Total current assets</b>	85,037	248	85,285
<b>Creditors</b>			
Creditors: amounts falling due within one year	(30,920)	-	(30,920)
Deferred tax liability	-	(228)	(228)
<b>Net current assets</b>	54,117	20	54,137
<b>Total assets less current liabilities</b>	271,353	(2,347)	269,006
<b>Creditors: amounts falling due after more than one year</b>	(99,369)	-	(99,369)
<b>Net assets excluding pension asset/(liability)</b>	171,984	(2,347)	169,637
Pension asset	1,437	359	1,796
<b>Net assets</b>	173,421	(1,988)	171,433
<b>Capital and reserves</b>			
Called-up share capital	35,561	-	35,561
Cash flow hedging reserve	-	379	379
Profit and loss account	137,860	(2,367)	135,493
<b>Shareholder's funds</b>	173,421	(1,988)	171,433

# Westinghouse Electric UK Holdings Limited

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

### 24. Transition to FRS 101 (continued)

#### Balance sheet at 31 March 2015

	As restated £ 000	Remeasure- ment £ 000	As restated £ 000
<b>Fixed assets</b>			
Investments	231,352	(3,045)	228,307
<b>Current assets</b>			
Debtors: amounts falling due within one year	13,714	(310)	13,404
Debtors: amounts falling due after more than one year	18,490	143	18,633
Cash at bank and in hand	70,888	-	70,888
<b>Total current assets</b>	103,092	(167)	102,925
<b>Creditors: amounts falling due within one year</b>	(67,675)	(377)	(68,052)
<b>Net current assets</b>	35,417	(544)	34,873
<b>Total assets less current liabilities</b>	266,769	(3,589)	263,180
<b>Creditors: amounts falling due after more than one year</b>	(99,369)	-	(99,369)
<b>Net assets excluding pension liability</b>	167,400	(3,589)	163,811
Pension liability	(494)	(123)	(617)
<b>Net assets</b>	166,906	(3,712)	163,194
<b>Capital and reserves</b>			
Called-up share capital	35,561	-	35,561
Cash flow hedging reserve	379	(351)	28
Profit and loss account	130,966	(3,361)	127,605
<b>Shareholder's funds</b>	166,906	(3,712)	163,194

# Westinghouse Electric UK Holdings Limited

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

### 24. Transition to FRS 101 (continued)

#### Profit and loss account for the year ended 31 March 2015

	As originally reported £ 000	Remeasure- ment £ 000	As restated £ 000
Net operating costs and expenses	1,086	(3,450)	(2,364)
Exceptional items	(15,371)	-	(15,371)
<b>Operating loss</b>	<b>(14,285)</b>	<b>(3,450)</b>	<b>(17,735)</b>
Income from sale of investment	9,343	-	9,343
Income from shares in group undertakings	4,314	-	4,314
Interest receivable and other income	2,103	(104)	1,999
Interest payable and similar charges	(4,089)	-	(4,089)
<b>Loss on ordinary activities before taxation</b>	<b>(2,614)</b>	<b>(3,554)</b>	<b>(6,168)</b>
Tax on loss on ordinary activities	189	89	278
<b>Loss for the financial year</b>	<b>(2,425)</b>	<b>(3,465)</b>	<b>(5,890)</b>