Registered number: 04006213

Westinghouse Electric Company UK Limited

Annual report and financial statements

for the year ended 31 December 2021

Westinghouse Electric Company UK Limited

Contents

Westinghouse Electric Company UK Limited

Company information

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

Strategic report
For the year ended 31 December 2021

The directors present the Strategic report for the financial year ended 31 December 2021.

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

Westinghouse Electric Company UK Limited ("WEC UK") is a wholly owned subsidiary of Westinghouse Electric UK Holdings Limited ("WEC Holdings"), which is part of the Westinghouse group which includes all subsidiaries under Brookfield WEC Holdings Sub-Aggregator LP. The principal activity of WEC UK is to develop and deliver nuclear business opportunities, specifically related to nuclear operating plant services (including instrumentation and control services, field services and engineering support) and environmental services (including decommissioning, dismantling and waste management related services).

The company has funding available from its parent company WEC Holdings via the Liquidity Funding Mechanism ("LFM").

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

	31 December 2021 £ 000	31 December 2020 £ 000	% Change increase / (decrease)
Turnover	**35,122**	18,983	85%
Operating profit / (loss) before interest and taxation and exceptional items	**609**	(729)	(184%)
Operating profit / (loss) before interest and taxation	**609**	(3,357)	(118%)
Profit / (loss) for the financial year	**1,484**	(3,070)	(148%)
Total shareholders' funds	**1,529**	45	3,298%
Current assets to current liabilities ratio	**0.71:1**	0.67:1	6%

Turnover for the year of £35,122,000 has increased from the prior reporting period (2020: £18,983,000). This is mainly due to an increase in revenue associated with a short-term contract within the Operating Plant Services business unit relating to a power plant shutdown recovery program and cost reimbursable contracts within the Environmental Services (previously known as Plant Solutions) business unit.

Operating profit before interest, taxation and exceptional items of £609,000 (2020: loss of £729,000) has improved over the 12-month comparative period, mainly due to the increase in revenue noted above and other income relating to cost reimbursements for a specific contract.

The company did not have any exceptional losses in 2021. In 2020 there was exceptional losses of £2,628,000 which related to a specific contract that had suffered technical issues in the supply chain. The allowance for doubtful debt of £1,386,000 (2020: £1,386,000) which has been made for amounts recoverable from suppliers remains unchanged during the year. There is doubt about the recoverability of this asset as two suppliers entered into financial administration during 2020. The company is continuing discussions with the customer regarding recoverability of the costs incurred. The negotiations are expected to conclude during 2022. In 2018, the company acknowledged there were delays in the contract and a provision for potential liquidated damages ("LD's") of £406,000 payable to the customer was established. There has been no change to the value of this provision during the year. At the balance sheet date, there has been no claim for LD's received from the customer and no LD's have been paid.

Profit for the year of £1,484,000 (2020: loss of £3,070,000) has increased, mainly as a result of there being no exceptional losses associated with the contract which has suffered technical issues in the supply chain. The current assets to current liabilities ratio of 0.71:1 has improved by 6% compared to the prior year. A ratio less than one can indicate that the company may not have sufficient cash to pay for its short-term obligations. During 2021, WEC UK repaid £5.3m of the loan received from its parent company, WEC Holdings, and it continues to have access to the LFM and receive support from WEC Holdings if required to meet its financial obligations as they fall due.

Strategic report (continued)
For the year ended 31 December 2021

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

Total shareholders' funds have increased in the year to £1,529,000 (2020: £45,000) as a result of the profit recorded in the year of £1,484,000 (2020: loss of £3,070,000).

The directors do not monitor non-financial KPIs as they are not relevant to the performance of the business.

Principal risks and uncertainties

The potential risks and uncertainties, which could have a material impact on the company's long-term performance include achieving the growth of 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.

On 31 January 2020 the UK left the European Union ("EU"). The company has assessed the implications of this and determined that this change will have a minimal impact on the operations of the company. The company will continue to monitor the situation.

The principal risks and uncertainties facing the business are continuously monitored and managed.

COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19, a pandemic that continues to spread throughout the world and has altered the global economy. Governments and businesses around the world have taken unprecedented actions to mitigate the spread of COVID-19, including, but not limited to, shelter-in-place orders, quarantines, significant restrictions on travel, social distancing practices as well as restrictions that prohibit many employees from going to work in person. At the onset of the COVID-19 pandemic, the company took action to ensure the health and safety of its workforce while minimising business interruption. The company has enabled employees to work from home, and restrictions were put in place on all non-essential domestic and international travel. The company has implemented cost management and cash improvement efforts, and nuclear power plants have been deemed essential and allowed to remain open. As such the company did not experience a material impact on its results of operations, financial condition and cash flows for the year ended 31 December 2021 and 31 December 2020. We continue to closely monitor the COVID-19 pandemic and related developments and remain focussed on safeguarding the health of our employees, families and the communities where we operate while continuing to minimise business interruption.

Future developments

The company continues to explore strategic options to achieve growth. In addition, opportunities associated with Westinghouse's environmental services work at Sellafield via our Westlakes Science Park operation and operating plant services work for nuclear power plants, continue to be progressed.

Approved by the Board of Directors on 27 September 2022 and signed on its behalf by:

Koch

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Enrico Koch

Director

Westinghouse Electric Company UK Limited

Directors' report
For the year ended 31 December 2021

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditor's report, for the year ended 31 December 2021.

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:

Richard Easterling (appointed 31 October 2021)
Brian Nixon (resigned 31 October 2021)
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 loans from group undertakings. Interest rates in respect of group undertakings are in accordance with Westinghouse Treasury policies.

Foreign currency risk

The company buys and sells goods and services in currencies other than sterling. As a result, the value of the company's non-sterling sales, purchases, financial liabilities and assets can be affected by movements in exchange rates. The company uses forward foreign currency contracts to reduce exposure to movement in exchange rates by fixing the rate of any material payments and receipts in foreign currency.

WEC UK does not enter into forward foreign currency contracts directly with external banks. Brookfield WEC Holdings Inc. ("BWHI") enters into forward foreign currency contracts with external providers on behalf of WEC UK. As at 31 December 2021, there were 5 outstanding forward foreign currency contracts entered into by BWHI (2020: 4) with a fair value of £26,000 net asset owed by BWHI to WEC UK (2020: £28,000 asset) (note 16 and note 17). Hedge accounting is not applied and the contracts are carried at fair value through profit and loss. During 2021, the company entered into master netting agreements ("ISDA agreements") with BWHI.

The company has foreign currency bank balances as at 31 December 2021 and as such is subject to foreign currency risk.

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 Westinghouse.

Liquidity risk

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

Directors' report (continued)
For the year ended 31 December 2021

Research and development

During 2021 the company continued to work with a new supplier to create a prototype for a product in support of a customer contract. Costs will be 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 has generated a profit in the year, which has resulted in an increase in its net asset position as at 31 December 2021.

The company continues to explore and develop new business opportunities, predominantly via its operations within the Operating Plant Services and Environmental Services business units.

At the balance sheet date the company had net current liabilities. The US entity Westinghouse Electric Company LLC ("WEC LLC") has provided a letter of support to WEC Holdings and its subsidiaries to enable them to meet their financial obligations for at least 12 months should they require any financial support as they fall due. WEC Holdings has provided a letter of support to the company that includes assurance that the intercompany loan provided to the company will not be recalled until the company is in a position to repay the loan.

Funding is available to support the operations of the company from WEC Holdings via the LFM, which is an arrangement that facilitates the borrowing and lending of funds between WEC Holdings and its subsidiaries. As at 31 December 2021, the company had borrowed £6,240,000 (2020: £11,540,000) via this arrangement.

The directors have considered the performance of the Westinghouse group, including the company, its parent company WEC Holdings and its sister company WEC LLC and have formed the view in this set of financial statements, that the group has sufficient funding and adequate resources available to support the company and continued operational existence for at least 12 months from the signing date, even in the event of any possible downside scenarios which may have an adverse impact on the performance of the company. 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 (2020: £nil).

Independent Auditor

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.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor under section 485 of the Companies Act 2006 in the absence of an annual general meeting.

Directors' report (continued)
For the year ended 31 December 2021

Events after the balance sheet date

Events after the balance sheet date can be found in note 22.

Approved by the Board of Directors on 27 September 2022 and signed on its behalf by:

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Enrico Koch
Director

Statement of directors' responsibilities

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.

Independent auditor's 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 2021 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 22.

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) in conformity with the requirements of the Companies Act 2006.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Independent auditor's report to the members of Westinghouse Electric Company UK Limited (continued)

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax specialist regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- the Company has a number of contracts where revenue is recognised over time and where estimates of costs to complete are required to determine revenue recognition. We pinpointed the risk of material misstatement due to fraud to the estimates within these contracts. Our response to the risk included auditing the estimate; reviewing post year end performance and considering historical forecasting accuracy.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor's report to the members of Westinghouse Electric Company UK Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
In addition, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with any other relevant regulatory authorities.

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.

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

Date 27 September 2022

Profit and loss account
For the year ended 31 December 2021

	Note	31 December 2021 £ 000	31 December 2020 £ 000
Turnover	5	**35,122**	18,983
Cost of sales		**(28,445)**	(16,409)
Gross profit		**6,677**	2,574
Net operating costs and expenses		**(6,068)**	(3,303)
Exceptional items	6	**-**	(2,628)
Operating profit / (loss) before interest and taxation	7	**609**	(3,357)
Interest and similar income and expense	10	**6**	(934)
Profit / (loss) before taxation		**615**	(4,291)
Income tax credit	11	**869**	1,221
Profit / (loss) for the financial year		**1,484**	(3,070)

The above results were derived from continuing operations.

There has been no other comprehensive income during either 2021 or 2020 other than as disclosed above.

Westinghouse Electric Company UK Limited

Balance sheet
As at 31 December 2021

	Note	31 December 2021 £ 000	31 December 2020 £ 000
Fixed assets			
Investments	12	**1,430**	1,430
Debtors: amounts falling due after more than one year	16	**250**	-
Tangible fixed assets	13	**731**	646
Intangible asset	14	**1,199**	360
Deferred tax asset	18	**3,649**	4,720
		7,259	7,156
Current assets			
Stocks	15	**651**	43
Debtors	16	**10,445**	11,150
Cash at bank and in hand		**1,965**	2,243
		13,061	13,436
Creditors: amounts falling due within one year	17	**(18,415)**	(20,114)
Net current liabilities		**(5,354)**	(6,678)
Creditors: amounts falling due after more than one year	17	**(376)**	(433)
Net assets		**1,529**	45
Capital and reserves			
Called up share capital	19	**1,000**	1,000
Profit and loss account		**529**	(955)
Total shareholders' funds		**1,529**	45

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 27 September 2022.

They were signed on its behalf by:

Koch

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Enrico Koch
Director

Statement of changes in equity
For the year ended 31 December 2021

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	1,000	2,115	3,115
Loss for the financial year	-	(3,070)	(3,070)
Total comprehensive expense for the year	-	(3,070)	(3,070)
At 31 December 2020	1,000	(955)	45
Profit for the financial year	-	**1,484**	**1,484**
Total comprehensive income for the year	-	**1,484**	**1,484**
At 31 December 2021	**1,000**	**529**	**1,529**

Notes to the financial statements
For the year ended 31 December 2021

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 21).

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.

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

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the company.

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;

Notes to the financial statements (continued)
For the year ended 31 December 2021

2. Accounting policies (continued)

Summary of disclosure exemptions (continued)

- 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;
- 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; and
- the requirements of paragraph 6 of IFRS 16 Leases to capitalise leases of low value assets.

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 profit making in the year and has increased its net asset position as at 31 December 2021.

The company can receive funding to support operations from WEC Holdings through the LFM and as at 31 December 2021 had borrowed £6,240,000 (2020: £11,540,000).

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 profitable growth associated with the operating plant services business unit which was forecast for 2021 was achieved in the year.

The directors have considered the performance of the Westinghouse group, including the company, its parent company WEC Holdings and its sister company WEC LLC and they have determined that the group has sufficient funding and adequate resources available to support the company and continued operational existence for at least 12 months from the signing date, even in the event of any possible downside scenarios which may have an adverse impact on the performance of the company. 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 credit 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 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. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax 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.

Revenue recognition

The company provides nuclear operating plant services and environmental services. 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 and associated control have transferred to the customer.

The majority of the company's revenue is derived from long-term contracts that can span several years. The company's accounting policy is aligned to IFRS 15 Revenue from contracts with customers. 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 environmental services 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.

2. Accounting policies (continued)

Revenue recognition (continued)

Rendering of services (continued)

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.

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:	Depreciation 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.

Notes to the financial statements (continued)
For the year ended 31 December 2021

2. Accounting policies (continued)

Internally-generated intangible assets – research and development expenditure (continued)

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 accounts for leases by applying IFRS 16. 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).

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.

2. Accounting policies (continued)

Leased assets (continued)

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 the 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 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 IFRS's 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 foreign currency 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.

2. Accounting policies (continued)

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.

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 the 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.

Notes to the financial statements (continued)
For the year ended 31 December 2021

2. Accounting policies (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to the profit and loss account reserve.

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.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the financial statements (continued)
For the year ended 31 December 2021

2. Accounting policies (continued)

Derivative financial instruments

The company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward foreign currency contracts. Further details of derivative financial instruments are disclosed in note 16 and note 17.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due within one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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 have 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, The Decommissioning Alliance ("TDA"), with Energy Solutions EU Limited and Jacobs Limited, to provide environmental services 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, Cumbria Nuclear Solutions Limited ("CNSL"). This joint operation provides a complete range of environmental services 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 2021

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:

	31 December 2021	31 December 2020
	£ 000	£ 000
Europe including United Kingdom	**33,514**	18,983
Americas	**1,608**	-
	35,122	18,983

All revenue from contracts with customers is recognised over time.

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

	31 December 2021	31 December 2020
	£ 000	£ 000
Operating Plant Services	**16,509**	9,018
Environmental Services (previously known as Plant Solutions)	**18,539**	9,527
Global Operating Services	**74**	438
	35,122	18,983

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) being held on the balance sheet.

The following table presents significant changes in contract receivables during the year:

	£ 000
At 1 January 2021	1,999
Revenue recognised for performance obligations satisfied during the year for which a receivable cannot be recognised	932
At 31 December 2021 (note 16)	**2,931**

The contract receivables balance is mainly related to Operating Plant Services and Environmental Services contracts.

Notes to the financial statements (continued)
For the year ended 31 December 2021

5. Turnover (continued)

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

	£ 000
At 1 January 2021	2,454
Revenue recognised that was included in the contract liability balance	(1,645)
Increases due to cash received, excluding amounts recognised as revenue during the year	2,046
At 31 December 2021 (note 17)	**2,855**

The contract liability balance is mainly related to Operating Plant Services and Environmental Services longer term contracts which will be settled as the performance obligations are satisfied.

As permitted under the transitional provisions in IFRS 15, the transaction price allocated to (partially) unsatisfied performance obligations as at 31 December 2021 is not disclosed.

6. Exceptional items

	31 December 2021 £ 000	31 December 2020 £ 000
Provision for work in progress (note 15)	**-**	2,624
Reversal of provision for work in progress (note 15)	**(8,196)**	-
Work in progress write off (note 15)	**8,196**	-
Allowance for specific doubtful debts – amounts recoverable from suppliers (note 16)	**-**	4
	-	2,628

Work in progress relating to a specific contract which has encountered technical issues in the supply chain, that had been fully provided for as at 31 December 2020, has been written off in the year.

7. Operating profit / (loss) before interest and taxation

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

	31 December 2021 £ 000	31 December 2020 £ 000
Employee costs (note 8)	**7,462**	4,064
Auditor's remuneration - audit of the company's financial statements	**75**	110
Movement in work in progress	**(608)**	(2,667)
Other external and operating charges	**27,584**	18,231
Realised foreign exchange gains on settled transactions	**-**	(26)
Exceptional item (note 6)	**-**	2,628

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

Notes to the financial statements (continued)
For the year ended 31 December 2021

8. Employee costs

WEC UK has no employees.

WEC Holdings and Springfields Fuels Limited ("SFL") seconded 50 employees (2020: 43) to WEC UK.

Their aggregate remuneration comprised:

	31 December 2021 £ 000	31 December 2020 £ 000
Wages and salaries	**6,952**	3,632
Social security costs	**510**	432
	7,462	4,064

The average monthly number of secondees was:

	31 December 2021 No.	31 December 2020 No.
Environmental Services	**10**	9
Support functions	**40**	34
	50	43

9. Directors' remuneration

The cost of directors' services in 2021 and 2020 were borne by other companies in the Westinghouse group.

10. Interest and similar income and expense

Interest receivable and similar income:

	31 December 2021 £ 000	31 December 2020 £ 000
Interest receivable from group undertakings	**7**	8
Unrealised foreign exchange gains on unsettled balances	**335**	-
	342	8

Interest payable and similar expense:

	31 December 2021 £ 000	31 December 2020 £ 000
Interest payable to group undertakings	**(315)**	(443)
Finance charges payable under finance lease	**(16)**	(7)
Bank interest	**(5)**	(20)
Other charges	**-**	(7)
Unrealised foreign exchange losses on unsettled balances	**-**	(465)
	(336)	(942)

Notes to the financial statements (continued)
For the year ended 31 December 2021

10. Interest and similar income and expense (continued)

Net interest income and expense:

	31 December 2021	31 December 2020
	£ 000	£ 000
Interest receivable and similar income	**342**	8
Interest payable and similar expense	**(336)**	(942)
	6	(934)

11. Income tax credit

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

	31 December 2021	31 December 2020
	£ 000	£ 000
Current taxation		
Group relief receivable	**(1,964)**	(24)
Adjustment in respect of prior years	**24**	-
	(1,940)	(24)
Deferred tax		
Origination and reversal of timing differences	**2,603**	(779)
Effect of tax rate change on opening balance	**(1,506)**	(418)
Adjustment in respect of prior years	**(26)**	-
Total deferred tax	**1,071**	(1,197)
Tax credited for the year	**(869)**	(1,221)

b) Tax for the year is lower (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	31 December 2021	31 December 2020
	£ 000	£ 000
Profit / (loss) before taxation	**615**	(4,291)
Profit / (loss) before taxation multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	**117**	(815)
Effects of:		
Expenses not deductible for tax purposes	**7**	13
Fixed asset differences	**1**	-
Remeasurement of deferred tax – change in UK tax rate	**(2,024)**	(810)
Deferred tax recognised	**1,033**	391
Adjustment to tax charge in respect of prior years	**24**	-
Adjustment to deferred tax charge in respect of prior years	**(27)**	-
Tax credit	**(869)**	(1,221)

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

Notes to the financial statements (continued)
For the year ended 31 December 2021

11. Income tax credit (continued)

Factors that may affect future tax charges

The Financial Bill 2021 included an increase to the UK corporation tax rate to 25% from 19% from 1 April 2023 for certain companies. This increase was substantially enacted on 24 May 2021. There is no material tax impact expected following the enactment of the Finance Act 2022.

Under FRS101, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date. Consequently, a deferred tax asset has been calculated based on a rate of 25% (note 18).

In the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the corporation tax rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as a result the deferred tax balances as at 31 December 2021 continue to be measured at the full 25% rate noted above. The estimated impact of the reversal of the corporation tax rate increase would be to decrease the deferred tax asset by £876,000.

12. Investments

	Ordinary shares in subsidiaries £ 000
Cost	
At 1 January 2021	1,430
Additions for the year	-
Disposals for the year	-
At 31 December 2021	**1,430**
Carrying amount	
At 31 December 2020	1,430
At 31 December 2021	**1,430**

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 2021	31 December 2020
Inspection Consultants Limited	Non-destructive testing services	Springfields, Salwick, Preston, PR4 0XJ, England	**100%**	100%

There has been no change in the investment value of the company during the year.

Notes to the financial statements (continued)
For the year ended 31 December 2021

13. Tangible fixed assets

	Right-of-use assets £ 000	Assets under construction £ 000	Total £ 000
Cost or valuation			
At 1 January 2021	944	-	944
Additions	413	150	563
Disposals	(599)	-	(599)
At 31 December 2021	**758**	**150**	**908**
Accumulated depreciation			
At 1 January 2021	298	-	298
Depreciation charge	240	-	240
Disposals	(361)	-	(361)
At 31 December 2021	**177**	**-**	**177**
Carrying amount			
At 31 December 2020	646	-	646
At 31 December 2021	**581**	**150**	**731**

The right-of-use assets are site leases and plant and machinery. The average lease term remaining as at 31 December 2021 is 2 years and 3 months (31 December 2020: 1 year and 2 months).

Notes to the financial statements (continued)
For the year ended 31 December 2021

14. Intangible asset

	Total £ 000
Cost	
At 1 January 2021	360
Additions	854
Disposals	-
At 31 December 2021	**1,214**
Accumulated amortisation	
At 1 January 2021	-
Charge for the year	15
Disposals	-
At 31 December 2021	**15**
Carrying amount	
At 31 December 2020	360
At 31 December 2021	**1,199**

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 2021 £ 000	31 December 2021 £ 000
Work in progress	**651**	43
	651	43

The provision within work in progress ("WIP") of £8,196,000 as at 31 December 2020, which was created against the carrying value of WIP on a specific contract that has suffered technical issues has been released during the financial year, resulting in a balance of £nil as at 31 December 2021 (2020: £8,196,000).

Notes to the financial statements (continued)
For the year ended 31 December 2021

16. Debtors

	31 December 2021 £ 000	31 December 2020 £ 000
Debtors: amounts falling due within one year:		
Contract receivables (note 5)	**2,931**	1,999
Amounts owed by subsidiary undertaking	**1**	252
Amounts owed by group undertakings	**4,494**	5,497
Other debtors and prepayments	**2,987**	3,402
Derivative financial instruments	**32**	-
	10,445	11,150
Debtors: amounts falling due after more than one year:		
Amounts owed by subsidiary undertaking	**250**	-
	250	-
	10,695	11,150

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.

Amounts owed by subsidiary undertaking is a loan provided by the company to Inspection Consultants Limited with an outstanding principal value of £250,000 (2020: £250,000) and outstanding accrued interest of £1,000 (2020: £2,000). The loan principal receivable has been reclassified to debtor amounts falling due after more than one year as the term of the loan has been extended to 30th April 2025.

Amounts owed by group undertakings includes intercompany trade receivables of £1,939,000 (2020: £2,344,000) from WEC LLC, £24,000 (2020: £311,000) from Westinghouse Electric Belgium SA, £20,000 (2020: £nil) from Westinghouse Electrique France SAS, £234,000 (2020: £502,000) from Springfields Fuels Limited, £53,000 (2020: £46,000) from PKMJ Technical Services LLC for payroll recharges, £1,964,000 (2020: £24,000) from Uranium Asset Management Limited ("UAM") for group tax relief. The Abu Dhabi branch is owed £260,000 (2020: £170,000) from WEC LLC. These are payable on demand.

In 2020, amounts owed by group undertakings also included £2,072,000 owed by WEC Holdings for pension contributions.

Included in other debtors and prepayments is the sum of £1,386,000 (2020: £1,386,000) which is recoverable from suppliers. This was fully provided for in 2020 (note 6).

The derivative financial instruments of £32,000 (2020: £nil) is owed to BWHI for the mark to market fair value of forward foreign currency contracts, maturing in January and February 2022. They carry no interest. In the prior year, £28,000 was included within amounts owed by group undertakings for the fair value of forward foreign currency contracts entered into on WEC UK's behalf by BWHI. During 2021, the company entered into master netting agreements (ISDA agreements) with BWHI, to manage the Westinghouse Group's exposure to foreign exchange movements on its overseas businesses.

Notes to the financial statements (continued)
For the year ended 31 December 2021

17. Creditors

	31 December 2021 £ 000	31 December 2020 £ 000
Creditors: amounts falling due within one year		
Trade creditors	**1,107**	513
Contract liabilities (note 5)	**2,855**	2,454
Accruals and other creditors	**2,281**	2,966
Amounts owed to subsidiary undertaking	**-**	3
Amounts owed to group undertakings	**11,277**	13,147
Derivative financial instruments	**6**	-
Other taxes and social security	**721**	853
Short-term lease obligation	**168**	178
	18,415	20,114
Creditors: amounts falling due after more than one year		
Long-term lease obligation	**376**	433
	376	433
	18,791	20,547

Within amounts owed to group undertakings is a loan provided by WEC Holdings with an outstanding principal value of £6,240,000 (2020: £11,540,000) and outstanding accrued interest of £44,000 (2020: £65,000). The loan is due to be repaid upon implementation of the cash pooling arrangement expected in 2022.

Amounts owed to group undertakings also includes £3,686,000 (2020: £846,000) to WEC LLC, £174,000 (2020: £314,000) to Westinghouse Electric Belgium SA, £19,000 (2020: £157,000) to PKMJ Technical Services LLC., £124,000 (2020: £88,000) to Springfields Fuels Limited, £68,000 (2020: £87,000) to Westinghouse Electrique France SAS, £11,000 (2020: £17,000) to Fauske & Associates LLC, £22,000 (2020: £13,000) to Westinghouse Electric Sweden AB, £5,000 (2020: £3,000) to Westinghouse Electric Spain S.A.U., £192,000 (2020: £nil) to Westinghouse Electric Germany GmbH., £22,000 (2020: £nil) to Westinghouse Electric Poland LLC, £605,000 (2020: £nil) to WesDyne Sweden AB, £9,000 (2020: £nil) to Westinghouse Government Services and £56,000 (2020: £nil) to PCI Energy.

In 2020, amounts owed to group undertakings also included £2,000 to Westinghouse Energy Systems LLC and £15,000 to Westinghouse Electric Japan Limited. Within amounts owed to subsidiary undertaking £3,000 was owed to Inspection Consultants Limited.

Within accruals and other creditors is a provision for liquidated damage claims on a specific project of £406,000 (2020: £406,000).

The derivative financial instruments of £6,000 (2020: £nil) is owed to BWHI for the mark to market fair value of forward foreign currency contracts, maturing in January and February 2022. They carry no interest. During 2021, the company entered into master netting agreements (ISDA agreements) with BWHI, to manage the Westinghouse Group's exposure to foreign exchange movements on its overseas businesses.

Analysis of lease liabilities:

	31 December 2021 £ 000	31 December 2020 £ 000
Within one year	**168**	178
Between one and five years	**376**	433
	544	611

Notes to the financial statements (continued)
For the year ended 31 December 2021

17. Creditors (continued)

The present value was calculated using the company's incremental borrowing rate, as at 1 January 2020 or at the commencement date for leases agreed after 1 January 2020.

18. Deferred tax asset / (liability)

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

	31 December 2021 £ 000	31 December 2020 £ 000
Deferred tax liabilities due within 12 months	-	(5)
Total provision	-	(5)
Deferred tax asset due after 12 months	3,649	4,725
Total asset	3,649	4,725
Total deferred tax asset	3,649	4,720

	Derivative financial instruments £ 000	**Tax losses £ 000**	**Total £ 000**
Deferred tax asset / (liability)			
At 1 January 2020	(26)	3,549	3,523
Credited to the profit and loss account	5	1,192	1,197
At 31 December 2020	(21)	4,741	4,720
Credited to the profit and loss account	**(2)**	**(1,069)**	**(1,071)**
At 31 December 2021	**(23)**	**3,672**	**3,649**

The company changed from preparing financial statements under UK GAAP to FRS 101 in the financial year ended 31 March 2016. Under FRS 101 derivatives are brought onto the balance sheet at fair value creating an impact to the profit and loss account that is taxable in the year of transition. The tax effect of the gain in the year of transition is spread over 10 years creating a deferred tax liability.

The deferred tax asset arising on post 1 April 2017 tax losses in WEC UK has been recognised on the basis that it is believed there will be sufficient group wide profits in future years to utilise these losses. Management have based their assessment on the mid-term plan which has been approved by the Westinghouse senior management team. As group companies are required to pay for any losses claimed from other entities, WEC UK will be compensated for the losses through the group relief mechanism. There were also pre 1 April 2017 losses of £19,055,000 (gross) on which a deferred tax asset has not been recognised.

Deferred tax at 31 December 2021 has been calculated based on the rate of 25% being the rate substantively enacted at the balance sheet date.

Notes to the financial statements (continued)
For the year ended 31 December 2021

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

In the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the corporation tax rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as a result the deferred tax balances as at 31 December 2021 continue to be measured at the full 25% rate noted above. The estimated impact of the reversal of the corporation tax rate increase would be to decrease the deferred tax asset by £876,000.

19. Called up share capital

Allotted, called up and fully paid shares

	31 December 2021 No.	**31 December 2021 £ 000**	31 December 2020 No.	31 December 2020 £ 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 (2020: £nil).

20. Contingent liabilities

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

The company, along with WEC Holdings and UAM, has provided a guarantee for the Asset Based Lending ("ABL") facility which funds the LFM. As at 31 December 2021 there were no outstanding borrowings under the ABL facility (2020: $nil) and commitments for letters of credit were $nil (2020: $26.6 million).

21. Controlling party

The company is a subsidiary undertaking of WEC Holdings. The controlling party and parent company of WEC Holdings 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.

22. Post balance sheet events

On 24 February 2022, Russian forces launched significant military action against Ukraine, and prolonged conflict and disruption in the region as well as actions taken by other countries, including new and stricter sanctions could have an impact on the company's operations in the region. Additionally, as the conflict and government reactions are rapidly developing, potential changes in the demand for, and supply of, nuclear services across Europe as a result is currently unknown and the company has no way to predict the progress or outcome of the situation.

No other items requiring adjustment or disclosure have occurred between the 31 December 2021 reporting date and the date of authorisation.