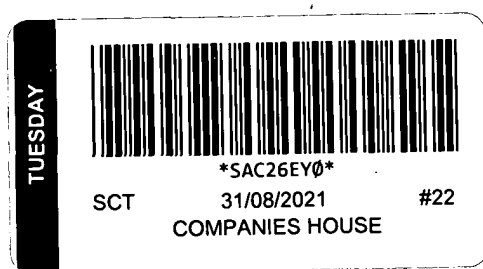


Registered number: 02458109

Westinghouse Electric UK Holdings Limited

Annual report and financial statements

for the year ended 31 December 2020



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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 Mark Weinberg Patrick Fragman Robert Card Ron Bloom William Transier
Company secretaries	Michael T Sweeney Richard Swanson
Registered office	Springfields Salwick Preston Lancashire PR4 0XJ United Kingdom
Independent auditors	Deloitte LLP The Hanover Building Corporation Street Manchester M4 4AH United Kingdom
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

Westinghouse Electric UK Holdings Limited

Strategic report

For the year ended 31 December 2020

The directors present their Strategic report for the financial year ended 31 December 2020.

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 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 and the ultimate parent company is Brookfield Asset Management Inc.

The borrowing requirements for EMEA are arranged by the Westinghouse Global Treasury Department and managed by Westinghouse Electric UK Holdings Limited ("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 2020 £ 000	31 December 2019 (restated *) £ 000
Operating profit for the financial year *	10,883	57,103
Profit for the financial year	5,778	56,299
Investments	422,841	310,130
Total shareholders' funds	239,729	234,776
Current assets to current liabilities ratio	0.29:1	0.69:1

An operating profit of £10,883,000 occurred in the year compared to a prior year operating profit of £57,103,000. The profit in the year was mainly attributable to dividends received from subsidiary companies of £13,814,000, the reversal of a prior year provision for doubtful recovery of receivables of £29,219,000, offset by operating expenses of £1,122,000, a provision for doubtful recovery of receivables of £1,434,000, restructuring costs of £89,000, the net disposal of investments of £1,400,000 and impairment charges of £28,105,000. Operating profit was restated for the prior year from £55,901,000 to £57,103,000 due to foreign exchanges losses of £1,202,000 being reclassified to interest receivable and similar income (note 8).

The company's net current liabilities position has increased by £114,921,000 to £207,663,000 (2019: £92,742,000) during the year, as a result of an increase in dividends receivable of £399,000 from Westron and corporate recharges due from Springfields Fuels Limited of £4,320,000. This was offset by a reduction in LFM loan receivables of £61,565,000 mainly due to a debt to equity conversion for a loan receivable from Westinghouse Electric France SAS, trade receivables of £330,000, cash at bank and in hand of £64,527,000, net tax receivables of £1,173,000 and LFM loan payables of £16,657,000. Amounts relating to trade payables and accruals of £15,000, corporate recharge payables to Westinghouse Electric Company LLC of £4,356,000, pension intercompany payables to subsidiary companies of £914,000 and amounts due to Brookfield WEC Holdings Inc. for the fair value of forward currency contracts that have been entered into on behalf of WEC Holdings of £3,417,000, increased during the year.

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 2020

Principal activities and fair review of the business (continued)

The value of investments increased in the year by £112,711,000 to £422,841,000 (2019: £310,130,000) due to:

- Additional investments made in the following subsidiary companies: Westinghouse Electrique France S.A.S £88,694,000, Mangiarotti S.p.A. £48,226,000 and Westinghouse Electric Canada Inc. £5,296,000 (note 10). The additional investments in Westinghouse Electrique France S.A.S and Mangiarotti S.p.A were as a result of LFM debt to equity transactions that were legally required to restore the balance sheet solvency.
- Impairment of investments in two subsidiary companies, Westinghouse Electric Company UK Limited £1,000,000 and Mangiarotti S.p.A £27,105,000 (note 10). As at 31 December 2019, WEC Holdings provided an LFM loan including interest to Mangiarotti S.p.A. amounting to £29,219,000. A provision for doubtful recovery of this debt was recognised in 2019. Pursuant to Italian law (namely, art. 2447 of the Italian Civil Code), Mangiarotti S.p.A. was required to recapitalise in 2020 to improve its net equity position. As at 30 June 2020 Mangiarotti S.p.A. had received an LFM loan of £48,226,000 which resulted in a reclassification to investments upon recapitalisation. WEC Holdings waived all its claims from Mangiarotti S.p.A. arising from the LFM agreement that WEC Holdings and Mangiarotti S.p.A had entered into on 1 August 2018. The provision for doubtful recovery of debt of £29,219,000 was released during the year (note 4). This was offset against the partial impairment of £27,105,000 of the new investment made during the year of £48,226,000.
- Disposals of the following investments: Westinghouse Electric (Asia) S.A., Zug £532,000 and Par-TZ Nuclear Company Limited £1,385,000 (note 10).
- Prior year impairments of the investment held in Westinghouse Electric (Asia) S.A., Zug of £517,000 were reversed when the company was disposed of (note 10).
- There were no newly acquired investments during the year.

Total shareholders' funds increased in the year to £239,729,000 (2019: £234,776,000) due to the profit generated in the financial year.

Results and dividends

The profit for the financial year amounted to £5,778,000 (2019: £56,299,000). During the year no dividend was paid (2019: £nil) and the directors do not recommend the payment of a dividend after the year end.

Principal risks and uncertainties

The company holds investments in various companies around the world (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 2020 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 foreign currency forward contracts with external banks on behalf of WEC Holdings.

As at 31 December 2020 there were 29 foreign currency forward contracts entered into by BWHI (2019: 14) with a fair value of £5,796,000 net liability (2019: £2,380,000 net liability) owed by WEC Holdings to BWHI (note 12 and note 13).

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

Strategic report (continued)

For the year ended 31 December 2020

Principal risks and uncertainties (continued)

The company has assessed the implications of the UK leaving the European Union (EU) on 31 January 2020. The main risks to the company are the impact on its UK subsidiaries and therefore the impact on the recoverability of the investments and their borrowing requirements. The risk is deemed low as there is headroom in the carrying value of the investments and the company and its subsidiaries produce robust forecast cash flows to monitor the situation. The company will continue to review the position.

The Coronavirus pandemic (COVID-19) has had minimal financial impact on the company, as it is non-trading, nor its subsidiaries due to the nature of their operations. However, this potentially could have an impact on dividends declared by the subsidiaries of WEC Holdings.

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

Westinghouse has taken decisive steps in its manufacturing and service centres, as well as its office locations, to protect its employees in their day to day roles. This includes the promotion of social distancing, reinforced good practices in personal hygiene, limiting possible individual exposure to COVID-19, limiting exposure to others by restricting site access, making changes to travel and shift patterns and introducing personal protective equipment and other measures for increased support. Office employees are completing their work from home to limit the potential exposure to employees who have an essential need to work on site.

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.

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.

Westinghouse Electric UK Holdings Limited

Strategic report (continued) For the year ended 31 December 2020

Section 172 statement (continued)

Governance training and policies (continued)

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.

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. In 2020, the Westinghouse global group appointed a global Chief Diversity Officer, who continues to facilitate best practices and foster 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 in conjunction with the annual business planning process. Pension contribution budgets are approved by the board through the approval of the annual business plan.

Westinghouse Electric UK Holdings Limited

Strategic report (continued)

For the year ended 31 December 2020

Section 172 statement (continued)

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.

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.

Principal decisions

During financial year 2020, the considerations outlined above were taken into account by the board in their deliberations around the following principal decisions:

- Approval of updated charters for the Audit Committee and Quality, Environmental, Health and Safety (QEHS) Committee with the goal of strengthening governance and oversight.
- Environmental, Social and Governance (ESG): the Company took actions to build out this area of the business, including the development of goals and a process for reporting results.
- The company decided to develop and execute a comprehensive enterprise readiness program with a focus on the following areas: governance, leadership team, enterprise predictability, transformation program, and business capabilities.
- The company remained focused on its COVID-19 response plan and moved forward with its diversity and inclusions efforts, including onboarding a Diversity Officer in September 2020.

Westinghouse Electric UK Holdings Limited

Strategic report (continued) For the year ended 31 December 2020

Section 172 statement (continued)

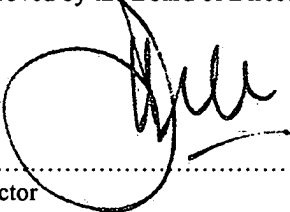
Principal decisions (continued)

- In relation to diversity, the company has taken the following actions: targeted communications highlighting diversity events, (ii) conversation forums for managers and employees, (iii) creation of a resource center; and (iv) emphasis on diverse candidate slates.
- The company adopted an updated conflicts of interests policy.
- Two Ethics & Compliance mandatory training courses for employees were established in 2020: the Global Ethics Code and Anti-Bribery and Corruption.
- Comprehensive nuclear safety training was provided to the Directors in 2020.

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.

Approved by the Board of Directors on 27 August 2021 and signed on its behalf by:



.....
Director

Patrick Fragman

Westinghouse Electric UK Holdings Limited

Directors' report

For the year ended 31 December 2020

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditors' report, for the year ended 31 December 2020.

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 (appointed 5 May 2020)
Mark Blinn
Mark Weinberg
Patrick Fragman
Richard Legault (resigned 13 August 2020)
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 7. 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 foreign currency contracts with external providers on behalf of WEC Holdings. As at 31 December 2020 there were 29 outstanding foreign currency contracts entered into by BWHI (2019: 14) with a fair value of £5,796,000 net liability owed by WEC Holdings to BWHI (2019: £2,380,000) (note 12 and note 13).

The company has foreign currency loans and bank balances as at 31 December 2020 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.

Liquidity risk

The company operates independent bank accounts locally and has external borrowing available through Westinghouse LLC's ABL and RCF facility, and funding from intercompany loans, that it can lend onwards through the LFM arrangement to WEC Holdings and its subsidiaries. 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.

Westinghouse Electric UK Holdings Limited

Directors' report (continued) For the year ended 31 December 2020

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 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 (2019: £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, one of its direct investments, Springfields Fuels Ltd ("SFL"), meets the requirement to report. Further information can be obtained from SFL's Annual report and financial statements for the year ended 31 December 2020.

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 7.

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 over 80% from its external facilities and liquid cash resources of over \$170 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 despite COVID pressures in 2021. 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.

Westinghouse Electric UK Holdings Limited

Directors' report (continued) For the year ended 31 December 2020

Going concern (continued)

WEC Holdings has provided a letter of support to its parent company, Brookfield WEC EMEA Holdings Ltd, 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 and indirect subsidiary companies, Westinghouse Electric Germany GmbH, Westinghouse Electric Belgium S.A., Westinghouse Electrique France S.A.S, Westinghouse Electric Company UK Limited and Inspection Consultants Limited.

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 12 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

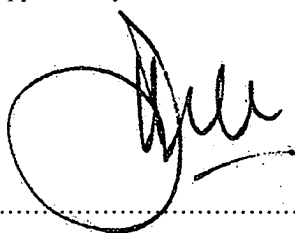
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 27 August 2021 and signed on its behalf by:



Director

Patrick Fragman

Westinghouse Electric UK Holdings Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic report, Directors' 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 year. In preparing these financial statements, the directors are required to:

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

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

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

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

Westinghouse Electric UK Holdings Limited

Independent auditors' 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 2020 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 total comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) in conformity with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Westinghouse Electric UK Holdings Limited

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements 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 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 auditors' 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

Date 30 August 2021

Westinghouse Electric UK Holdings Limited

Profit and loss account For the year ended 31 December 2020

		31 December 2020	31 December 2019 (restated *)
		£ 000	£ 000
	Note		
Income from shares in group undertakings		13,814	171,019
Other operating expenses *		(1,122)	(1,607)
Disposal / impairment of investments	10	(29,505)	(71,798)
Exceptional items	4	27,696	(40,511)
Operating profit *	5	10,883	57,103
Interest and similar expense *	8	(5,530)	(1,599)
Profit before taxation		5,353	55,504
Income tax credit	9	425	795
Profit for the financial year		5,778	56,299

The above results were derived from continuing operations.

Westinghouse Electric UK Holdings Limited

Statement of comprehensive income For the year ended 31 December 2020

		31 December 2020 £ 000	31 December 2019 £ 000
	Note		
Profit for the financial year		<u>5,778</u>	<u>56,299</u>
Other comprehensive (expense) / income:			
Items that may subsequently be reclassified to profit or loss:			
Actuarial (loss) / gain recognised on defined benefit pension scheme	14	(1,018)	131
Movement in deferred tax relating to pension asset	11	193	(22)
Total other comprehensive (expense) / income for the year net of tax		<u>(825)</u>	<u>109</u>
Total comprehensive income for the year		<u>4,953</u>	<u>56,408</u>

Westinghouse Electric UK Holdings Limited

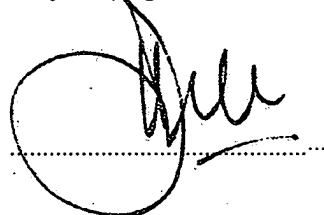
Balance sheet As at 31 December 2020

		31 December 2020	31 December 2019 (restated *)
	Note	£ 000	£ 000
Non-current assets			
Investments	10	422,841	310,130
Deferred tax asset	11	2,051	1,202
Debtors: amounts falling due after more than one year *	12	18,097	12,620
Total non-current assets *		442,989	323,952
Current assets			
Debtors *	12	44,200	101,052
Cash at bank and in hand		39,664	104,189
Total current assets *		83,864	205,241
Creditors: amounts falling due within one year	13	(291,527)	(297,983)
Net current liabilities		(207,663)	(92,742)
Net assets excluding pension asset		235,326	231,210
Pension asset	14	4,403	3,566
Net assets		239,729	234,776
Capital and reserves			
Called up share capital	15	35,571	35,571
Profit and loss account		204,158	199,205
Total shareholders' funds		239,729	234,776

The notes on pages 19 to 39 are an integral part of these financial statements.

The financial statements for Westinghouse Electric UK Holdings Limited (registration number: 02458109) on pages 15 to 39 were approved by the Board of directors and authorised for issue on 27 August 2021.

They were signed on its behalf by:



Director

Patrick Fragman

Westinghouse Electric UK Holdings Limited

Statement of changes in equity For the year ended 31 December 2020

		Called up share capital £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
	Note			
At 1 January 2019		<u>35,571</u>	<u>142,797</u>	<u>178,368</u>
Profit for the financial year		-	56,299	56,299
Other comprehensive income / (expense):				
Actuarial gain on defined benefit pension scheme	14	-	131	131
Movement on deferred tax relating to pension deficit	11	-	(22)	(22)
Total comprehensive income for the year		<u>-</u>	<u>56,408</u>	<u>56,408</u>
At 31 December 2019		<u>35,571</u>	<u>199,205</u>	<u>234,776</u>
Profit for the financial year		-	5,778	5,778
Other comprehensive income / (expense):				
Actuarial loss on defined benefit pension scheme	14	-	(1,018)	(1,018)
Movement on deferred tax relating to pension deficit	11	-	193	193
Total comprehensive income for the year		<u>-</u>	<u>4,953</u>	<u>4,953</u>
At 31 December 2020		<u>35,571</u>	<u>204,158</u>	<u>239,729</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements For the year ended 31 December 2020

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 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 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 2020 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 2020

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 7.

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 over 80% from its external facilities and liquid cash resources of over \$170 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 despite COVID pressures in 2021. 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.

WEC Holdings has provided a letter of support to its parent company, Brookfield WEC EMEA Holdings Ltd, 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 and indirect subsidiary companies, Westinghouse Electric Germany GmbH, Westinghouse Electric Belgium S.A., Westinghouse Electrique France S.A.S, Westinghouse Electric Company UK Limited and Inspection Consultants Limited.

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 12 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 2020

2. Accounting policies (continued)

Current and deferred tax

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

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

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

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

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

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. Exchange differences are 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 UAM/WEC section of the Combined Nuclear Pension Plan (CNPP), a defined benefit pension scheme which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the CNPP is determined using the projected unit method, which attributes entitlement to benefits to the current 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.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

2. Accounting policies (continued)

Post-retirement benefits (continued)

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. 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.

Investments and other financial assets

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

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

Classification of financial assets

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

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

2. Accounting policies (continued)

Investments and other financial assets (continued)

Classification of financial assets (continued)

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.

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 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised as the proceeds received, net of direct issue costs.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

2. Accounting policies (continued)

Equity instruments (continued)

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.

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 recognised in the financial statements.

Key sources of estimation uncertainty

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

Estimated impairment of financial assets

In accordance with the accounting policy stated in note 2, the company periodically tests whether investments and other financial assets have suffered any impairment or expected credit loss. The recoverable amounts of cash generating units have been determined based on value-in-use calculations and these calculations require the use of estimates. The assumptions on which impairment testing is based include, but are not limited to, discount rate, terminal growth 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 cost of these benefits and the present value of the obligation is sensitive to a number of factors, including life expectancy, salary increases, asset valuations and a discount rate based on inflation. See note 14 for the disclosures relating to the defined benefit pension scheme.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

4. Exceptional items

	31 December 2020 £ 000	31 December 2019 £ 000
Provision for doubtful recovery of receivables	(1,434)	(39,390)
Release provision for doubtful recovery of receivables	29,219	-
Restructuring costs	(89)	(1,121)
	<u>27,696</u>	<u>(40,511)</u>

In the prior year a provision was made for the possible non-recovery of two intercompany loans provided to WEC Holdings subsidiaries: Mangiarotti S.p.A. for EUR 34,000,000 plus interest of EUR 362,000 (totaling £29,219,000) and Westinghouse Electric Company UK Limited ("WEC UK") for £10,100,000 plus interest of £71,000 (totaling £10,171,000).

Pursuant to Italian law (namely, art. 2447 of the Italian Civil Code), Mangiarotti S.p.A. was required to recapitalise in 2020 to improve its net equity position. This resulted in WEC Holdings waiving all its claims from Mangiarotti S.p.A. arising from the LFM agreement that WEC Holdings and Mangiarotti S.p.A. had entered into on 1 August 2018. The provision for doubtful recovery of debt of £29,219,000 was released during the year.

A further provision of £1,434,000 was made in respect of the WEC UK loan.

The restructuring costs of £89,000 (2019: £1,121,000) relate to severance costs associated with employees of the company previously seconded to other group companies.

5. Operating profit

Operating profit has been arrived at after charging:

	31 December 2020 £ 000	31 December 2019 (restated *) £ 000
Independent auditors' remuneration – audit of the company's financial statements	75	54
Other external and operating charges	537	379
Pension service costs (note 14)	5105	1,174
Foreign exchange losses *	-	-
Impairment / disposal of investments (note 10)	29,505	71,798
Exceptional item (note 4)	<u>(27,696)</u>	<u>40,511</u>

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

Foreign exchange losses of £1,202,000 reported in 2019 have been restated and offset against foreign exchange gains reported in interest receivable and similar income (note 8).

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.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

7. Employee costs

WEC Holdings has 104 (2019: 40) employees. All employees are seconded to other group companies.

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

	31 December 2020 No.	31 December 2019 No.
Employees seconded to Uranium Asset Management Limited	5	5
Employees seconded to Westinghouse Electric Company UK Limited	41	35
Employees seconded to Springfields Fuels Limited	39	-
Employees seconded to Inspection Consultants Limited	19	-
	<u>104</u>	<u>40</u>

8. Interest and similar expense

Interest receivable and similar income:

	31 December 2020 £ 000	31 December 2019 (restated *) £ 000
Interest receivable from group undertakings	3,216	3,031
Interest income in respect of pension assets (note 14)	944	1,224
Bank interest	-	16
Other interest	105	7
Foreign exchange gains *	-	884
	<u>4,265</u>	<u>5,162</u>

Interest payable and similar expense:

	31 December 2020 £ 000	31 December 2019 £ 000
Interest payable to group undertakings	(5,899)	(5,495)
Interest expense in respect of pension assets (note 14)	(859)	(1,109)
Bank charges	(3)	(157)
Other expenses payable	(40)	-
Foreign exchange losses	(2,994)	-
	<u>(9,795)</u>	<u>(6,761)</u>

Net interest income and expense:

	31 December 2020 £ 000	31 December 2019 (restated *) £ 000
Interest receivable and similar income *	4,265	5,162
Interest payable and similar expense	<u>(9,795)</u>	<u>(6,761)</u>
	<u>(5,530)</u>	<u>(1,599)</u>

Foreign exchange losses of £1,202,000 reported in operating expenses in 2019 (note 5) have been restated and offset against foreign exchange gains reported in interest receivable and similar income.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

9. Income tax credit

a) Tax included in profit and loss account

	31 December 2020 £ 000	31 December 2019 £ 000
Current tax:		
UK corporation tax on profit for the year	-	(792)
Adjustment in respect of prior periods	39	149
Withholding tax on dividends	192	-
Total current tax	231	(643)
Deferred tax		
Origination and reversal of timing differences	(487)	41
Adjustments in respect of prior periods	(30)	(193)
Effect of tax rate change on opening balance	(139)	-
Total deferred tax	(656)	(152)
Tax on profit	(425)	(795)

b) Tax income included in other comprehensive income

	31 December 2020 £ 000	31 December 2019 £ 000
Deferred tax:		
Origination and reversal of timing differences	(193)	22
Total tax expense included in other comprehensive income	(193)	22

c) Tax charge for the year is lower (2019: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below:

	31 December 2020 £ 000	31 December 2019 £ 000
Profit before taxation	5,353	55,504
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	1,017	10,546
Effects of:		
Income not taxable for tax purposes	(8,205)	(32,503)
Remeasurement of deferred tax – change in UK tax rate	(139)	(4)
Adjustments to tax charge in respect of prior periods	8	(45)
Expenses not deductible for tax purposes	6,702	21,211
Withholding tax on dividend	192	-
Tax credit	(425)	(795)

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.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

9. Income tax credit (continued)

Factors that may affect future tax charges

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly.

The deferred tax asset at 31 December 2020 has been calculated at 19% (2019: 17%) (note 11).

The UK Budget on 3 March 2021 included an announcement that the corporation tax rate will increase to 25% from 1 April 2023 for certain companies. This increase has not yet been substantively enacted.

Under IAS 12 Income taxes, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date. Consequently, deferred tax will continue to be calculated at 19% until the 25% tax rate has been substantively enacted, which is expected to occur during the Summer of 2021. In the meantime, the 25% tax rate announcement is a non-adjusting post balance sheet event.

10. Investments

	Shares in Subsidiaries £ 000	Shares in Joint Venture £ 000	Total £ 000
Cost			
At 31 December 2019	471,156	10,571	481,727
Additions for the period	142,216	-	142,216
Disposals for the period	(532)	(1,385)	(1,917)
At 31 December 2020	612,840	9,186	622,026
Impairment			
At 31 December 2019	(170,970)	(627)	(171,597)
Charges for the period	(28,105)	-	(28,105)
Disposals for the period	517	-	517
At 31 December 2020	(198,558)	(627)	(199,185)
Carrying amount			
At 31 December 2019	300,186	9,944	310,130
At 31 December 2020	414,282	8,559	422,841

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 2020	31 December 2019
KW Nuclear Components Co. LTD	Nuclear activities	9th Floor, Songam Building 246 Yangjae-daero Seocho-gu, Seoul 137-170	55%	55%	55%
Mangiarotti S.p.A.	Nuclear activities	Via F. Petrarca 10 Z.I. Localito Pannellia 10, Sedegliano, Italy UD 33039	100%	100%	100%

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

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 2020	31 December 2019
Par-TZ Nuclear Company Limited	Nuclear activities	88 Shangzhuang Street, Waliu Road Taiyuan, Wanbailin District China	-%	51%
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%
WEC Acquisitions Limited	Holding company for European entity	Springfields, Salwick, Preston PR4 0XJ Great Britain	-%	100%
Westinghouse Electric (Asia) S.A., Zug	Holding company - customer sales	C/o Schlumpf & Partner Treuhand AG Bahnhofstrasse Switzerland	-%	100%
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 Company (China) Limited	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 Limited	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 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 Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

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 2020	31 December 2019
Westinghouse Electrique France S.A.S	Nucléar activities	86 Rue De Paris - BÂT Sequoia - BP7 Orsay Cedex France	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 2020	31 December 2019
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%

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/period 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 2020	31 December 2019
Advance Uranium Asset Management Limited	Nuclear activities	Springfields, Salwick, Preston, PR4 0XJ, United Kingdom	100%	40%
Astare	Engineering services	86 Rue De Paris - BAT Sequoia - BP7 Orsay Cedex France	100%	100%
HTR GmbH	Nuclear activities	Oudenstrasse 6, 68167 Mannheim, Germany	50%	50%
Inspection Consultants Limited	Non-destructive testing services	Springfields, Salwick, Preston, PR4 0XJ, United Kingdom	100%	100%

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

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 2020	31 December 2019
KONTEC Gesellschaft Fur Technische Kommunikation mbH	Nuclear activities	Oudenstrasse 6, 68167 Mannheim, Germany	80%	80%
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%	-%
Springfields Segregated Assets Limited	Administer and hold segregated fund	Springfields, Salwick, Preston PR4 0XJ Great Britain	50%	50%
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 Ukraine AB	Nuclear activities	Fredholmmsgatan 22, Vasteras, Sweden SE72163	100%	100%
Westinghouse Nuclear Field Services France SAS	Engineering services	ZA Notre dame, 84430 Mondragon, France	100%	-%

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

- The value of investments increased in the year by £112,711,000 to £422,841,000 (2019: £310,130,000) due to:
- Additional investments made in the following subsidiary companies: Westinghouse Electrique France S.A.S £88,694,000, Mangiarotti S.p.A. £48,226,000 and Westinghouse Electric Canada Inc. £5,296,000 (note 10). The additional investments in Westinghouse Electrique France S.A.S and Mangiarotti S.p.A were as a result of LFM debt to equity transactions that were legally required to restore the balance sheet solvency for these companies.
- Impairment of investments in two subsidiary companies, Westinghouse Electric Company UK Limited £1,000,000 and Mangiarotti S.p.A £27,105,000. As at 31 December 2019, WEC Holdings provided an LFM loan including interest to Mangiarotti S.p.A. amounting to £29,219,000. A provision for doubtful recovery of this debt was recognised in 2019. Pursuant to Italian law (namely, art. 2447 of the Italian Civil Code), Mangiarotti S.p.A. was required to recapitalise in 2020 to improve its net equity position. As at 30 June 2020 Mangiarotti S.p.A. had received an LFM loan of £48,226,000 which resulted in a reclassification to investments upon recapitalisation. WEC Holdings waived all its claims from Mangiarotti S.p.A. arising from the LFM agreement that WEC Holdings and Mangiarotti S.p.A had entered into on 1 August 2018. The provision for doubtful recovery of debt of £29,219,000 was released during the year (note 4). This was offset against the partial impairment of £27,105,000 of the new investment made during the year of £48,226,000.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

10. Investments (continued)

- Disposals of the following investments: Westinghouse Electric (Asia) S.A., Zug £532,000 and Par-TZ Nuclear Company Limited £1,385,000 (note 10).
- There was no newly acquired investments during the year.

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 9.89% (2019: 8.02%) and cash flows beyond the five-year period are extrapolated using a 1.2% growth rate (2019: 1.5%). 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 £28,105,000 (2019: £nil).

The company has assessed the implications of the UK leaving the EU on the 31 January 2020 and these are detailed in Principal risks and uncertainties section in the Strategic report on page 4.

11. Deferred tax asset

	31 December 2020 £ 000	31 December 2019 £ 000
Deferred tax liabilities due within 12 months	(303)	(8)
Total liability	<u>(303)</u>	<u>(8)</u>
Deferred tax assets due after 12 months	2,354	1,210
Total asset	<u>2,354</u>	<u>1,210</u>
Total deferred tax asset	<u>2,051</u>	<u>1,202</u>

Deferred tax assets / (liabilities)	Tax losses £ 000	Pension provision £ 000	Corporate interest restriction £ 000	Derivatives £ 000	Total £ 000
At 1 January 2019	1,257	(550)	304	61	1,072
Charged / (credited) to the profit and loss account	19	(34)	175	(8)	152
Credited directly to other comprehensive income	-	(22)	-	-	(22)
At 31 December 2019	1,276	(606)	479	53	1,202
Charged / (credited) to the profit and loss account	1,032	(424)	56	(8)	656
Charged directly to other comprehensive income	-	193	-	-	193
At 31 December 2020	2,308	(837)	535	45	2,051

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

11. Deferred tax asset (continued)

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 liability.

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.

12. Debtors

	31 December 2020 £ 000	31 December 2019 (restated *) £ 000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings (net of provisions) *	32,284	100,299
Amounts owed by group undertakings (net of provisions) *	11,856	-
Corporation tax	60	115
Other taxes	-	638
	<u>44,200</u>	<u>101,052</u>
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings (net of provisions) *	17,981	12,582
Amounts owed by group undertakings (net of provisions) *	116	38
	<u>18,097</u>	<u>12,620</u>
	<u>62,297</u>	<u>113,672</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 principle value of £41,151,000 (2019: £125,053,000) and outstanding gross accrued interest of £946,000 (2019: £996,000). These are repayable on demand. An additional provision for doubtful debt has been made in the year for one (2019: two) of the intercompany loans, to Westinghouse Electric Company UK Limited for £1,434,000, which has resulted in a cumulative provision of £11,605,000 (2019: £39,390,000). In 2019 a provision for doubtful debt was recorded for the loan provided to Mangiarotti S.p.A. for £29,219,000. This provision was released during the year. In the prior year a loan was provided to Westinghouse Electrique France S.A.S. for €6,800,000 (£5,815,000) that was converted from debt to equity during the year.

The remaining amounts owed by subsidiary and group undertakings due within one year is for intercompany recharges £29,114,000 (2019: £25,046,000), group tax relief £759,000 (2019: £1,214,000) and a dividend declared by Westron £399,000 (2019: £nil). These are repayable on demand and no interest is accrued on recharges.

Included within amounts owed by group undertakings is the fair value of foreign currency forward contracts of £1,473,000 entered into on WEC Holdings behalf by Brookfield WEC Holdings Inc. (2019: £nil).

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

13. Creditors: amounts falling due within one year

	31 December 2020 £ 000	31 December 2019 £ 000
Amounts owed to subsidiary undertakings	269,109	249,928
Amounts owed to group undertakings	22,176	47,854
Trade creditors	12	-
Accruals and deferred income	204	201
Other taxation and social security	26	-
	<u>291,527</u>	<u>297,983</u>

Within amounts owed to subsidiary undertakings are several loans provided by WEC Holdings' European subsidiaries to WEC Holdings with an outstanding principle value of £261,560,000 (2019: £241,460,000) and outstanding accrued interest of £2,970,000 (2019: £4,480,000). Also included is £884,000 (2019: £884,000) owed to Uranium Asset Management Limited for a prior year dividend in specie, £3,695,000 (2019: £2,774,000) owed for defined benefit pension contributions, £nil (2019: £8,000) owed to Westinghouse Electric Canada Inc. for share capital and £nil (2019: £322,000) owed to Westinghouse Electric Company UK Limited for severance pay. All the above are repayable on demand.

Within amounts owed to group undertaking are loans with an outstanding principle value of \$nil (£nil) (2019: \$47,989,000 (£36,310,000)) and outstanding accrued interest of \$3,229,000 (£2,365,000) (2019: \$1,718,000 (£1,300,000)) and £12,542,000 (2019: £7,864,000) is owed to WEC LLC for corporate overheads. These are repayable on demand.

Included within amounts owed to group undertakings is the fair value of foreign currency forward contracts of £7,269,000 entered into on WEC Holdings behalf by Brookfield WEC Holdings Inc. (2019: £2,380,000).

14. Pension asset

Defined contribution pension schemes

The company has one defined contribution scheme and the payments are made from the companies which utilise their services, namely Springfields Fuels Limited, Westinghouse Electric Company UK Limited, Advance Uranium Asset Management Limited and Uranium Asset Management Limited. The payments are subsequently recharged back to Westinghouse Electric UK Holdings Limited as it is the employing entity.

The Group Pension Scheme (GPS)

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

A full actuarial valuation of the UAM/WEC section was carried out at 31 March 2019 and the company's share of assets and liabilities updated to 31 December 2020 by a qualified independent actuary. The company's ordinary contributions rate increased to 39.2%, with effect from 1 April 2019 to 30 June 2020 and to 47.0% from 1 July 2020, representing regular contributions. In addition the company will contribute an additional one off lump sum of £200,000 to cover the 15 month underpayment reflecting the difference between employer contributions from 1 April 2019 to 30 June 2020. To eliminate the deficit to 31 March 2023, the company will also make monthly contributions of £354,000 per month for the period from 1 October 2020 to 31 March 2021. The company intends to monitor funding levels on a regular basis. The next valuation is due 31 March 2022.

The pension scheme is monitored independently by trustees elected by the members of the pension scheme.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

14. Pension asset (continued)

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

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

The Group Pension Scheme (GPS) (continued)

	31 December 2020 £ 000	31 December 2019 £ 000
Equity instruments	11,411	10,824
Debt instruments	31,630	28,865
Real estate	2,552	2,375
Cash and cash equivalents	951	274
Other	3,503	3,334
Fair value of scheme assets	50,047	45,672
Present value of scheme liabilities	(45,644)	(42,106)
Defined benefit pension scheme surplus	4,403	3,566

All scheme assets have a quoted value in an active market.

Amounts recognised in the profit and loss account

	31 December 2020 £ 000	31 December 2019 £ 000
Amounts recognised in operating profit		
Current service cost	671	860
Past service cost – plan amendments	(161)	-
Past service cost – curtailments	-	314
Recognised in arriving at operating loss	510	1,174
Amounts recognised in interest and similar expense		
Interest income on pension scheme assets	(944)	(1,224)
Interest expense on defined benefit obligations	859	1,109
Net interest income	(85)	(115)
Defined benefit cost recognised in the profit and loss account	425	1,059

Amounts taken to the statement of comprehensive income

	31 December 2020 £ 000	31 December 2019 £ 000
Effects of changes in liability experience	811	505
Effects of changes in financial assumptions	3,744	2,750
Return on plan assets, excluding amounts included in interest expense	(3,537)	(3,386)
Total re-measurement recognised in the statement of comprehensive income	1,018	(131)

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:

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

14. Pension asset (continued)

The Group Pension Scheme (GPS) (continued)

	31 December 2020 %	31 December 2019 %
Discount rate	1.55	2.05
Rate of salary increase	1.70	1.85
Rate of price inflation	2.80	2.85
Rate of pension increases / deferred increases	2.80	2.85

Post retirement mortality assumptions

	31 December 2020 Years	31 December 2019 Years
Assumed life expectations on retirement at age 65:		
Current UK pensioners at retirement age (male / female)	21.2 / 23.5	21.5 / 23.4
Retiring in 20 years UK pensioners at retirement age (male / female)	22.1 / 24.6	22.8 / 24.9

Sensitivity analysis

The following table shows a sensitivity analysis of the significant actuarial assumptions as at 31 December 2020:

	Sensitivity analysis	Effect on defined benefit obligation
Discount rate	0.1 % increase	-2.2 %
Discount rate	0.1 % decrease	+2.2 %
Retail Price Index inflation	0.1 % increase	+2.2 %
Retail Price Index inflation	0.1 % decrease	-2.1 %
Mortality	Increase of 1 year in expected lifetime of plan participants	+3.7 %

Scheme liabilities

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

	31 December 2020 £ 000	31 December 2019 £ 000
Present value at start of the year	42,106	38,417
Current service cost	671	860
Past service cost – plan amendments	(161)	-
Past service cost - curtailments	-	314
Effects of changes in demographic assumptions	(607)	(777)
Effects of changes in liability experience	811	505
Effects of changes in financial assumptions	4,351	3,527
Interest expense	859	1,109
Benefits paid from plan assets	(2,462)	(1,942)
Participants' contribution	76	93
Present value at end of the year	45,644	42,106

The expected cash flow for employer contributions for the next 12 months is £1,771,000 (2019: £1,136,000). The weighted average duration of defined benefit obligation is 22 years (2019: 21 years).

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

14. Pension asset (continued)

The Group Pension Scheme (GPS) (continued)

Scheme assets

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

	31 December 2020 £ 000	31 December 2019 £ 000
Fair value at start of the year	45,672	41,654
Interest income	944	1,224
Return on plan assets, excluding amounts included in interest income	3,537	3,386
Employer contributions	2,280	1,257
Benefits paid from plan assets	(2,462)	(1,942)
Participants' contributions	76	93
Fair value at end of the year	<u>50,047</u>	<u>45,672</u>

Analysis of obligation

	31 December 2020 £ 000	31 December 2019 £ 000
Defined benefit obligation by status:		
Actives	15,348	19,641
Vested deferred	18,588	15,946
Retirees	<u>11,708</u>	<u>6,519</u>
	<u>45,644</u>	<u>42,106</u>

Actual return on plan assets

	31 December 2020 £ 000	31 December 2019 £ 000
Actual return on plan assets	<u>4,481</u>	<u>4,610</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

Allotted, called up and fully paid up shares:

	31 December 2020 No.	31 December 2020 £ 000	31 December 2019 No.	31 December 2019 £ 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 carries no right to fixed income.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

16. Controlling party

WEC Holdings is a 100% owned subsidiary of Brookfield WEC EMEA Holdings Ltd. The ultimate parent and controlling party is Brookfield Asset Management Inc., Canada.

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

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

17. Contingent liabilities

The company has no 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 2020 WEC LLC had no outstanding borrowings under the ABL facility (2019: \$nil) and commitments for letters of credit were \$26.6 million (2019: \$17.2 million).

18. Post balance sheet events

The UK Budget on 3 March 2021 included an announcement that the corporation tax rate will increase to 25% from 1 April 2023 for certain companies. This increase has not yet been substantively enacted.

Under IAS 12 Income taxes, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date. Consequently, deferred tax will continue to be calculated at 19% until the 25% tax rate has been substantively enacted, which is expected to occur during Summer of 2021. In the meantime, the 25% tax rate announcement is a non-adjusting post balance sheet event.

19. Prior year restatement

Following a review it was identified that a prior year adjustment was required for foreign exchange losses of £1,202,000 reported in operating expenses (note 5). The foreign exchange losses have been reclassified and offset against foreign exchange gains reported in interest receivable and similar income (note 8).

It was also identified that amounts owed by subsidiary and group undertakings of £17,676,000 (2019: £6,805,000) that had previously been presented within current assets, should have been presented in non-current assets. Although amounts were repayable on demand, there was no expectation that they would be repaid within 12 months and therefore did not meet the criteria to be classified as current assets. The prior period Company financial statements have been restated to show balances within non-current assets.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

19. Prior year restatement (continued)

	Note	31 December 2020 £ 000	31 December 2019 (restated *) £ 000	31 December 2019 £ 000
Non-current assets				
Investments	10	422,841	310,130	310,130
Deferred tax asset	11	2,051	1,202	1,202
Debtors: amounts falling due after more than one year *	12	18,097	12,620	5,815
Total non-current assets		442,989	323,952	317,147
Current assets				
Debtors *	12	44,200	101,052	107,857
Cash at bank and in hand		39,664	104,189	104,189
Total current assets		83,864	205,241	212,046
Creditors: amounts falling due within one year	13	(291,527)	(297,983)	(297,983)
Net current liabilities		(207,663)	(92,742)	(85,937)
Net assets excluding pension asset		235,326	231,210	231,210
Pension asset	14	4,403	3,566	3,566
Net assets		239,729	234,776	234,776
Capital and reserves				
Called up share capital	15	35,571	35,571	35,571
Profit and loss account		204,158	199,205	199,205
Total shareholders' funds		239,729	234,776	234,776