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Registered number: 03162046

Uranium Asset Management Limited

Annual report and financial statements

for the year ended 31 December 2019

Uranium Asset Management Limited

Contents

Uranium Asset Management Limited

Company information

Directors	Angela Darkey
Company secretary	Fiona A Houghton
Registered office	Springfields Salwick Preston Lancashire PR4 0XJ United Kingdom
Independent Auditors	Deloitte LLP 2 Hardman Street Manchester M3 3HF
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

Uranium Asset Management Limited

Strategic report

The director presents her Strategic report for the year ended 31 December 2019.

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

Principal activities and fair review of the business

The company is a wholly owned subsidiary of Westinghouse Electric UK Holdings Limited (WEC Holdings) whose ultimate parent company is Brookfield Asset Management Inc.

The company is responsible for all front end commercial uranium activities on behalf of Westinghouse including taking title to uranium material.

The company's principal activities are:

- executing uranium trades and exchanges;
- marketing and sales of natural and enriched uranium and product lease management;
- delivering value based, complete fuel cycle supply alternatives for emerging markets and facilitating various commission based transactions;
- the management and control of Westinghouse complex uranium inventories including valuation and ownership visibility;
- managing the uranium supply chain between enrichers and fuel fabrication sites;
- the provision of expert advice and support for Westinghouse front end commercial uranium activities;
- the supply of Enriched Uranium to support working stock requirements for the Westinghouse fuel fabrication facilities;
- providing inventory procurement and management services; and
- managing third party stockpiles for global utilities.

The company has funding available through its parent WEC Holdings' arrangements, the Liquidity Funding Mechanism (LFM).

The company's key financial indicators during the year were as follows:

	12 months to 31 December 2019 \$ 000	9 months to 31 December 2018 \$ 000	% Change increase/ (decrease)
Turnover	**67,556**	20,715	226.1%
Operating profit/(loss)	**2,948**	(711)	514.6%
Profit for the financial period	**23,040**	15,047	53.1%
Total shareholders' surplus	**171,743**	148,703	15.5%
Current assets to current liabilities ratio	**7:0**	100:1	(93.4)%

Turnover has increased to \$67,556,000 (2018: \$20,715,000) due to the sale of uranium. In the year there was a net operating profit of \$2,948,000 (2018: loss of \$711,000), due to more carry trades being completed.

The company has secured long-term commitments with orders confirmed of \$89,041,000 for the sale of surplus uranium up to March 2021 (2018: \$118,867,000 up to December 2020).

Internally, the company reports into the Nuclear Fuel product line business segment for all uranium matters and drives efficiencies by continually improving effective business processes and commercial practices.

Uranium Asset Management Limited

Strategic report (continued)

Principal activities and fair review of the business (continued)

The company's foremost objective is safety and it continues to strive for zero accidents. There were no safety incidents recorded in the year (2018: nil).

Results and dividends

The profit for the year amounted to $23,040,000 (2018: $15,047,000) a significant increase largely due to the $16,170,000 tax credit (2018: $2,786,000 tax charge). The director does not recommend the payment of a dividend (2018: $nil).

Principal risks and uncertainties

Market risk

The enriched uranium is stored at Westinghouse facilities which is the standard practice and is covered by the appropriate nuclear liability insurance and risk of loss or damage insurance. The U308 uranium is at Western conversion facilities and is covered by appropriate insurance for risk of loss or damage. No material is physically shipped by us and is not physically stored at the facilities. Westinghouse and the converters use the material immediately in their process so our accounts have entitlement credits, rather than material stored in drums, as all the material is deemed fungible.

Stock is sold under long-term contracts with the uranium prices locked in, so the market price relationship is irrelevant. For the carry trades the price the company buys and sells for is relative to spot prices at the time of agreeing the trade. The company does not speculate by buying when the price is low and hold on to it to sell when the prices are high. When the company enters into a carry trade the purchase and the sales price (even if the delivery is months later) is agreed simultaneously so there is no price risk.

During the year to December 2019 U3O8 market prices dropped from $27.00 per pound U3O8 to mid to high $24.00. Downward pressure pushed the uranium market spot prices down settling at $24.85 per pound U3O8 at the end of December 2019 (2018: $27.00). The conversion spot market value at the end of December 2019 was $22.00 per kgU as UF6 based on an average of the North American and European prices (2018: $13.75). The Separative Work Units (SWU) spot market value period end price was $47.00 per SWU (2018: $40.00). The company continues to monitor the market value against the book valuation of uranic stock.

Whilst there is always a material risk the market prices of uranium could fall, the director's opinion is that this does not currently present a significant risk to the company under current market conditions due to the stock being categorised as follows:

- Stock that is locked into future sales contracts. The net realisable value (NRV) of the material is higher than book value;
- Leased working stock that is on long-term loan to Westinghouse Electric Sweden AB. The market value of the material is higher than book value.

Credit risk

The company's surplus cash is paid into the Liquidity funding mechanism (LFM) financing arrangement with WEC Holdings. The loan is repayable on demand and cash is available from the LFM through intercompany loans and the Asset Backed Lending (ABL) facility. The company, along with WEC Holdings and Westinghouse Electric Company UK Limited, has provided a guarantee for the ABL facility which funds the LFM.

Brexit

On 31 January 2020 the UK left the European Union (EU). The company has assessed the implications of this and does not expect any significant interruptions to its business activities. At the date of signing, the UK is in an 11 month transition period until 31 December 2020 and a trade deal is yet to be agreed. The company will continue to monitor the situation.

Uranium Asset Management Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

COVID-19

The Coronavirus pandemic (COVID-19) has had minimal financial impact on the company, due to the nature of the company's operations, and going forward the company expects to meet its targets. It is considered a non-adjusting post balance sheet event as the conditions did not exist at the balance sheet date.

The company has taken decisive steps to protect its employees in their day to day roles. This includes the promotion of social distancing, reinforced good practices in personal hygiene, and office employees are completing their work from home.

The uranium prices in 2020 have increased but it is difficult to attribute this to the effect of Brexit or COVID-19. The risk to the company from changes in uranium prices are minimal due to the points covered in the Market risk section above.

Section 172 statement

This section describes how the director has had regards to the matters set out in section 172(1((a) to (f)) Companies Act 2006 ("section 172") in exercising their duty to promote the success of the company for the benefit of its members as a whole. During the year the director was mindful of her duties under section 172 and received information from the Westinghouse legal team to refresh their understanding of the legal position. The Board meets as and when a decision is required.

Our stakeholders

The director considers that the following groups are the company's key stakeholders: our customers, nuclear and environmental regulatory bodies, our owner, the wider communities and our suppliers. The Board seeks to understand the respective interests of such stakeholder groups, so that these may be properly considered in the Board's decisions. This is done through various methods, including direct engagement by Board members; receiving reports and updates from members of management who engage with such groups; and coverage in our Board papers of relevant stakeholder interest with regard to proposed courses of action.

The strength of the business is built on the hard work, dedication and creativity of the company's team.

As well as being a successful commercial uranium business in its own right, the company provides procurement and supply activities, along with global inventory management services that compliments Westinghouse's fuel manufacturing business across its three fuel fabrication sites.

Our customers, suppliers and alliance partners within the commercial uranium market enable the company to exist. We appreciate that they have numerous choices so it is essential to our future that we can safely and consistently deliver products and services that are both creative and cost effective. Our reputation for confidentiality is paramount and enables the company to continue to build brand and loyalty.

The Board is conscious of its duty to act in the best interests of the (direct and indirect) members of the company over the long-term. We rely on our owner for the provision of debt funding as an essential source of capital to further our business objectives. They rely on us to protect and manage their investments in a responsible and sustainable way that generates value for them

Communities and the wider public expect us to act as a responsible company and neighbour, and to minimise any adverse impact we might have on local communities and the environment.

We seek to enjoy a constructive and cooperative relationship with the regulatory bodies that authorise and regulate our business activities. This helps us maintain a reputation for high standards of business conduct. They expect us to comply with applicable laws, regulations and licence conditions.

Uranium Asset Management Limited

Strategic report (continued)

Section 172 statement (continued)

Having regard to the likely consequences of any decision in the long-term

The Board remains mindful that its strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed. The most prevalent example of this is in the approval of the company's growth strategy to enable increase in its market share and offer creative uranium supply solutions to Westinghouse's fuel customers.

Employee engagement

The company has no direct employees but does follow the workforce engagement mechanisms of the parent company. Employees are kept informed of performance and strategy through regular presentations and updates. The director attends key business meetings throughout the year including monthly communication meetings and employee engagement surveys are undertaken.

Diversity

The Westinghouse group is committed to cultivating a culture that fosters honest, open conversations and makes space for everyone to be themselves and thrive. Our goal is to create a company in which diversity and inclusion is an integral part of our DNA. In 2020 the Westinghouse group have appointed a Chief Diversity Officer who will facilitate best practices and foster a culture that enriches our company and opens doors for even more innovation and new opportunities.

Having regard to the need to foster the company's business relationships with suppliers, customers and others

During the year the Board was briefed on major contract negotiations and strategy with regard to key suppliers /customers. The Board seeks to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our investors and the desired safe, quality product and service levels for our customers.

The interests of customers are considered in key decisions, and suppliers are selected to ensure quality and safety standards are met whilst efficiencies are also sought to maximise future benefits for customers.

The company is a member of the Westinghouse group LFM. The Board carefully considers the cash position and forecast when making decisions on the company's dividend policy.

Having regard to the impact of the company's operations on the community and the environment

The Board supports the company's goals and initiatives with regards to reducing the adverse impacts on the environment and supporting the wider local community.

Having regard to the desirability of the company maintaining a reputation for high standards of business conduct

The Board recognises the importance of operating a robust corporate governance framework, and during the year has adopted an internal controls mechanism for the delegation of authority, reporting lines and the escalation of complex or high value matters, which is being rolled out across the Westinghouse group.

Uranium Asset Management Limited

Strategic report (continued)

Future developments

The director is continually reviewing the strategic options available in the front end nuclear fuel cycle for growth opportunities that provide value for the company shareholder.

Approved and signed by the director on 17 December 2020:

Angela Darkey

Director

Uranium Asset Management Limited

Directors' report

The director presents her annual report on the affairs of the company, together with the audited financial statements and independent auditors' report, for the year ended 31 December 2019. The financial year end of the company was changed from 31 March 2018 to 31 December 2018 to be coterminous with the year end of its ultimate holding company. Accordingly, the comparative financial statements were prepared for 9 months from 1 April 2018 to 31 December 2018 and as a result, the comparative figures stated in the profit and loss account, balance sheet, statement of changes in equity and the related notes are not comparable.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Angela Darkey

Strategic report

The information that fulfils the Companies Act requirements of the business review is included in the Strategic report on page 2 to 6. This includes a review of the development of the business of the company during the period, 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 of cash that arises directly from its operations and short-term loans. 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 uranium market price risk, 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.

Market risk

The inventory value is dependent on the uranium market spot price. This is discussed in the Strategic report.

Interest rate risk

The company finances its operations through a mixture of retained profits and loans from group undertakings. Interest rates in respect of group undertakings are in accordance with Westinghouse treasury policies.

Foreign currency risk

The company holds bank accounts and receives overhead invoices in different currencies and so is subject to some exchange rate gains and losses. Company policies ensure that an overall view of the group's exchange exposure and foreign currency commitments can be done in conjunction with the Corporate Treasury Department.

Liquidity risk

The company operates independent bank accounts locally and has the ability to lend and borrow cash through the LFM financing arrangement with WEC Holdings, subject to various limitations.

Research and development

The company does not engage in research and development activities.

Uranium Asset Management Limited

Directors' report (continued)

Directors' liabilities

Brookfield Asset Management Inc. maintains directors' and officers' liability insurance, covering the defense costs of civil legal proceedings and the damages resulting from the unsuccessful defense of such proceedings except, in such cases, to the extent that a director or officer acted fraudulently or dishonestly, for all its subsidiaries. This policy is not a third-party indemnity, but it is designed to defend against third-party liability.

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 as described in the Strategic report on pages 2 to 6. This includes the effects of Brexit and COVID-19 and how they do not affect the going concern, as the risk to the company from changes in uranium prices are minimal due to way the company agrees carry trade deals.

The company has been profitable in the year and has increased its net asset position at 31 December 2019, strengthening the company's ability to continue to operate as a going concern.

The company can receive funding from WEC Holdings through the LFM.

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from signing and continues to adopt the going concern basis in preparing the annual report and financial statements.

Dividends

The director does not recommend the payment of a dividend (2018: $nil).

Events after the balance sheet date

Events after the balance sheet date can be found in note 20.

Independent Auditors

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 auditors are 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 auditors are 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.

A resolution to appoint Deloitte LLP in accordance with section 485 of the Companies Act 2006 will be put to the members at the Annual General Meeting.

Approved and signed by the director on 17 December 2020:

Angela Darkey

Director

Uranium Asset Management Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 "Reduced Disclosure Framework"). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Uranium Asset Management Limited

Independent auditors' report to the members of Uranium Asset Management Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Uranium Asset Management Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditors' report to the members of Uranium Asset Management Limited (continued)

Responsibilities of directors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Uranium Asset Management Limited

Independent auditors' report to the members of Uranium Asset Management Limited (continued)

Use of our report

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.

David Crawford.

David Crawford CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
18 December 2020

Uranium Asset Management Limited

Profit and loss account
For the year ended 31 December 2019

	Note	12 months to 31 December 2019 $ 000	9 months to 31 December 2018 $ 000
Turnover	4	**67,556**	20,715
Cost of sales		**(63,380)**	(17,537)
Gross profit		**4,176**	3,178
Other operating expense		**(998)**	(4,484)
Exceptional items	5	**(230)**	595
Operating profit/(loss)	6	**2,948**	(711)
Interest and similar income and expense	9	**3,922**	18,544
Profit before taxation		**6,870**	17,833
Tax on profit	10	**16,170**	(2,786)
Profit for the financial period		**23,040**	15,047

The above results were derived from continuing operations.

There has been no other comprehensive income during either 2019 or 2018 other than as disclosed in the profit and loss account and therefore no separate statement of total comprehensive income has been presented.

Uranium Asset Management Limited

Balance sheet
As at 31 December 2019

	Note	31 December 2019 $ 000	31 December 2018 $ 000
Non-current assets			
Investment	11	-	-
Right-of-use asset	12	**48**	-
Deferred tax asset	16	**1,453**	1,870
Total non-current assets		**1,501**	1,870
Current assets			
Stocks	13	**96,543**	117,410
Debtors: amounts falling due within one year	14	**103,575**	29,900
Cash at bank and in hand		**296**	1,000
Total current assets		**200,414**	148,310
Creditors: amounts falling due within one year	15	**(30,155)**	(1,477)
Net current assets		**170,259**	146,833
Creditors: amounts falling due after more than one year	15	**(17)**	-
Net assets		**171,743**	148,703
Capital and reserves			
Called up share capital	17	**74,909**	74,909
Foreign currency translation reserve		**(21,247)**	(21,247)
Profit and loss account		**118,081**	95,041
Total shareholders' funds		**171,743**	148,703

The notes on pages 16 to 34 are an integral part of these financial statements.

The financial statements of Uranium Asset Management Limited (registration number: 03162046) on pages 13 to 34 were approved by the director and authorised for issue on 17 December 2020.

They were signed on its behalf by:

Angela Darkey
Dircctor

Statement of changes in equity
For the year ended 31 December 2019

	Called up share capital $ 000	Foreign currency translation reserve $ 000	Profit and loss account $ 000	Total shareholders' funds/(deficit) $ 000
At 1 April 2018	74,909	(21,247)	(214,244)	(160,582)
Profit for the period	-	-	15,047	15,047
Total comprehensive income for the period	-	-	15,047	15,047
Capital contribution	-	-	294,238	294,238
At 31 December 2018	74,909	(21,247)	95,041	148,703
Profit for the year	-	-	**23,040**	**23,040**
Total comprehensive income for the year	-	-	**23,040**	**23,040**
At 31 December 2019	**74,909**	**(21,247)**	**118,081**	**171,743**

The company changed its functional currency and presentation currency from GBP to USD on 1 April 2016. For this the company required a foreign currency translation reserve.

The required reserve was calculated by the closing balance sheet for 2015 being translated from GBP to USD. The exchange rate used for all the assets and liabilities was the 2015 year end rate except for stocks that are valued at the USD amount paid. The share capital and reserves were translated at the historic rate.

Due to the balance sheet being translated at different exchange rates a foreign currency reserve for $21,247,000 was required. This non-distributable reserve will remain on the balance sheet.

Notes to the financial statements
For the year ended 31 December 2019

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 principle activities of the company are discussed within the Strategic report on page 2.

The address of its registered office is:

Springfields
Salwick
Preston
Lancashire
PR4 0XJ

These financial statements are presented in US Dollars, the presentational and functional currency, because that is the currency of the primary economic environment in which the company operates.

The financial statements are prepared in accordance with the requirements of the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and applicable accounting standards because the company is a member of a group where the parent of the group (Brookfield Asset Management Inc, a company incorporated in Canada) prepares publicly available consolidated financial statements in which the results of the company are consolidated (note 18). The financial year end of the company was changed from 31 March 2019 to 31 December 2018 so as to be coterminous with the year end of its ultimate holding company. Accordingly, the comparative financial statements are prepared for 9 months from 1 April 2018 to 31 December 2018 and as a result, the comparative figures stated in the profit and loss account, balance sheet, statement of changes in equity and the related notes are not comparable. The financial statements are prepared under the historical cost convention, except, where stated in the accounting policies, in accordance with applicable Financial Reporting Standards 101 Reduced Disclosure.

2. 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 periods presented, unless otherwise stated.

Basis of accounting

The financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

New standards, amendments and IFRIC interpretations

IFRS 16 Leases is a new accounting standard that is effective for the year ended 31 December 2019. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2019, that have had a material impact on the company.

Impact of initial application of IFRS 16 Leases

In the current year, the company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. Details of these new requirements are described in the Leased asset accounting policy. The impact of the adoption of IFRS 16 on the company's financial statements is described below.

The date of initial application of IFRS 16 for the company is 1 January 2019.

2. Accounting policies (continued)

New standards, amendments and IFRIC interpretations (continued)

Impact of initial application of IFRS 16 Leases (continued)

The company has applied IFRS 16 using the modified retrospective approach which provided the practicable expedient of using the company's incremental borrowing rate, as at 1 January 2019, for the discount rate. All leases with a term of more than 12 months from the 1 January 2019 and for assets over $5,000 have been capitalised at their 1 January 2019 net present value and a corresponding liability has been recorded on the balance sheet. This method means there is no need to restate comparative information.

(a) Impact of the new definition of a lease

The company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the company.

(b) Impact on lessee accounting

IFRS 16 changes how the company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the company:

(a) Recognises right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (below $5,000), the company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within the other operating expenses line item.

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. **Accounting policies (continued)**

New standards, amendments and IFRIC interpretations (continued)

Impact of initial application of IFRS 16 Leases (continued)

(b) Impact on lessee accounting (continued)

The company has used the following practical expedients when applying the modified retrospective approach to leases previously classified as operating leases applying IAS 17.

- The company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Financial impact of initial application of IFRS 16

The incremental borrowing rate applied to lease liabilities recognised in the balance sheet on 1 January 2019 is 3.57%.

The operating lease commitments as at 31 December 2018, discounted at the incremental borrowing rate of 3.57%, are equal to the lease liabilities recognised as the right-of-use asset at the date of initial application.

The capitalisation of leases has brought about a right-of-use asset of $48,000 (note 12) and a corresponding liability of $48,000 (note 15).

Summary of disclosure exemptions

As permitted by FRS 101, the company has taken advantage of the listed disclosure exemptions. Where applicable equivalent disclosures have been given in the financial statements to which it is consolidated (note 18).

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)-(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations; group accounts have not been presented;
- the requirements of IFRS 7 Financial Instruments: Disclosures, the categories of financial instrument and nature and extent of risks arising on these financial instruments have not been detailed;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement, the valuation techniques applied to assets and liabilities held at fair value have not been disclosed;
- the requirements of paragraph 10(f) of IAS 1 Presentation of Financial Statements, a third statement of financial position has not been given to reflect the change in accounting policy;
- the requirements of IAS 7 Statement of Cash flows, a statement of cash flows has not been presented;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, including the list of new IFRSs that have been issued but that have yet to be applied have not been disclosed;
- the requirements of paragraph 6 of IFRS 16 Leases to capitalise leases of low value assets;

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Accounting policies (continued)

Summary of disclosure exemptions (continued)

- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Transactions, related party transactions between members of the group have not been disclosed; and
- the requirements of paragraphs 134(d)-(f) and 135(c)-(e) of IAS 36 Impairment of Assets, the valuation techniques and assumptions used for assets held at fair value less cost to sell categorised as Level 2 and Level 3 in accordance with IFRS 13 fair value hierarchy have not been disclosed.

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 as described in the Strategic report on pages 2 to 6.

The company has been profitable in the year and has increased its net asset position at 31 December 2019, strengthening the company's ability to continue to operate as a going concern. Despite COVID-19 trading has continued as expected in 2020 and a year end profit is forecast.

The company can receive funding from WEC Holdings through the LFM. The director has assessed the financial position of WEC Holdings and are satisfied that WEC Holdings has sufficient financial resources to return cash to the business to allow it to settle its liabilities as they fall due. At 31 December 2019 the company had lent $55,000,000 to WEC Holdings and this is repayable on demand. During the year to 31 December 2020 the company is expecting to generate more surplus cash that will increase the loan to WEC Holdings.

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from signing and continues to adopt the going concern basis in preparing the annual report and financial statements.

Stocks

Stocks comprise uranium inventories of U308 or SWU. Stocks are stated at the lower of cost and net realisable value. Cost is determined using the average cost method. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Exceptional items

The company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Revenue recognition

The entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable, and represents the amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these.

2. Accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

The majority of the company's revenue is derived from long-term contracts that can span several years. The company's accounting policy has been updated to align with IFRS 15 and no significant changes to revenue recognition have occurred as a result of the change. Under IFRS 15, a contract with a customer is an agreement which both parties have approved, that creates enforceable rights and obligations, has commercial substance and where payment terms are identified and collectability is probable.

Once the company has entered a contract, it is evaluated to identify performance obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contracts transaction price is allocated to each distinct performance obligation within that contract and recognised as revenue when, or as, the performance obligation is satisfied. Contracts can have a single performance obligation, as the promise to transfer the individual goods or service is not separately identifiable from other promises in the contracts and is therefore not distinct. Some of our contracts have multiple performance obligations whereby we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract.

Sale of goods

The company's revenue is from the sale of uranium and revenue is recognized at a point in time, when the customer obtains control of the asset which is upon delivery or book transfer.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds.

The current tax credit is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the UK.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. Accounting policies (continued)

Current and deferred tax (continued)

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offset for current tax assets against current tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currencies

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

Exchange differences related to settled transactions are presented within net operating costs and expenses. Exchange differences related to unsettled balances are presented as interest income and expense.

Leased assets

The company has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The company as lessee

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (below $5,000).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Accounting policies (continued)

Leased assets (continued)

Policies applicable from 1 January 2019 (continued)

The company as lessee (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The company did not make any such adjustments during the year presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the tangible fixed assets line in the balance sheet.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the other operating expenses.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead accounts for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient.

2. Accounting policies (continued)

Leased assets (continued)

Policies applicable prior to 1 January 2019 (continued)

The company as lessee (continued)

Leases are classified as operating leases were the risks and rewards of ownership of the asset are not transferred to the lessee.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. Accounting policies (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at FVTOCI are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

The company has historically had no bad debts except for the Chapter 11 filing. The historical loss information for intercompany balances within the group does not indicate any pattern to establish any loss ratio and any defaults are very rare and specific. In the absence of any established relationship between intercompany balances and default, it is reasonable to monitor the total balance of receivable on reporting dates and determine the amounts collected/not collected for impairment using forecast position. The entity's reasonable and supportable forecasts as of 31 December 2019 indicate that these balances are expected to be paid by other group undertakings.

The company has no external trade debtors.

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 the profit and loss account on the purchase, sale, issue or cancellation of the company's own equity instruments.

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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, 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 years 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), that the director has made in the process of applying the company's accounting policies and that have the most significant effect on 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 as follows.

(i) Deferred Tax

The company has recognised a deferred tax asset of $1,453,000 (2018: $1,870,000) (note 16) 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.

(ii) Inventories write-down

At 31 December 2019, the company held uranium inventory of $96,543,000 (2018: $117,410,000). Inventories write-down is provided based on their net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses.

(iii) Brexit

The company has taken steps to identify and determine risk strategies for the UK leaving the EU and these are detailed in Principal risks and uncertainties in the Strategic report on page 3.

Notes to the financial statements (continued)
For the year ended 31 December 2019

4. Turnover

Disaggregation of Turnover

Revenue from contracts with customers is disaggregated by geographical location and timing of transfer, as it best depicts the nature and amount of the company's revenue. The revenue is not split by class of business as there is only a single class of business, the executing of uranium trades.

An analysis of the company's turnover by geographical market is set out below.

	12 months to 31 December 2019 $ 000	9 months to 31 December 2018 $ 000
United Kingdom	**15,612**	-
Japan and Far East	**2,597**	-
North and South America	**49,347**	20,715
	67,556	20,715

An analysis of the revenue disaggregated by timing of transfer:

	Project Management Services $ 000
Point in time	**67,556**
Over time	**-**
	67,556

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets) and customer advances and deposits (contract liabilities) on the balance sheet.

The following table represents significant changes in contract liability balances during the year:

	$ 000
At 1 April 2018	50
Increases due to cash received, excluding amounts recognised as revenue during the period	559
As at 31 December 2018	609
Revenue recognised that was included in the contract liability balance at the beginning of the year	(459)
As at 31 December 2019	**150**

The contract liability balance is mainly for interest charges, for the lease of uranic material, which are paid every 6 months in advance.

Notes to the financial statements (continued)
For the year ended 31 December 2019

5. Exceptional items

	12 months to 31 December 2019 $ 000	9 months to 31 December 2018 $ 000
Continued operations:		
Release provision for recoverability of intercompany debtor	**-**	200,014
Cancellation of intercompany receivables	**(230)**	(200,014)
Restructuring costs	**-**	(513)
Forgiveness of loan interest accrued	**-**	1,108
	(230)	595

During the year, the company wrote off group relief tax owed from BCP Nuclear Energy Holdings (UK) Limited (formerly Toshiba Nuclear Energy Holdings (UK) Limited), $230,000.

In the prior year, exceptional items include the cancellation of the company's claim for the default of the Bank Mendes Gans NV cash pooling arrangement, $200,014,000, and the reversal of the provision that was made in previous years.

The interest accrued in the period on the investment loan from BCP Nuclear Energy Holdings (UK) Limited (formerly Toshiba Nuclear Energy Holdings (UK) Limited), of $1,108,000, was forgiven at the time of the debt to equity swap.

Restructuring costs of $513,000 were mainly consultancy, legal and professional fees relating to the restructuring plan.

6. Operating profit/(loss)

Operating profit/(loss) for the period has been arrived at after charging/(crediting):

	12 months to 31 December 2019 $ 000	9 months to 31 December 2018 $ 000
Cost of sales – inventory	**62,897**	17,466
Cost of sales - other	**483**	71
Other external and operating charges	**933**	490
Independent auditors' remuneration for the auditing of the financial statements	**65**	58
Foreign exchange loss on settled transactions	**-**	3,936
Exceptional items (note 5)	**230**	(595)

There are no non-audit fees included within independent auditors' remuneration.

7. Directors' remuneration

Angela Darkey is an employee of WEC Holdings and emoluments relating to services as a director of the company were recharged to Advance Uranium Asset Management Limited as per the service level agreement. The Director was member of the Combined Nuclear Pension Plan (CNPP) to 31 December 2019.

Uranium Asset Management Limited

Notes to the financial statements (continued)
For the year ended 31 December 2019

8. Employee costs

There are no persons employed under contract of service (2018: nil).

9. Interest and similar income and expense

Interest income and similar income:

	12 months to 31 December 2019 $ 000	9 months to 31 December 2018 $ 000
Interest receivable from group undertakings	3,947	1,715
Foreign exchange gains	-	17,969
	3,947	19,684

Interest payable and similar expense:

	12 months to 31 December 2019 $ 000	9 months to 31 December 2018 $ 000
Interest payable to group undertakings	-	(1,139)
Interest expense on lease liability	(3)	-
Bank charges	(1)	(1)
Foreign exchange losses	(21)	-
	(25)	(1,140)

Net interest income and expense:

	12 months to 31 December 2019 $ 000	9 months to 31 December 2018 $ 000
Interest income and similar income	3,947	19,684
Interest payable and similar expense	(25)	(1,140)
	3,922	18,544

Uranium Asset Management Limited

Notes to the financial statements (continued)
For the year ended 31 December 2019

10. Tax on profit

a) Tax charge included in profit and loss

	12 months to 31 December 2019 $ 000	9 months to 31 December 2018 $ 000
Current tax:		
UK corporation tax on profits for the period	(37)	1,213
Adjustments in respect of prior periods	29,387	(2,149)
Total current tax	29,350	(936)
Foreign tax		
Foreign tax on income for the period	-	85
Adjustments in respect of prior periods	(45,937)	(446)
Total foreign tax	(45,937)	(361)
Deferred tax (note 16)		
Origination and reversal of timing differences	417	1,979
Adjustments in respect of prior periods	-	2,104
Total deferred tax	417	4,083
Tax (credit)/charge for the period	(16,170)	2,786

The adjustments in respect of prior periods relate to a US refund for state taxes overpaid prior to 2012 and a UK tax liability for the corresponding period.

The tax on result before taxation for the period is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	12 months to 31 December 2019 $ 000	9 months to 31 December 2018 $ 000
Profit before taxation	6,870	17,833
Profit multiplied by the standard rate of tax in the UK of 19% (2018: 19%)	1,305	3,388
Effects of:		
Foreign tax suffered	-	85
Re-measurement of deferred tax	(39)	(225)
Other deferred taxes adjustments	88	66
Current tax exchange difference arising on movement between opening and closing spot rates	(37)	36
Group relief not paid for	(882)	-
Adjustments in respect of prior periods	(16,550)	(492)
Expenses not deductible for tax purposes	(55)	(72)
Tax (credit)/charge	(16,170)	2,786

10. Tax on profit (continued)

There has been no change in the tax rate from the prior period to the current year and it remains at 19% which is effective from 1 April 2017.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

11. Investments

	Shares in Associate Undertaking $ 000
Cost or valuation	
At 1 January 2019	1,592
At 31 December 2019	**1,592**
Provision	
At 1 January 2019	1,592
At 31 December 2019	**1,592**
Carrying amount	
At 31 December 2019	**-**
At 31 December 2018	-

Details of the company's investment as at 31 December 2019 is as follows:

Name of associate	**Principal activity**	**Place of incorporation and registered office**	**Class of share**	**Proportion of ownership interest and voting rights held**	
				31 December 2019	31 December 2018
Advance Uranium Asset Management Limited	Nuclear Activities	Springfields, Salwick, Preston, PR4 0XJ, United Kingdom	Ordinary	**40%**	40%

The investment in associate was fully provided for in the year ended 31 March 2016.

Notes to the financial statements (continued)
For the year ended 31 December 2019

12. Right-of-use asset

Cost or valuation	**$ 000**
At 1 January 2019	-
Additions	78
At 31 December 2019	**78**
Accumulated depreciation	
At 1 January 2019	-
Depreciation charge	30
At 31 December 2019	**30**
Carrying amount	
At 31 December 2019	**48**
At 31 December 2018	-

The right-of-use asset is the capitalisation of the office lease due to the implementation of IFRS 16. The lease term is to July 2021.

13. Stocks

	31 December 2019	31 December 2018
	$ 000	$ 000
Raw materials and consumables	**96,543**	117,410

14. Debtors: amounts falling due within one year

	31 December 2019	31 December 2018
	$ 000	$ 000
Amounts owed by group undertakings	**56,279**	28,169
Corporation tax - foreign	**47,265**	1,328
Prepayments	**-**	16
Other taxes	**31**	387
	103,575	29,900

Amounts owed by group undertakings includes two LFM loans to WEC Holdings totalling $54,014,000 (2018: $25,779,000), plus accrued interest totalling $1,051,000 (2018: $197,000). Interest on both loans is charged at a rate of 3 months LIBOR plus 225bps. The loans are provided from the company's surplus cash and are repayable on demand.

WEC Holdings owes $1,134,000 (2018: $1,134,000) for the pension asset transferred on 31 March 2017 and there is an intercompany tax debtor of $33,000 (2018: $997,000). Advanced Uranium Asset Management Limited owes $40,000 (2018: $55,000) for shared overhead services and Westinghouse Electric Company LLC (WEC LLC) owes $7,000 (2018: $7,000) for a book transfer fee. These are paid according to normal trading terms.

15. Creditors

	31 December 2019 $ 000	31 December 2018 $ 000
Amounts falling due within one year:		
Trade creditors	25	-
Amounts owed to group undertakings	627	624
Short-term lease obligation	31	-
Corporation tax - UK	29,277	182
Accruals and deferred income	195	671
	30,155	1,477

	31 December 2019 $ 000	31 December 2018 $ 000
Amounts falling due after more than one year:		
Long-term lease obligations	17	-

The short-term and long-term lease liability arose due to the implementation of IFRS 16.

The amounts owed to group undertakings are recharges from Advance Uranium Asset Management Limited for $627,000 (2018: $415,000). The recharges are for shared overhead services and are paid according to normal trading terms. No interest is charged.

The prior year amounts owed to group undertakings also included group tax relief $60,000 and recharges to WEC LLC $32,000, WEC Holdings $115,000, and Springfields Fuels Limited $2,000.

Analysis of lease liabilities:

	31 December 2019 $ 000	31 December 2018 $ 000
Within one year	31	-
Between two and five years	17	-
	48	-

16. Deferred tax asset

	31 December 2019 **$ 000**	31 December 2018 $ 000
Deferred tax assets due within 12 months	**827**	1,156
Total asset due within 12 months	**827**	1,156
Deferred tax assets due after 12 months	**626**	714
Total asset due after 12 months	**626**	714
Total deferred tax asset	**1,453**	1,870
Total asset	**1,453**	1,870

Deferred tax assets/(liabilities)

	Provision $ 000	Tax losses $ 000	Revaluation of derivative financial liabilities $ 000	**Total** **$ 000**
At 1 April 2018	(79)	5,252	780	5,953
Credited/(charged) to the profit and loss account	79	(4,096)	(66)	(4,083)
At 31 December 2018	-	1,156	714	1,870
(Charged)/credited to the profit and loss account	-	**(329)**	**(88)**	**(417)**
At 31 December 2019	-	**827**	**626**	**1,453**

A deferred tax asset of $1,453,000 has been recognised relating to deductible timing differences that are considered to be able to be offset against the company's taxable profits expected to arise in the future accounting periods. Management have based their assessment on the latest budget approved by the board which reflects the improved trading performance discussed in the Strategic report on page 2 to 6. Deferred tax at 31 December 2019 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date and there are no unused tax losses or tax credits.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's deferred tax assets.

Notes to the financial statements (continued)
For the year ended 31 December 2019

17. Called up share capital

Allotted, called-up and fully paid shares

	$ 000	No.
At 1 January 2019 - Ordinary shares of £1 each	74,909	48,715,000
At 31 December 2019 - Ordinary shares of £1 each	**74,909**	**48,715,000**

The company has one class of ordinary shares which carries no right to fixed income.

The director does not recommend the payment of a dividend (2018: $nil).

18. Controlling party

The company is a subsidiary undertaking of WEC Holdings and the controlling party and ultimate parent company is Brookfield Business Partners LP, whose ultimate parent is Brookfield Asset Management Inc., Canada.

The smallest group in which the results of the company, for the year, are consolidated is that headed by Brookfield Business Partners LP, a registered limited partnership established under the laws of Bermuda; registered address: 73 Front Street, Hamilton, HM12 Bermuda.

The largest group in which the results of the company, for the year, are consolidated is that headed by Brookfield Asset Management Inc., a company incorporated in Canada; registered address: 181 Bay Street, Suite 300, Brookfield Place, Toronto, Canada, M5J 2T3. These financial statements present information about the company as an individual undertaking.

The consolidated financial statements of the group are available to the public and may be obtained from Brookfield Asset Management Inc.'s head office which is: 181 Bay Street, Suite 300, Brookfield Place, Toronto, Canada, M5J 2T3.

19. Contingent liabilities

The company has no contingent liabilities as per the Companies Act 2006 Section 394 or 479.

The company, along with WEC Holdings and Westinghouse Electric Company UK Limited, has provided a guarantee for the ABL facility which funds the LFM.

20. Post balance sheet events

As described in the Strategic report on page 4, a significant event that has occurred after the end of the reporting year is the global COVID-19 pandemic.

The financial impact on the company has been minimal due to the nature of its operations. It is considered a non-adjusting post balance sheet event as the conditions did not exist at the balance sheet date.

On 25 November 2020 the company received a dividend, from Advanced Uranium Asset Management Limited, of $1,149,000.

On 27 November 2020 the company purchased the remaining 60% shareholding in Advanced Uranium Asset Management Limited, for $2,987,000, to become the 100% shareholder.

No other items requiring adjustment or disclosure have occurred between the 31 December 2019 reporting date and the date of authorisation.