

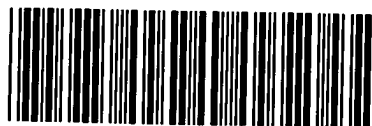
Registered number: 02458109

Westinghouse Electric UK Holdings Limited

Annual report and financial statements

for the year ended 31 December 2022

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Westinghouse Electric UK Holdings Limited

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Westinghouse Electric UK Holdings Limited

Company information

Directors	Denis Turcotte Elyse Allan Mark Blinn Patrick Fragman Robert Card Ron Bloom William Transier
Company secretaries	Michael Sweeney Richard Swanson Matthew Simonds (appointed 8 February 2023)
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

Westinghouse Electric UK Holdings Limited

Strategic report

For the year ended 31 December 2022

The directors present their Strategic report for the financial year ended 31 December 2022.

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

Principal activities and fair review of the business

The principal activity of Westinghouse Electric UK Holdings Limited ("WEC Holdings") is acting as an investment holding company for a number of directly and indirectly owned trading entities operating in various countries across the United Kingdom, Europe, the Middle East and Asia ("EMEA") whose activities are connected to the nuclear industry and operate within the Westinghouse group (note 10). The company is also the employing entity for some United Kingdom based employees.

The company is a wholly owned subsidiary of Brookfield WEC EMEA Holdings Ltd ("BWEH") and the ultimate parent company is Brookfield Corporation (formerly Brookfield Asset Management Inc.).

The borrowing requirements for EMEA are arranged by the Westinghouse Global Treasury Department and managed by WEC Holdings. Westinghouse Electric Company LLC ("WEC LLC"), WEC Holdings sister company, has funding available through an Asset Based Lending ("ABL") and Revolver Credit Facility ("RCF") and can lend onwards to WEC Holdings and its subsidiaries through the Liquidity Funding Mechanism ("LFM").

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

	31 December 2022 £ 000	31 December 2021 £ 000
Operating loss for the financial year	(68,439)	(31,546)
Loss for the financial year	(77,337)	(18,999)
Investments	396,564	425,713
Total shareholders' funds	140,344	221,732
Current assets to current liabilities ratio	0.35:1	0.29:1

An operating loss of £68,439,000 occurred in the year compared to a prior year operating loss of £31,546,000. The loss in the year was mainly attributable to income from shares in group undertakings of £1,326,000, offset by the impairment of investments amounting to £36,309,000, a provision for the doubtful recovery of intercompany loans of £31,883,000, restructuring costs of £293,000 and other operating expenses of £1,280,000.

The company's net current liabilities position has increased by £43,063,000 to £284,817,000 (2021: £241,754,000 net current liability) during the year, as a result of an increase in LFM loan payables of £100,824,000, a payable to Bartlett Holdings LLC for a newly acquired investment of £3,322,000, offset by a decrease in severance costs of £118,000 and trade payables and accruals of £218,000.

The above net increase in liabilities was partially offset by an increase in LFM loan receivables of £66,060,000 and intercompany recharges of £3,728,000, and a net decrease in derivative financial instruments of £2,770,000, net tax receivables of £557,000 and cash at bank and in hand of £5,714,000.

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

Westinghouse Electric UK Holdings Limited

Strategic report (continued) For the year ended 31 December 2022

Principal activities and fair review of the business (continued)

The value of investments decreased in the year by £29,149,000 to £396,564,000 (2021: £425,713,000) due to:

- An additional investment was made in one subsidiary company, Westinghouse Electric Company (China) Co. LTD £3,838,000.
- There was a full impairment of the investment held in Mangiarotti S.p.A of £20,778,000.
- There was a full impairment of the investment held in Westinghouse Electric Canada Inc. of £15,531,000.
- There were no disposals of investments during the year.
- There was one newly acquired investment during the year, BHI Energy Canada ULC, for £3,322,000 (note 10).

Total shareholders' funds decreased by £81,388,000 in the year to £140,344,000 (2021: £221,732,000) mainly due to the loss generated in the financial year of £77,337,000 and an actuarial loss net of tax recognised on the defined benefit pension scheme of £4,051,000.

Results

The loss for the financial year amounted to £77,337,000 (2021: loss of £18,999,000).

Principal risks and uncertainties

The company holds investments in various companies in EMEA (note 10). The carrying values of those investments are shown at cost less impairment. An annual quantitative assessment is performed to review the carrying value of investments for impairment.

The company has foreign currency loans and bank balances as at 31 December 2022 and as such is subject to foreign currency risk. The risk is reduced by the company as a result of Brookfield WEC Holdings Inc. ("BWHI") entering into forward foreign exchange contracts with external banks on behalf of WEC Holdings to manage the Westinghouse Group's exposure to foreign exchange movements on its overseas businesses.

As at 31 December 2022 there were 23 forward foreign exchange contracts entered into by BWHI on behalf of WEC Holdings with external banks (2021: 37) with a fair value of £4,079,000 net asset (2021: £7,869,000 net asset) owed by BWHI to WEC Holdings (note 12 and note 13). Hedge accounting is not applied and the contracts are carried at fair value through profit and loss. The company has a master netting agreement (ISDA agreement) with BWHI to enable back to back agreements to be put in place when BWHI enters into forward foreign exchange contracts with external banks.

Company policies ensure that an overall view of the company's exchange exposure and foreign currency commitments is undertaken in conjunction with the Westinghouse Global Treasury Department.

Section 172 statement

This section describes the way in which the directors have had regard to the matters set out in section 172 1(a) to (f) Companies Act 2006 ("section 172") in exercising their duty to promote the success of the company for the benefit of its members as a whole.

During the year the directors were mindful of their corporate governance duties and received briefings and ad-hoc advice from the Westinghouse legal team to refresh their understanding of both their legal obligations and best practice in respect of corporate governance. As the company is a holding company that does not have its own operations, the board exercises oversight of its operating subsidiaries through a combination of Westinghouse group global governance practices, policies and initiatives as well as subsidiary level board engagement and operational integration.

Westinghouse Electric UK Holdings Limited

Strategic report (continued) For the year ended 31 December 2022

Section 172 statement (continued)

Board proceedings

The board meets at a minimum on a quarterly basis. Board meetings are scheduled for February, May, August and November in each year, and are also convened for discussion of other matters as necessary to address the needs of the company and its subsidiaries. Under the Westinghouse group's global governance framework, the board maintains oversight of matters relating to the company that have been delegated to executives or committees and ensures that principal decisions are brought back to the board itself.

Board meetings are held in a spirit that encourages active participation from all directors, careful deliberation and challenge. Directors receive briefing packs in advance of the meeting, including input from senior management as to the potential impact on relevant stakeholders of the proposals to be reviewed and considered at the meeting. These factors are taken into account by the board when assessing the best interests of the company over the long-term.

Governance training and policies

Training is made available to directors of the company upon joining the board to ensure they have a full understanding of the board's legal duties and obligations. Additionally, the board actively reviews, discusses, and approves the charters of the board committees to ensure alignment and understanding of scope, roles, and responsibilities. Resource documents, including training and charters are retained in the board's electronic files for reference by all directors.

The board recognises the importance of operating a robust corporate governance framework, and during the year has adopted an internal controls mechanism for the delegation of authority, reporting lines and the escalation of complex or high value matters, which is implemented across the Westinghouse global group. This is reviewed at least annually by the board.

Having regard to our stakeholders

The board is conscious that proper consideration of all its stakeholders is crucial to maintaining its reputation for high standards of business conduct.

As the company itself is a holding company and does not have its own operations, the board considers that the following groups are the company's own key stakeholders: the company's employees (seconded to other group entities), former employees who are members of the company's group pension scheme, and our ultimate owner. However, the board is also cognisant of the interests of the stakeholders of the global group, including the global workforce, customers, suppliers and the wider community and environment, and their nuclear and environmental regulators.

In its strategy-setting and decision-making, the board takes account of both the impact that the company itself has or may have on these stakeholders, and the impact that these stakeholders have or may have on the company. It does this through various methods, including direct engagement by board members with stakeholders; receiving reports and updates from members of management who engage with stakeholders. Further details of the methods of engagement with particular stakeholders are set out below.

Employees

Workforce engagement. The strength of our business is built on the hard work and dedication of our employees, and the wider Westinghouse group workforce. The board takes active steps to ensure the suggestions, views and interests of the global workforce are captured and considered in decision-making. Employee engagement surveys are regularly undertaken, and the results are reported to the board. Employees are kept informed of the performance of the business and strategy through regular presentations and exchange of questions and answers with management.

Industrial relations. Many of our employees are represented by established national union bodies and fall under a collective bargaining agreement. Through its oversight and delegations of the authority, the board ensures that the company, and its subsidiaries, work in partnership with the local union leadership to share business challenges and opportunities and to identify and support the changes required to ensure a long-term sustainable business.

Westinghouse Electric UK Holdings Limited

Strategic report (continued) For the year ended 31 December 2022

Section 172 statement (continued)

Employees (continued)

Workforce safety and wellbeing. The board also pays careful regard to the health, safety and wellbeing of the employees and receives updates on safety performance from management through the board's Quality, Environmental, Health & Safety Committee.

Diversity & Inclusion. The Westinghouse global group is committed to cultivating a culture that fosters honest, open conversations and makes space for everyone to be themselves and thrive. Our goal is to create an organisation in which diversity and inclusion is an integral part of our DNA. The Westinghouse global group has a global Chief Diversity Officer, who facilitates best practices and fosters a culture that enriches our company and opens doors for even more innovation and new opportunities.

Former employees

The board is conscious of the fact that the Westinghouse global group maintains defined benefit pension schemes. Management reports annual budgets for pension contributions to the board with the annual business planning process. Pension contribution budgets are approved by the board through the approval of the annual business plan.

Regulatory bodies

In its capacity as a holding company, the board supports management in its subsidiaries around the world in seeking a constructive and cooperative relationship with the regulatory bodies that authorise and regulate the business activities of the group, including the nuclear regulated activities of such subsidiaries. This helps us maintain a reputation for high standards of business conduct. Matters related to regulatory compliance are reported to the board on a quarterly basis.

Our owner

The board is conscious of its overarching duty to act in the best interests of the (direct and indirect) owners of the company over the long-term. We rely on our owner for the provision of capital to further our business objectives; our owner relies on us to protect and manage their investment in a responsible and sustainable way that generates long-term value for them. The composition of the board is designed to include representatives of our owner to ensure such mutual interests are evaluated and incorporated into such long-term decision making.

Customers and suppliers

Although, as a holding company, the company does not have many direct relationships with suppliers and customers, the board takes an appropriate oversight role in respect of the relationships that the global group maintain with these stakeholders.

The interests of the customers of the company's subsidiaries are carefully considered in all relevant decisions by the board, e.g. restructuring programs.

The board guides the company's subsidiaries on balancing the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our investors and the desired safe, quality product and service levels for our customers. The global group maintains and executes supplier management programs to ensure quality and safety standards are met whilst efficiencies are also sought to maximise future benefits for customers.

Westinghouse Electric UK Holdings Limited

Strategic report (continued) For the year ended 31 December 2022

Section 172 statement (continued)

The community and the environment

In its capacity as a holding company, the board supports and maintains oversight of the company's subsidiaries' goals and initiatives with regard to reducing the adverse impacts of their operations on the environment and supporting the wider regional local communities. Additionally, the Quality, Environmental, Health & Safety Committee and the Audit Committee provides governance and oversight of the company's environmental, social, and governance (ESG) program. For further information, refer to Westinghouse's Sustainability Report which can be obtained from Westinghouse Electric Company LLC's website (<https://www.westinghouseuclear.com/about/sustainability>).

Principal decisions

During financial year 2022, the considerations outlined above were taken into account by the board in their deliberations around the following principal decisions:

- Review of the company's information technology and cyber strategy at Westinghouse.
- Issued and reviewed employee engagement surveys.
- Review and approval of financial statements, including the strategic report for the company.
- Review and approval of a bid to supply nuclear fuel for a customer through 2030.
- Dividend recapitalisation and approval of guarantees to support the transfer of the new UK Pension Plan.
- Mergers of BHI Energy and TSB Energy Services, Inc. into Westinghouse.
- Appointment of "delivery signers" in connection with the company's JP Morgan bank account in the UK.
- Review and approval of the FY2023 budget.

Future developments

The company will continue to act as the holding company for Westinghouse's non-US entities in addition to being the employing entity for a small number of UK based employees.

On 11 October 2022, Brookfield Corporation (formerly Brookfield Asset Management Inc.), the ultimate parent company, announced a consortium of Brookfield Renewable Partners' and Cameco Corporation, to acquire Westinghouse Electric Company ("Westinghouse"). The transaction is expected to close in 2023. This will bring Westinghouse's best-in-class clean power technologies under Brookfield Renewable Partners' cutting-edge hydroelectric, wind, solar energy storage and distributed generation portfolio, alongside Cameco Corporation's expertise in front-end uranium fuel capabilities. It will further strengthen Westinghouse's presence in nuclear technology globally and provide a long-term path for the company's strategic growth to the benefit of customers.

Approved by the Board of Directors on 8 September 2023 and signed on its behalf by:



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Patrick Fragman

Director

Westinghouse Electric UK Holdings Limited

Directors' report For the year ended 31 December 2022

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 2022.

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:

Denis Turcotte
Elyse Allan
Mark Blinn
Mark Weinberg (resigned 14 September 2022)
Patrick Fragman
Robert Card
Ron Bloom
William Transier

Strategic report

The information that fulfils the Companies Act requirements of the business review is included in the Strategic report on pages 2 to 6. This includes a review of the business during the year, of its position at the end of the year and of the likely future developments.

Financial risk management objectives and policies

Financial instruments

The company's financial instruments comprise some cash and short-term and long-term loans to and from group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate risk, foreign currency risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The policies have remained unchanged since incorporation.

Interest rate risk

The company finances its operations through a mixture of retained profits and loans to and from group undertakings. Interest rates on these loans are determined in accordance with the LFM arrangement and Westinghouse Treasury policies. The company is subject to interest rate risk on non-fixed interest rate loans and this risk is continuously monitored by management.

Foreign currency risk

WEC Holdings does not enter into foreign currency contracts directly with external banks. BWHI enters into forward foreign exchange contracts with external providers on behalf of WEC Holdings. As at 31 December 2022 there were 23 outstanding forward foreign exchange contracts entered into by BWHI (2021: 37) with a fair value of £4,079,000 net asset owed by BWHI to WEC Holdings (2021: £7,869,000 net asset) (notes 12 and 13). Hedging accounting is not applied and the contracts are carried at fair value through profit and loss. The company has a master netting agreement (ISDA agreement) with BWHI to enable back to back agreements to be put in place when BWHI enters into forward foreign exchange contracts with external banks.

The company has foreign currency loans and bank balances as at 31 December 2022 and as such is subject to foreign currency risk.

Company policies ensure that an overall view of the company's exchange exposure and foreign currency commitments is undertaken in conjunction with the Westinghouse Global Treasury Department.

Westinghouse Electric UK Holdings Limited

Directors' report (continued)

For the year ended 31 December 2022

Financial risk management objectives and policies (continued)

Liquidity risk

The company operates independent bank accounts locally and has external borrowing available through WEC LLC's ABL and RCF facility. WEC Holdings receives funding from intercompany loans, that it can lend onwards through the LFM arrangement to its subsidiaries and WEC LLC. The company has access to cash resources to support ongoing operations and maintains a robust cash flow forecast to monitor the situation. The company expects to maintain a positive cash balance in the forthcoming year.

Research and development

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

Disabled employees

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

Directors' liabilities

Brookfield Corporation (formerly 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.

Dividends

During the year the company did not declare a dividend (2021: £nil). The directors have not proposed a dividend after the year end.

Streamlined Energy and Carbon Reporting (SECR)

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon report) Regulations 2018 (the 2018 Regulations) came into force. From 1 April 2019, large UK companies are required to report publicly on their UK energy usage and carbon emissions. Whilst the company does not meet the reporting threshold of a large company, Springfields Fuels Limited ("SFL") meets the requirements to report. However, Uranium Asset Management Limited ("UAM") and Westinghouse Electric Company UK Limited ("WEC UK") whilst meeting the large companies criteria do not meet the requirements to report as they are below the threshold. Further information can be obtained from each companies Annual report and financial statements for the year ended 31 December 2022.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives are described in the Strategic report on pages 2 to 6.

The company holds investments in various companies around the world and its main purpose is to manage the funding requirements of the EMEA group.

Each of the Business Units within the organisation produce a business plan on an annual basis. The business plan includes future sales, costs, profitability and cash flow for the business. The business plans are reviewed and approved by the Business Units and global senior management. Westinghouse does not produce business plans on a legal entity basis.

Westinghouse Electric UK Holdings Limited

Directors' report (continued) For the year ended 31 December 2022

Going concern (continued)

WEC LLC has access to an external ABL and RCF that it utilises to fund the Westinghouse group and it operates a Liquidity Funding Mechanism to provide funding to WEC Holdings and its subsidiaries. WEC Holdings has an intercompany loan agreement with WEC LLC that has a maximum borrowing limit of \$150 million.

WEC Holdings and its subsidiaries have also received a letter of support from WEC LLC for the going concern period. WEC LLC has available funding capacity of 62.5% from its external facilities and liquid cash resources of \$139 million. As such there is significant capacity to support ongoing operations.

In addition to the letter of support received from WEC LLC, the Westinghouse group expects to perform in line with its business plan. The Westinghouse group will continue to generate positive Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") as well as cash from operations and WEC LLC will have significant liquidity available to support WEC Holdings and its subsidiaries if necessary which is expected to continue over the going concern period. The completion of the sale of Westinghouse to Brookfield Renewable Partners' and Cameco Corporation that will occur during the going concern period will not impact Westinghouse's credit agreements on the ABL and RCF.

WEC Holdings has provided a letter of support to its parent company, BWEH, and a number of its subsidiaries to support ongoing operations and to give comfort that it will settle any liabilities as they fall due if the companies are unable to do so.

Letters of support have been issued to direct subsidiary companies, WEC UK, Westinghouse Electric Germany GmbH ("WE Germany") and Westinghouse Electric Spain S.A.U. ("WE Spain").

The directors have considered the performance of the Westinghouse group, including WEC Holdings, and they have determined the group has sufficient available funding and adequate resources to continue in operational existence for twelve months from signing. Accordingly, they continue to adopt the going concern basis for WEC Holdings in preparing the annual report and financial statements.

Events after the balance sheet date

Events after the balance sheet date can be found in note 18.

Independent Auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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 in absence of an annual general meeting.

Approved by the Board of Directors on 8 September 2023 and signed on its behalf by:

.....
Patrick Fragman

Director

Westinghouse Electric UK Holdings Limited

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 elected to prepare 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Westinghouse Electric UK Holdings Limited

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Westinghouse Electric UK Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 statement of comprehensive expense;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

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

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.

Westinghouse Electric UK Holdings Limited

Independent auditor's report to the members of Westinghouse Electric UK Holdings 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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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, pensions legislation, 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, valuations and pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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.

In addition to the above, 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.

Westinghouse Electric UK Holdings Limited

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

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 CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

08th September 2023

Westinghouse Electric UK Holdings Limited

Profit and loss account

For the year ended 31 December 2022

		31 December 2022 £ 000	31 December 2021 £ 000
	Note		
Income from shares in group undertakings		1,326	4,945
Other operating (expense) / income		(1,280)	2,702
Impairment of investments	10	(36,309)	(43,426)
Exceptional items	4	(32,176)	4,233
Operating loss	5	(68,439)	(31,546)
Interest and similar (expense) / income	8	(8,171)	11,794
Loss before taxation		(76,610)	(19,752)
Income tax (charge) / credit	9	(727)	753
Loss for the financial year		(77,337)	(18,999)

The above results were derived from continuing operations.

Westinghouse Electric UK Holdings Limited

Statement of comprehensive expense For the year ended 31 December 2022

		31 December 2022 £ 000	31 December 2021 £ 000
	Note		
Loss for the financial year		<u>(77,337)</u>	<u>(18,999)</u>
Items that may subsequently be reclassified to profit or loss:			
Actuarial (loss) / gain recognised on defined benefit pension scheme	14	(5,402)	1,336
Movement in deferred tax relating to pension asset	11	1,351	(334)
		<u> </u>	<u> </u>
Other comprehensive (expense) / income for the year net of tax		<u>(4,051)</u>	<u>1,002</u>
Total comprehensive expense for the year		<u>(81,388)</u>	<u>(17,997)</u>

Westinghouse Electric UK Holdings Limited

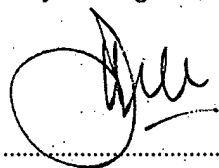
Balance sheet As at 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Fixed assets			
Investments	10	396,564	425,713
Deferred tax asset	11	2,422	1,185
Debtors: amounts falling due after more than one year	12	25,817	30,946
		<u>424,803</u>	<u>457,844</u>
Current assets			
Debtors: amounts falling due within one year	12	155,614	91,638
Cash at bank and in hand		215	5,929
		<u>155,829</u>	<u>97,567</u>
Creditors: amounts falling due within one year	13	<u>(440,646)</u>	<u>(339,321)</u>
Net current liabilities		<u>(284,817)</u>	<u>(241,754)</u>
Total assets less current liabilities		<u>139,986</u>	<u>216,090</u>
Creditors: amounts falling due after more than one year	13	<u>(884)</u>	<u>(884)</u>
Net assets excluding pension asset		<u>139,102</u>	<u>215,206</u>
Pension asset	14	1,242	6,526
Net assets		<u>140,344</u>	<u>221,732</u>
Capital and reserves			
Called up share capital	15	35,571	35,571
Profit and loss account		104,773	186,161
Total shareholders' funds		<u>140,344</u>	<u>221,732</u>

The notes on pages 18 to 42 are an integral part of these financial statements.

The financial statements for Westinghouse Electric UK Holdings Limited (registration number: 02458109) on pages 14 to 42 were approved by the Board of directors and authorised for issue on 8 September 2023.

They were signed on its behalf by:



Patrick Fragman

Director

Westinghouse Electric UK Holdings Limited

Statement of changes in equity For the year ended 31 December 2022

		Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
	Note			
At 1 January 2021		<u>35,571</u>	<u>204,158</u>	<u>239,729</u>
Loss for the financial year		-	(18,999)	(18,999)
Other comprehensive income / (expense):				
Actuarial gain on defined benefit pension scheme	14	-	1,336	1,336
Movement on deferred tax relating to pension scheme	11	-	(334)	(334)
Total comprehensive expense for the year		<u>-</u>	<u>(17,997)</u>	<u>(17,997)</u>
At 31 December 2021		<u>35,571</u>	<u>186,161</u>	<u>221,732</u>
Loss for the financial year		-	(77,337)	(77,337)
Other comprehensive (expense) / income:				
Actuarial loss on defined benefit pension scheme	14	-	(5,402)	(5,402)
Movement on deferred tax relating to pension scheme	11	-	1,351	1,351
Total comprehensive expense for the year		<u>-</u>	<u>(81,388)</u>	<u>(81,388)</u>
At 31 December 2022		<u>35,571</u>	<u>104,773</u>	<u>140,344</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements For the year ended 31 December 2022

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

The address of its registered office is:

Springfields

Salwick

Preston

Lancashire

PR4 0XJ

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 in accordance with the requirements of the Companies Act 2006 and 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 Corporation formerly Brookfield Asset Management Inc. incorporated in Canada) prepares publicly available consolidated financial statements in which the results of the company are consolidated (note 16).

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 Corporation (formerly Brookfield Asset Management Inc.). These financial statements present information about the company as an individual undertaking and not about its group.

The financial statements are prepared under the historical cost convention, except, where stated in the accounting policies, in accordance with applicable FRS 101.

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 the year 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 2022 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 listed disclosure exemptions. Where applicable equivalent disclosures have been given in the financial statements to which it is consolidated (note 16).

- 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 financial statements have not been presented;
- the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006;

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

2. Accounting policies (continued)

Summary of disclosure exemptions (continued)

- the requirements of IFRS 7 Financial Instruments: Disclosures, the categories of financial instrument and nature and extent of risks arising on these financial instruments have not been detailed;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement, the valuation techniques applied to assets and liabilities held at fair value have not been disclosed;
- the requirements of paragraph 10(f) of IAS 1 Presentation of Financial Statements, a third statement of financial position has not been given to reflect the change in accounting policy;
- the requirements of IAS 7 Statement of Cash flows, a statement of cash flows has not been presented;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, including the list of new IFRSs that have been issued but that have yet to be applied have not been disclosed;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Transactions, related party transactions between members of the group have not been disclosed; and
- the requirements of paragraphs 134(d)-(f) and 135(c)-(e) of IAS 36 Impairment of Assets, the valuation techniques and assumptions used for assets held at fair value less cost to sell categorised as Level 2 and Level 3 in accordance with IFRS 13 fair value hierarchy have not been disclosed.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives are described in the Strategic report on pages 2 to 6.

The company holds investments in various companies around the world and its main purpose is to manage the funding requirements of the EMEA group.

Each of the Business Units within the organisation produces a business plan on an annual basis. The business plan includes future sales, costs, profitability and cash flow for the business. The business plans are reviewed and approved by the Business Units and global senior management. Westinghouse does not produce business plans on a legal entity basis.

WEC LLC has access to an external ABL and RCF that it utilises to fund the Westinghouse group and it operates a Liquidity Funding Mechanism to provide funding to WEC Holdings and its subsidiaries. WEC Holdings has an intercompany loan agreement with WEC LLC that has a maximum borrowing limit of \$150 million. WEC Holdings and its subsidiaries have also received a letter of support from WEC LLC for the going concern period. WEC LLC has available funding capacity of 62.5% from its external facilities and liquid cash resources of \$139 million. As such there is significant capacity to support ongoing operations.

In addition to the letter of support received from WEC LLC, the Westinghouse group expects to perform in line with its business plan. The Westinghouse group will continue to generate positive EBITDA as well as cash from operations and WEC LLC will have significant liquidity available to support WEC Holdings and its subsidiaries if necessary which is expected to continue over the going concern period. The completion of the sale of Westinghouse to Brookfield Renewable Partners' and Cameco Corporation that will occur during the going concern period will not impact Westinghouse's credit agreements on the ABL and RCF.

WEC Holdings has provided a letter of support to its parent company, BWEH, and a number of its subsidiaries to support ongoing operations and to give comfort that it will settle any liabilities as they fall due if the companies are unable to do so.

Letters of support have been issued to direct subsidiary companies, WEC UK, WE Germany and WE Spain.

The directors have considered the performance of the Westinghouse group, including WEC Holdings, and they have determined the group has sufficient available funding and adequate resources to continue in operational existence for twelve months from signing. Accordingly, they continue to adopt the going concern basis for WEC Holdings in preparing the annual report and financial statements.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

2. Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

At each reporting date, the company determines whether there is objective evidence that the investment in the subsidiaries are impaired. If there is such evidence, the company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value, and then recognises the loss in the profit or loss.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

The determination of the recoverable amount of an investment in subsidiary involves use of estimates by management. The company uses discounted cashflow based methods applied to the cash-generating unit underlying the investment. These discounted cashflow calculations typically use five year projections that are based on the financial plans. Cashflows after the planning period are extrapolated using the growth rates. Key assumptions which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, discount rate and cash flow forecasts for future business generation. These estimates, including the methodology used, can have a material impact on the values and ultimately the amount of any investment impairment.

Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the cost of investment. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the investment in prior years.

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 other comprehensive income or directly in shareholders' funds.

The current tax expense 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.

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 liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. 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.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

2. Accounting policies (continued)

Current and deferred tax (continued)

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.

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 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 presented as interest income and expense.

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 years and to assess better trends in financial performance.

Post-retirement benefits

During the year the company participated in the Group Pension Scheme ("GPS") UAM/WEC section of the Combined Nuclear Pension Plan ("CNPP"), a defined benefit pension scheme which requires contributions to be made to a separately administered fund. On 26 May 2022 the CNPP Trustee and Nuclear Decommissioning Authority agreed a transfer of the Springfields 2 Section and GPS WEC Section from the CNPP. With effect from 1 July 2022, the company entered into new Pension arrangements with the Westinghouse Electric UK Pension Plan and the Westinghouse Electric UK DC Plan (part of the Aegon Master Trust). Employee benefit were unaffected by the transfer.

The cost of providing benefits under the plan is determined using the projected unit method, which attributes entitlement to benefits to the current year (to determine current service cost) and to the current and prior years (to determine the present value of defined benefit obligations ("DBO")) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting year or immediately if the benefits have vested.

When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

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

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the year in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

2. Accounting policies (continued)

Post-retirement benefits (continued)

Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the profit and loss account in the year in which they become payable.

Financial Instruments

Financial Assets

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulations or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the 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 foregoing, 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 instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

2. Accounting policies (continued)

Financial Instruments (continued)

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 year as to whether the financial instrument's credit risk has increased significantly. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company uses relevant factors (both quantitative and qualitative) based on the facts and circumstances specific to the financial asset. This is 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 twelve 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.

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.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

2. Accounting policies (continued)

Financial liabilities and equity (continued)

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 year. 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.

Derivative financial instruments

The company enters into a variety of derivative financial instruments via a back to back ISDA agreement with BWHI to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 12 and note 13.

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 after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

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.

Critical judgements in applying the company's accounting policies

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed as follows:

Estimated impairment of Investments in subsidiaries

In accordance with the accounting policy stated in note 2 and 10, the company periodically tests whether investment in subsidiaries have suffered any impairment. The company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value. The determination of the recoverable amount of an investment in a subsidiary involves use of estimates by management. Key assumptions which management has based its determination of fair value less costs to sell and value in use include, but are not limited to, estimated growth rates, discount rate and cash flow forecasts for future business generation.

Defined benefit scheme

The company has obligations to pay pension benefits to certain employees. The pension asset and post retirement liability are calculated in accordance with International Accounting Standard 19 Employee Benefits ("IAS 19"). The company is exposed to a number of risks relating to the Scheme, including assumptions not being borne out in practice. Some of the most significant risks are as follow, although the list is not exhaustive:

- **Asset volatility:** There is a risk that a fall in asset values is not matched by a corresponding reduction in the value placed on the Scheme's DBO. The Scheme holds a proportion of growth assets, which are expected to outperform corporate and government bond yields in the long-term, but gives exposure to volatility and risk in the short-term.
- **Change in bond yields:** A decrease in corporate bond yields will increase the value placed on the Scheme's DBO, although this will be partially offset by an increase in the value of the Scheme's corporate bond holdings.
- **Inflation risk:** The majority of the Scheme's DBO is linked to inflation, where higher inflation will lead to a higher value being placed on the DBO. Some of the Scheme's assets are either unaffected by inflation or loosely correlated with inflation (e.g. growth assets), meaning that an increase in inflation will generally increase the deficit.
- **Life expectancy:** An increase in life expectancy will lead to an increased value being placed on the Scheme's DBO. Future mortality rates cannot be predicted with certainty.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

4. Exceptional items

	31 December 2022 £ 000	31 December 2021 £ 000
Provision for doubtful recovery of receivables	(31,883)	-
Release provision for doubtful recovery of receivables	-	5,321
Restructuring costs	(293)	(1,088)
	<u>(32,176)</u>	<u>4,233</u>

A provision of £6,625,000 has been made in respect of a loan provided to WEC UK, compared to the prior year, where there was a partial release of the loan provision of £5,321,000. At 31 December 2022, provision for doubtful debts have been recognised for loan principal and interest provided to Mangiarotti S.p.A ("Mangiarotti") of £20,624,000 and for loan principal of £4,634,000 to Westinghouse Electric Canada Inc ("WE Canada").

The restructuring costs of £293,000 (2021: £1,088,000) relate to severance costs associated with employees of the company previously seconded to other group companies.

5. Operating loss

Operating loss has been arrived at after charging:

	31 December 2022 £ 000	31 December 2021 £ 000
Independent auditor's remuneration – audit of the company's financial statements	63	44
Other external and operating charge / (income)	601	(3,784)
Pension service costs (note 14)	616	1,038
Impairment / disposal of investments (note 10)	36,309	43,426
Exceptional item (note 4)	<u>32,176</u>	<u>(4,233)</u>

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

6. Directors' remuneration

All the directors' services are incurred through other group companies. The directors' do not receive any remuneration for their services to this entity. No compensation for loss of office was paid during the year.

7. Employee costs

WEC Holdings has 123 (2021: 119) employees. All employees are seconded to other group companies. Employment costs are reported in the companies the employee is providing the service to.

The average monthly number of employees seconded during the year by WEC Holdings was as follows:

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

7. Employee costs (continued)

	31 December 2022 No.	31 December 2021 No.
Employees seconded to Uranium Asset Management Limited	5	5
Employees seconded to WEC UK	64	50
Employees seconded to SFL	53	64
Employees seconded to Inspection Consultants Limited	1	0.2
	<u>123</u>	<u>119.2</u>

8. Interest and similar (expense) / income

Interest receivable and similar income:

	31 December 2022 £ 000	31 December 2021 £ 000
Interest receivable from subsidiary undertakings	2,316	1,396
Interest receivable from group undertaking	2,396	475
Interest income in respect of pension assets (note 14)	1,025	786
Other interest	-	1
Foreign exchange gains	-	15,305
	<u>5,737</u>	<u>17,963</u>

Interest payable and similar expense:

	31 December 2022 £ 000	31 December 2021 £ 000
Interest payable to subsidiary undertakings	(8,846)	(5,349)
Interest payable to group undertaking	(104)	(76)
Interest expense in respect of pension liabilities (note 14)	(895)	(704)
Bank charges	(4)	(36)
Other expenses payable	-	(4)
Foreign exchange losses	(4,059)	-
	<u>(13,908)</u>	<u>(6,169)</u>

Net interest income and expense:

	31 December 2022 £ 000	31 December 2021 £ 000
Interest receivable and similar income	5,737	17,963
Interest payable and similar expense	<u>(13,908)</u>	<u>(6,169)</u>
	<u>(8,171)</u>	<u>11,794</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

9. Income tax expense / (credit)

a) Tax included in profit and loss account

	31 December 2022 £ 000	31 December 2021 £ 000
Current tax:		
Group relief payable / (receivable)	280	(1,386)
Adjustment in respect of prior periods	302	1
Foreign taxation	31	100
Total current tax charge / (credit)	613	(1,285)
Deferred tax		
Origination and reversal of timing differences	393	1,143
Adjustments in respect of prior periods	(400)	22
Effect of tax rate change on opening balance	121	(633)
Total deferred tax charge	114	532
Tax on loss	727	(753)

b) Tax (income) / expense included in other comprehensive income

	31 December 2022 £ 000	31 December 2021 £ 000
Deferred tax:		
Origination and reversal of timing differences	(1,351)	334
Total tax (income) / expense included in other comprehensive income	(1,351)	334

c) Tax expense for the year is higher (2021: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

9. Income tax expense / (credit) (continued)

	31 December 2022 £ 000	31 December 2021 £ 000
Loss before taxation	(76,610)	(19,752)
Loss before taxation multiplied by the standard rate of tax in the UK of 19% (2021:19%)	(14,556)	(3,753)
Effects of:		
Income not taxable for tax purposes	(259)	(4,433)
Adjustments to brought forward values	-	337
Remeasurement of deferred tax – change in UK tax rate	121	(357)
Adjustments to tax charge in respect of prior periods	(98)	(5)
Other differences	10	(7)
Adjustments to losses	-	101
Group relief (recovered) / surrendered	(279)	1,386
Payment / (receipt) for group relief	279	(1,386)
Expenses not deductible for tax purposes	15,478	7,264
Foreign tax credits	-	40
Overseas interest and penalties paid	-	16
Withholding tax on dividend	31	44
Tax expense / (credit)	727	(753)

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.

At the balance sheet date, the company has unused tax losses of £9,711,255 (2021: £11,145,677) available for offset against future profits. A deferred tax asset has been recognised in respect of these losses.

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 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, the deferred tax asset and liability have been calculated based on a rate of 25% (note 11).

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

10. Investments

	Shares in Subsidiaries £ 000	Shares in Joint Venture £ 000	Total £ 000
Cost			
At 31 December 2021	659,138	9,186	668,324
Additions for the period	7,160	-	7,160
At 31 December 2022	666,298	9,186	675,484
Impairment			
At 31 December 2021	(241,984)	(627)	(242,611)
Charges for the period	(36,309)	-	(36,309)
Disposals for the period	-	-	-
At 31 December 2022	(278,293)	(627)	(278,920)
Carrying amount			
At 31 December 2021	417,154	8,559	425,713
At 31 December 2022	388,005	8,559	396,564

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

Name of direct subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			31 December 2022	31 December 2021
BHI Energy Canada ULC	Engineering, construction & maintenance services	1200 Bay Street, Suite 202, Toronto, ON M5R 2A5, Canada	100%	-%
KW Nuclear Components Co. LTD	Nuclear activities	9th Floor, Songam Building 246 Yangjae-daero Seocho-gu, Seoul 137-170	55%	55%
Mangiarotti S.p.A.	Nuclear activities	Via F. Petrarca 10 Z.I. Localita Pannellia 10, Sedegliano, Italy UD 33039	100%	100%
Springfields Fuels Limited	Nuclear activities	Springfields, Salwick, Preston PR4 0XJ Great Britain	100%	100%
Uranium Asset Management Limited	Nuclear activities	Springfields, Salwick, Preston PR4 0XJ Great Britain	100%	100%
Westhou Mexico S. de R.L de C.V.	Nuclear activities	101 Vito Alessio Robles, Ciudad De Mexico 001050, Mexico	99%	99%
Westinghouse Electric Belgium S.A.	Nuclear activities	Rue De L'Industrie 43 Nivelles, 1400 Belgium	99%	99%
Westinghouse Electric Canada Inc.	Nuclear activities	Canada Trust Tower, 161 Bay Street, 27th Floor, PO Box 508, Toronto, CA Canada	100%	100%

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

10. Investments (continued)

Name of direct subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			31 December 2022	31 December 2021
Westinghouse Electric Company (China) Co. LTD	Nuclear activities	28 Floor, Tower D, CITC 6A Jianguomenwai Avenue Beijing China	100%	100%
Westinghouse Electric Company UK Limited	Nuclear activities	Springfields, Salwick, Preston PR4 0XJ Great Britain	100%	100%
Westinghouse Electric Czech Republic s.r.o.	Nuclear activities	U Zeměpisného ústavu 505/1 Prague 6 –Bubeneč Czech Republic	99%	99%
Westinghouse Electric Germany GmbH	Nuclear activities	6 Dudenstrasse, Mannheim, Germany, DE68167	100%	100%
Westinghouse Electric India Private LTD	Nuclear activities	Hiranandani Gardens, Powai 402, Sigma, Technology Street Mumbai India	99%	99%
Westinghouse Electric Japan Limited	Nuclear activities	Tennozu First Tower 13F 2-2-4, Higashi Shinagawa Shinagawa-ku, Tokyo Japan	100%	100%
Westinghouse Electric Poland LLC	Global shared service centre	Zablocie 43b, 30-701 Kraków, Poland	100%	100%
Westinghouse Electric Spain, S.A.U.	Nuclear activities	Padilla 17, 3 Planta Madrid, 28006 Spain	100%	100%
Westinghouse Electric Sweden AB	Nuclear activities	Fredholmmsgatan 22, Vasteras, Sweden SE72163	100%	100%
Westinghouse Electrique France S.A.S	Nuclear activities	Parc de l'Océane-ZA de Courtaboeuf 9 - 9 Rue du Zéphyr 91140 Villejust	99.1%	99.1%
Westinghouse Technology Services S.A.	Nuclear activities	Padilla 17, 3 Planta Madrid, 28006 Spain	70%	70%
Westron	Nuclear activities	Volodymyrska Street 4, Kiev 01001, Ukraine	60%	60%
Joint Venture Undertakings	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			31 December 2022	31 December 2021
SNPTC-WEC Nuclear Power Tech. Services (Beijing) Company, LTD	Nuclear activities	Building 2, Compound No. 29, North Third Ring Road Xicheng District, Beijing 10029, China	50%	50%

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

10. Investments (continued)

The class of shares held in all subsidiaries is ordinary.

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

Name of indirect subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			31 December 2022	31 December 2021
Astare	Engineering services	Parc de l'Océane-ZA de Courtaboeuf 9 - 9 Rue du Zéphyr 91140 Villejust	100%	100%
ERSMA 2026 S.c.a.r.l.	Engineering services	Studio Morandini E Associati Srl, Via Flaminia, 79, 00196 Roma RM, Italy	45%	45%
Beijing Tecnatom Nuclear Power Safety Technology Services Company Limited	Engineering services	E-806 Sanlitun SOHO, No. 8 Gongti Beilu, 100027, Chaoyang District, Saint-Loup-de-Varennes, Beijing, China	45%	-%
Inspection Consultants Limited	Non-destructive testing services	Springfields, Salwick, Preston, PR4 0XJ, United Kingdom	100%	100%
Inspectores y Consultores Ibercal, S.L.U.	Engineering services	Carretera Ugarte Galindo s/n, 48510, Biscay, Spain	45%	-%
King Sweden AB	Electrical Equipment Manufacturing	c/o Westinghouse Electric Sweden AB, 721 63 Vasteras, Sweden	-%	100%
KONTEC Gessellschaft Fur Technische Kommunikation GmbH	Nuclear activities	Oudenstrasse 6, 68167 Mannheim, Germany	80%	80%
Medidas ambientales S.L.	Engineering services	Urbanizacion Villacomparada (Medina De Pomar), s/n, 09500, Medina De Pomar, Burgos, Spain	22.5%	-%
N.A. Engineering Associates Inc	Nuclear activities	Canada Trust Tower, 161 Bay Street, 27th Floor, PO Box 508, Toronto, CA, Canada	100%	100%
NA Geomatics Ltd	Land based solutions	Stratford Office, 107 Erie Street, Stratford, ON Canada, N5A 2M5	100%	100%
Springfields Segregated Assets Limited	Administer and hold segregated fund	Springfields, Salwick, Preston PR4 0XJ Great Britain	50%	50%

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

10. Investments (continued)

Name of indirect subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			31 December 2022	31 December 2021
Tecnatom do Brasil Engenharia e Servicos Ltda	Engineering services	Rua Senador Dantas 75 Centro, Rio de Janeiro, RJ 20031-204, Brazil	40.5%	-%
Tecnatom France S.A.S	Engineering services	1 Rue des Artisans, F-71240 Saint-Loup-de-Varennes, France	45%	-%
Tecnatom Mexico, S.A. de C.V.	Engineering services	23 De Noviembre PB 581 Veracruz, Veracruz 91910, Mexico	45%	-%
Tecnatom, S.A.	Engineering services	Avenue Montes do Oca 1, San Sebastian de los Reyes, Madrid 28703, Spain	45%	-%
Tecnatom S.A. Westinghouse Tech Services S.A. Enusa	Engineering services	Avenue Montes do Oca 1, San Sebastian de los Reyes, Madrid 28703, Spain	23.1%	33%
Tecnatom Servicios Técnicos y Consultoria, S.R.L.U	Engineering services	Avenue Montes do Oca 1, San Sebastian de los Reyes, Madrid 28703	45%	-%
Tecnatom UK Ltd	Engineering services	10 John Street, London WC1N 2EB	45%	-%
Tecnaton USA Corporation	Engineering services	212 South Tyron Street, Suite 1000, Charlotte, NC, USA	45%	-%
Wesdyne Sweden AB	Nuclear activities	Kemistvagen 5, Taby, Sweden, 183 22	100%	100%
Westinghouse Electric do Brasil LTDA	Nuclear activities	Rua do Russel 804, Suite 450, Gloria, Rio de Janeiro – RJ, Brazil, 22210-010	100%	100%
Westinghouse Electric Nuclear Field Services France	Engineering services	ZA Notre dame, 84430 Mondragon, France	100%	100%
Westinghouse Electric Ukraine AB	Nuclear activities	Fredholmsgatan 22, Vasteras, Sweden SE72163	100%	100%
Westinghouse Welding & Mechanics Solutions	Welding & mechanics solution centre	100 All Louis Lepine, 69970 Chaponnay, France	100%	100%

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

10. Investments (continued)

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

The value of investments decreased in the year by £29,149,000 to £396,564,000 (2021: £425,713,000) due to:

- An additional investment was made in one subsidiary company, Westinghouse Electric Company (China) Co. LTD £3,838,000.
- There was a full impairment of the investment held in Mangiarotti S.p.A of £20,778,000.
- There was a full impairment of the investment held in Westinghouse Electric Canada Inc. of £15,531,000.
- There were no disposals of investments during the year.
- There was one newly acquired investment during the year, BHI Energy Canada ULC, for £3,322,000.

To determine whether an impairment of the investments has taken place during the year the recoverable amount of each subsidiary was examined. The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five-year period. The projected cash flows have been updated to reflect the updated demand for products and services. The pre-tax discount rate applied to cash flow projections is 10.84% (2021: 8.03%) and cash flows beyond the five-year period are extrapolated using a 0.8% growth rate (2021: 1.1%). It was concluded that the fair value less costs of disposal exceeded the value in use. As a result of this analysis, management has recognised a total impairment charge in the current year of £36,309,000 (2021: £43,426,000).

11. Deferred tax asset

	31 December 2022 £ 000	31 December 2021 £ 000
Deferred tax assets due within 12 months	8	8
Total assets	8	8
Deferred tax assets due after 12 months	2,414	1,177
Total asset	2,414	1,177
Total deferred tax asset	2,422	1,185

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

11. Deferred tax asset (continued)

Deferred tax assets / (liabilities)	Tax losses £ 000	Pension provision £ 000	Corporate interest restriction £ 000	Derivatives £ 000	Total £ 000
At 1 January 2021	2,308	(837)	535	45	2,051
Charged / (credited) to the profit and loss account	479	(461)	(535)	(15)	(532)
Charged directly to other comprehensive expense	-	(334)	-	-	(334)
At 31 December 2021	2,787	(1,632)	-	30	1,185
Charged / (credited) to the profit and loss account	(360)	(28)	282	(8)	(114)
Credited directly to other comprehensive expense	-	1,351	-	-	1,351
At 31 December 2022	2,427	(309)	282	22	2,422

The company changed from preparing financial statements under UK GAAP to FRS 101 in the year to 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 asset.

The deferred tax asset arising on tax losses in WEC Holdings has been recognised on the basis that it is believed there will be sufficient group wide profits in future years to utilise these losses. As group companies are required to pay for any losses claimed from other entities WEC Holdings will be compensated for the losses through the group relief mechanism.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

12. Debtors

	31 December 2022 £ 000	31 December 2021 £ 000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings (net of provisions)	22,979	4,650
Amounts owed by group undertakings (net of provisions)	127,490	76,614
Derivative financial instruments	4,819	10,074
Other taxes	326	300
	<u>155,614</u>	<u>91,638</u>
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings (net of provisions)	25,817	29,926
Derivative financial instruments	-	1,020
	<u>25,817</u>	<u>30,946</u>
	<u>181,431</u>	<u>122,584</u>

Amounts owed by subsidiary and group undertakings disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Within amounts owed by subsidiary undertakings and group undertakings are several loans provided to WEC Holdings' European subsidiaries and its sister company WEC LLC, with an outstanding gross principal value of £163,010,000 (2021: £98,215,000) and outstanding gross accrued interest of £4,603,000 (2021: £1,268,000). The loans are repayable on demand and bear interest at an arm's length interest rate as agreed between the parties.

A provision for doubtful debt has been recorded in the year for the intercompany loan, to WEC UK for £6,625,000 (2021: provision release £5,321,000), which has resulted in a cumulative provision of £13,112,000 (2021: £6,284,000). In FY22 provision for doubtful debts have been recognised for loan principal and interest provided to Mangiarotti of £20,624,000 and for loan principal of £4,634,000 to WE Canada.

The remaining amounts owed by subsidiary and group undertakings due within one year is for corporate recharges of £6,180,000 (2021: £6,180,000), amounts payable to WEC Holding for the cash settlement of forward foreign exchange contracts of £nil (2021: £3,619,000), professional adviser fees recharged to group companies of £1,430,000 (2021: £263,000), group tax relief to SFL of £804,000 (2021: £1,386,000 to UAM) and a dividend declared by Westron £259,000 (2021: £259,000). These are repayable on demand and no interest is accrued on recharges.

The derivative financial instruments of £4,819,000 (2021: £11,094,000) is owed to BWHI for the mark to market fair value of hedge contracts, with £4,809,000 maturing in January 2023 and £10,000 in February 2023. They carry no interest. The company has a master netting agreement (ISDA agreement) with BWHI to enable back to back agreements to be put in place when BWHI enters into forward foreign exchange contracts with external banks.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

13. Creditors

	31 December 2022 £ 000	31 December 2021 £ 000
Amounts falling due within one year:		
Amounts owed to subsidiary undertakings	393,915	332,411
Amounts owed to group undertakings	45,147	2,468
Trade creditors	171	82
Derivative financial instruments	740	3,225
Accruals and deferred income	673	1,135
	<u>440,646</u>	<u>339,321</u>
Amounts falling due after more than one year:		
Amounts owed to subsidiary undertaking	<u>884</u>	<u>884</u>
	884	884
	<u>441,530</u>	<u>340,205</u>

Within amounts owed to subsidiary and group undertakings are several loans provided by WEC Holdings to WEC Holdings' European subsidiaries, WEC LLC and its parent company BWEH, with an outstanding principal value of £423,724,000 (2021: £326,874,000) and outstanding accrued interest of £11,861,000 (2021: £7,887,000). The loans are repayable on demand and bear interest at an arm's length interest rate as agreed between the parties.

The remaining amounts owed to subsidiary and group undertakings due within one year is for an amount of £3,322,000 (2021: £nil) owed to Bartlet Holdings LLC for the newly acquired investment in BHI Energy Canada ULC, professional adviser fees to SFL of £155,000 (2021: £nil) and £nil (2021: £118,000) severance costs owed to SFL which are repayable on demand.

An amount of £884,000 (2021: £884,000) owed to UAM for a prior year dividend in specie is repayable on demand but it is not expected to be repaid unless UAM is dissolved.

The derivative financial instruments of £740,000 (2021: £3,225,000) is owed to BWHI for the mark to market fair value of forward foreign exchange contracts, with £721,000 maturing in January 2023 and £19,000 maturing in February 2023. They carry no interest. The company has a master netting agreement (ISDA agreement) with BWHI to enable back to back agreements to be put in place when BWHI enters into forward foreign exchange contracts with external banks.

14. Pension asset

On 26 May 2022 the CNPP Trustee and Nuclear Decommissioning Authority agreed a transfer of the Springfields 2 Section and GPS WEC Section from the Combined Nuclear Pension Plan. With effect from 1 July 2022, the company entered into new Pension arrangements with the Westinghouse Electric UK Pension Plan and the Westinghouse Electric UK DC Plan (part of the Aegon Master Trust). Employee benefits were unaffected by the transfer.

Defined contribution pension scheme

The company has one defined contribution scheme and the payments are made from the companies which utilise their services, namely SFL, WEC UK and UAM. The payments are subsequently recharged back to WEC Holdings as it is the employing entity.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

14. Pension asset (continued)

Defined contribution pension scheme (continued)

	31 December 2022 £ 000	31 December 2021 £ 000
Westinghouse Electric UK DC Plan : GPS WEC Section		
Cost for the period	567	383

Westinghouse Electric UK Pension Plan GPS WEC Section

During the year the company participated in the Group Pension Scheme WEC section of the Combined Nuclear Pension Plan until 30 June 2022. From 1 July 2022 benefits were transferred and the company participated in new pension arrangements with the Westinghouse Electric UK Pension Plan GPS WEC Section ("WEUKPP GPS WEC"), both of which are defined benefit pension schemes that require contributions to be made to separately administered funds.

A full actuarial valuation of the WEC section was carried out at 31 December 2022 by a qualified independent actuary. Following this valuation the company's ordinary contribution rate reduced with effect from August 2023, from 47% of pensionable salaries to 28% representing regular contributions. In addition, to eliminate the deficit, the company will make monthly contributions of £292,000 from 1 January 2024 until 31 December 2025.

The company intends to monitor funding levels on a regular basis. The next valuation is due 31 December 2025.

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

The amounts recognised in the balance sheet are as follows:

	31 December 2022 £ 000	31 December 2021 £ 000
Equity instruments	6,644	9,376
Debt instruments	15,701	34,862
Real estate	908	4,688
Derivatives	4	-
Cash and cash equivalents	3,246	269
Other	2,025	4,688
Fair value of scheme assets	28,528	53,883
Present value of scheme liabilities	(27,286)	(47,357)
Defined benefit pension scheme surplus	1,242	6,526

All scheme assets have a quoted value in an active market, apart from £189,000 contained within other which do not.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

14. Pension asset (continued)

WEUKPP GPS WEC (continued)

Amounts recognised in the profit and loss account

	31 December 2022 £ 000	31 December 2021 £ 000
Amounts recognised in operating loss		
Current service cost	616	751
Past service cost – curtailments	-	287
Recognised in arriving at operating loss	<u>616</u>	<u>1,038</u>
Amounts recognised in interest and similar expense / (income)		
Interest income on pension scheme assets	(1,025)	(786)
Interest expense on defined benefit obligations	895	704
Net interest income	<u>(130)</u>	<u>(82)</u>
Defined benefit cost recognised in the profit and loss account	<u>486</u>	<u>956</u>

Amounts taken to the statement of comprehensive expense

	31 December 2022 £ 000	31 December 2021 £ 000
Actuarial loss due to experience on DBO	1,414	2
Actuarial (gain) / loss due to financial and demographic assumption changes in DBO	(22,494)	625
Return on plan assets less than / (greater) than discount rate	26,482	(1,963)
Total loss / (gain) recognised in the statement of comprehensive expense	<u>5,402</u>	<u>(1,336)</u>

Principal actuarial assumptions

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

	31 December 2022 %	31 December 2021 %
Discount rate	5.00	1.90
Rate of salary increase	2.00	2.00
Rate of retail price inflation	3.20	3.25
Rate of pension increases / deferred increases	<u>3.20</u>	<u>3.25</u>

Post retirement mortality assumptions

	31 December 2022 Years	31 December 2021 Years
Assumed life expectations on retirement at age 65:		
Current UK pensioners at retirement age (male / female)	20.8 / 24.0	21.2 / 23.5
Retiring in 15 years UK pensioners at retirement age (male / female)	<u>21.6 / 25.1</u>	<u>22.0 / 24.7</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

14. Pension asset (continued)

WEUKPP GPS WEC (continued)

Sensitivity analysis

The following table shows the sensitivity analysis of the significant actuarial assumptions as at 31 December 2022. Each specified assumption and any dependent assumption has been changed in isolation:

	Sensitivity analysis	Effect on defined benefit obligation
Discount rate – variation 1	0.1 % increase	-1.53 %
Discount rate – variation 2	0.1 % decrease	+1.56 %
Retail Price Index inflation – variation 1	0.1 % increase	+1.49 %
Retail Price Index inflation – variation 2	0.1 % decrease	-1.46 %
Mortality	Increase of 1 year in expected lifetime of plan participants	+2.98 %

Scheme liabilities

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

	31 December 2022 £ 000	31 December 2021 £ 000
Present value at start of the year	47,357	45,644
Current service cost	616	751
Past service cost - curtailments	-	287
Effects of changes in demographic assumptions	(2,236)	(101)
Effects of changes in liability experience	1,414	2
Effects of changes in financial assumptions	(20,258)	726
Interest expense	895	704
Benefits paid from plan assets	(535)	(732)
Participants' contribution	33	76
Present value at end of the year	<u>27,286</u>	<u>47,357</u>

The expected cash flow for employer contributions for the next 12 months is £645,000 (2021: £598,000). The weighted average duration of defined benefit obligation is 16 years (2021: 22 years).

Scheme assets

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

	31 December 2022 £ 000	31 December 2021 £ 000
Fair value at start of the year	53,883	50,047
Interest income	1,025	786
Return on plan assets (less than) / greater than discount rate	(26,482)	1,963
Employer contributions	604	1,743
Benefits paid from plan assets	(535)	(732)
Participants' contributions	33	76
Fair value at end of the year	<u>28,528</u>	<u>53,883</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2022

14. Pension asset (continued)

WEUKPP GPS WEC (continued)

Analysis of obligation

	31 December 2022 £ 000	31 December 2021 £ 000
Defined benefit obligation by status:		
Actives	6,600	13,578
Vested deferred	9,623	22,254
Retirees	11,063	11,525
	<u>27,286</u>	<u>47,357</u>

Actual return on plan assets

	31 December 2022 £ 000	31 December 2021 £ 000
Actual return on plan assets (less than) / greater than discount rate	<u>(25,457)</u>	<u>2,749</u>

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

15. Called up share capital

Authorised shares:

	31 December 2022 No.	31 December 2022 £ 000	31 December 2021 No.	31 December 2021 £ 000
Ordinary shares of £1 each	<u>35,571,122</u>	<u>35,571</u>	<u>35,571,122</u>	<u>35,571</u>

Allotted, called up and fully paid up shares:

	31 December 2022 No.	31 December 2022 £ 000	31 December 2021 No.	31 December 2021 £ 000
Ordinary shares of £1 each	<u>35,571,122</u>	<u>35,571</u>	<u>35,571,122</u>	<u>35,571</u>

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

16. Controlling party

WEC Holdings is a 100% owned subsidiary of BWEH. The ultimate parent and controlling party is Brookfield Corporation (formerly 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 WEC Holdings Sub-aggregator 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 Corporation (formerly 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 Corporation's (formerly Brookfield Asset Management Inc.'s) head office which is; 181 Bay Street, Suite 300, Brookfield Place, Toronto, Canada, M5J 2T3.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

17. Contingent liabilities

The company has contingent liabilities under the Companies Act 2006 Section 394 or 479.

The company is a guarantor for the ABL facility which provides funding to WEC LLC. WEC LLC has the capacity to borrow from the ABL to provide LFM loans to WEC Holdings and its subsidiaries. As at 31 December 2022 WEC LLC had \$150 million of outstanding borrowings under the ABL facility (2021: \$nil) and commitments for letters of credit of \$nil (2021: \$nil).

There is a contingent liability in respect of an unlimited guarantee provided to Barclays Bank Plc. This guarantee relates to a Cash Pool arrangement that includes subsidiary undertakings.

18. Post balance sheet events

On 9 June 2023, the company and some of its subsidiaries entered into a Cash Pool arrangement with an external bank. This will result in the cash settlement of LFM loans for those subsidiaries who are a party to the Cash Pool arrangement.

At 31 March 2023 WE Germany and WE Belgium had insolvent balance sheets under German and Belgium law.

On 26 June 2023, WEC Holdings provided a capital contribution of €16 million to WE Germany. On 28 June 2023 WE Belgium restored solvency by reducing share capital in issue of €8.3 million.

On 27 June 2023, WEC Holdings approved to waive loan principal and interest receivable from Mangiarotti, totalling EUR 27,789,873.39 on the understanding that the waived amount is transferred in Mangiarotti's accounts into a net equity reserve aimed at covering the Mangiarotti accrued losses as at 31 December 2022.

As of 25 August 2023, the WEUKPP GPS WEC section became de-sectionalised as a single section plan. Pension benefits are unaffected by this change and a revised combined Statement of Funding Principles and combined Recovery Plan have been put in place, superseding those signed as part of the valuation process. The WEUKPP GPS WEC section received guarantees from WEC LLC for each section which have been replaced with a single guarantee for the whole plan.

On 11 October 2022, Brookfield Corporation (formerly Brookfield Asset Management Inc.), the ultimate parent company, announced a consortium of Brookfield Renewable Partners' and Cameco Corporation, to acquire Westinghouse. The transaction is expected to close during the year ended 31 December 2023.

No other items requiring adjustment or disclosure have occurred between the 31 December 2022 reporting date and the date of authorisation.