Registered number: 04006213

Westinghouse Electric Company UK Limited

Annual report and financial statements

for the year ended 31 December 2019

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Westinghouse Electric Company UK Limited

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Westinghouse Electric Company UK Limited

Company information

Directors	Brian Nixon Enrico Koch Raphael Philip Kuyler
Registered office	Springfields Salwick Preston Lancashire PR4 0XJ United Kingdom
Independent Auditors	Deloitte LLP The Hanover Building Corporation Street Manchester M4 4AH United Kingdom
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

Westinghouse Electric Company UK Limited

Strategic report
For the year ended 31 December 2019

The directors present the Strategic report for the financial year ended 31 December 2019.

The financial year end of the company was changed from 31 March 2019 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 and related notes 5 to 11 are not comparable.

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

Principal activities, fair review of the business and Key Performance Indicators

The company is a wholly owned subsidiary of Westinghouse Electric UK Holdings Limited (WEC Holdings) and its principal activity is to develop and deliver nuclear business opportunities, specifically related to nuclear operating plant services providing instrumentation and control, and plant solutions providing decommissioning, dismantling and waste management related services.

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

The company's Key Financial Performance Indicators (KPIs) during the year were as follows:

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000	% Change increase/ (decrease)
Turnover	**19,756**	18,444	7.1%
Operating loss before interest and taxation and exceptional items	**(1,488)**	(5,861)	74.6%
Operating loss before interest and taxation	**(8,722)**	(5,861)	(48.8%)
Loss for the financial period	**(5,346)**	(6,975)	23.4%
Total shareholders' funds	**3,115**	8,461	(63.2%)
Current assets to current liabilities ratio	**0.93:1**	1.51:1	(38.4%)

Turnover for the year of £19,756,000 (2018: £18,444,000), was an underlying decrease from the prior period after adjusting for the previous 9 month reporting period relating to 2018. This is mainly due to a reduction in revenue associated with cost reimbursable contracts within the plant solutions business unit.

Operating loss before interest, taxation and exceptional losses has improved over the 12 month comparative period, primarily due to a reduction in costs associated with intercompany trading with Westinghouse Electric Company LLC (WEC LLC), which has had a favourable impact on profitability in 2019. Strategic plans are in place to improve the profitability of the company through robust business plans developed by the business units.

The company had exceptional losses amounting to £7,234,000 that arose during the period and existed at the balance sheet date in relation to a specific contract that has suffered technical issues with three companies in the supply chain. A provision for work in progress of £5,572,000 and an allowance for doubtful debt of £1,382,000 has been made for amounts recoverable from three suppliers. There is doubt about the recoverability of these assets as subsequent to the balance sheet date, two suppliers have entered into administration. The company has agreed and paid claims to these two suppliers during the year amounting to £280,000. In 2018, the company acknowledged there were delays in the contract and a provision for liquidated damages (LD's) payable to the customer was established. To date there has been no revenue recognised on this contract as the performance obligations under the contract have not been met and no LD's have been paid to the customer. The company is in discussions with the customer over recoverability of the costs but these are at an early stage and as such a receivable has not been recognised. The company will continue with the contract and is working with the customer and a new supplier to fulfil the contract with production expected to resume in 2021.

This has resulted in an increase to the operating loss of the company to £8,722,000 (2018: loss £5,861,000).

Strategic report (continued)
For the year ended 31 December 2019

Principal activities, fair review of the business and Key Performance Indicators (continued)

Total shareholders' funds decreased in the year to £3,115,000 (2018: £8,461,000) due to the loss recorded in the year of £5,346,000 (2018: £6,975,000).

The directors do not monitor non-financial KPIs as none are believed to be relevant to the performance of the business.

Results

The loss for the financial year amounted to £5,346,000 (2018: £6,975,000). The directors do not recommend the payment of a dividend (2018: £nil).

Principal risks and uncertainties

Market risk

Principal risks to the business are focused on ensuring the company can grow the UK skills base and capacity in line with the business growth opportunities identified within the product line business plans and the accurate estimation of project costs.

Brexit

On 31 January 2020 the UK left the European Union (EU). The company continues to assess the implications of this and as the company is predominantly a service provider to customers in the UK, the impact on the company has so far been minimal. The company will continue to monitor and assess the situation.

COVID-19

The Coronavirus pandemic (COVID-19) has so far had minimal financial impact on the company. The company is primarily a service provider to its customers, any delays to the provision of services to customers due to restrictions placed on or by either the company or its customers are expected to be minimal, therefore the impact on the Company's financial performance is not expected to be material and the company continues to collect its receivables from its customers.

The energy sector in general, and Westinghouse group in particular, is not entirely immune to the impacts of COVID-19, but the products, solutions and services are critical and Westinghouse is doing everything it reasonably can to ensure business continuity and delivery to its customers.

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.

Whilst the impact of COVID-19 could affect the financial results, it is considered a non-adjusting post balance sheet event as the conditions did not exist at the balance sheet date.

Future developments

The company continues to work towards growth by exploring strategic options. In addition the growth of Westinghouse's work at Sellafield via our Galemire Court operation and Sizewell nuclear power plant opportunities continue to be progressed.

Approved by the Board of Directors on 9th April 2021 and signed on its behalf by:

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Brian Nixon

Director

Directors' report
For the year ended 31 December 2019

The directors present their 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 2019 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 and related notes 5 to 11 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:

John Kipling (resigned 16 July 2019)
Kirsty Armer (resigned 16 July 2019)
Linda M Aylmore (resigned 15 March 2019)
Michael R Gornall (resigned 16 July 2019)
Brian Nixon
David Mills (appointed 25 May 2018 and resigned 16 July 2019)
Alexander Paskov (appointed 18 July 2019 and resigned 19 November 2019)
Stefan Van Der Laan (appointed 19 November 2019 and resigned 15 June 2020)
Enrico Koch (appointed 3 March 2021)
Raphael Philip Kuyler (appointed 3 March 2021)

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 year 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 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 from group undertakings. Interest rates in respect of group undertakings are in accordance with Westinghouse Treasury policies.

Foreign currency risk

As at 31 December 2019, there were 4 outstanding foreign currency contracts (2018: nil) (note 20). Company policies ensure that an overall view of the group's exchange exposure and foreign currency commitments can be done in conjunction with the Treasury Department of WEC LLC.

Liquidity risk

The company operates independent bank accounts locally and has the ability to borrow cash through the LFM financing agreement arranged by WEC LLC.

Directors' report (continued)
For the year ended 31 December 2019

Research and development

During 2019 the company engaged with a new supplier to create a prototype for a project to develop a new product for a customer. Costs have been capitalised in accordance with IAS 38 – Intangible assets.

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 3.

The company was loss making in the year and has decreased its net asset position as at 31 December 2019.

The company can receive funding to support operations from WEC Holdings through the LFM and as at 31 December 2019 had borrowed £10.1 million.

WEC Holdings has provided a letter of support to the company that includes assurance the loan provided to the company will not be recalled until the company is in a position to repay the loan. WEC LLC has provided a letter of support to WEC Holdings and its subsidiaries to enable them to meet their financial obligations as they fall due for at least 12 months.

Additional business opportunities continue to be developed and ongoing bids offered to various customers.

The directors have considered the performance of the Westinghouse group, including the company and its parent company WEC Holdings and its sister company WEC LLC, and they have determined the group has sufficient available funding and adequate resources to support the company even in the situation where any possible downside scenarios may occur and the company can continue in operational existence for 12 months from the signing date. Accordingly, they continue to adopt the going concern basis for the company in preparing the annual report and financial statements.

Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

Independent Auditors

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

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors 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 independent auditors in accordance with section 485 of the Companies Act 2006 will be put to the members at the Annual General Meeting.

Directors' report (continued)
For the year ended 31 December 2019

Events after the balance sheet date

As described in the Strategic report on page 3, 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 and its customers has so far been minimal and the impact on the company's financial performance is not expected to be material. The company has access to cash resources to support ongoing operations and the company and its subsidiaries maintain robust cash flow forecasts to monitor the situation. It is considered a non-adjusting post balance sheet event as the conditions did not exist at the balance sheet date.

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

Approved by the Board of Directors on 9th April 2021 and signed on its behalf by:

....

Brian Nixon
Director

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 period. 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.

Independent auditors' report to the members of Westinghouse Electric Company UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Westinghouse Electric Company UK 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 loss 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 23.

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 Westinghouse Electric Company UK 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.

Independent auditors' report to the members of Westinghouse Electric Company UK 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

12 April 2021

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	5	**19,756**	18,444
Cost of sales		**(13,738)**	(16,373)
Gross profit		**6,018**	2,071
Net operating costs and expenses		**(7,506)**	(7,932)
Exceptional items	6	**(7,234)**	-
Operating loss before interest and taxation	7	**(8,722)**	(5,861)
Interest and similar income and expense	10	**(178)**	(1,118)
Loss before taxation		**(8,900)**	(6,979)
Income tax credit	11	**3,554**	4
Loss for the financial period		**(5,346)**	(6,975)

The above results were derived from continuing operations.

There has been no other comprehensive income during either 2019 or 2018 other than as disclosed above.

Westinghouse Electric Company UK Limited

Balance sheet
As at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Non-current assets			
Investments	12	**1,429**	-
Tangible assets	13	**160**	1
Intangible asset	14	**238**	-
Deferred tax asset	18	**3,523**	-
Total non-current assets		**5,350**	1
Current assets			
Stocks	15	**5,573**	1,231
Debtors	16	**16,992**	19,881
Cash at bank and in hand		**5,142**	4,017
Total current assets		**27,707**	25,129
Creditors: amounts falling due within one year	17	**(29,901)**	(16,638)
Net current (liabilities) / assets		**(2,194)**	8,491
Creditors: amounts falling due after more than one year	17	**(41)**	-
Deferred tax liability	18	-	(31)
Creditors: amounts falling due after more than one year		**(41)**	(31)
Net assets		**3,115**	8,461
Capital and reserves			
Called-up share capital	19	**1,000**	1,000
Profit and loss account		**2,115**	7,461
Total shareholders' funds		**3,115**	8,461

The notes on pages 14 to 33 are an integral part of these financial statements

The financial statements of Westinghouse Electric Company UK Limited (registration number: 04006213) on pages 11 to 33 were approved by the Board of directors and authorised for issue on 9th April 2021.

They were signed on its behalf by:

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Brian Nixon
Director

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

	Called up share capital £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 April 2018	1,000	(38,937)	(37,937)
Loss for the financial period	-	(6,975)	(6,975)
Total comprehensive expense for the period	-	(6,975)	(6,975)
Capital contribution	-	53,373	53,373
At 31 December 2018	1,000	7,461	8,461
Loss for the financial year	-	**(5,346)**	**(5,346)**
Total comprehensive expense for the year	-	**(5,346)**	**(5,346)**
At 31 December 2019	**1,000**	**2,115**	**3,115**

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 address of its registered office is:

Springfields
Salwick
Preston
Lancashire
PR4 0XJ
United Kingdom

These financial statements are presented in Pounds sterling, 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 under the historical cost convention, except, where stated in the accounting policies, in accordance with applicable FRS 101.

The financial statements are prepared in accordance with the requirements of the Companies Act 2006 and the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and applicable accounting standards because the company is a member of a group where the parent of the group (Brookfield Asset Management Inc. incorporated in Canada) prepares publicly available consolidated financial statements in which the results of the company are consolidated (note 22).

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Brookfield Asset Management Inc. These financial statements present information about the company as an individual undertaking and not about its group.

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 were prepared for 9 months from 1 April 2018 to 31 December 2018 and as a result, the comparative figures stated in the statement of comprehensive income, statement of changes in equity, balance sheet and the related notes are not comparable.

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 years 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 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 year 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.

2. Accounting policies (continued)

New standards, amendments and IFRIC interpretations (continued)

Impact of initial application of IFRS 16 Leases (continued)

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.

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 valued over the equivalent of $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 and IFRIC 4 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.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (below the equivalent of $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 £304,000 (note 13) and a corresponding liability of £164,000 (note 17).

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 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 the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c),120 to 127 and 129 of IFRS15 Revenue from Contracts with Customers.
- 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 paragraph 17 of IAS 24 'Related party disclosures' (key management compensation);
- 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;
- 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.

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

2. Accounting policies (continued)

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 3.

The company was loss making in the year and has decreased its net asset position as at 31 December 2019.

The company can receive funding to support operations from WEC Holdings through the LFM and as at 31 December 2019 had borrowed £10.1 million.

WEC Holdings has provided a letter of support to the company that includes assurance the loan provided to the company will not be recalled until the company is in a position to repay the loan. WEC LLC has provided a letter of support to WEC Holdings and its subsidiaries to enable them to meet their financial obligations as they fall due for at least 12 months.

Additional business opportunities continue to be developed and ongoing bids offered to various customers.

The directors have considered the performance of the Westinghouse group, including the company and its parent company WEC Holdings and its sister company WEC LLC, and they have determined the group has sufficient available funding and adequate resources to support the company even in the situation where any possible downside scenarios may occur and the company can continue in operational existence for 12 months from the signing date. Accordingly, they continue to adopt the going concern basis for the company in preparing the Annual report and financial statements.

Current and deferred tax

The tax expense for the year 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 the Statement of comprehensive income or directly in shareholders' funds.

The current tax charge 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.

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 to offset 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.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of comprehensive income 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.

Revenue recognition

The company provides nuclear operating plants services and plant solutions. The entity recognises revenue as follows:

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

2. Accounting policies (continued)

Revenue recognition (continued)

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.

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 into 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

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

The company provides nuclear operating plants services and plant solutions under fixed-price and variable price contracts. Revenue is recognised over time as work progresses. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefit simultaneously. This is determined based on the actual cost incurred relative to the total expected cost.

Some contracts include multiple deliverables, such as the sale of equipment and related installation services. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the statement of comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceeds the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

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.

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

2. Accounting policies (continued)

Stocks

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.

Tangible assets

Tangible assets are stated at cost, net of depreciation and provision for diminution in value. Depreciation is provided on all tangible assets at rates calculated to write-off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Asset Class:	Deprecation rate:
Plant and machinery	2 - 10 years

Leased assets are depreciated on a straight-line basis over the term of the relevant lease.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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 the equivalent of $5,000).

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 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 in creditors in the balance sheet, and as a separate line in the notes.

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. 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.

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)

Variable rents that do not depend on an index or rate are not included in the measurement 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 account for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient.

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.

Joint arrangements

The company applies IFRS 11 to all joint arrangements. Under IFRS 11 a joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The company classifies its interests in joint arrangements as either joint ventures or joint operations. The company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

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.

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 year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Financial assets

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, its carrying value is written off.

2. Accounting policies (continued)

Financial assets (continued)

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.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income 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.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

2. Accounting policies (continued)

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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

There are no critical judgements or key sources of estimation uncertainty to disclose that the directors has made in the process of applying the company's accounting policies and that have significant effect on the financial statements.

4. Joint operations

The company has a material joint operation, TDA, with Energy Solutions EU Limited and Jacobs Limited, to provide plant solutions to Sellafield Limited at the Sellafield nuclear site. TDA has a board, with representatives from each party, that allocate the service tasks that it receives from Sellafield Limited, to the relevant party and once allocated, each party is responsible for the costs incurred on the task and is entitled to the revenue related to the task. Any central costs are deducted from a central profit before being split between the three partners equally.

The company is also part of a joint operation set up by six partners and incorporated as a separate company, CNSL. This joint operation provides a complete range of plant solutions to the nuclear industry. CNSL has a board of directors with one representation from each of the six investors and the board decides the allocation of the orders to each other. Once allocated, each party is responsible for the costs incurred on the order and entitled to the revenue related to the order.

For both joint operations, as defined in the contract, in the event of a material breach or default, the defaulting party shall indemnify the other parties from any and all direct liability or loss arising from or in any manner related to such material breach or default including, but not limited to, lost fee, damages arising under the contract, fines or penalties of whatever nature and excess costs and expenses (including proper and reasonable legal fees) associated with completing the defaulting party's share of work and/or resulting from the relevant breach or default.

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

5. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced during the year.

Disaggregation of Turnover

Revenue from contracts with customers is disaggregated by geographical location and business unit, as it best depicts the nature and amount of the company's revenue.

An analysis of the company's turnover by geographical location is given below:

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
United Kingdom	**19,756**	18,444

All revenue from contracts with customers is recognised over time.

An analysis of the company's turnover by business is set out below:-

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Operating Plant Services	**11,083**	11,299
Plant Solutions	**8,673**	7,145
	19,756	18,444

6. Exceptional items

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Provision for work in progress (note 15, 17)	**5,572**	-
Allowance for specific doubtful debts –amounts recoverable from suppliers (note 16)	**1,382**	-
Settlement of legal claims	**280**	-
	7,234	-

Work in progress and amounts recoverable from suppliers on a specific contract have been fully provided for during the year as a result of delays in the project and technical issues with the supply chain.

Claims were agreed and paid by the company during the year to two suppliers. Both suppliers entered into liquidation in 2021.

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

7. Operating loss before interest and taxation

Operating loss before interest and taxation has been arrived at after (crediting)/charging:

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Employee costs (note 8)	3,812	2,823
Auditors' remuneration - audit of the company's financial statements	97	100
Movement in work in progress	(4,342)	(1,231)
Other external and operating charges	21,542	22,750
Realised foreign exchange losses/(gains) on settled transactions	135	(137)
Exceptional item (note 6)	7,234	-

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

8. Employee costs

Westinghouse Electric Company UK Limited (WEC UK) has no employees.

WEC Holdings and Springfields Fuels Limited seconded 35 employees (2018: 39) to WEC UK.

Their aggregate remuneration comprised:

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Wages and salaries	3,353	2,528
Social security costs	459	292
Other pension costs	-	3
	3,812	2,823

The average monthly number of secondees (including executive directors) was:

	12 months to 31 December 2019 No.	9 months to 31 December 2018 No.
Plant Solutions	9	11
Support functions	26	28
	35	39

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

9. Directors' remuneration

The directors' remuneration for the year was as follows:

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Aggregate emoluments in respect of qualifying services	354	425
Company contributions to defined contribution pension schemes	9	11
	363	436

The cost of directors' services is borne by WEC UK except for David Mills who was remunerated by Springfields Fuels Limited, and Linda M Aylmore who was remunerated by the EMEA region.

During the year the number of directors who were receiving benefits was as follows:

	12 months to 31 December 2019 No.	9 months to 31 December 2018 No.
Number of directors accruing benefits under defined benefit schemes	4	4
Number of directors accruing benefits under defined contribution schemes	1	1

10. Interest and similar income and expense

Interest receivable and similar income:

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Interest receivable from group undertakings	-	55
Unrealised foreign exchange gains on unsettled balances	192	-
	192	55

Interest payable and similar expense:

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Bank interest	(11)	(6)
Other charges	(8)	(3)
Finance charges payable under finance lease	(11)	-
Unrealised foreign exchange losses on unsettled balances	-	(954)
Interest payable to group undertakings	(340)	(210)
	(370)	(1,173)

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

10. Interest and similar income and expense (continued)

Net interest income and expense:

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Interest receivable and similar income	192	55
Interest payable and similar expense	(370)	(1,173)
	(178)	(1,118)

11. Income tax credit

Tax credited for the year in the Profit and loss account:

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Current taxation		
Adjustment in respect of prior years	-	-
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	(3,554)	(4)
Total deferred tax	(3,554)	(4)
Tax credited for the period	(3,554)	(4)

The tax on loss before taxation for the financial year is higher than (2018: higher 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
Loss before taxation	(8,900)	(6,979)
Corporation tax at standard rate of 19% (2018: 19%)	(1,691)	(1,326)
Expenses not deductible for tax purposes	5	204
Remeasurement of deferred tax – change in UK tax rate	177	118
Deferred tax recognised/(not recognised)	(2,045)	1,000
Tax credited for the period	(3,554)	(4)

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.

Factors that may affect future tax charges

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/(liability) as at 31 December 2019 has been calculated based on this rate.

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

11. Income tax credit (continued)

Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the corporation tax rate will be held at 19%. This was substantively enacted on 17 March 2020.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as a result deferred tax balances as at 31 December 2019 continue to be measured at 17%. This will increase the company's future current tax charge accordingly.

12. Investments

	Ordinary Shares in Subsidiaries £ 000
Cost	
At 1 January 2019	-
Additions for the year	1,429
At 31 December 2019	**1,429**
Carrying amount	
At 31 December 2018	-
At 31 December 2019	**1,429**

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

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

Name of subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			31 December 2019	31 December 2018
Inspection Consultants Limited	Non-destructive testing services	Springfields, Salwick, Preston, PR4 0XJ, England	**100%**	-

During the year, the company made investments in the following companies: Inspection Consultants Limited £1,346,112, Westinghouse Electric Czech Republic s.r.o. £613, Westinghouse Electrique France S.A.S. £227, and Westinghouse Electric Belgium S.A. £82,526, in addition to its shareholding of £500 in Cumbria Nuclear Solutions Ltd that has been fully impaired.

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

13. Tangible assets

	Plant and machinery £ 000	Right-of-use assets £ 000	**Total £ 000**
Cost or valuation			
At 1 January 2019	1	-	1
Disposals	(1)	-	(1)
Additions	-	304	304
At 31 December 2019	**-**	**304**	**304**
Accumulated depreciation			
At 1 January 2019	-	-	-
Depreciation charge	-	144	144
At 31 December 2019	**-**	**144**	**144**
Carrying amount			
At 31 December 2019	**-**	**160**	**160**
At 31 December 2018	1	-	1

Due to the implementation of IFRS 16 *Leases* the leases with a term of more than 12 months from 1 January 2019 and with an asset value recognised over the equivalent of $5,000 were capitalised as at 1 January 2019. These are shown as the right-of-use assets and are all plant and machinery items. The average lease term remaining as at 31 December 2019 is 16 months.

14. Intangible asset

	31 December 2019 £ 000	31 December 2018 £ 000
Intangible asset	**238**	-
	238	-

The intangible asset has been recognised for a prototype of a specific product. The asset will be amortised over the expected term of the contract as the performance obligations are met through delivery of the products to which it relates.

15. Stocks

	31 December 2019 £ 000	31 December 2018 £ 000
Work in progress	**5,573**	1,231
	5,573	1,231

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

16. Debtors

	31 December 2019 £ 000	31 December 2018 £ 000
Contract receivables	**3,897**	2,684
Amounts owed by group undertakings	**8,248**	3,598
Other debtors and prepayments	**4,798**	13,599
Derivative financial instruments (note 20)	**49**	-
	16,992	19,881

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other debtors is disclosed in the financial risk management and impairment note in the Directors' report.

The amounts owed by group undertakings are repayable on demand.

Included in other debtors and prepayments as at 31 December 2019, is an amount of £1,382,000 recoverable from suppliers. This has been fully provided for in 2019 (2018: £nil) (note 6).

Within amounts owed by group undertakings is a loan provided by the company to Inspection Consultants Limited with an outstanding principle value of £250,000 (2018: £nil) and outstanding accrued interest of £nil (2018: £nil).

Amounts owed by group undertakings also includes intercompany trade receivables of £5,826,000 (2018: £2,361,000) from WEC LLC, £113,000 (2018: £nil) from Westinghouse Electric Belgium SA, and the Abu Dhabi branch is owed £251,000 (2018: £nil) from WEC LLC. Springfields Fuels Limited owe £233,000 (2018: £107,000) and WEC Holdings £1,575,000 (2018: £1,130,000) for pension contributions.

17. Creditors

	31 December 2019 £ 000	31 December 2018 £ 000
Amounts falling due within one year:		
Trade creditors	**2,106**	754
Amounts owed to group undertakings	**13,024**	10,044
Other taxes	**1,867**	478
Contract liabilities	**3,684**	3,163
Short term lease obligation	**123**	-
Accruals and other creditors	**9,097**	2,199
	29,901	16,638

Within amounts owed to group undertakings is a loan provided by WEC Holdings with an outstanding principle value of £10,100,000 (2018: £5,100,000) and outstanding accrued interest of £71,000 (2018: £44,000).

Amounts owed to group undertakings contains £426,000 (2018: £216,000) owed to WEC Holdings for corporate overheads, £79,000 (2018: £nil) to Westinghouse Electric Belgium SA for overheads, £301,000 (2018: £nil) to WEC LLC for secondee costs, £1,956,000 (2018: £4,684,000) owed to WEC LLC for trading, and £91,000 owed to WEC LLC by the Abu Dhabi branch (2018: £nil).

Within accruals and other creditors is a provision for work in progress and liquidated damage claims on a specific contract. In 2019 this was increased by £5,573,000 to £5,978,000 (2018: £405,000) (note 5).

17. Creditors (continued)

	31 December 2019 £ 000	31 December 2018 £ 000
Amounts falling due after more than one year:		
Long term lease obligation	**41**	-
	41	-

Analysis of lease liabilities:

	31 December 2019 £ 000	31 December 2018 £ 000
Within one year	**123**	-
Between one and five years	**41**	-
	164	-

Due to the implementation of *IFRS 16 Leases* the leases with a term of more than 12 months from 1 January 2019 and with an asset valued over the equivalent of $5,000 were capitalised as at 1 January 2019 and a corresponding liability entered on the balance sheet. The present value was calculated using the company's incremental borrowing rate, as at 1 January 2019, or at the commencement date for leases agreed during 2019.

18. Deferred tax asset/(liability)

The deferred tax asset/(liability) consists of the following tax asset/(liabilities):

	31 December 2019 £ 000	31 December 2018 £ 000
Deferred tax liabilities due within 12 months	**(4)**	(4)
Total provision	**(4)**	(4)
Deferred tax asset/(liabilities) due after 12 months	**3,527**	(27)
Total asset/(liability)	**3,527**	(27)
Total deferred tax asset/(liability)	**3,523**	(31)

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

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

	Derivative financial instruments £ 000	Tax losses £ 000	**Total £ 000**
Deferred tax asset/(liability)			
At 1 April 2018	(35)	-	(35)
Credited to the Profit and loss account	4	-	4
At 31 December 2018	(31)	-	(31)
Credited to the Profit and loss account	**5**	**3,549**	**3,554**
At 31 December 2019	**(26)**	**3,549**	**3,523**

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 £3,333,000 of tax losses that are not recognised as at 31 December 2019 due to the uncertainty over there being sufficient future taxable profits in the company (2018: £5,101,000). There is no expiry date for these unrecognised tax losses.

A deferred tax asset in relation to post April 2017 losses has been recognised on the basis that there are sufficient taxable profits in other UK companies in the Westinghouse group that will be able to utilise these losses by December 2021.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as a result deferred tax balances as at 31 December 2019 continue to be measured at 17%. This will increase the company's future current tax charge accordingly.

19. Called up share capital

Allotted, called up and fully paid shares

	31 December 2019 No.	**31 December 2019 £ 000**	31 December 2018 No.	31 December 2018 £ 000
Ordinary shares of £1 each	1,000,001	1,000	1,000,001	1,000

The company has one class of ordinary shares which carries no right to fixed income. The directors do not recommend the payment of a dividend (2018: £nil).

20. Derivative financial instruments

The derivative financial instruments £49,000 (2018: £nil) is owed to Brookfield WEC Holdings Inc. for the mark to mark fair value of hedge contracts associated with the balance sheet, the movement in fair value is recognised through profit and loss.

21. Contingent liabilities

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

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

21. Contingent liabilities (continued)

The company, along with WEC Holdings and Uranium Asset Management Limited, has provided a guarantee for the Asset Based Lending (ABL) facility which funds the LFM. As at 31 December 2019 there were no outstanding borrowings on this facility.

22. Controlling party

The company is a subsidiary undertaking of Westinghouse Electric UK Holdings Limited 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.

23. Non adjusting events after the financial period

As described in the Strategic report on page 3, 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 and its customers has so far been minimal and the impact on the company's financial performance is not expected to be material. The company has access to cash resources to support ongoing operations and the company and its subsidiaries maintain robust cash flow forecasts to monitor the situation. It is considered a non-adjusting post balance sheet event as the conditions did not exist at the balance sheet date.

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